PORTMEIRION GROUP PLC

ANNUAL REPORT AND ACCOUNTS 2024

Portmeirion Group is a global homeware brands group which owns leading brands Spode, Portmeirion, Royal Worcester, Pimpernel, Wax Lyrical and Nambé.

Headquartered in Stoke-on-Trent, England with offices in Cumbria, North America, Asia and Europe, we design, manufacture and distribute our branded products to a growing community of customers around the world.

FINANCIAL OVERVIEW

KEY PERFORMANCE INDICATORS

	2024 £m	2023 £m	Change %
Revenue	**91.2**	102.7	(11.2)
Headline profit before tax[(2)]	**1.1**	3.0	(63.3)
Statutory profit/(loss) before tax	**0.0**	(8.5)	100.0
Headline basic earnings per share[(2,5)]	**8.04p**	21.36p	(62.4)
Statutory basic earnings/(loss) per share[5]	**2.50p**	(61.46)p	104.1
Dividends paid and proposed per share (total in respect of the year)	**1.50p**	5.50p	(72.7)
Free cash flow[(3)]	**(3.7)**	4.4	(184.1)
Net debt[(4)]	**(12.1)**	(7.9)	(53.2)

Notes

(1) The key performance indicators (KPIs) have been reviewed and changed to those KPIs shown above which ensure focus on growing the business and profit and strengthening our balance sheet see page 13.

(2) Headline measures exclude exceptional costs (note 6).

(3) Free cashflow is a measure of a company's financial health representing cash that remains available to reinvest in the operations or distribute to shareholders after the cost of supporting its operations. This is calculated as net cash inflow from operating activities plus net cash outflow from investing activities plus capital elements of lease payments. All of which is available on the Consolidated Statement of Cashflows on page 68.

(4) Net debt is a financial liquidity measure that nets the company's cash and cash equivalents (note 21 on page 88) against its interest bearing debt (note 24 on page 89).

(5) See EPS note 13.

HEADLINES

Financial & operational

- Revenue down 11% to £91.2m (2023: £102.7m) against the backdrop of a much tougher consumer market and reflecting the significant downturn in the Group's South Korean market. Revenue excluding the South Korean market and at constant currency was broadly flat on the prior year, down 1%.
- Headline profit before Tax down 63% to £1.1m (2023: £3.0m) due to the decline in sales in our South Korean market and its consequential impact on factory utilisation. Profit in line with December's trading update and forecast.
- Net profitability up 18% to £4.2m (2023: £3.6m) in the US, our largest sales market, despite supply chain delays limiting Q4 sales.
- Cash flow generated from operations +£2.1m (2023: +£10.8m).
- Free cash outflow of £3.7m (2023: £4.4m inflow).
- Net debt up £4.2m, due to higher stock levels, largely in South Korea, and later invoicing of Christmas collections in the US.
- Interim dividend paid of 1.50 pence per ordinary share at the half year with no dividend recommended for the full year as priority focus is to reduce net debt.
- Spode sales up 5% at constant currency*, fourth consecutive year of growth, now up c.45% since 2019.
- Wax Lyrical sales up 25% to £16.1m; due to gaining further new listings in national retailers.
- Overhead costs down 13% (£5.3m), to provide a leaner base for future operating margin improvement.
- Ongoing automation investments in our factories continue to drive further operational improvements and efficiencies.
- Energy usage down 9% vs 2023 and 17% lower than 2022.

Current trading & outlook

- 2025 has started positively with actions currently underway on our strategic priorities to strengthen operations and position the business for sustainable future growth.
- The Board remains mindful of the challenges ahead in what continues to be an uncertain economic environment and with a significant Q4 weighting for the business.
- Transforming our business: announcing a number of near term priorities for the business to drive transformation and improvements in operational and financial performance.

* Constant currency reflects the like-for-like performance by removing the impact of any changes in currency rates across the periods. It is calculated by adjusting the current year value to reflect the average currency rate used for the prior period thereby removing the impact of currency in any comparative.

CHAIRMAN'S STATEMENT

I present my first report as your Non-Executive Chairman having been appointed to the Board of Portmeirion Group PLC on 1 February 2025. In our 36 years history as a listed company I am your 4th Chairman and although I join the Board after a period of disappointing performance and in a challenging global economy, I am excited for the Group's future, by the craftsmanship, skill and creativity I see across our operations, by the colleagues I have met and by the customers I have spoken with.

Our company owns an exceptional portfolio of premium homeware brands, all with rich and authentic origin stories renowned around the world for bold and enduring creative designs and products which are made to the highest standards of manufacture, for a loyal and growing customer base. The people in our Group are experienced, skilled and passionate for our brands, and determined to succeed. I look forward to working closely with my colleagues to improve performance, return to growth and achieve our full potential over the long term.

Our results in 2024 are disappointing. After three years of sales over £100m and headline profits in 2022 peaking at £8.0m, Group sales fell by 11% to £91.2m (2023: £102.7m) in 2024, 10% on a constant currency basis. Headline Profit before tax fell by 63% to £1.1m (2023: £3.0m) as a result of a mix of global inflation, international supply chains disruption and overstocking in one key market. The Group ended the year with net debt up by 53% at £12.1m (2023: £7.9m). We monitor our performance against key performance measures, which are set out in the financial overview table on page 1.

Nearly all our sales shortfall stemmed from one market - South Korea - which experienced an unprecedented 45% fall in sales due to a significant stock overhang at our key customers, just as the economic backdrop across Asia tightened on our core customer. Substantial progress has been made to reduce the stock overhang but it will take until 2027 to completely sell through and return to our historic levels of sales in this market. Our brands and products remain hugely popular in South Korea, and we have had success introducing new brands and collections, but once again it is Portmeirion's Botanic Garden collection which is our leading collection in the market.

Profits in our largest market, the US, improved vs 2023. US market performance was adversely impacted by supply chain disruption resulting in many of our Christmas ranges arriving late to customers, however the feedback on ultimate seasonal sell through was very positive.

Our Spode brand has grown each of the last four years and is now up 45% on pre-Covid levels. We see substantial opportunity to grow Spode brand sales in established and new markets over the next 5 years.

Wax Lyrical, our home fragrance business also has good momentum. The brand reported year-on-year sales growth of 25% and has returned to profitability. Wax Lyrical continues to win listings in national retailers and we expect further growth over the next few years driven by increased domestic and international listings.

We continue to grow penetration in online channels around the world, including our own US and UK websites which, in 2024, accounted for 9% of our sales.

Our inventory increased in the year by £2.3m to £38.2m driven by the significant reduction in South Korea orders together with cancelled US Christmas orders following late stock arrival after supply chain disruption. An appropriate level of stock for the Group would be c.£32.0m and our ambition over the next 12-24 months is to turn the £6.0m surplus into cash, hence reducing our debt, mindful to protect our brand and margins in all markets.

We ended the year with net debt of £12.1m (2023 £7.9m); the increase driven by the later invoicing of Christmas ranges in the US and higher inventory in our Stoke-on-Trent factory due to the reduced order flow from our South Korean market.

We reduced total overhead costs during the year by £5.3m, a reduction of 13%. A lean cost base will help mitigate unforeseen cost inflation, most notably the impact of the Autumn Budget which increased our costs by £0.8m (annualised) due to the rise in National Insurance Contributions and the National Minimum Wage, with additional inflation expected in utilities.

Our objective is to develop our premium brands responsibly and to realise their full growth potential over the long term, across different products, channels and markets. This will maintain our reputation, as an owner of great homeware brands, drive profitability and shareholder returns. More on our Objectives and Strategy is set out on page 5.

DIVIDEND

The Board does not recommend payment of a final dividend and has prioritised growth. To fund this growth we must invest, which requires us to first strengthen our balance sheet. As a consequence this will reduce the associated interest costs on our Profit & Loss account - which in 2024 was a £1.6m cost to the business. Savings in interest costs, efficiencies and growth will over time organically provide funds to enable us to make judicious investments for growth, particularly in sales & marketing, to support our premium brands in our established and international markets.

We are cognisant that a significant percentage of our shares are held by individuals and we recognise that dividends can be a contributor to an individual shareholders annual income and our overall total shareholder return. Since floatation in November 1988, this enterprise has paid £57.8m in ordinary dividends to its shareholders (not adjusted for inflation). My priority is to put the Group in a strong position to compete globally and to do this we must eradicate our debt, and maintain a 'Fortress Balance Sheet', which I define as a growing net cash position, returning capital to our shareholders from a position of strength and comfortably funded from the earnings of an appropriately well invested business. I know we are far from that position today, but we are on the path now.

MADE IN STOKE-ON-TRENT

Approximately 26% of our branded tableware products are made in our Stoke-on-Trent factory and we intend to increase this over the next 24 months. This may have an initial impact on our gross margins due to the cost of manufacturing in the United Kingdom, but it is a necessary margin investment in our brands. I am confident that we will recover the margin investment and reap substantial benefits over the medium term.

We will continue to work closely with our worldwide factory partners on certain products lines and collections as they have a specific expertise and consistently deliver high quality products.

TRANSFORMING OUR BUSINESS: OUR 2025-2026 PRIORITIES

As we begin the journey of transforming your business, I have reflected on the challenges of 2024 and am pleased to announce a series of immediate priorities, which the Board believes will position the Group to accelerate our strategy and objectives below, and support a recovery of long-term, profitable growth.

1. RETURN TO GROWTH IN OUR ESTABLISHED MARKETS

We are focused on returning our three established markets - US, South Korea and UK – to stability and onto growth after a year of disruption. In the US, we will accelerate in-stock dates for key Christmas collections and in South Korea, we will continue to support our distributors and retail partners to reduce stock levels. Across all markets we will develop our customer base, introduce new collections and expand existing collections, develop our online and eCommerce offer and exercise better control and oversight.

2. FORTRESS BALANCE SHEET

We are focused on generating cash and our intent is to repay our debt in full over the next 2 to 3 years to maintain a net cash position. As we repay debt we benefit from lower associated interest costs, which together with efficiencies and growth, releases capital for investment in marketing our premium brands in established and international markets.

3. INVEST IN OUR PREMIUM BRANDS

Our future success and prosperity depends on how we execute and develop our premium brands globally over the next few years. We will spend more on brand marketing in the years ahead, with brands seeing an anticipated c.5-8x increase in spend from current levels as funds become available. Success will not be instant. It requires commitment, consistency and patience, and as we spend we will evaluate effectiveness. In all markets we will engage direct with the end customer to introduce our brands, earn their trust and loyalty, and in parallel support our retail partners and brand ambassadors to drive sales for them and our own eCommerce.

We intend to completely overhaul and re-energise our own retail store portfolio in the UK and our global eCommerce over the next 12 months to improve our customers brand experience very markedly. Increasing the proportion of branded product 'Made in Stoke-on-Trent' is an important commitment to our customer and our brands.

4. EXPLORE & DEVELOP

International markets' are defined by 57 individual markets and account for 8% of Group sales, and only three contribute more than £0.5m sales each. We have the premium brands and collections to be successful in these markets, but until we build a consistent brand presence and connect with our end customer, growth will be hard fought. Our international sales team has been tasked to explore these markets and will be focusing on developing a handful initially. I am confident that we have the leadership and infrastructure in place to be successful; we certainly have the determination and integrity.

Explore & Develop is not just about geography and markets, it applies throughout the business. We have a history of innovation across the business and at every level. We will explore the value and potential of our extensive design archives whether that be for ceramic tableware, giftware, or indeed licensing opportunities for other categories. We will continue to develop new, beautiful product; to innovate and support not only existing customers, but develop new customer demographics.

5. EXCELLENCE EVERYWHERE

There is real opportunity for improvement across the Group and every colleague, at every level, across every department and geography can contribute to our performance improvement and transform our business. We will ingrain *Excellence Everywhere* in our everyday behaviours and actions and at every level, our mindset will be one of brand first, attention to detail, and continuous improvement everywhere. We have an open and entrepreneurial culture and a determination to succeed. Our colleagues are encouraged to take risks and learn from their mistakes to produce better results and generate a positive impact.

BOARD

Clare Askem, Mick Knapper and Bill Robedee will not seek re-election at the forthcoming AGM. I am delighted that both Mick and Bill will continue in their present roles as Group Operations Director and President of North America respectively. Clare has been a Non-executive Director since August 2020 and Chair of the Remuneration Committee since April 2021 and I would like to record our collective thanks for the valuable contributions Clare has made, particularly in retail and digital transformation. Angela Luger, our Senior Non-Executive Director, will take over as chair of the Remuneration Committee from the conclusion of the AGM.

Our Group Board is suitably structured for the business we are today, with appropriate skills and experience to contribute towards the transformation now underway. I am confident that the Board will provide both challenge *and* support to the Executive and Senior Leadership Team as they work towards delivering our 2025-2026 Transformation Priorities and execute our long-term strategy.

OUTLOOK

2024 was undoubtedly a disappointing year. We have started 2025 positively and are taking a number of actions across our operations to position the business for sustainable future growth through our transformation plans.

We are mindful of the challenges we need to overcome in an uncertain economic environment. From a global perspective we will continue to closely follow the evolving situation with regards to new or increased import tariffs between the US market and other parts of the world. From a UK perspective, it remains disappointing that UK energy costs continue to be significantly higher than the rest of the world, impacting the general competitiveness of UK manufacturing on the world stage. Both these challenges are outside of our control, but we continue to monitor them closely and take mitigating action in response where appropriate.

Despite these uncertain times we have plenty of reasons to be cautiously optimistic. We own great premium brands which provide us with significant global potential and have clear plans in place to help us reclaim lost ground, return to growth and deliver performance. I look forward to updating shareholders on our progress in due course.

On behalf of the Board, I would like to thank our people around the world who work tirelessly every day for our brands, our customers who delight in owning our branded product and finally, our shareholders for their ongoing support.

Peter Tracey
Non-Executive Chairman
31 March 2025

RICHARD "DICK" STEELE

Dick Steele was appointed to the Board of Portmeirion Potteries (Holdings) PLC as Senior Non-Executive Director on 20 May 1999 and succeeded Arthur Rally as Chairman on 1 May 2007. Dick stepped down from the Board on 31 January 2025.

A Fellow of the Institute of Chartered Accountants in England and Wales and Chartered Tax Advisor, Dick was Group Finance Director of Lloyds Chemist and Storehouse and served as a Director of HobbyCraft, Snap Digital Imaging, Factory Shop and many other companies during his career. He was a Board Director at The Quoted Companies Alliance (QCA) between October 2011 and October 2020 and a lay member of Council at Keele University.

During Dick's tenure on our Board, he oversaw significant change and activity, ranging from our first corporate name change to Portmeirion Group PLC in June 2000, the global financial Crash and Covid-19, and a number of acquisitions of businesses and brands, notably in April 2009 our premium tableware brands Spode and Royal Worcester.

We thank Dick for his many decades of service and wish him and his family well for the future.

STRATEGIC REPORT

STRATEGY & OBJECTIVES

Our Strategy: to establish the highest standards of manufacturing and creative design, to maintain our reputation as makers of high quality products, and to develop our premium brands responsibly, so we continue to delight our customers around the world.

Our Objective: to think and act as responsible brand owners at all times, nurturing our premium brands for long term growth, constantly striving to realise their full potential across different products, channels and markets.

If we are successful in our endeavours, we will enhance our reputation as a great owner of homeware brands, and retain committed and caring people who are motivated to build a global business capable of sustainable growth, with increasing profitability, lower risk, and higher returns to our shareholders.

Our key performance indicators are set out in the Financial Overview on page 1. Our Five-Year Report Card is on page 100.

BRANDS

We have success when our customers connect with one of our premium brands, when they have a great experience with our branded products, and when they share their positive experience with family and friends.

As we continue our customer journey, we are fortunate to own several incredible premium homeware brands which are known globally for their quality, that excite with their creative designs and which have authentic rich origin stories and histories.

Our Spode brand was founded in Stoke-on-Trent, Staffordshire, England by Josiah Spode I in 1770, Portmeirion was founded in 1965 by Susan Williams-Ellis, daughter of Sir Clough Williams-Ellis who created the Italian style Portmeirion Village in North Wales, and Royal Worcester was founded in 1751. Our Pimpernel tablemat brand was founded in 1933, Nambé, our premium design US homewares business was founded in Sante Fe, New Mexico, US in 1951 and our home fragrance brand, Wax Lyrical, in Cumbria, UK was founded in 1980.

Tableware is a functional product. Our products are certainly functional, manufactured to the highest standards to be strong, resilient and durable. But they are also designed to be tactile, beautiful, bold and loved. Our customers delight in using our products every day, or to mark a special occasion, season or celebrations with them, or love adding to a cherished collection that they intend to pass down through the generations.

We are thankful that over 250 years ago Josiah Spode I had the integrity of character and business nous to design '*planned permanence*' into the beautiful blue & white tableware he made in Stoke-on-Trent and sold to his customers in London and around the world. We keep with Josiah's approach, and it continues to serve us and our customers extremely well.

We are proactively working to centre production in Stoke-on-Trent, England where possible, over the next 12-24 months, which will increase the proportion of products we manufacture in the city. This will have an impact on our gross margins initially, but it is a necessary investment of margin in our brands. '*Made in Stoke-on-Trent*' is the foundation of our brand DNA and it is what our customers expect from our brand. This margin investment will take time to repay, but over the medium term, as volume increases, the factory economics improve materially, and we are confident that we will recover that margin investment and reap multiple benefits.

STRATEGY

We see a significant opportunity to grow top line sales around the world, thereby increasing the utilisation and efficiency of our factories and warehouses, leading to improved operating margins, profitability and cash generation.

We will capture our portfolios of premium brands full potential by:

(1) Brands mindset

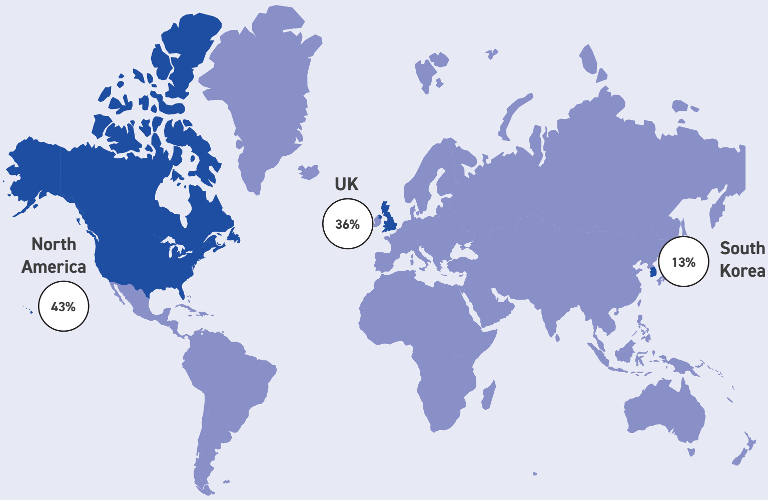
The way we think and act across all areas of our business must be in the long term best interests of our brands, and supporting their growth. This brand mindset should inform every decision and action, keep us striving for excellence and focused on delighting our customers. It should influence how we work, who we partner with, when we do something and what we explore next.

(2) International sales growth

We sell to over 60 markets, but our 3 'established markets' of North America, UK and South Korea dominate, accounting for 92% of our sales. The 8% balance is derived from 57 remaining 'international markets', of which only 3 generate more than £0.5m of sales each.

These international markets offer a clear opportunity to introduce our premium brand presence for the first time and build new relationships with end customers and appropriate retail partners in those markets. It is frustrating that over the many decades we have failed to grow more than a handful of these markets to any level of significance. However, with consistent investment in sales and marketing in future years, we are confident that we can establish our brands in these markets and develop them.

BREAKDOWN BY REGION
(as a % of consolidated revenue)



£39.5m
NORTH AMERICA

£32.4m
UK

£11.8m
SOUTH KOREA

£7.5m
INTERNATIONAL

(3) Increase online channel penetration and own eCommerce

We have successfully grown our online direct-to-consumer sales over the last 4 years and our own websites account for c. 9% of the Group's sales. We will continue to invest in customer acquisition, conversion and improving digital assets for all online platforms where our products are featured.

We have identified areas where we can improve and that requires investment to better align with our premium brands, to deliver a much enhanced customer experience and financial contribution.

(4) Our design archive

We have an extensive designs archive which we are not actively commercialising. We are exploring how to grow this area of our business in a responsible way, particularly in licensing and through exclusive products and working with appropriate partners in every category.

(5) Seasonal products

Seasonal products enable our brands to build enduring relationships with our customers at times of the year that matter to them. Our Christmas tableware collection Spode Christmas Tree was first produced in 1938 for the American market, and 87 years later it is still growing its sales footprint, with growth still to come from existing and new customers in our established and international markets.

We have expertise in the seasonal product category, and while we have achieved a great deal in recent years, we will do more to develop product for other seasonal occasions.

(6) Return to sustainable levels of trade in South Korea

South Korea has been an important market for us over the last 15 years and the Portmeirion Botanic Garden collection is one of the best known in that market. We are confident that sales will recover over time through elimination of overstocks (meaning customers will order more, so increasing our revenue); recovery of Asian consumer economies; and selling our wider collections from our existing portfolio and new products.

We are taking a disciplined approach with controls to improve order flow and channel oversight.

(7) Engage and grow our brand fans, creating tomorrow's customer!

We work to delight our customers. When we achieve that, they share their experience with family and friends and we expand our customer base. We will continue to develop deeper brand engagement through our social channels and online / offline advertising.

(8) Reduce net debt and invest savings in our marketing key brands

The long term success of our business will be determined by how we nurture and grow our premium brands over time. Growth requires investment, specifically in sales and marketing, and a long term commitment to consistently support our premium brands with marketing spend in established and international markets. Over the next 2-3 years, as our net debt reduces, the associated interest cost savings at a minimum will be judiciously allocated to support international brand marketing.

BUSINESS MODEL

Creative design

Any of our products will fulfil their raw purpose and function brilliantly well, because they have been manufactured to the highest standards, to be strong, resilient and durable. But it is our creative design team which makes the difference, they elevate functional to fabulous, and that's what delights our customers and keeps our product on the table or on display for decades. A design, a theme or a style can often be instantly recognised or connected to one of our brands. Spode is designed to be beautifully bold and Portmeirion is designed simply to be loved.

Because design is central to our brand proposition, we never out-sourced the creative design process, choosing to keep it in-house, with a team based in the UK and US. They take inspiration from our own archive and are informed by fashion and consumer trends, working to an 18-24 month forward product roadmap. At the time this report is published in Q1 2025, our team are finalising new designs to be in-store for Christmas 2026 and excited for what 2027 might hold.

Our heritage collections are extended every year and this keeps them front of mind with customers and collectors. Examples in 2024 include our annual Spode Christmas Tree plate, new decorations and Spode Staccato - which can be mixed and matched with our classic Spode Blue Italian collection which was first introduced over 200 years ago.

New products are designed and introduced to a collection every year, often targeting new and different demographics in the market. In 2024, we launched our beautiful Portmeirion Minerals tableware collection – a reactive stoneware collection presented in recyclable packing that appeals to a younger and sustainability conscious customer. New shapes are developed each year to extend successful collections. Often this will enable access to new markets which may require different dining experience or cultural need. Similarly, our new Wax Lyrical England home fragrance collection, which launched in 2023, gained wider distribution in 2024. It offers an incredible quality, UK made product, for exceptional value and is gaining very good traction in the grocery channel.

Operations: administration, manufacture, supply and logistics

Our business was founded over 65 years ago in Stoke-on-Trent, Staffordshire, England, and the city has remained the location of our headquarters, our tableware factory and warehouse ever since. Stoke-on-Trent has been the global centre of ceramic design and manufacture since the 1700s, it is our home and was the birth place of our Spode and Portmeirion brands. We benefit from the wonderful skills and talent that have been passed down from generation to generation. Our US offices are located in New Jersey, Connecticut and New Mexico, and we have further offices in China, Canada and Germany.

Our Wax Lyrical home fragrance business is based 120 miles north of Stoke-on-Trent in the Lake District National Park at Ulverston, Cumbria, which is the location of both its office and factory.

We manufacture c.40% of all the product we sell globally at our two factories in England and what we do not manufacture ourselves we outsource to long standing partner factories that we have worked with for many years, all to our same exacting quality standards and in compliance with our ethical codes of conduct. Our ambition is to increase the percentage of product we make in our Stoke-on-Trent factory over the next 12-24 months.

Our UK warehouses service the UK and international customers and our US warehouses in Connecticut and New Mexico service the US, Canada and Latin America.

Routes to market

Our revenue is generated from three routes to market:

Wholesale (national and independent retailers):
Our wholesale channel accounts for 83% of total sales and our customers are national and independent retailers, or distributors in some markets, who in turn sell to national and independent retailers.

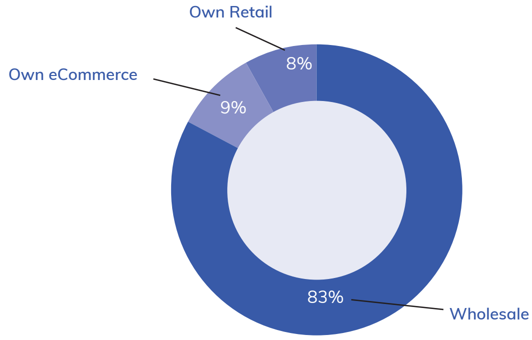
We support our wholesale customers through the use of wholesale marketing, online marketing and digital assets to promote the sale of our premium branded products. Many of our wholesale customers are omni-channel retailers with both physical stores and online sites.

Own eCommerce:
We operate our own eCommerce websites in the US and UK which accounts for 9% of total sales, offers a higher margin and the opportunity to build closer relationships with customers and engender long term brand loyalty.

Own Retail:
We have 5 factory outlet stores which trade as Portmeirion Home in the UK and 7 Nambé stores in New Mexico, US which accounts for c.8% of total sales.

In international markets, outside of North America and the UK we have used distributors which allows access to markets but permits us to limit our stock holding locations around the world.

ROUTES TO MARKET



Marketing

Over the next 3 years we will increase capital allocated to brand marketing, so that we can get behind our premium brands and support their growth in our 3 existing established markets (UK, North America & South Korea) and most critically, to explore and develop new international markets where our premium brands have no presence and the medium-long term opportunity is most abundant. Certain of our brands will see c.5-8x increase in spend from current levels as funds are available.

In 2024, we increased social media engagement across our tableware brands with in-house and influencer videos reaching more eyes than ever before. Online engagement with fans of our brands and potential new customers represents a great opportunity for us to further leverage our design portfolio and collections.

Our investment in marketing covers a wide range of assets, including the production of digital assets (images and video content) for online platforms; communicating to our consumer base across social media channels, exhibiting our products at trade shows and in our showrooms around the world. Our 2024 investment in a larger showroom in Atlanta, Georgia for the US market, has allowed us to present more of our products and has been well received by our customers.

Structure

Our business is controlled centrally from our headquarters in Stoke-on-Trent, UK, with divisional responsibility in the US and in our home fragrance operation in Cumbria, UK.

Our Board of Directors and their responsibilities are set out on our website at www.portmeiriongroup.com. In addition, we have a senior leadership team comprising leaders of all key functions. This structure of the Board and senior leadership provides the governance framework for the Group in the implementation of our strategy and delivery of our business model.

Our Group functions are US and UK based and globally focused. We have senior leaders in our key regions to ensure we are connected to our customers and can act quickly. We feel this approach allows a balance of efficiency but remains responsive to our customer needs and allows us to maximise opportunities at a market level.

Stakeholders

Our business model aims to address the needs of our stakeholders:

For shareholders – to treat every shareholder as an owner, to provide them with insights which enable them to understand our long term business model and appreciate the brands we own, to determine what is important to our future success and prosperity, and to enable them to make informed investment decisions. With owners who are aligned to our Brand Mindset and support our endeavours we can create long term value, build a sustainable profitable and growing business, with lower risk and increasing capacity for shareholder returns;

For customers – we strive to produce products which delight our customers and they can enjoy, that can be used every day or for occasions, a product which lasts many lifetimes;

For our people and local communities – our focus on social impact and a clear governance structure are at the heart of our business and core to our brand DNA. More information is available at https://www.portmeiriongroup.com/sustainability;

For suppliers – having a positive interaction with suppliers allows us to deliver higher standards and reduce risk in our supply chain whilst seeking cost efficiencies and positive environmental outcomes.

For the environment – we strive for operational excellence whilst reducing environmental impact. More information is available in "Our commitment to ESG" and The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 Report on pages 24 to 28 in our Annual Report 2024, soon to be published.

Our People

The beating heart of our Company is our talented people, and our 659 colleagues embody our creativity, professionalism, ambition, focus, passion, resilience, and determination. Working together they design, develop, manufacture, sell and work with our customers and suppliers every day. They have a huge combined level of experience and skill; they have a passion for our brands and the products they produce. Such commitment and passion is hard to replicate.

As a result of the challenges that the business has faced over the last two years and their subsequent and significant impact on factory volumes, we have had to take the very difficult decision to reduce our colleague numbers over the last two years from 868 to 659. We fully recognise the impact that these decisions will have had on all those affected and I would like to sincerely thank our teams for their commitment and understanding during this very difficult time.

CULTURE

Despite the challenges of recent years, we consider ourselves fortunate to have such committed and loyal people across the world and we thank them for their continued commitment and hard work.

We value our people and want to make our Company as good a place to work as we can, a place which is able to attract and retain apprentices every year and where careers can be built. It is important we keep skills and knowledge within our business to be passed on.

People are a foundation element of our brand DNA. Our people, not consultants, defined our values, culture and purpose "*inspired by our heritage to craft a better future*" which provides a framework for our decision-making, our day-to-day behaviours and actions and our guiding principles and our moral compass.

We promote an open culture through engagement, development and resource management and we consider ourselves a caring employer with an excellent health and safety record, fair and balanced equality policies, diversity in our workforce and management structures and a consultative approach with our people.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We report on greenhouse gases, social, community, human rights and gender diversity in the "Our Commitment to ESG" section on page 19 to 23 of the Annual Report 2024 soon to be published.

MTRaybould

Mike Raybould
Chief Executive
31 March 2025

FINANCIAL & OPERATIONAL REVIEW OF THE PERIOD

SUMMARY

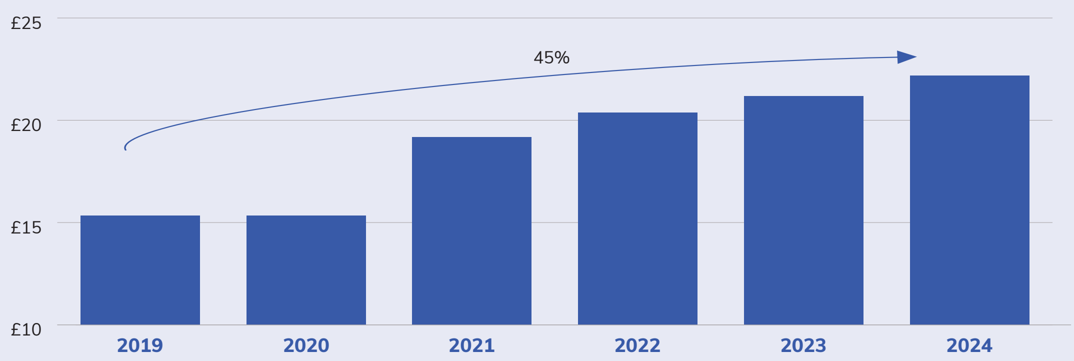
- Revenue down 11% to £91.2m (2023: £102.7m) against the backdrop of a much tougher consumer market and reflecting the significant downturn in the Group's South Korea market. Sales (excluding our South Korean market) and at constant currency were down 1%.
- Headline profit before tax down 63% to £1.1m (2023: £3.0m) chiefly due to the decline in sales in our South Korean market and the ensuing impact on our factory utilisation. Profit in line with December's trading update and forecast.
- Net profitability up 18% to £4.2m (2023: £3.6m) in the US, our largest sales market despite supply chain delays limiting Q4 sales.
- Spode delivered its fourth consecutive year of growth with sales up 5% at constant currency, now up c.45% since 2019.
- Wax Lyrical our home fragrance business saw a return to profitability with sales up 25%.
- Close management of costs with a reduction in overhead costs by 13% (£5.3m) to provide a leaner base for future operating margin improvement.
- Ongoing automation investments in our factories continue to drive further operational improvements and efficiencies.
- Cash flow generated from operations +£2.1m (2023: +£10.8m).
- Net debt increased £4.2m due to higher stock levels and later invoicing of Christmas collections in the US.
- Energy usage down 9% on 2023 and 17% lower than 2022.

Revenue

After three years of sales in excess of £100.0m, 2024 saw a disappointing year-on-year fall of 11%, against a tougher consumer market backdrop, particularly in the Group's South Korean market and aggressive de-stocking by our customers.

Sales of our Spode brand increased 5% at constant currency despite tougher consumer markets and lost US Christmas orders due to supply chain disruption. Spode sales are up 45% vs pre-Covid levels in 2019.

SPODE BRAND SALES AT CONSTANT CURRENCY (£'M)



North America (US and Canada) (43% of sales)

North American sales down 7% to £39.7m in constant currency (2023: £42.4m), partly driven by weaker consumer spending levels and retailers' policy to reduce stock levels across the board in response to higher interest rates. In addition, supply chain disruption, including East Coast port strikes in the run up to the election, delayed arrival of key

Christmas stock resulting in cancelled and lost replenishment orders. However, despite supply chain costs, the gross margins in the US remained flat and overall net profitability increased 18%.

We are already advanced in bringing forward production of our key Christmas lines for 2025, creating additional contingency for unforeseen supply chain disruption.

Our retail customers have reported strong sell through of our Christmas product in Q4 2024, particularly online, and in many cases up on the prior year. This highlights that end demand for our well-known brands and products remains strong.

South Korea (13% of sales)

South Korea sales down 45% to £11.7m in constant currency (2023: £21.5m). 2024 was a regrettable 'perfect storm' for the Group in South Korea which cost us dearly and we intend never to repeat. Following the lifting of Covid restrictions in 2021 in South Korea our customers delivered high order flow which we fulfilled and reported on in 2021/22. This created a level of overstocking in the market which was in the process of being sold through, just as new stock was arriving. At the same time our end customers were being hit by high inflation and weaker currency, driving much higher living costs and lower discretionary incomes.

The level of overstock reduced in 2024, and whilst there is more to do in 2025, actions have been taken so this does not repeat. We have introduced stricter oversight and controls and will take a disciplined approach to stocking this market. We have also taken action to simplify our routes to market that will lead to improved margins. We have accelerated new product launches which have been well received and are engaging our end brand fans and retail partners.

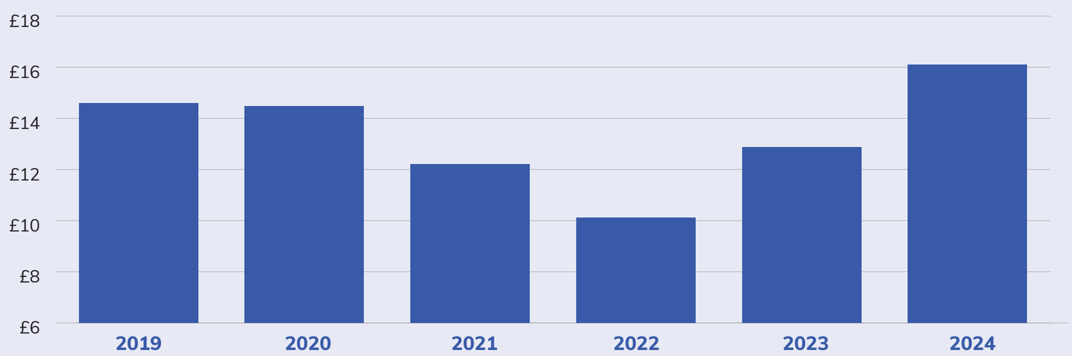
Sales continued to grow strongly with our online platform partner and our lead brand, Portmeirion, continues to rank in the top two in the category for online search. In 2024, we introduced a limited amount of our Spode Christmas Tree collection into South Korea which was positively received by customers and sold through very well. We expect this to lead to repeat orders at larger values.

UK (36% of sales)

UK sales were up 5% to £32.4m (2023: £30.8m). This was driven by the strong performance of our home fragrance division, Wax Lyrical, with Ceramic sales in the UK down 9% due to a much tougher consumer spending backdrop. Sell through in our key Q4 and Christmas trading period was strong and up on last year for most major accounts.

Our Wax Lyrical business, where sales were up 25%, continued to benefit from winning new listings across national retailer chains and is now back to profit and we foresee further strong top and bottom line progress in 2025 with our UK made products continuing to perform well.

WAX LYRICAL: 6 YEARS SALES HISTORY (£'M)



International (8% of sales)

Ceramic sales in our international markets fell 6% to £7.3m. In particular, we were more cautious in managing receivables, particularly for Asian distributors. International market sales remain up 40% vs pre-Covid levels in 2019 and we see significant upside opportunity over the next 5 years to grow in these markets. Our Spode brand and Portmeirion Botanic Garden collection will lead the way forward.

Profit

Headline profit before Tax[1] down 63% to £1.1m (2023: £3.0m). Profit in the year was impacted by the 45% reduction in sales from our South Korean market, which severely affected factory utilisation, and loss of US Christmas orders due to supply chain disruption.

During 2024, we proactively reduced operating costs by £5.3m, c.13% of our overheads, through headcount reductions and efficiency savings. This followed a restructuring exercise earlier in the year.

Headline[2] EBITDA of £7.3m (2023: £9.2m).

Cost inflation

Our cost base will rise by £0.8m (annualised) as a direct result of the Autumn Budget, most notably from rises in National Insurance Contributions and the National Minimum Wage. Utility costs will also increase and remain volatile.

Interest and financing costs

Finance costs for the Group increased £0.2m to £2.0m (2023: £1.8m) as higher interest rates have impacted discount factors on lease liabilities. Interest paid on borrowings has remained broadly consistent with last year at £1.6m.

Taxation

There was a tax credit for the year of £0.3m (2023: tax credit of £0.1m). This was mainly due to a deferred taxation credit of £0.6m. The current corporation tax charge was £0.3m.

Dividends

At the half year, an interim dividend of 1.50 pence per ordinary share was paid to shareholders at a total cost of £207,000. The Board does not recommend payment of a final dividend.

The Board has prioritised growth which requires investment in the business, and to enable this we must strengthen our balance sheet. The resultant reduction in net debt will reduce the associated interest costs on our Profit & Loss account, which in 2024 was £1.6m. Savings and growth will provide the funds that enables us to make judicious investments in the business and support our premium brands, which is in the long-term best interests of our shareholders.

The Board is cognisant of the significant percentage of our shares held by individuals, and recognises that dividends are an important contributor to total shareholder return and shareholder income. We own several incredible brands which provide us with a significant opportunity to grow sales, profits and margins over time. But to achieve this requires investment, commitment, consistency, excellent execution and time. Our objective is to drive towards a 'Fortress Balance Sheet' with a net cash position and pay dividends from a position of strength and from the earnings of a well invested business.

Cash generation and net debt

At 31 December 2024, the Group had net debt of £12.1m (comprising cash and cash equivalents of £10.9m less borrowings of £23.0m). This compares to net debt of £7.9m at the prior year end. This increase is due to the reduced profitability and the later timing of Christmas invoicing leading to receipts delayed to January.

Operating cash flow reduced to £2.1m (2023: £10.8m), due to the significant reduction in South Korean sales impacting receipts and manufacturing costs. This was partially offset by the significant reduction in overhead costs but could not be fully mitigated.

Mindful of the impact of the South Korean sale reduction, capital expenditure was contained to critical activities and totalled £1.6m (2023: £2.9m). This included investment in plant and IT.

Bank facilities

In August 2024, the Group signed a new 4+1 year term £30m revolving credit facility with Barclays, which replaced the existing facilities with Lloyds. This new facility allowed the Group to consolidate and simplify our borrowing structure, whilst providing a secure structure and sufficient working capital headroom for the future and an 80bps improvement in the interest rate charged.

Our business is seasonal due to the second half weighting of our sales. Consistent with previous years, we experienced a working capital swing of around £10.0m during the year as we built inventory to match our sales demand. At the year-end we had available cash and borrowing headroom of £9.8m.

We believe our committed funding lines adequately address this seasonal dynamic and are prudent. Our new facility requires delivery against leverage and interest cover covenants, which passed the benchmark requirements with headroom throughout the year.

[1] Headline Profit before Tax excludes exceptional items – see note 6.

[2] Headline EBITDA excludes exceptional items – see notes 5 and 6.

Assets and liabilities

We had a net working capital outflow of £4.2m driven by increased inventory and receivables over the prior year.

After the success of our inventory reduction activity in 2023, 2024 saw an increase of £2.3m to £38.2m. This was due to the combination of the significant drop in South Korea sales, cancelled US orders ahead of the busy Christmas period resulting from late supply into the market due to floods at one of our outsourced factories followed by the port strikes along the East Coast of the US in October 2024, and the inflationary impact on production costs.

At 31 December 2024, we held 210,282 treasury shares with a book value of £0.4m (average price 187 pence) in order to satisfy employee share option schemes and 234,523 shares with a book value of £2.7m (average price 1158 pence) are held in The Portmeirion Employees' Share Trust. The balance of these shares did not move during the year.

The balance of other intangible assets increased during the year as we continue to develop our global website capabilities and completed a second phase of investment in our new US ERP system.

Pension scheme

We made no further contributions to our closed defined benefit pension scheme in the year due to the accounting surplus which was £1.9m at year-end, an increase from the £1.1m of surplus reported in 2023. The main reason for the improved position is an increase in the discount rate assumption (based on corporate bond yields) resulting in a decrease in the liability value. This has been partially offset by a lower than expected return on assets over the year and an increase in the inflation rate assumption.

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.

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.

Changes to Key Performance Indicators (KPIs)

We have undertaken a comprehensive review of our Key Performance Indicators (KPIs) to ensure they accurately reflect our strategic priorities, which as described in our Strategic Review encompass our "Return to growth" most appropriately measured by the KPI's of Revenue, Headline profit before tax, and statutory profit before tax. These measures track directly to our financial reporting and provide a greater transparency of our performance metrics, also aligning with our internal reporting and targets.

Our strategic focus on our "Fortress balance sheet" is targeted on cash generation and debt reduction and is represented by the KPI's of Free Cash Flow, Net Debt Reduction. We believe these metrics provide enhanced visibility over our strategic goals and replace Operating Cash Generation as a KPI. We continue to focus on shareholder return and a return to growth coupled with our strong balance sheet will ensure we meet this objective. Whilst Dividend Cover remains important we have replaced it as a KPI in favour of reporting and measuring our performance against Dividends paid and proposed, we will continue to report on Earnings Per Share.

We will no longer report the KPI's of Headline Operating Margin or Own Ecommerce Sales, these performance indicators remain important to the Group but are not considered to be Key Performance Indicators that drive our actions and underpin our new strategy to refocus on our core brand strengths.

Note that our sustainability KPI's remain the same as in prior year.

PRINCIPAL RISKS & UNCERTAINTIES

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 principle risks to the business at least annually.

RISK	MITIGATION	OUTLOOK
Economic environment Our sales markets around the world have been impacted by inflationary pressures and tariffs, with rising energy costs and interest rates reducing discretionary consumer spending. This has created a difficult trading environment in our major sales markets.	The Group sells into more than 60 countries around the world, although the majority of sales are concentrated into three key markets. We continue to monitor the impact of global events in these markets and any material impact on our business. Our international sales team has been tasked with exploring further progress beyond the three key markets as set out on page 3 in the "Explore and Develop" section of the 2025-2026 Priorities section. The Group maintains close relationships with our key customers and suppliers to identify any 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 declining sales. The Group continues to invest in our online and digital capabilities and capacity in order to provide an increasingly direct to consumer element for product fulfilment.	The Group will continue to monitor sales trends in our major markets around the world and ensure we respond accordingly to any threats or opportunities.
COMPETITORS		
The Group faces strong competition in most of the major markets in which we operate. This presents a risk of losing market share, revenue and profit	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. We are increasingly working with partners in our key UK and US markets on direct to consumer fulfilment, and ensuring we have the capabilities to meet required service levels.	The Group continues to invest in both its strong brands and new product development to provide a point of difference, whilst working closely with key customers to provide a reliable and timely service.
PEOPLE		
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.	Management seeks to ensure that colleagues are appropriately remunerated and good performance is recognised and rewarded. Staff are also provided with relevant training for their roles and career progression to improve motivation. The Group has a clearly defined recruitment policy which ensures that new colleagues meet the required standard and experience for each position.	The Group remains committed to hiring and retaining key personnel in order for the business to achieve our strategic objectives.

RISK	MITIGATION	OUTLOOK
SUPPLIERS		
The Group's purchasing activities could expose it to over-reliance in certain key suppliers or markets. The lingering impact of Covid-19 to supply chains has created significant inflationary cost increases and disruption through additional lead times. Suppliers may not reflect the Group's high ethical standards.	The Group both manufactures and sources product from a range of suppliers which reduces the impact of inflation or disruption in one market or supplier. For the manufacturing processes in the UK, the Group ensures that key raw materials are available from more than one source to ensure continuity and competitive pricing. For the sourcing process, suppliers are carefully selected to ensure a sufficient breadth in supply base. The Group also ensures that all intellectual property rights are retained and easily transferable should an alternative supplier be required. All major suppliers are subject to ethics due diligence.	The Group continues to closely monitor global supply chains to ensure our flow of products around the world is not disrupted.
FINANCIAL RISK		
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 loss caused by default, reduction in profit due to currency fluctuations, insufficient funds to continue trading and going concern threat. Cyber threats are a key financial risk the Group faces across our global business.	The Group's approach to risk management and mitigating systems are covered in the financial risk management objectives in note 32 on pages 95 to 98. The Group remains profitable and has sufficient headroom within current borrowings facilities. The Board has a detailed and robust budget review process and assesses performance, including cash flow and liquidity, as part of regular management information reviews. Regular currency forecasts are reviewed in order to ensure the Group is not detrimentally impacted by any major exchange rate fluctuations. We remain vigilant to cyber risks and have a robust framework in place, including external audit, to ensure our systems are well protected.	The Group has sufficient headroom within ongoing borrowing facilities. The Group also has a strong natural currency hedge and continues to monitor currency fluctuations.

Jonathan Hill
Group Finance Director
31 March 2025

SECTION 172 (1) STATEMENT

ENGAGING WITH OUR STAKEHOLDERS

The Board is committed to delivering sustainable value to shareholders and other stakeholders. To do so it is imperative we engage meaningfully to deliver better outcomes for our business and all people who come into contact with it. The Board recognises the importance of considering all stakeholders in its decision making.

The below sets out our Companies Act 2006 Section 172 (1) Statement, which provides details of the Board's engagement with our key stakeholders during the year and how stakeholder considerations have helped shape Board decisions and outcomes. This statement focuses on matters material to shareholders. The Group's key resources and relationships are detailed in the Business Model on pages 7 to 9.

The Board's understanding of the interests of the Group's stakeholders is informed by the Board's programme of stakeholder engagement. The Board appreciates that in some circumstances, conflicts between different stakeholders may arise and therefore will endeavour to understand and evaluate the requirements and priorities of each group when making its decisions. Resolutions will be sought in a manner that benefits the long-term success of the business.

SHAREHOLDERS

Link to strategy 2 3 8

Why we engage

It is important to treat every shareholder as an owner, aligned to supporting our endeavours to create long-term value, by building a sustainable profitable and growing business, with lower risk and increasing capacity for shareholder returns.

How we engage

- Regular reporting content, delivered through the annual report and accounts and half year report;
- direct Q&A sessions at results presentations with analysts, investors and potential investors. Feedback shared with the Board;
- Chief Executive and Group Finance Director present to retail shareholders through the Investor Meet Company forum;
- Chairman writes to institutional and large holding shareholders annually; and
- questions from shareholders are encouraged prior to, and at, the Annual General Meeting (AGM).

Outcomes

- Following indications from a small number of significant shareholders that they did not support two of the resolutions proposed at last year's AGM, the decision was taken by the Board to withdraw these resolutions prior to the meeting. These shareholders were engaged with in respect of these resolutions prior to them being proposed at this year's AGM;
- Interim dividend of 1.50p paid for 2024 with no final dividend recommended for the full year as priority focus is to reduce net debt as explained in the Chairman's Statement and Strategic Report on pages 2 to 15; and
- the Board understands that a secure borrowing structure and sufficient working capital headroom supports the Group's share price. In August 2024, the Group entered into a new 4+1 year term £30m revolving credit facility with Barclays, which replaced the previous facilities with Lloyds. The new facility allows the Group to consolidate, simplify and secure its borrowing structure.

CUSTOMERS

Link to strategy 1 2 3 5 7

Why we engage

Listening to our customers helps us to better understand their needs and provide suitable products.

Our customers expect excellent quality, innovative products that meet their requirements whilst being able to order easily at a competitive price with exceptional service and delivery. Brands that they recognise and love are important to them.

How we engage

- Customers' needs are considered at every level of the business, from the Board to the service desk;
- commercial teams engage regularly with strategic and national customers to build trust and collaborative working relationships. Key accounts are overseen by Board or function heads;
- we use statistics analysis to identify ways to improve customer experience; and
- direct to consumer engagement via customer services, emails and social media.

Outcomes

- Feedback from key national customers in the US and UK and international distributors led to customer specific new products;
- we continued to make further enhancements to our UK factories to deliver efficiencies which will ultimately enhance our capabilities to react to customer demand with shorter lead times. In 2024, a barcoding system for lithographs was introduced in our Stoke-on-Trent factory. Real time monitoring of raw materials allows us to improve the accuracy of our product lead times; and
- through understanding our customers' preferences, a new collection was developed which sought to meet those sustainability preferences. See 'Communities and the environment' on page 18.

OUR PEOPLE

Link to strategy 1 2 3 4 5 6 7 8

Why we engage

Engaging with our people enables us to create an inclusive Group culture and a positive working environment.

Our colleagues need a safe place to work; engagement with the business and its overall purpose, wellbeing and work-life balance; to feel valued, trusted and empowered; and to be fairly rewarded and incentivised.

How we engage

- Briefings, newsletters, team meetings, opinion surveys and opportunity to engage with the Chief Executive directly;
- through the Innovation scheme, which rewards ideas leading to operational efficiencies;
- focus groups including health and safety meetings, green team, UK energy team;
- providing training and community involvement;
- promotion of the Group Whistleblowing Policy for raising concerns; and
- Board visits to manufacturing sites to provide opportunities for first hand visibility of staff morale and working arrangements.

Outcomes

- The Board understands the importance of job security to our colleagues. Whilst reducing operating costs and improving efficiency during the year was necessary to secure the success of the business in the medium to long-term, the Board was mindful of the impact on colleagues and sought to mitigate the effects by increasing the Stoke-on-Trent factory utilisation (by moving production of Spode Christmas Tree to the UK) and retraining and upskilling colleagues on the maintenance and use of new automation equipment; and
- people are a foundation element of our brand DNA. Our people, not consultants, defined our values, culture and purpose. "Inspired by our heritage to craft a better future" provides a framework for our decision-making, our day to day behaviours and actions, and our guiding principles and our moral compass.

SUPPLIERS

Link to strategy 4 5

Why we engage

Having a positive interaction with our suppliers allows us to deliver higher standards and reduce risk in our supply chain whilst seeking cost efficiencies and positive environmental outcomes.

It is important to our suppliers to have visibility of future projects and workload; to share financial risks and rewards appropriately with us; to drive operational efficiency; and for them to receive timely payment and support to allow them to conduct their business ethically and sustainably.

How we engage

- Our collaborative approach ensures all parties have a shared long-term objective of working together, reducing risk, maintaining high standards of business conduct and delivering to time and cost;
- continuous engagement, which is both formal but also informal, from day to day dialogue between our teams;
- we conduct due diligence checks on suppliers of agency labour to ensure compliance with labour law and reduce the risk of modern slavery; and
- our sourced product suppliers are required to comply with our ethical trading code of conduct and complete SEDEX audits to help us proactively assess, manage and mitigate business and supply chain risks. We work proactively and positively with our suppliers to address any action points arising out of audits.

Outcomes

- In 2024, supply chain and shipping disruption into the US delayed product deliveries in time for key holiday sales periods. As a result, through collaboration with our suppliers, additional contingency has been built into production and supply chain timings to try to avoid similar disruption going forward; and
- during the year, we worked with one of our major suppliers who had suffered severe flooding to enable them to become operational as soon as possible. This involved us working together to prioritise outstanding orders and us helping to locate an alternative packaging supplier, where their usual supplier had also been impacted by flooding and was not operational.

COMMUNITIES AND THE ENVIRONMENT

Link to strategy 1 2 4

Why we engage

Our focus on social impact and a clear governance structure are at the heart of our business and core to our brand DNA.

It is important that we understand the likely consequences of our decisions in the long-term on the environment and our communities. We want to reduce the negative impact of climate change whilst continuing to provide our high quality, durable products.

How we engage

- As a business and through our staff, we continually consider ways to reduce our environmental impact;
- we explore opportunities to make a difference through our charitable programmes;
- our employees proactively engage in volunteering activities;
- we are continuing to develop a programme to engage with strategic partners to build employability skills; and
- see Our Commitment to ESG section on pages 19 to 23.

Outcomes

- During 2024, Portmeirion Minerals was launched. At least 90% of the materials used to make the collection are recycled, which contributes to conserving natural resources and minimizing ecological impact. Packaging is also minimal and is made from recycled materials that are also recyclable. Further, to help reduce energy usage, Portmeirion Minerals is made using a once fired production process; and
- In April 2024, all UK operations transitioned to electricity sourced from certified 100% renewable resources. This initiative complements the ongoing contribution of wind-generated energy at our Lake District site.

Link to strategy

1 Brands mindset

2 International sales growth

3 Increase online channel penetration and own eCommerce

4 Our design archive

5 Seasonal products

6 Return to sustainable levels of trade in South Korea

7 Engage and grow our brand fans, creating tomorrow’s customer

8 Reduce net debt and invest savings in our marketing key brands

OUR COMMITMENT TO ESG

CRAFTING A BETTER FUTURE FOR OUR ENVIRONMENT, PEOPLE AND COMMUNITIES

Portmeirion Group has a responsibility to our employees, customers, communities and the people that bring our products into their homes, and we work hard to reflect this in everything that we do. We are a purpose-driven business with heritage and community at our core.

Our Crafting a Better Future strategy outlines the Group's commitment to reduce its impact on climate change and develop as a positive force for the environment, the people that work across our operations and our local communities. More information is available at https://www.portmeiriongroup.com/sustainability.

We are clear that we must continue to play our part in tackling global pressures such as climate change and support our extended community families whilst continuing to meet the expectations of our investors, stakeholders and customers as they work to deliver their own commitments.

Mike Raybould
Chief Executive

COMMIT 2040

We are committed to achieving net zero emissions across Scope 1 and 2 by 2040, aligning with global efforts to combat climate change. This long-term objective is being pursued through a strategic approach, monitored and realised through various stages.

Energy reduction

Energy consumption across UK operations is being reduced. Key initiatives include the installation of modulating burners on kilns, the retirement of poor energy-efficient processes and improved visibility of consumption data, facilitated by the Sustainability Ambassador scheme.

Targets and measures implemented

Our current objective is a significant reduction in combined energy demand for UK operations by the end of 2025. As of 2024, a 15% reduction has been achieved against the project baseline of 2022. Measures include the retirement of energy-inefficient kilns, increased use of renewable energy and process optimisations.

Renewable energy

In April 2024, all UK operations transitioned to electricity sourced from certified 100% renewable resources. This initiative complements the ongoing contribution of wind-generated energy at our Lake District site. We remain committed to reducing energy consumption through innovative programs, including solar panel installations and heating system upgrades.

Innovation and change to meet environmental challenges

We are actively researching and evaluating potential alternative fuels, including hydrogen. In 2025, the Group will conduct trial firings with hydrogen in collaboration with industry partners. While this initiative represents a significant step forward, the long-term feasibility of a hydrogen network for widespread adoption remains under assessment. In parallel, the Group is implementing a proactive strategy to optimise kiln fill efficiency, thereby minimising the energy consumption required for firing its products.

Waste reduction

The Group has achieved a 6% reduction in production waste generated in 2024 compared to 2023. Of this, 66% is recycled and the remaining waste is repurposed, contributing to our 0% landfill rate. In addition, we are conducting a comprehensive review for opportunities to repurpose our liquid waste. In line with our sustainability strategy, we are also actively investigating ways to promote a more circular economy and promoting the recycling and repurposing of our plastic waste.

Streamlined Energy and Carbon Reporting (SECR)

From a regulatory perspective the Group continues to report on its annual UK energy use, associated greenhouse gas (GHG) emissions and information relating to our energy efficiency action, in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. In the interests of transparency, we have split out our reporting for our two manufacturing sites – our ceramics factory site in Stoke-on-Trent and home fragrance site in the Lake District.

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 and Gas** – 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, average UK Government GHG Conversion factors and assumption of medium sized car and UK Government Advisory fuel rates.

Stoke-on-Trent (ceramics) GHG Emissions and Energy Use Data	**Year ended 31 December 2024**	Year ended 31 December 2023
Energy consumption used to calculate emissions	**kWh**	kWh
Electricity	**5,205,389**	5,966,898
Natural gas	**32,213,386**	34,633,526
Transport	**102,095**	316,487
Total energy consumption (kWh)	**37,520,870**	40,916,911

	Year ended 31 December 2024	Year ended 31 December 2023
Emissions	**tonnes CO_2e**	tonnes CO_2e
Scope 1 emissions		
Natural gas	**5,892.2**	6,670.5
Company owned/leased vehicles	**20.9**	77.1
Scope 2 emissions		
Electricity	**292.2**	1,266.4
Scope 3 emissions		
Employee owned car travel (grey fleet)	**5.2**	12.3
Total SECR emissions (tonnes CO_2e)		
Intensity metric: tonnes of CO_2e per tonne of saleable product*	**3.85**	3.66

Lake District (home fragrance and personal care) GHG Emissions and Energy Use Data	**Year ended 31 December 2024**	Year ended 31 December 2023
Energy consumption used to calculate emissions	**kWh**	kWh
Electricity	**426,216**	440,993
Natural gas	**516,515**	877,110
Transport	**14,105**	9,640
Total energy consumption (kWh)	**956,836**	1,327,743

	Year ended 31 December 2024	Year ended 31 December 2023
Emissions	**tonnes CO_2e**	tonnes CO_2e
Scope 1 emissions		
Natural gas	**94.5**	164.8
Company owned/leased vehicles	**3.4**	2.3
Scope 2 emissions		
Electricity	**16.9**	92.4
Scope 3 emissions		
Employee owned car travel (grey fleet)	**1.8**	14.3
Total SECR emissions (tonnes CO_2e)		
Intensity metric: tonnes of CO_2e per tonne of saleable product*	**0.05**	0.19

* Saleable product is the production of that product which excludes by-products of the manufacturing process.

OUR COMMITMENT TO ESG CONTINUED

Reducing CO_2

During 2024, we continued with our external review of our current ESG baseline to inform future strategy for improvements.

↑ 5%*

UK Ceramics – tonnes of CO_2e per tonne of saleable product. This rise is largely due to the reduced product tonnage output in 2024 (vs 2023) despite the use of 100% green electricity.

↓ 76%*

UK Home Fragrance – tonnes of CO_2e per tonne of saleable product. This decrease is primarily due to the use of 100% green electricity on site.

↓ 24%*

UK Operations (exc. Retail) – tonnes of CO_2e per tonne of saleable product. Despite being less efficient, the UK sites consumed 9% less energy in 2024 (vs 2023).

74%

of energy used in UK operations in 2024 was provided by renewable energy.

* 2024 compared to 2023.

Supplier collaboration

Initiatives to reduce emissions across our value chain have recently commenced. Collaborative efforts with suppliers will play a crucial role in achieving our net zero goal, with ongoing evaluations and strategic partnerships anticipated in the coming years.

There is

0% waste

going to landfill from production processes

66%

of the 803 tonnes of waste generated is recycled and usually repurposed into a secondary use with the rest being incinerated (waste to energy). The total volume of waste generated by UK production processes decreased by 6% in 2024 (vs 2023)

SOCIAL IMPACT AND GOVERNANCE

Our focus on social impact (our people, our communities and beyond) and a clear governance structure are key to the success of our organisation.

NURTURING THE BEST

The Group directly employs 659 employees worldwide. We are invested in our people; they are our core asset.

Gender split

The Group strives to eliminate any gender bias in our pay and employment policies and practices; at 31 December 2024, 57.3% of managerial positions held throughout the Group, were held by female colleagues.

As a Group we recognise 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.

Learning and development

Learning and development at work is crucial because it strengthens both individual careers and the organisation as a whole, by fostering a skilled, engaged, and future-ready workforce.

Various short sessions have been delivered to colleagues to enhance their learning and develop skills, including topics around time management and train the trainer. Throughout 2024, 1,117 online courses have also been completed.

Apprenticeships are typically designed to help individuals gain the practical skills, knowledge, and credentials needed to become qualified workers in a specific field. We currently have 14 colleagues enrolled on learning programmes from level 2 to level 7 across several business functions including sales, operational management and sustainability. We have also identified several colleagues to enrol on an apprenticeship in 2025, to help our colleagues gain the necessary skills and experience to succeed in their chosen career.

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.

Our UK division operates employee recognition schemes including discretionary incentive schemes, VIP "family and friends" shopping promotions, retirement afternoon teas and long service awards.

The North America division operates annual sales incentive schemes for sales executives and discretionary bonuses for all employees.

Thank you cards are distributed to colleagues across the UK, recognising and appreciating the outstanding contributions of each member of our team.

Our UK division operates Employee and Team of the Quarter Awards to recognise and celebrate employee successes. We believe celebrating success is a vital component to create a positive and motivating work environment.

Engagement

2024 saw the launch of the Culture and Communications Champions across our operational functions, to promote employee engagement by helping to foster a sense of belonging, purpose and pride in the Group.

Particularly, the Champions will help the Group to gather colleagues' voice and relay feedback, provide input to help celebrate successes both within teams and as individuals and work with management to discuss options to improve happiness and morale. Further details of how we have engaged with our employees can be found in the Section 172(1) Statement on page 16.

Health and wellbeing

The wellbeing of our employees is of paramount importance. Through the provision of either private medical insurance or our Westfield Health scheme, all UK colleagues have access to enhanced health and wellbeing services. The goal is to establish a comprehensive support system that meets the various needs of staff at all levels within the business.

Other initiatives which further champion the wellbeing of our teams include having trained Domestic Abuse Champions and Mental Health First Aiders within the workplace, as well as having partnerships with Mind and other local organisations.

OUR COMMUNITY FAMILY

Supporting community fundraising

The Group has a long-standing association with a large number of charities and good causes. In 2024, we made over 100 charity donations to help raise much needed funds for local schools, youth clubs and family support groups.

In addition, our collective fundraising efforts at several staff events have resulted in over £3,000 being raised during the year.

Connecting with local education establishments

In line with our global strategy and community family, we continue to collaborate with Clayton Hall Academy (local to our Stoke-on-Trent site) and have linked with the year 10 students to launch a fantastic project that offers young people a practical insight into the world of work while enhancing their curriculum understanding and knowledge.

Valuable work experience for students within our communities

In conjunction with Staffordshire University first year Product, Furniture, Ceramics BA students, our Stoke-on-Trent design team launched a project for the students to create a new Portmeirion branded mug and handle design. The students conducted competitor research, created a presentation of their proposals and finally made in clay, decorated and in some cases glazed, a prototype sample for review. The winner then came to the Stoke-on-Trent factory to spend a week with the design team to see first-hand how a concept goes from design to production.

Linking with Sandside Lodge School, and as part of their curriculum and careers development, we hosted an on-site tour for the students to meet the Wax Lyrical team and find out about the various roles within the business, as well as seeing the various stages of production. Feedback from the school on the impact on pupils was extremely positive.

OUR COMMITMENT TO ESG CONTINUED

Supply chain

Improving supply chain transparency and supporting our suppliers in applying Portmeirion Group Crafting a Better Future principles across our value chain remains an important part of our strategic plans. We continue to offer support and advice to our suppliers and, during 2024, we carried out an education exercise with our suppliers making them aware of silica controls required in the workplace, to help improve the wellbeing of all of their employees. We continue to carry out semi-announced ethical audits at our suppliers' premises to ensure that, as a minimum, they meet the Portmeirion Group Supplier Code of Conduct, which follows ETI Base Code guidelines.

GOVERNANCE

Our sustainability commitments are underpinned by a clear governance structure. Further details of this structure can be found in The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 Report presented on pages 24 to 28, the Corporate Governance Statement set out on pages 34 to 38, the Section 172(1) Statement on pages 16 to 18, and within Principal Risks and Uncertainties on pages 14 and 15.

THE COMPANIES (STRATEGIC REPORT) (CLIMATE-RELATED FINANCIAL DISCLOSURE) REGULATIONS 2022 REPORT

CRAFTING A BETTER FUTURE – OUR JOURNEY TO COMMIT 2040

Our business and brands have a global footprint and strong history. They are grounded in family values, craft and a commitment to making beautiful products that bring people together and are passed from generation to generation. We must build our global business in a way that evolves this heritage to safeguard the next generation; combining the best of the past with today's innovations and designs to make our business as good as it possibly can be and create a positive legacy for the future - for our employees, communities, customers and the planet.

In 2023, we published our sustainable business strategy and roadmap – *Crafting a Better Future* - which is aligned to our commercial strategy to ensure that sustainability sits at the core of our business model. Underpinning our strategy is a clear governance structure, led by the Chief Executive and supported by the Board, in order to effectively manage the Group's transition to a net zero emissions business by 2040 across our Scope 1 and 2 emissions. More details can be found at https://www.portmeiriongroup.com/sustainability and in the Our Commitment to ESG report on pages 19 to 23.

› **https://www.portmeiriongroup.com/sustainability**

› **Our Commitment to ESG: pages 19 to 23**

The Task Force on Climate-related Financial Disclosures ('TCFD') requires companies to identify, measure, quantify and report on the risks and opportunities of climate change.

Our approach to TCFD looks to identify the potential climate related risks and opportunities that may impact our business and the plans we have in place to deal with any risks identified. Risks and opportunities are re-evaluated as the environment we operate in evolves.

GOVERNANCE

The Group's business sustainability strategy and its focus on climate-related matters is led by the Chief Executive and supported by the Board, who are all accountable for the sustainability commitments of the Group. The Board has oversight of climate-related issues through various channels and initiatives: our Business Sustainability Committee (which reviews the risks and opportunities of climate change), a UK multi-departmental Energy Team to assess energy saving opportunities within our operations and a UK monthly utility consumption report containing cumulative energy usage of manufacturing sites and regular SECR reporting. Each of these channels and reporting mechanisms enable oversight and the ability to ensure the consideration and integration of climate issues into business decisions at the top level. Senior management are also part of the British Ceramic Confederation's (rebranded Ceramics-UK) Energy & Emissions sub group which meets with UK ceramic manufacturers of goods from homewares to heavy clay. The group meets on a quarterly basis to discuss developments and issues facing the ceramic industry and how risks can be possibly mitigated.

The Board is ultimately responsible for the risk management framework of the Group which includes the climate-related risks and associated metrics which are reviewed by the Business Sustainability Committee. The risks and opportunities in relation to climate change are identified by senior management and ultimately reported to the Board through various means and channels as detailed above.

The Business Sustainability Committee, set up during 2023, is chaired by the Chief Executive and its membership includes the Group Operations Director, Global HR Director, UK Head of Environmental and global divisional level management covering human resources, operations, production, quality, technical, environmental, finance and governance. The Committee seeks expertise from all departments and functions within the business and is responsible for reviewing and implementing the Group's strategy including its commitment and success to achieving net zero greenhouse gas emissions across Scopes 1 and 2 by 2040, as well as setting KPIs (Key Performance Indicators) and monitoring progress against the KPIs.

As we develop our understanding of the risks and opportunities facing the Group we will consider, where appropriate, enhancements to our current disclosures. Our disclosures follow the recommendations of the TCFD to report on Governance, Strategy, Risk Management and Metrics and Targets and in particular the 8 disclosure requirements as prescribed by the Companies Act 2006.

› **For more information on our sustainability strategy and roadmap to Commit 2040 please see pages 19 and 25**

› **For more information on our Scope 1 and 2 emissions please see pages 20 and 21**

THE COMPANIES (STRATEGIC REPORT) (CLIMATE-RELATED FINANCIAL DISCLOSURE) REGULATIONS 2022 REPORT CONTINUED

STRATEGY

Our sustainable business strategy and roadmap – Crafting a Better Future – focuses on three strategic commitments as set out on pages 19 to 23: Commit 2040, Nurturing the Best and Our Community Family. Our Commit 2040 pledge has in particular helped us to identify climate-related risks and opportunities over three time horizons which are defined below:

Short-term:	up to five years
Medium-term:	five to ten years; and
Long-term:	beyond ten years

Our identification, understanding and regular monitoring of our risks and opportunities means that we are able to engage with our stakeholders in a fully transparent manner, whilst being able to track our progress so that we can continue to achieve our climate-related goals. Figure 1 below illustrates our journey to achieving net zero by 2040 based on emissions tracked from our existing ESG exercises as we look to significantly reduce our Scope 1 and 2 emissions over the medium and long-term. Our baseline emissions in 2019 for the Stoke-on-Trent facility was 8.4kt CO_2. Further details on UK operations can be found in Our Commitment to ESG report on pages 19 to 23.

During the year, our senior management team reviewed our risks and opportunities register including a scenario based analysis to ensure it captured the impact of the evolving climate related risks on our business strategy, over relevant time horizons. The risks identified in the Climate Risk Register are centered on the ceramics production function of the Group. The decision to focus on this area is due to ceramic production accounting for the most significant CO_2 emissions and highest raw material requirements for the Group.

The Group considers transitional risks of climate change a principal risk, therefore our analyses for the current financial year covers only transition risks as they pose varying levels of risk in the short, medium and long-term. Whilst the Group recognises physical risks that may be caused by the effects of climate change leading to extreme weather events such as excessive heat, wildfires, drought, changes in water availability and food security, these risks are expected to manifest more slowly, most likely in the long-term and beyond for the Group. Therefore, the main focus of the Climate Risk Register continues to be transition risks and opportunities.

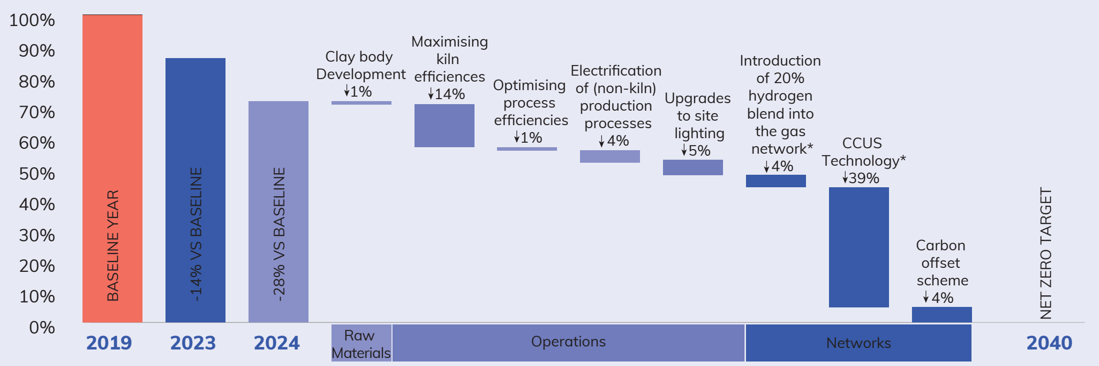
We believe that a scenario analysis is useful in analysing our climate-related risks and opportunities to better understand the critical dependencies of climate change on our business however, they are not predictions or forecasts. Our strategy and the potential to pursue certain opportunities available to the business may change over time as climate change trends continue to evolve. Therefore, the risks impacting the business may evolve or change over time and the Group will continue to adapt its strategy as required so that we can continue on our journey towards achieving net zero emissions by 2040. A qualitative scenario analysis has been performed in the table below which outlines the risks and opportunities for the Group of a 2°C+ change in global temperatures. Under this analysis, the Group is able to manage the risks that have been identified and it does not impact going concern.

Our material climate-related risks and opportunities are outlined on pages 26 to 27. For each, we have provided an indication of their potential impact and how they have or may affect our business, strategy and financial planning. We have also provided an overview of possible mitigations available to us. This is not an exhaustive list and there may be risks and uncertainties that the Board is not aware of, or are believed to be immaterial, which could have an adverse effect on the Group.

The Group has continued its work to define the roadmap to Commit 2040 as part of the business sustainability strategy.

We approach sustainability projects with a flexible mindset. Rather than a pre-defined budget, we evaluate each opportunity on its own merits as it arises. This allows us to prioritise initiatives that offer the greatest potential impact and align with our overall sustainability goals.

Figure 1 - Net zero 2024 journey based on emissions tracked from our existing ESG exercises



* The successful integration of blended hydrogen into the national grid is subject to numerous policy and technological variables. While Carbon Capture, Utilisation, and Storage (CCUS) technology exists, further evaluation is required to determine its full long-term potential. We are continuously monitoring developments in these areas, and our net zero roadmap is expected to adapt over the short to medium-term in response to this evolving landscape.

THE COMPANIES (STRATEGIC REPORT) (CLIMATE-RELATED FINANCIAL DISCLOSURE) REGULATIONS 2022 REPORT CONTINUED

PRINCIPAL CLIMATE-RELATED RISKS AND OPPORTUNITIES IN CONNECTION WITH THE GROUP'S OPERATIONS

Transition impact: Risk (description)	Scenario	Time horizon	Impacts assuming no mitigation	Mitigation of risk	Opportunities
TRANSITION RISK: MARKET RISK					
Raw Materials -availability of ground based raw materials	Global temperature rises more than 2°C+	Short to medium-term	Increased cost due to fewer alternative suppliers and reduced competition. Potentially longer lead time if we are forced to purchase from markets further from our factories, hindering our ability to make agile decisions.	• Researching clay recipe to reduce the energy required to fire it; • investigating ways of securing raw materials closer to production sites; and • working with suppliers to secure long-term supply of materials.	• Collaborative approach with suppliers to develop more energy efficient products; and • substitution of materials that are identified as high risk, broadening our supply options and reducing reliance on existing suppliers.
TRANSITION RISK: MARKET					
Energy price volatility Fuel supply interruptions	Global temperature rises more than 2°C+	Short to medium-term	Forecasting production output and cost of production will be subject to greater uncertainty, with the possibility of factory shutdowns. Efficiencies could be lost due to sporadic shutdowns. Continuous energy interruptions may damage plant and machinery, reducing their value in use.	• Implementation of smart technology in non-production areas of the business; • installation of renewable technology systems; and • identifying methods of electrification via renewables.	• Preparation to expand renewable energy capacity in advance of DNO upgrade.
TRANSITION RISK: MARKET					
Supply Chain: Country of manufacture may change to reflect emissions optimisation opportunities	Global temperature rises more than 2°C+	Medium-term	Unable to use supplier due to lack of energy saving initiatives or capabilities. Increasing costs to move to alternative supply.	• Review of existing supply chains to identify high risk channels; • collaboration with couriers with a validated carbon offset certification; • engaging with downstream suppliers to commit to the Group's Sustainability Strategy; and • engaging with Ceramics UK and DESNZ to better understand Government policy.	• Educate supply chain in energy saving opportunities.

THE COMPANIES (STRATEGIC REPORT) (CLIMATE-RELATED FINANCIAL DISCLOSURE) REGULATIONS 2022 REPORT CONTINUED

Transition impact: Risk (description)	Scenario	Time horizon	Impacts assuming no mitigation	Mitigation of risk	Opportunities
TRANSITION RISK: POLICY AND LEGAL					
Potential increase in materials and utilities may impact operating capacity Increased threat of imports replacing UK made products (Scope 1 and 2 emissions would be moved to Scope 3)	Committing to net zero	Medium to long-term	Increasing requirements can increase compliance costs and so reduce profitability. Mandatory participation in Emission Trading Schemes.	• Engaging with Ceramics UK and DESNZ to better understand Government policy; • identifying high energy processes/ products and assessing future viability; • better understanding of energy efficiencies of new equipment at the capital expenditure stage; and • investigating methods of decreasing kiln thermal outputs to mitigate risk of inclusion in Emissions Trading Schemes.	• Continue holistic approach to global operations; • review energy efficiency of hybrid working; • improve visibility of Scope 3 emissions associated with employee commutes; and • identify methods to better utilise waste streams.

> For more information on our sustainability strategy and roadmap to Commit 2040 please see pages 19 and 25

> For more information on our Scope 1 and 2 emissions please see pages 20 and 21

RISK MANAGEMENT

The Board has overall responsibility for reviewing the risk management processes and controls in place within the Group and ensuring that they are appropriate, which includes climate-related and ESG risk. The Group is exposed to a number of climate-related risks across the markets it operates in internationally. Risk management is a key focus of the Board and it is assessed at all Board meetings. The process for identifying, assessing and managing climate-related risks is closely integrated with the Group's overall risk management process.

The Group has a system of internal controls monitored by senior management/Executive Directors for identification of climate risk and for taking appropriate action to prevent, mitigate and manage these risks. The Board and Business Sustainability Committee assess and review the external environment in order to identify any new risks for consideration. As new risks are identified during the normal course of business, these are communicated to the Executive Directors who meet at least monthly to review ongoing trading performance. Changes to climate risks discussed at these meetings are then provided to the Board. Assessment of risks takes place at Board meetings, where a detailed schedule of risks (Group Risk Register) is considered and updated as necessary. Risks are graded against a criteria of likelihood and potential impact in order to identify the key risks impacting the Group, including from a climate risk perspective. Consideration is given to impact, probability of occurrence, the need to add new risks or remove previously identified risks, and finally if the controls in place are sufficient to mitigate the climate related risks to the business. The Group Risk Register also identifies and monitors existing and emerging regulatory requirements related to climate change (e.g. limits on emissions) as well as other relevant factors that may impact the Group and its strategy.

The Board and Business Sustainability Committee will continue to review existing controls in place to mitigate risks. As the climate changes with time, controls that were once appropriate may need adapting or replacing completely. By keeping controls up to date, it will ensure that the Group is protected, as far as possible, from the harmful impact of climate related risks occurring.

> For more information on risk management see the Corporate Governance Statement on pages 34 to 38

Data is reviewed annually and tracked against the objectives set out within our Commit 2040 objectives (as part of the Crafting a Better Future strategy).

THE COMPANIES (STRATEGIC REPORT) (CLIMATE-RELATED FINANCIAL DISCLOSURE) REGULATIONS 2022 REPORT CONTINUED

Following the launch of our energy reduction project in 2022, our climate-related KPIs include an interim target of a 30% reduction in energy consumption by 2025. As of year 2, the reduction value was 17%. The target of 30% is expected to be achieved in 2025 though maximising kiln efficiencies.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

From a regulatory perspective, the Group continues to report on its annual UK energy use, associated greenhouse gas (GHG) emissions and information relating to our energy efficiency action, in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Please see pages 19 to 23 for this year's report.

To measure progress against our target to become net zero by 2040, we have KPIs in place and we have identified tonnes of CO_2 per tonne of saleable product as the most suitable metric for reporting emissions (across Scope 1 and 2 emissions) as this removes the influence of externalities not related to operational processes. This metric of using tonnes of saleable product also mirrors that used for determining the Specific Energy Consumption of our processes.

Targets	Time horizon	Our progress so far
Achieve carbon neutrality by 2040 across our Scope 1 and 2 emissions, defining a pathway that focuses on maximising the proportion of our energy use from renewable sources.	Long-term	From April 2024, 100% of electricity used in UK operations is sourced from renewable energy. As of 2024, we have reduced energy usage by 17% since 2022, against a target of a 30% reduction by 2025. These combined initiatives have contributed to the reduction of total CO_2 emissions across UK operations from 8,798 tonnes of CO_2 in 2022 to 6,327 tonnes of CO_2 in 2024.
All new company vehicles will be fully electric where possible.	Short-term	Since 1 January 2023, all new company vehicles are fully electric. Those not electric are due to range requirements or lack of charging infrastructure.
Work with our supply chain manufacturing partners to ensure they support our Commit 2040 plan.	Short to medium-term	Sustainability Code of Conduct drafted and sent out to tier 1 suppliers. This document details the objectives of the Commit 2040 plan and will allow us to identify key focus areas within our supply chains.
Develop the role of Global Energy Teams to drive energy reduction within our operations through innovation and 'green thinking' throughout the Group.	Short-term	The Business Sustainability Committee continues to develop its oversight of the processes designed to reduce energy usage.
Achieve 0% to landfill across entire UK business, building on target already achieved in our Stoke-on-Trent ceramic manufacturing site.	Short-term	As of 2024, waste to landfill for all UK production processes is 0%. Waste streams dashboards are in development to help improve visibility of all waste. Volume of recycled waste increased to 73%.
Eliminate single use plastics throughout our operations.	Short-term	We have implemented the use of repurposed cardboard transit packaging as an alternative to plastic void fill at our Trentham Lakes Distribution Centre. We are actively exploring ways to create a circular economy for any remaining plastic packaging.
Understand our global nature footprint and develop a Group wide biodiversity plan.	Medium-term	We are actively assessing potential biodiversity risks associated with our operations and supply chain. This ongoing evaluation will inform our future strategies for minimising our environmental impact.
Enhance our materiality assessment to understand more about our Scope 3 emissions.	Long-term	The Business Sustainability Committee will be reviewing and updating the boundaries of Scope 3 emissions in 2025.

NON-FINANCIAL AND SUSTAINABILITY STATEMENT

Reporting requirement	Relevant information	Policies and standards
Information necessary to understand the Company's development, performance and position and the impact of its activity relating to:		
1. Environmental matters (including the impact of the Company's business on the environment).	Pages 19-27	Pages 26-27
2. The Company's employees.	Pages 14, 17, 21-22	Page 14
3. Social matters.	Pages 18, 21-23, 53	Pages 21-23
4. Respect for human rights.	Pages 14, 53	Page 23
5. Anti-corruption and anti-bribery matters.	Pages 35, 40, 49, 53	Pages 35, 53
Required information		
6. Description of the Company's business model.	Pages 7-9	
7. Description of policies (and any due diligence process implemented pursuant to those policies) pursued by the Company in respect of items 1 to 5 above and a description of the outcome of those policies.		
8. A clear and reasoned explanation if the Company does not pursue any policies in respect of the above matters.	Not applicable	
9. Description of the principal risks relating to items 1 to 5 above where relevant and proportionate, a description of the business relationships, products and services which are likely to cause adverse impacts in those areas of risk and a description of how it manages such risks.	Pages 14-15	
10. Description of the non-financial key performance indicators relevant to the Company's business.	Not applicable	
11. Where appropriate, references to and additional explanations of the amounts included in the accounts.	The accounts are produced in accordance with UK-adopted international accounting standards and applicable law.	

GOING CONCERN AND OUTLOOK

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Group reported a headline profit before taxation of £1.1 million (2023: £3.0 million) and a statutory profit before taxation of £45,000 after non-underlying items for the financial year to 31 December 2024, with the key driver being the significant reduction in sales in our South Korean market, substantially mitigated by the Group cost saving programme (2023: loss before taxation of £8.5 million).

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 Chairman's Statement and Strategic Report on pages 2 to 15. In addition, note 32 on pages 95 to 98 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 debt of £12.1 million (comprising cash and cash equivalents of £10.9 million less borrowings of £23.0 million) with unutilised bank facilities with available funding of £7.0 million. This was an increase in net debt of £4.2 million since the prior year end. Operating cash generation was positive during the year, with cash flow from operations of £2.1 million (2023: £10.8 million) driven by lower operating profit and increased working capital. The excess year end cash was used to pay down the RCF in early January. The Group has bank facilities available with Barclays Bank plc comprising a £30 million revolving credit facility available until August 2028 with a 1 year option to extend.

The Group sells into 60 countries worldwide and has a spread of customers and sales channels within its major UK and US markets. The Group manufactures approximately 40% of its products and sources the remainder from a range of third-party suppliers. There remain ongoing challenges in our sales markets around the world caused by the negative impact of inflationary pressures on consumer spending, but the Group's performance continues to remain resilient and we are well diversified with funding headroom available.

The Group has also produced a sensitivity analysis to its cash flow forecast based upon possible downside scenarios. We have modelled, from June 2025, a 7.5% sales reduction to assess the potential impact of a significant downturn in trading performance. This demonstrated the Group still has sufficient headroom to operate within its borrowing facilities and continue to meet all covenants. We have also considered a reverse stress-tested scenario to try and assess the amount of sales reduction required before the Group begins to approach maximum facility and covenant headroom. This demonstrated that sales could reduce by approximately 12.5% from June 2025 before we breached facility limits or any covenants. This scenario analysis assumes variable costs would reduce in line with sales as well as additional actions to assume no interim dividend and reductions in variable administrative costs.

A number of cost mitigating actions are available to the Group and are closely monitored in the event of a sales downturn, and therefore we consider an event where sales reduce by 12.5% from June 2025 and no direct cost mitigation being undertaken to be implausible. These cost savings include headcount reductions and eliminating non-essential expenditure such as warehouse and distribution, marketing and commission costs. Assuming these were undertaken promptly then sales could reduce by 15% before we breached facility limits or any covenants. We do recognise that the 2024 performance was disappointing due to the impact of the South Korean decline in sales. A further year at this level of retraction would necessitate that the Group enact some of the mitigation actions referenced above. However, we do not consider this to be likely and note that a 15% sales decline would go against our detailed internal planning, external market data on the homeware sector and at least 10 years of Group experience.

CONCLUSION – GOING CONCERN ASSUMPTION APPROPRIATE

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. The Directors recognise that the current bank facilities are required under both a base case and downside scenario in order to provide the Group with sufficient liquidity to continue trading. We continue to monitor macro economic headwinds which may result in further cost pressures, in particular shipping and freight costs, energy costing and the impact of possible tariffs are being closely monitored. Based on these risk factors we do not see any immediate material detrimental impact on our projections. However, in a stress-tested scenario significant changes in these costs may impact our covenant compliance and cause our facility headroom to be reduced and so further profit protection action would need to be taken which could include price increases and further cost reduction.

The Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities over a period of at least twelve months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Peter Tracey
Non-Executive Chairman
31 March 2025

Mike Raybould
Chief Executive
31 March 2025

CORPORATE GOVERNANCE

IN THIS SECTION

DIRECTORS AND OFFICERS BIOGRAPHIES

PETER TRACEY / NON-EXECUTIVE CHAIRMAN
Appointed: February 2025
Beneficial ownership in share capital as at 31 December 2024: 0 ordinary shares

R N

Peter brings extensive experience of business transformation to the Board, having founded Blackdown Partners in 2019, following a career of over 25 years across capital markets. Peter spent the majority of his career at Merrill Lynch, working in senior leadership positions both in investment banking in London and in equities in London, Frankfurt and New York.

MIKE RAYBOULD / CHIEF EXECUTIVE
Appointed: May 2017
Beneficial ownership in share capital as at 31 December 2024: 11,886 ordinary shares

N

Mike oversees the Group's business and is responsible for formulating and executing the Group's objectives and strategy. He is a qualified Chartered Accountant and between May 2017 to September 2019, was the Group Finance Director. Before joining the Group, Mike 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.

JONATHAN HILL / GROUP FINANCE DIRECTOR
Appointed: October 2024
Beneficial ownership in share capital as at 31 December 2024: 0 ordinary shares

Jonathan has over 20 years' experience in senior finance roles across a diverse range of industries, and significant European and UK manufacturing experience. He is a Fellow of the Institute of Chartered Accountants of England & Wales and holds an MBA from Alliance Manchester Business School.

MICK KNAPPER / GROUP OPERATIONS DIRECTOR
Appointed: March 2017
Beneficial ownership in share capital as at 31 December 2024: 8,191 ordinary shares

Mick is responsible for Group sourcing, production, information systems and logistics functions, having joined the Group in 1998. Mick is retiring from the Board at the May 2025 AGM but will continue as Group Operations Director.

BILL ROBEDEE / PRESIDENT OF NORTH AMERICA
Appointed: August 2020
Beneficial ownership in share capital as at 31 December 2024: 0 ordinary shares

Bill is responsible for growing the Group's key sales markets in the UK and North America and heads up the Portmeirion US 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. Bill is retiring from the Board at the May 2025 AGM but will continue as President of North America.

ANGELA LUGER / SENIOR NON-EXECUTIVE DIRECTOR
Appointed: March 2019
Beneficial ownership in share capital as at 31 December 2024: 3,947 ordinary shares

R A N

Angela contributes general management experience with retail, digital and customer focus, having been Chief Executive of N Brown plc and The Original Factory Shop Limited after holding senior executive positions at Debenhams PLC, ASDA Group Limited and Mars Corporation.

Key skills key

Strategy and leadership · Brand and product development · Operational excellence · E-Commerce, sales and marketing · Technology development · Risk management · Financial · Governance and legal · Mergers and acquisitions · Manufacturing · People and talent management

Committee key

R Remuneration Committee · N Nomination Committee · A Audit Committee

Denotes Committee Chair

DIRECTORS AND OFFICERS BIOGRAPHIES CONTINUED

CLARE ASKEM / NON-EXECUTIVE DIRECTOR
Appointed: August 2020
Beneficial ownership in share capital as at 31 December 2024: 0 ordinary shares

R A N

Clare contributes experience in business change and digital transformation, having held executive roles at Sainsbury's (including being the Managing Director of Habitat), Home Retail Group plc and Dixons PLC. Clare is retiring from the Board at the May 2025 AGM.

MOIRA MACDONALD / GROUP COMPANY SECRETARY
Appointed: March 2017

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. Moira is a Fellow of The Chartered Governance Institute.

JEREMY WILSON / NON-EXECUTIVE DIRECTOR
Appointed: June 2023
Beneficial ownership in share capital as at 31 December 2024: 0 ordinary shares

R A N

Jeremy is a qualified Chartered Accountant with circa 30 years' experience in senior finance roles in a wide range of industries including support services, logistics, software and consumer products. From 2010 to 2021, he was Chief Financial Officer in three international groups of companies, delivering substantial shareholder value in each.

Other Board members during the year were:

Richard Steele (resigned from the Board on 31 January 2025)

David Sproston (resigned from the Board on 30 September 2024)

Andrew Andrea (resigned from the Board on 21 May 2024)

Further information on the Board is available at
www.portmeiriongroup.com/our-business/board-directors.

CORPORATE GOVERNANCE STATEMENT

CHAIRMAN'S INTRODUCTION

On behalf of the Board, I am pleased to present Portmeirion Group PLC's Corporate Governance Statement for the year ended 31 December 2024. The Board is committed to ensuring high standards of governance for the Company and considers that the Quoted Companies Alliance Corporate Governance Code 2023 (the "QCA Code") provides the most appropriate framework of governance arrangements for a public company of our size and complexity. Although we are not required to report against the 2023 version of the QCA Code until the financial year ended 31 December 2025, we have decided to report early, demonstrating our commitment to progressive governance arrangements. I can confirm that we have complied with all principles of the QCA Code throughout the year apart from the requirement that remuneration policies should be put to an advisory shareholder vote. We have for some time put the Remuneration Report (excluding the Remuneration Policy within the Report) to an advisory vote, and have received on average over 98% votes in favour over the last 5 years. It is our intention to put the Remuneration Policy to an advisory shareholder vote at the AGM in 2026.

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 driven to delivering growth and maintaining a dynamic management framework to support our vision to be a leading global homeware brands group.

By following the QCA Code, we have sought to ensure that we have a governance framework which supports the business and gives it the opportunity to thrive in the medium to long-term, where the Group works towards its agreed strategy and established vision 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 needs and expectations of both shareholders and stakeholders are recognised and as far as possible met, and where a skilled and balanced Board led by the Chairman sets the culture of the Company by supporting the Group's vision and values.

Our governance framework is kept under review and was robustly maintained throughout 2024. Whilst we have chosen to apply the QCA Code, we also continue to have regard to the UK Corporate Governance Code (and have considered both the 2018 and 2024 versions of the Code) as best practice guidance and seek to comply with the UK Corporate Governance Code wherever this is appropriate for the Company. The Company's progressive approach to governance where best practice changes are monitored and, where appropriate, adopted, seeks to ensure the continued effective operation of the Board, its committees and their oversight role.

The Board recognises that the maintenance of a skilled, well-functioning and balanced Board is of fundamental importance to the long-term success of the business. Jonathan Hill joined us as Group Finance Director with effect from 1 October 2024 bringing his experience of working with major consumer goods brands and expertise in driving business performance in diverse geographies, which is a key part of our long-term strategy. Following many years of dedication to the Group, Dick Steele stepped down from his role as Non-Executive Chairman on 31 January 2025. I joined the Board as Non-Executive Chairman and Chairman of the Nomination Committee with effect from 1 February 2025 and look forward to utilising my experience in strategy, business transformation and change, and capital markets to assist the Group in creating long-term, sustainable value for all our stakeholders. Clare Askem, Mick Knapper and Bill Robedee will not seek re-election at the forthcoming AGM. I am delighted that both Mick and Bill will continue in their present roles as Group Operations Director and President of North America respectively. Angela Luger, our Senior Non-Executive Director, will take over as Chair of the Remuneration Committee from the conclusion of the AGM.

Further details on how the ten Principles of the QCA Code have been applied by the Company can be found below.

Peter Tracey
Non-Executive Chairman
31 March 2025

Principle	Disclosure
DELIVER GROWTH	
1. Establish a purpose, strategy and business model which promote long-term value for shareholders	As explained fully within our Strategic Report on pages 5 to 15 of the Report and Accounts for the year ended 31 December 2024 ("Annual Report 2024") our strategy is to establish the highest standards of manufacturing and creative design, to maintain our reputation as makers of high quality products, and to develop our premium brands responsibly so we continue to delight our customers around the world. Information on our business model and purpose can be found on pages 5 to 9 of the Annual Report 2024.
2. Promote a corporate culture that is based on ethical values and behaviours	The Company's culture is one of openness, inclusivity and entrepreneurship. The culture is supportive of the Company's purpose, strategy and business model by allowing relationships with the Company's stakeholders to be maintained and enhanced through the building of trust and the Company's commitment to being an ethical business. The culture encourages constant innovation, to not only adapt to a changing environment but lead some of these changes. Further details on the Company's culture can be found in the Strategic Report on page 9. 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; these include our Anti-bribery and Corruption Policy, Whistleblowing Policy and Modern Slavery Statement (available at www.portmeiriongroup.com). Where we acquire a new business or brand, we are clear to communicate our expectations to all who work for or in our business. 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. Further information can be found within the Our Commitment to ESG section on pages 19 to 23 of the Annual Report 2024. The Board assesses and monitors the culture of the Group through engagement with employees and other stakeholders (further details can be found in the Section 172 (1) Statement on pages 16 and 18 of the Annual Report 2024), the monitoring of the development of risks to the business and the external awards and accreditations we receive from organisations.
3. Seek to understand and meet shareholder needs and expectations	The Chairman, with the support of the Chief Executive and Group Finance Director, is responsible for shareholder liaison. A programme of two-way communication with both institutional and private investors takes place each year. Further detail is provided in the Section 172 (1) Statement on pages 16 to 18 of the Annual Report 2024. 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 website at www.portmeiriongroup.com. The Chief Executive and Group Finance Director engage with retail investors through the Investor Meet Company forum. The Chairman writes annually to significant shareholders offering a meeting to discuss corporate governance matters. In addition, meetings with the Chairs of the Board's Committees are offered. The Board recognises the Annual General Meeting (AGM) as an important opportunity to meet private shareholders. 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. Reporting on the Group's environmental and social matters can be found on pages 19 to 23 of the Annual Report 2024.
4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success	The environmental and social issues that the Board has identified as being material to the Group with reference to its purpose, strategy and business model are detailed on pages 19 to 28 of the Annual Report 2024. 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 the Section 172 (1) Statement on pages 16 to 18 of the Annual Report 2024.

Principle	Disclosure
DELIVER GROWTH CONTINUED	
5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation	The Company has a comprehensive risk management and internal control system in place. The Group is exposed to a number of risks in the markets it operates across and adopts a conservative approach to risk, particularly with regard to any major change in business process or potential acquisitions. The risk management process is circular and involves identifying risk, assessing the risk, mitigating the risk, updating the risk register and reviewing and evaluating risks. 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 continually assesses and reviews the business and operating environment to identify any new risks for consideration. A detailed schedule of risks is considered at each Board meeting. These risks are graded against a criteria of likelihood and potential impact in order to identify the key risks impacting the Group. The Group's aim is to diversify sufficiently to ensure it is not exposed to risk of concentration in product, market or channel. The risk register is updated at each Board meeting. The Board meets formally at least four times each year. 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. Details of the Group's principal risks and uncertainties and how these are addressed can be found on pages 13 to 15. The Board also monitors the increasing cyber risk that the Group faces as with all companies. This risk and the Group's mitigation strategy is overseen by the Board and reviewed at least four times a year in Board meetings as part of the major risk review process. 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 least four times a year at Board meetings. 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 2024, 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 that, through staff communication and training, the Board's expectations and attitude to risk and internal control are embedded in the business. Details of the governance around climate-related risks and opportunities can be found in the Our Commitment to ESG section on pages 19 to 23 of the Annual Report 2024. Details of how the Audit Committee has monitored and formally considered auditor independence during 2024 is detailed in the Audit Committee Report on pages 39 and 40 of the Annual Report 2024.
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK	
6. Establish and maintain the board as a well-functioning, balanced team led by the chair	The Board currently comprises four Executive Directors and four Non-Executive Directors. Details of each Director's skills, experience and capabilities can be found on pages 32 and 33 of the Annual Report 2024. As noted in the Chairman's Introduction, Clare Askem (Non-Executive Director), Mick Knapper (Group Operations Director) and Bill Robedee (Global Sales Director and President of North America) will not seek re-election at the forthcoming AGM. The requirement for the Board to have an appropriate mix of experience, skills and capabilities (including diversity and gender balance) is considered in respect of new Board appointments (further details can be found in the Nomination Committee Report on page 41 of the Annual Report 2024), as part of the Board evaluation process and when addressing training and development needs of Directors. Since 1 March 2025, all Non-Executive Directors have contracts which expire on the completion of three month's notice; this was previously twelve months. These are available for inspection at the Company's registered office and at the AGM. All continuing Directors stand for re-election on an annual basis in line with the Company's Articles of Association and the QCA Code. The Board after careful review, considers that each Non-Executive Director identified on pages 32 and 33 of the Annual Report 2024 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 accepts that the former Non-Executive Chairman (who resigned from the Board on 31 January 2025) may not have been considered independent by third parties due to tenure but the Board is fully satisfied that he provided the unbiased, critical challenge to the Board that was required.

Principle	Disclosure
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK CONTINUED	
	None of the Non-Executive Directors have a material financial, familial or other current relationship with the Company, its Executive Directors, its independent auditor or other Board members, except for service on the Board and standard fees paid for that service as disclosed in the Directors' emolument table on page 47 of the Annual Report 2024. 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 four Board meetings per year, separate strategy sessions, 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. The Non-Executive Directors are required to obtain the agreement of the Chairman before accepting additional commitments that might affect the time devoted to their role for the Company (or in the case of the Chairman from the Board). The attendance of the Directors at meetings during 2024 is shown on page 51 of the Annual Report 2024.
7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities	Overall responsibility for day to day management of the business and implementation of approved strategy lies with the Chief Executive, with financial matters managed by the Group Finance Director. The Non-Executive Chairman is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Senior Non-Executive Director supports the Non-Executive Chairman in his role; acts as an intermediary for other Non-Executive Directors when necessary and leads the Non-Executive Directors in the oversight of the Chairman. 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. The Audit Committee oversees financial and narrative reporting, provides assurances on the effectiveness of internal control, risk management systems and audit process, and reviews the effectiveness and objectivity of the external auditors. The Nomination Committee, in reference to skills, knowledge, experience and diversity required, leads the process for Board appointments and succession planning for Board and other senior managers to ensure that they operate effectively and deliver strategy. The Remuneration Committee approves the Remuneration Policy and total remuneration including long-term performance objectives and awards for the Executive Directors. The terms of reference for each Committee are reviewed annually and are available on the Company's website at www.portmeiriongroup.com. 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). The Company has a Business Sustainability Committee, chaired by the Chief Executive, who, with the Board, is accountable for the sustainability commitments of the Group. The Committee is responsible for reviewing and implementing the Group's sustainability strategy. Key to the effectiveness of Board decision making is a detailed understanding of the homeware market, the Group's history and products, the operating environment, relevant legislation and regulation to which the Group is subject and the challenges the Group faces. As such, all new Directors undertake a comprehensive induction process following their appointment to the Board. Existing Directors are provided with ongoing training, as necessary, by the Company to ensure they have the requisite skills to discharge their duties. Tailored Director briefing notes are provided throughout the year. All Directors are encouraged to complete online courses set by the Company and 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. 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. 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. External advice was sought in 2024 in relation to employment, remuneration, share schemes and operational matters. During 2024, the governance framework evolved with the reporting of the US Finance team directly into the Group Finance Director to improve transparency and speed of reporting.

Principle	Disclosure
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK CONTINUED	
8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	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 evaluation of its performance in 2023 have been addressed. For an internal evaluation, as in respect of 2024, the Chairman and Company Secretary prepare a Board evaluation questionnaire following consideration of the QCA Code, UK Corporate Governance Code, industry guidance and significant events of the year. Each Director then reviews 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 2024. Feedback from the evaluation questionnaire, as well as from shareholder engagement and from corporate brokers, is then discussed by the Board and actions agreed. Specific actions and feedback arising from the evaluation in 2024 were: 1. The Board was satisfied with the revised Board paper format and detail; 2. the reporting line for the US Finance team had been amended to report into the Group Finance Director and financing milestones included in Board papers; 3. in addition to the four "normal business" scheduled board meetings, further meetings were incorporated to review in more depth trading updates and any significant stock exchange announcements; 4. a revised Executive Team and senior management meeting structure was implemented to provide a better operating rhythm for the Group; and 5. further Board time was allotted to competition, consumer sentiment and consumer spending patterns in the Group's major markets (with such sessions to involve below Board employees active in those markets). Progress on agreed actions are monitored throughout the year. 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. Taking into account the experience of the Non-Executive Directors in external evaluations, the size and open culture of the Board, no external evaluation was conducted in 2024 and none is planned for 2025. 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. Details of how the Group approaches succession planning and the criteria and processes by which Board and other senior management appointments are determined can be found on page 41 of the Annual Report 2024.
9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture	Details of how the remuneration structure and practices of the Group support the delivery and attainment of the Group's purpose, business model, strategy and culture can be found on pages 42 to 49 of the Annual Report 2024.
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders	Details of how the Company maintains a dialogue with shareholders and other key stakeholders can be found in the Section 172(1) Statement on pages 16 to 18 of the Annual Report 2024. As set out in the Chairman's Statement on pages 2 to 4, 2024 has been a challenging year for our business. The Board has addressed and mitigated these challenges as set out in the Strategic Report of the Annual Report 2024, particularly in the Principal Risk and Uncertainties section on pages 13 to 15. During the year, Andrew Andrea, Non-Executive Director, advised the Board that he would not seek re-election at the AGM on 21 May 2024. Jeremy Wilson, who joined the Board in 2023, succeeded Andrew as Chair of the Audit Committee on 21 May 2024. Jonathan Hill replaced David Sproston as Group Finance Director on 1 October 2024. These changes were communicated in stock exchange announcements and in meetings with various stakeholders. The Audit Committee Report for 2024 can be found on pages 39 and 40 of the Annual Report 2024. The Directors' Remuneration Report for 2024 can be found on pages 42 to 49 of the Annual Report 2024. The outcome of all votes at general meetings can be found on the Company's website at www.portmeiriongroup.com along with historical annual reports, investor presentations and other governance-related materials. The Board withdrew two resolutions just before the AGM in 2024. Whilst these resolutions had been proposed successfully and with majority shareholder support for a number of years, the decision was taken to withdraw the resolutions following indications from a small number of significant shareholders in the Company that they did not support the resolutions. At the time and since, we have consulted with those shareholders to explain the content of the resolutions and their place and function in our Company. More information is detailed in the Notice of Meeting for the AGM to be held on 20 May 2025.

AUDIT COMMITTEE REPORT

RESPONSIBILITIES

The Audit Committee has terms of reference in place which have been approved by the Board, are reviewed annually and are available at www.portmeiriongroup.com. The key responsibilities of the Audit Committee are:

- monitoring the integrity of the Group's financial statements (including annual and interim accounts and results announcements);
- reviewing any changes to accounting policies;
- monitoring the adequacy and effectiveness of the Group's systems for internal control, risk management and compliance;
- oversight of the external audit process and of the relationship with the external auditors, including monitoring the extent of non-audit services carried out by the external auditor; and
- reviewing the adequacy of the Group's whistleblowing, fraud and anti-bribery arrangements.

EXPERIENCE OF THE AUDIT COMMITTEE

At the date of this report, the Audit Committee consists of myself, as the Chair of the Committee, and two independent Non-Executive Directors. Biographies of each member of the Committee, including their skills and experience, can be found on pages 32 to 33. I am a qualified chartered accountant and have served as Chief Financial Officer in a number of listed companies. We ensure Committee members have the skills and knowledge relevant to the remit of the Committee, as well as the personal attributes to enable us to work with management and auditors, and challenge matters if needed.

MEETINGS

Meetings are held no fewer 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. Details of the number of meetings in 2024, and members' attendance at those meetings, is set out on page 51. Only members of the Audit Committee have the right to attend meetings. When appropriate and necessary, other Directors and representatives from the external auditors, Forvis Mazars LLP (formerly Mazars LLP), attend meetings (in whole or in part) by invitation.

FOCUS DURING 2024

The main items of business considered during the year included:

- appointment of external auditor;
- agreement and approval of the external audit plan and fees;
- monitoring the extent of non-audit services undertaken by the external auditor;
- review of the effectiveness of internal controls and risk management systems;
- review of going concern together with the initiation of a refinancing process and approval of the resultant revolving credit facility with a new bank;
- review of key judgements and significant accounting policies;
- reviews of the carrying values of intangible assets;
- review of the interim results;
- review of the dividend approach for recommendation to the Board;
- review of the auditor's findings from the annual audit including consideration of the external audit report and management representation letter;
- review of the annual financial statements;
- review of the Audit Report to ensure that it is fair, balanced and understandable;
- meeting with the external auditor without management present; and
- assessment of the need for an internal audit function.

The Financial Reporting Council ("FRC")'s Corporate Reporting Review ("CRR") team carried out a limited scope review of the Group's 2023 climate-related disclosures of metrics and targets as part of its thematic review of such disclosures. The CRR did not raise any questions or queries that required a response, but it did highlight a number of potential improvements. The Committee welcomed the FRC CRR's review, and management has made changes to The Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations 2022 Report set out on pages 24 to 28 based on this feedback.

SIGNIFICANT FINANCIAL JUDGEMENTS AND ESTIMATES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

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 results, which identify any concerns arising from the auditors' work undertaken in respect of the year-end audit, are also reviewed by the Committee.

Specifically, the Audit Committee reviewed the following significant judgements and estimates, with management and the external auditors, in relation to the financial statements:

- revenue recognition;
- going concern including cash flow forecasts and banking facilities;
- valuation of goodwill and intangible assets;
- inventory levels, absorption costing and provisions;
- recoverability of accounts receivable;
- assumptions related to the defined benefit pension scheme; and
- the classification of exceptional items.

Further detail is set out in the Independent Auditor's Report on pages 55 to 60 and in the Strategic Report on pages 5 to 15.

EXTERNAL AUDIT

Annually, the Audit Committee reviews the relationship the Company has with the external auditors to ensure that auditor independence and objectivity are maintained. This includes review of the scope of the audit work, the audit process and associated fees. The last review, in November 2024, concluded that the Committee was satisfied with the effectiveness of the external audit, which was assessed in relation to the competence, quality and efficiency of the audit.

Forvis 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. There was a new audit partner in place for the audit of this Report and Accounts. There are no contractual restrictions on auditor choice. Forvis Mazars LLP are recommended for reappointment as auditors at the Annual General Meeting on 20 May 2025.

INTERNAL CONTROL AND RISK MANAGEMENT

The Audit Committee's role in respect of reviewing the adequacy and effectiveness of the Group's internal controls and risk management framework is detailed in the Corporate Governance Statement on pages 34 to 38. At present, the Group does not have a dedicated internal audit function and the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one. In particular, in 2024, management prepared a detailed Control Environment and Procedures Review which included areas of control, control procedures, comments on existing controls and corrective actions, where needed. Additionally, the control environment is currently being assessed and challenged further, due to there being both a new Group Finance Director and a new audit partner. The Committee reviews the possible need for an internal audit function on a regular basis.

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 80.

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. The external auditors have written to the Committee confirming that, in their opinion, they are independent.

WHISTLEBLOWING, FRAUD AND THE UK BRIBERY ACT

The Group has in place a Whistleblowing Policy which sets out the formal process by which concerns about possible improprieties can be raised, in confidence. During the year, no incidents were reported to the Committee or Board. The Group also has procedures in place for the detection of fraud and controls to prevent a breach of anti-bribery legislation. The Group would not tolerate any breach of the anti-bribery legislation. During the year, no incidents were reported to the Committee or Board.

Jeremy Wilson
Chair of the Audit Committee and Non-Executive Director
31 March 2025

NOMINATION COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

At the date of this report, the Nomination Committee consists of myself, as Chair of the Committee, three independent Non-Executive Directors and the Chief Executive. 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 their 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. Details of the number of meetings in 2024, and members' attendance at those meetings, is set out on page 51.

RESPONSIBILITIES

The Nomination Committee has terms of reference in place which have been approved by the Board, are annually reviewed and are available at www.portmeiriongroup.com.

The key responsibilities of the Committee are:

- the regular review of the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its strategy, current position and next stage of development, 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 requirements of the role and capabilities required for the appointment.

DIVERSITY AND INCLUSION

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.

SUCCESSION PLANNING

Where new appointments are being proposed, the Committee will follow due process and as a first step consider the Group's needs, strategy and its succession plans. If external candidates are to be sought, the Committee will, where appropriate, use the services of external advisers to facilitate the search and will consider all candidates (internal and external) on merit and against objective criteria.

David Sproston resigned as Group Finance Director with effect from 30 September 2024. Following the process for new Board appointments, Jonathan Hill underwent a comprehensive selection and interview process facilitated by external advisers, Odgers Berndstrom, who are independent from the Company and Group. Jonathan was appointed to the position of Group Finance Director on 1 October 2024.

Following Dick Steele's decision to step down from the Board with effect from 31 January 2025, I was appointed as Non-Executive Chairman and Chair of the Nomination Committee on 1 February 2025. The Company's Senior Non-Executive Director and former Chair of the Committee, Angela Luger, led the process for this replacement with the support of the Committee.

AREAS OF FOCUS DURING 2024

Succession planning continued to be an area of focus for the Committee during the year. Details of the Board evaluation process can be found within the Corporate Governance Statement on page 38. This informs our succession planning arrangements.

Specific activities undertaken in 2024 included:

- recommendation of appointment for the Group Finance Director position;
- a succession planning pipeline review to evaluate the gaps and opportunities in the pool of internal candidates for succession, in time, to the Board. The outcome of this review was to identify gaps, development plans and contingency measures if needed; and
- the annual review of the time required from the Non-Executive Directors. Following this review, the Committee was satisfied that sufficient time was being given to fulfil the Non-Executive Directors' duties.

LOOKING AHEAD

The Committee is satisfied that an appropriate succession plan is in place for the Board and key members of the Executive team, including emergency replacements over the short-term if necessary. Over the longer term, the Committee will continue further work to ensure appropriate appointments are made when required, and as the organisation grows and evolves. These will be considered on a case-by-case basis, including internal candidates where suitable.

Peter Tracey
Chair of the Nomination Committee and Non-Executive Chairman
31 March 2025

DIRECTORS' REMUNERATION REPORT

This report is on the activities of the Remuneration Committee for the year ended 31 December 2024 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. The Committee has considered the principles set out in the Quoted Companies Alliance Corporate Governance Code 2023 (the "QCA Code") and evolving best practice in preparing this report. As set out in the Corporate Governance Statement on pages 34 to 38, we have complied with all principles of the QCA Code throughout the year apart from the requirement that remuneration policies should be put to an advisory shareholder vote. This Directors' Remuneration Report, excluding the Remuneration Policy section, will be subject to an advisory shareholder vote at the Annual General Meeting ("AGM") on 20 May 2025 at which approval of the financial statements will be sought. It is our intention to put the Remuneration Policy to an advisory shareholder vote at the AGM in 2026.

This report has not been audited.

CHAIR'S OVERVIEW

Our Remuneration Report is split into four sections: the Chair's 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 2024. There have been no structural changes to the Remuneration Policy during 2024.

Our Remuneration Policy is designed to be simple and transparent. This report aims to provide shareholders with the information to understand our Remuneration Policy, its linkage to the Group's financial performance and delivery of long-term strategy.

The Remuneration Committee has taken into consideration the overall performance of the Group when determining remuneration matters for 2024 and 2025. The Group's financial performance in 2024 is reported in the Strategic Report on pages 5 to 15. Performance of our Executive Directors is assessed against a range of financial and operational measures ensuring value is delivered to shareholders.

In considering outcomes, the Remuneration Committee sought to maintain a fair balance between stakeholders, shareholders, employees and Executive Directors. The Group actively supports employees including through Company funded health and wellbeing programmes such as that offered by Westfield Health to all UK employees that are not in a Group funded private medical scheme.

Incentive outturns in respect of 2024

As reflected in both the Chairman's Statement on pages 2 to 4 and the Strategic Report on pages 5 to 15, 2024 was a challenging year for the business. The Group's results for 2024 did not reach the required minimum profit threshold and consequently there will be no annual cash incentive paid to Executive Directors for the year ended 31 December 2024.

Salary and fee increases

There were no salary or fee increases for 2024. The Committee has agreed that there will be no Executive Director salary increases for 2025, apart from a 3% salary increase for Mick Knapper who has taken on additional operational responsibilities in the US. This increase is in line with that of the wider workforce. Equally there will be no increases to Non-Executive Director fees for 2025.

Shareholder engagement

We are committed to maintaining an open and transparent dialogue with shareholders. We encourage shareholder feedback proactively, including by the Chairman of the Company writing annually to significant shareholders offering a meeting with either himself or any of the Chairs of our Committees to discuss any corporate governance matters. Please do contact the Chair of the Remuneration Committee if you have any comments or concerns regarding Directors' remuneration. The Chair will respond directly where any comments or concerns are raised.

Advisory vote

As explained above, at the AGM to be held on 20 May 2025, this Report, excluding the Remuneration Policy section, will again be subject to an advisory shareholder vote (resolution 9). Each year, we review how shareholders voted on the Directors' Remuneration Report, together with any feedback received. We were pleased to receive strong support for our Directors' Remuneration Report at the 2024 AGM, where 99.66% of the proxy votes lodged were in favour.

REMUNERATION COMMITTEE

The members of the Remuneration Committee at the date of this report are set out on pages 32 and 33. All are independent Non-Executive Directors. Peter Tracey joined the Committee on 1 February 2025. Clare Askem, who is the current Chair of the Committee, will not seek re-election at the AGM to be held on 20 May 2025. Angela Luger, the Senior Non-Executive Director, will take over as Chair of the Remuneration Committee from the conclusion of the AGM. The terms of reference of the Remuneration Committee are reviewed annually and are available at www.portmeiriongroup.com.

The key responsibilities of the Remuneration Committee are to:

- review the market competitiveness of the Remuneration Policy and the remuneration of the Executive Directors in context with the pay policies and practices across the wider workforce;
- 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.

None of the Committee members 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. Details of the number of meetings in 2024, and members' attendance at those meetings, is set out on page 51. In addition, the Committee held meetings to deal with share option awards and other related matters.

Pinsent Masons LLP provided advice on the administration of the Company's share schemes in 2024. 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.

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 culture of the Group is overseen by the Board as a whole but is also a factor kept under review by the Committee in determining remuneration policy.

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 encourages 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. All such appointments must be approved by the Chairman, including any remuneration in respect of such appointments. At the date of this report, none of the Executive Directors have external appointments.

The Committee has reviewed the Remuneration Policy for the year ahead and has concluded that the key features of the 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
BASE SALARY			
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 in the wider workforce.	Salaries for the year ended 31 December 2024 are set out on page 47. 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.
BENEFITS			
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.
PENSION			
Providing post-retirement benefits consistent with those offered to wider employee base.	The Group operates defined contribution pension schemes.	Dependent on the value of the fund at retirement.	None.
ANNUAL INCENTIVE			
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. Achievement is reviewed by the Committee to deliver an outcome consistent with the Group's performance.	Maximum incentive potential is 100% of basic annual salary.	Based on achievement of demanding financial targets and personal objectives based on specific strategic objectives. The split of targets between financial and personal is set at the start of each year.

DEFERRED INCENTIVE PLAN			
The Portmeirion Group 2018 Deferred Incentive Plan ("2018 Deferred Incentive Plan") is used to incentivise and retain 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. Awards may not be exercised before the third anniversary of the date of grant.	Maximum award is 50% of the prior year's gross annual incentive payment. The plan allows the Remuneration Committee 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) as described further on page 49.	Options under the plan can only be granted to the extent performance targets relating to the annual incentive arrangements are met.
EXECUTIVE SHARE OPTION PLANS			
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. The Company has two Executive Share Option Plans: The Portmeirion Group 2022 Approved Share Option Plan (the "2022 Approved Plan"), and The Portmeirion Group 2022 Unapproved Share Option Plan (the "2022 Unapproved Plan") (together the "2022 Plans") which were approved by shareholders at the Annual General Meeting in May 2022.	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. 2022 Plans include: • malus and clawback provisions which apply for a period of two years after vesting of any option which apply in specified circumstances such as corporate failure or behaviour which causes injury to the Company's reputation; and • provisions whereby Executive Directors will be required to retain the net-of-tax number of shares which vest in connection with any options granted under the new share plans for a period of two years after such vesting.	The 2022 Approved Plan has a combined limit of £60,000 for any approved options in accordance with HMRC limits. Options granted above the £60,000 limit are granted under the 2022 Unapproved Plan. The annual limit in the 2022 Plans is 150% of the individual's base salary (although the Remuneration Committee may grant options in excess of this limit in exceptional circumstances). The Remuneration Committee is permitted to reduce the extent to which any options under the 2022 Plans may vest on a discretionary basis, if it considers it appropriate to do so taking into account overall performance of the Group or the individual option holder or on account of unforeseen circumstances.	Set at the time of grant; for recent grants being growth in EPS targets as detailed on page 48. 100% of the options vest if the performance condition is met.

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
BASE FEE			
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 of the Company. 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 2024 are set out on page 47. 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.

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:

EXECUTIVE DIRECTOR	DATE OF CONTRACT	NOTICE PERIOD
J. C. Hill	04.09.2024	6 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

In the event of early termination, the Executive Directors' contracts provide for compensation of an amount equal to the gross salary that the Executive would have received during the balance of the notice period, plus any incentive once declared, to which they 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. This was reduced to three months with effect from 1 March 2025. 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 continuing Directors stand for re-election on an annual basis in line with best practice. All Directors therefore retire at the AGM to be held on 20 May 2025 and all apart from Clare Askem, Mick Knapper and Bill Robedee are offering themselves for re-election. In addition, Peter Tracey and Jonathan Hill are offering themselves for election, having joined the Board since the last AGM.

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. Further details on shareholder engagement are detailed in the Section 172 (1) Statement on page 16.

APPLICATION OF THE REMUNERATION POLICY FOR THE YEAR ENDED 31 DECEMBER 2024

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 wider workforce. There were no salary or fee increases for 2024. The Committee has agreed that there will be no Executive Director salary increases for 2025, apart from a 3% salary increase for Mick Knapper who has taken on additional operational responsibilities in the US. This increase is in line with that of the wider workforce. Equally there will be no increases to Non-Executive Director fees for 2025.

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 Directors' remuneration package includes an annual incentive payment opportunity. For 2024, the Executive Directors had the opportunity to earn up to 100% of base salary as an incentive payment with 70% based on a demanding profit before tax and exceptional items target and 30% based on personal objectives directly related to strategic goals. Despite the achievement of particular personal objectives, as a result of the Group's profit performance there will be no annual incentive paid to Executive Directors for the year ended 31 December 2024 (2023: nil).

Pensions

Annual performance related incentives are not subject to contributions by the Group to the pension arrangements maintained for the Directors. Details of pension contributions paid by the Group for the benefit of the Directors are shown in the Directors' emoluments table on page 47.

The majority of the Group's employees are based in the UK in Stoke-on-Trent. All UK Stoke-on-Trent employees, following, if relevant, a two-year period in the auto-enrolled Group stakeholder pension plan, become members of one of two pension schemes for which the maximum level of employer's contribution is determined according to the employee's age or years of service. Membership of the schemes relates to when the employee first joined the Group.

The maximum pension contribution under both schemes is 13%. Mick Knapper and Mike Raybould are members of the age related contribution scheme at rates equal to all other employees within the scheme regardless of role or position within the Group. The age related contribution scheme was closed to new entrants on 1 January 2022. From 1 January 2022, any new Executive Directors are enrolled into the service related scheme and Jonathan Hill is a member of this scheme.

Bill Robedee, based in the US, received an employers' pension contribution of 3% of base salary in 2024 into a defined contribution scheme on the same terms and rates as available to the wider US workforce. Bill Robedee was remunerated in US dollars and his remuneration disclosures are translated into sterling as set out in the emoluments table below.

Directors' share options and deferred incentives

Aggregate emoluments disclosed on page 47 do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Non-Executive Directors

The Non-Executive Directors do not participate in the Company's annual incentive, share option or deferred incentive schemes. The Non-Executive Directors do not receive employer's pension contributions.

Directors' shareholdings

The beneficial interests of Directors in the share capital of the Company are disclosed on page 51 in the Report of the Directors.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:	2024 £'000	2023 £'000
Emoluments	**1,631**	1,434
Deferred incentive plan	—	—
Gains made on exercise of share options	—	—
Money purchase pension contributions	**105**	102
	1,736	1,536

Directors' emoluments	Salary and fees £'000	Taxable benefits £'000	Incentive £'000	Deferred incentive plan £'000	Gains made on exercise of share options £'000	Pension contributions £'000	Total 2024 £'000	Total 2023 £'000
Executive								
J. C. Hill (appointed 1 October 2024)[1,2,3]	70	2	—	—	—	4	**76**	—
M.J. Knapper[1,2,3]	206	9	—	—	—	27	**242**	241
M.T. Raybould[1,2,3]	404	15	—	—	—	43	**462**	462
W.J. Robedee[1,2,3,4]	318	27	—	—	—	11	**356**	367
D. Sproston (resigned 30 September 2024)[1,2,3,5]	321	2	—	—	—	20	**343**	202
Non-Executive								
A.A. Andrea (resigned 21 May 2024)[1]	16	—	—	—	—	—	**16**	39
C.V. Askem[1]	39	—	—	—	—	—	**39**	40
A.L. Luger[1]	39	—	—	—	—	—	**39**	39
R.J. Steele[1,6]	123	—	—	—	—	—	**123**	123
J.M.C. Wilson[1, 2]	39	1	—	—	—	—	**40**	23
	1,575	56	—	—	—	105	**1,736**	1,536

Notes:

(1) There were no salary or fee increases during 2024.

(2) The taxable benefits shown above for J. C. Hill, M.J. Knapper, M.T. Raybould and D. Sproston arise from the provision of a company car (or cash alternative), travel and accommodation 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 £23,000 (2023: £22,000) in non-taxable benefits arose from the provision of medical and dental insurance for W.J. Robedee. Non-Executive taxable benefits relate to travel expenses.

(3) The pension figures shown above represent the cash value of employer pension contributions received. This includes salary supplement in lieu of a Company pension contribution.

(4) W.J. Robedee was remunerated in US dollars and his remuneration is translated into sterling at the average exchange rate for the year. In 2024, this was \$1.278/£1 (2023:\$1.2436/£1).

(5) D. Sproston stepped down from the Board on 30 September 2024 and continued employment with the Group until 31 December 2024. Amounts disclosed above reflect salary, payments in lieu of notice and other employee benefits which would have accrued during the contractual notice period. As previously disclosed, D. Sproston's notice period was 12 months. There were no other amounts paid for loss of office.

(6) R.J. Steele resigned on 31 January 2025 and was replaced by P.J. Tracey as Non-Executive Chairman on 1 February 2025 on an annual fee of £75,000.

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.

As explained on page 45 of this report, the Company has two executive share option plans; The Portmeirion Group 2022 Approved Share Option Plan (the "2022 Approved Plan") and The Portmeirion Group 2022 Unapproved Share Option Plan (the "2022 Unapproved Plan") (together the "2022 Plans") which were approved by shareholders at the AGM in May 2022. 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 the measure of performance.

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. Further details on the performance measures can be found on pages 48 and 49.

As announced on 8 May 2024, share options granted in 2022 and 2023 were surrendered. Options granted on 7 May 2024 are normally only exercisable 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 ending 31 December 2024, 31 December 2025 and 31 December 2026 is at least 65% higher than that for the year ended 31 December 2023. The calculation of basic adjusted EPS shall take account of the number of shares and effective tax rates at the date of grant.

Details of options held under these schemes by Directors who served during the year are as follows:

			Number of options				Exercise price	Dates on which exercisable	
Director	At 01.01.2024	Granted	Exercised	Lapsed	Surrendered	At 31.12.2024	p	Earliest	Latest
J.C. Hill	—	—	—	—	—	—	n/a	n/a	n/a
M.J. Knapper	30,000	—	—	30,000	—	—	632.50	26.03.2024	24.03.2031
M.J. Knapper	25,000	—	—	—	25,000	—	570.00	26.04.2025	24.04.2032
M.J. Knapper	35,000	—	—	—	35,000	—	469.00	03.05.2026	01.05.2033
M.J. Knapper	—	35,000	—	—	—	35,000	257.50	08.05.2027	06.05.2034
M.T. Raybould	50,000	—	—	50,000	—	—	632.50	26.03.2024	24.03.2031
M.T. Raybould	40,000	—	—	—	40,000	—	570.00	26.04.2025	24.04.2032
M.T. Raybould	50,000	—	—	—	50,000	—	469.00	03.05.2026	01.05.2033
M.T. Raybould	—	50,000	—	—	—	50,000	257.50	08.05.2027	06.05.2034
W.J. Robedee	30,000	—	—	30,000	—	—	632.50	26.03.2024	24.03.2031
W.J. Robedee	25,000	—	—	—	25,000	—	570.00	26.04.2025	24.04.2032
W.J. Robedee	35,000	—	—	—	35,000	—	469.00	03.05.2026	01.05.2033
W.J. Robedee	—	35,000	—	—	—	35,000	257.50	08.05.2027	06.05.2034
D. Sproston	30,000	—	—	30,000	—	—	632.50	26.03.2024	24.03.2031
D. Sproston	25,000	—	—	—	25,000	—	570.00	26.04.2025	24.04.2032
D. Sproston	35,000	—	—	—	35,000	—	469.00	03.05.2026	01.05.2033
D. Sproston	—	35,000	—	35,000	—	—	257.50	08.05.2027	06.05.2034

Notes:

(1) The performance criteria attaching to share options are detailed above.

(2) The Company's share price reached a high of 290.00p and a low of 174.00p during 2024. The average share price during 2024 was 226.68p. The share price on 29 December 2024, being the last trading day of the year, was 180.00p.

(3) There have been no changes to the Directors' interests in the shares or options over shares of the Company between 31 December 2024 and 31 March 2025.

Deferred Incentive Plan

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).

There were no options exercised under the 2018 Deferred Incentive Plan during 2024.

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

		Number of options				Dates on which exercisable	
Director	At 01.01.2024	Granted	Exercised	Lapsed	**At 31.12.2024**	Earliest	Latest
J.C. Hill	—	—	—	—	**—**	n/a	n/a
M.J. Knapper	5,506	—	—	—	**5,506**	26.04.2025	24.07.2025
M.J. Knapper	2,686	—	—	—	**2,686**	03.05.2026	01.08.2026
M.T. Raybould	10,813	—	—	—	**10,813**	26.04.2025	24.07.2025
M.T. Raybould	5,275	—	—	—	**5,275**	03.05.2026	01.08.2026
W.J. Robedee	7,051	—	—	—	**7,051**	26.04.2025	24.07.2025
W.J. Robedee	3,864	—	—	—	**3,864**	03.05.2026	01.08.2026
D. Sproston	4,279	—	—	—	**4,279**	26.04.2025	24.07.2025
D. Sproston	2,087	—	—	—	**2,087**	03.05.2026	01.08.2026

Notes:

(1) 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.

Consultations with shareholders and statement of voting at general meeting

At the Annual General Meeting of the Company held on 21 May 2024, a resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy contained within that Report) for the year ended 31 December 2023 was put to a shareholders advisory vote and passed with 7,122,135 proxy votes lodged, of which 99.66% were in favour.

In February 2025, the Chairman of the Company wrote to major shareholders in the Company offering a meeting to discuss corporate governance matters and a meeting with the Chairs of all Committees, including this one on remuneration. The Chairman of the Company is in contact with all institutional and other significant shareholders.

Approval

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

Clare Askem
Chair of the Remuneration Committee and Non-Executive Director
31 March 2025

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 2024. The Corporate Governance Statement set out on pages 34 to 38, The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 Report presented on pages 24 to 28 and the Streamlined Energy & Carbon Reporting (SECR) within the Our Commitment to ESG section on page 20 forms part of this report.

GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

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. The Company's subsidiaries, subsidiary branch offices and nature of their business are set out in note 18 on pages 86 and 87.

Business review

A review of the performance of the Group during the year, including the likely future developments in the business of the Company and principal risks and uncertainties is included in the Chairman's Statement on pages 2 to 4 and in the Strategic Report on pages 5 to 15. Details of key performance indicators are included in the Financial Overview on page 1. The Chairman's Statement, Strategic Report and Financial Overview are included in this report by cross-reference.

Dividends

On 13 December 2024 an interim dividend of 1.50p per share (2023: 3.50p per share) was paid on the ordinary share capital. The Board is not recommending payment of a final dividend and has prioritised growth as set out in the Chairman's Statement on pages 2 and 3. Total dividends paid and proposed for the year therefore amount to 1.50p per share (2023: 5.50p per share).

Financial risk management

Information about the use of financial instruments by the Company and its subsidiaries is given in note 32 on pages 95 to 98. 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.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

- Andrew Andrea (resigned 21 May 2024)
- Clare Askem
- Jonathan Hill (appointed 1 October 2024)
- Mick Knapper
- Angela Luger
- Mike Raybould
- Bill Robedee
- David Sproston (resigned 30 September 2024)
- Dick Steele (resigned 31 January 2025)
- Peter Tracey (appointed 1 February 2025)
- Jeremy Wilson

All continuing Directors stand for re-election on an annual basis. Clare Askem, Mick Knapper, Angela Luger, Mike Raybould, Bill Robedee, and Jeremy Wilson will therefore retire at the AGM to be held on 20 May 2025 and all apart from Clare Askem, Mick Knapper and Bill Robedee are offering themselves for re-election. In addition, Jonathan Hill and Peter Tracey are offering themselves for election, having joined the Board since the last AGM. The Board has formally reviewed the performance of each continuing Director and concluded that they remain effective and are committed to their roles.

Details of Directors' remuneration and share options are provided in the Directors' Remuneration Report on pages 42 to 49.

Details of transactions with Directors and other related parties are to be found in note 30 on page 92.

The Directors who held office at 31 December 2024 had the following beneficial interests in the share capital of the Company:

	At 31 December 2024 5p ordinary shares Beneficial	At 31 December 2023 5p ordinary shares Beneficial
C.V. Askem	—	—
J.C. Hill	—	—
M.J. Knapper	**8,191**	8,191
A.L. Luger	**3,947**	3,947
M.T. Raybould	**11,886**	11,886
W.J. Robedee	—	—
R.J. Steele	**30,000**	30,000
J.M.C. Wilson	—	—

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 2024 and 31 March 2025.

Directors' attendance

The following table shows the attendance of the Directors at meetings of the Board and its Committees during 2024:

	Board(1)	Audit Committee	Nomination Committee	Remuneration Committee(2)
A.A. Andrea (Non-Executive Director to 21 May 2024)	3/7	1/3	1/2	2/4
C.V. Askem (Non-Executive Director)	7/7	3/3	2/2	4/4
J.C. Hill (Group Finance Director from 1 October 2024)	2/7	—	—	—
M.J. Knapper (Group Operations Director)	7/7	—	—	—
A.L. Luger (Senior Non-Executive Director)	7/7	3/3	2/2	4/4
M.T. Raybould (Chief Executive)	6/7	—	2/2	—
W.J. Robedee (President of North America)	7/7	—	—	—
D. Sproston (Group Finance Director to 30 September 2024)	5/7	—	—	—
R.J. Steele (Non-Executive Chairman)	7/7	—	2/2	—
J.M.C. Wilson (Non-Executive Director)	7/7	3/3	2/2	4/4

Notes:

(1) During the year, additional Board meetings were held principally in relation to banking and finance arrangements and the review and approval of the Report and Accounts.

(2) During the year, additional Remuneration Committee meetings were held in relation to employee share schemes.

Directors' indemnities

The Company has qualifying third-party indemnity provisions for the benefit of its Directors which were in place during the year, and 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 26 on page 90. 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.

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

Details of employee share schemes are set out in notes 26 and 33 on page 90 and pages 98 and 99. Shares held by the Portmeirion Employees' Share Trust abstain from voting.

Substantial shareholdings as at 31 December 2024[1]

	Percentage of voting rights and issued share capital[2]	Number of ordinary shares[3]
AB Traction[4]	**14.75%**	2,063,408
Trustees of Caroline Fulbright Settlement[4]	**12.81%**	1,792,272
Charles Stanley Group PLC[4]	**10.66%**	1,492,357
Henry Spain Investment Services[4]	**8.03%**	1,124,220
Interactive Investor[4]	**4.94%**	691,057
Shahrzad Farhadi	**4.52%**	632,333
Kamrouz Farhadi	**4.02%**	562,917
Hargreaves Lansdown[4]	**3.44%**	482,053

Notes:

(1) Source: Company commissioned share register analysis.

(2) The percentages are of the total shares in issue, excluding treasury shares (13,993,805).

(3) All holdings are direct holdings unless otherwise indicated.

(4) Shareholding held indirectly through a nominee.

Acquisition of the Company's own shares

The Directors' authority to make purchases of the Company's shares on its behalf is given by resolution of the shareholders annually at the Company's AGM. The Company did not purchase any of its own shares during the year. The Company holds 210,282 treasury shares, purchased at an average cost of 187.00p per share.

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 2024, 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 31 March 2025.

Corporate governance

The Company's statement on corporate governance can be found on pages 34 to 38.

Employees

Details of how the Directors have engaged with employees is set out in the Section 172 (1) Statement on pages 16 to 18. Details of staff numbers and costs are set out in note 7 on pages 79 to 80. Further details of how the Board has had regard to the interests of the Group's employees can be found in the Our Commitment to ESG statement on pages 19 to 23.

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.

During 2024, employee communications were supported by:

- the Chief Executive holding briefing sessions with employees to update on Group progress but also to listen to employee suggestions and respond to their questions. This was also enhanced by a "Message Mike" email campaign to encourage direct contact;
- an annual employee survey and supplemented with short "pulse" surveys particularly checking on morale;
- formal consultations that were undertaken in divisions relating to role changes and headcount reductions; and
- financial trading updates being shared with employees following significant stock exchange announcements.

Ethical business practices

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 Section 172 (1) Statement on pages 16 to 18, together with details of how the Board has had regard to the interests of the Group's stakeholders.

To ensure ethical business practices are embedded and followed, the Group has a wide range of policies in place covering anti-bribery and corruption, diversity and inclusion, modern slavery and equal opportunities. The Group also has a Whistleblowing Policy which is available for all employees, contractors, suppliers and other stakeholders to confidentially raise concerns in relation to improper, unethical or illegal practices.

Research and development

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

Political contributions

There were no political contributions during the year (2023: nil).

Post balance sheet events

There are no post balance sheet events.

Auditors

Each of the persons who are Directors at the date of approval of this 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.

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

Annual General Meeting

The Annual General Meeting will be held at the registered office of the Company at London Road, Stoke-on-Trent, on 20 May 2025 at 12:00 noon.

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.

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

M MacDonald

Moira MacDonald
Company Secretary
31 March 2025

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 (IFRS) 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 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 Group and 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.

Furthermore, 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 2024 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 material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards to the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards to the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements 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 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 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, ensured that the period assessed by them is at least 12 months from the date of signing;
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern;
- Inspecting the going concern assessment made by the directors to determine whether they believe the entity to be a going concern and whether material uncertainties have been identified;
- Performing audit work to assess the reasonableness of the assumptions used by the directors in their forecasts;
- Challenging management on the completeness of the identified severe but plausible scenarios applied to the assessment, including with reference to the board's identified business risks;
- Inspecting borrowing agreements and assess whether compliance with borrowing terms, including repayment and covenant compliance, have been appropriately factored into the assessment, including in stressed scenarios;
- Evaluating the Group's performance in the year as well as post year information available;
- Challenging the accuracy of prior budgets, including retrospective review, and the rationale and support for any deviations in budget to outturn;

- Verifying that the estimates and judgements made in respect of going concern are consistent with the financial statements as a whole, specifically with respect to the assumptions relating to critical/significant estimates and judgements;
- Challenging management on the likelihood of breaking covenants and assessing mitigating actions available to management.

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.

KEY AUDIT MATTER	HOW OUR SCOPE ADDRESSED THIS MATTER
Inventory Valuation Inventory accounts for 54% (2023: 64%) of total current assets of the Group. The Group's accounting policy for inventory provisioning is set out in the accounting policy notes on pages 75 and 76 and the disclosure note on page 87. The inventory cost includes all direct costs and an appropriate allocation of fixed and variable overheads based upon estimated standard production levels. The costs to be absorbed and the estimated level of productivity are subjective areas and there is a risk that the valuation has not been calculated on a reasonable and consistent basis across the inventory portfolio. The impairment against inventory is calculated on a formulaic basis which also considers management's assessment of each unit's sales values in the future. This involves a degree of judgement, which results in a fraud risk. Therefore, there is a risk that the inventory provision is materially misstated and that inventory is not being held at the appropriate value. As a result, we consider inventory valuation as a key audit matter.	Our audit procedures included, but were not limited to: With regards to the inventory costing: • Assessed the appropriateness of the absorption rate methodology utilised by management. • Verified that the costs included in the absorption calculation are appropriate to absorb into inventory in accordance with IAS 2. • Assessed the reasonableness of the standard costs inherent within the absorption costing calculation and scrutinised any changes made to the standard costs. • Reconciled managements' calculation through to supporting documentation. • Test of detail over the fixed and variable overhead absorption rates. • We challenged management about the inclusion of inefficiencies in inventory valuation and performed independent analysis to determine whether there was evidence of absorption of inefficiencies into inventory costing, • Tested on a sample basis that stock items are valued in accordance with the overhead absorption rates calculated. With regards to the inventory provision:: • Challenged the Group stock provision policy to ensure it is appropriate based on our knowledge of the Group's products and current macro-economic factors. • Assessed for consistency in the provisioning methodology used throughout the Group compared to the prior year. • Recalculated managements' inventory provision. • Assessed the completeness and accuracy of the data used by management in computing the provision and verifying the source data. • Assessed the mathematical accuracy and logic of the models underpinning the provision. • Tested the accuracy of the process used by management to identify potentially impaired inventory across a representative sample of individual product lines. • Assessed the completeness and accuracy of disclosures within the financial statements in accordance with IFRS. **OUR OBSERVATIONS** Based on the work performed, the level of inventory costs absorbed and provisioning adopted were considered reasonable.

Our application of materiality and an overview of the scope of our audit

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:

Group and Parent Company materiality

MATERIALITY	
Overall materiality	Group; £1,140,000 (2023: £1,284,000) Parent Company; £267,000 (2023: £264,000)
How we determined it & rationale for the benchmark	Group: 1.25% of revenue (2023: 1.25%) Parent Company: 1% of net assets (2023: 1%) We believe that revenue is an appropriate benchmark and is utilised as a KPI by management to monitor the success of the business. Revenue is a common benchmark to be used for profit-oriented companies which are at break-even or loss making. For the Parent Company does not trade, with its main operations being that of a holding company, we believe that the net assets are the primary measure used by shareholders in assessing the performance of the entity and this is a widely accepted materiality benchmark.
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 Group this was taken as 65% of overall materiality to provide a figure of £741,000 for the Group. We are satisfied 65% is appropriate due to a historic low rate of errors. For the Parent Company this was taken at 80% of overall materiality to provide a figure of £213,000. We are satisfied 80% is appropriate due to a historic low rate of errors as well as low volumes of transactions given the entity does not trade.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £34,200 for the Group and £8,000 for the Parent Company as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. These figures 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 £540,000 and £172,000.

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 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 our risk assessment, our understanding of the Group and the Parent Company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Based on our risk assessment, our Group audit scope included a full scope audit of the following components: Portmeirion Group PLC, Portmeirion Group UK Limited, Wax Lyrical Limited and Portmeirion Group USA Inc. Additionally, a limited scope audit was conducted for Portmeirion Canada Inc.

At the parent company level, the group audit team 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 directors' report.

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 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 54, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the Parent Company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: Bribery Act 2010, Data protection act, employment regulation, health and safety regulation, modern slavery act, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the Parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Reviewing minutes of directors' meetings in the year;
- Communicating identified laws and regulations to the 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 applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as AIM listing requirements, tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (as discussed in the key audit matters section above), significant one-off or unusual transactions and inventory valuation (as discussed in the key audit matters section above).

Our audit 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..

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with 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.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF THE AUDIT REPORT

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed..

Jennifer Birch
(Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor, 2 Chamberlain Square, Birmingham, B3 3AX

31 March 2025

FINANCIAL STATEMENTS

IN THIS SECTION

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Revenue	4,5	**91,212**	102,743
Operating costs before exceptionals	6	**(88,167)**	(97,920)
Headline operating profit[1]		**3,045**	4,823
Exceptional items	6		
– restructuring costs		**(1,021)**	(694)
– impairment charge		**—**	(10,867)
– acquisition costs		**—**	—
Operating profit/(loss)		**2,024**	(6,738)
Interest income	9	**51**	23
Finance costs	10	**(2,030)**	(1,813)
Other income		**—**	—
Headline profit before tax[1]		**1,066**	3,033
Exceptional items	6		
– restructuring costs		**(1,021)**	(694)
– impairment charge		**—**	(10,867)
– acquisition costs		**—**	—
Profit/(loss) before tax		**45**	(8,528)
Tax	11	**299**	72
Profit/(loss) for the period attributable to equity holders		**344**	(8,456)
Earnings per share	13		
Basic		**2.50p**	(61.46)p
Diluted		**2.49p**	(61.41)p
Dividends proposed and paid per share	12	**1.50p**	5.50p

All the above figures relate to continuing operations.

(1) Headline operating profit is the statutory operating profit of £2,024,000 (2023: £6,738,000 loss) adding back the exceptional items of £1,021,000 (2023: £11,561,000). Headline profit before tax is the statutory profit before tax of £45,000 (2023: £8,528,000 loss) adding back the exceptional items of £1,021,000 (2023: £11,561,000).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Profit/(loss) for the year		**344**	(8,456)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit pension scheme asset	31	**701**	504
Deferred tax relating to items that will not be reclassified subsequently to profit or loss	25	**(175)**	(126)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**136**	(1,400)
Other comprehensive income/(loss) for the year		**662**	(1,022)
Total comprehensive income/(loss) for the year attributable to equity holders		**1,006**	(9,478)

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Goodwill	14	**1,749**	1,749
Intangible assets	15	**7,916**	7,511
Property, plant and equipment	16	**14,311**	15,020
Right-of-use assets	17	**6,336**	7,325
Pension scheme surplus	31	**1,896**	1,144
Total non-current assets		**32,208**	32,749
Current assets			
Inventories	19	**38,234**	35,956
Trade and other receivables	20	**21,048**	19,053
Cash and cash equivalents	21	**10,897**	888
Total current assets		**70,179**	55,897
Total assets		**102,387**	88,646
Current liabilities			
Trade and other payables	22	**(13,909)**	(13,860)
Current income tax liability		**(402)**	(161)
Lease liabilities	23	**(2,085)**	(1,972)
Borrowings	28	**(23,000)**	(7,825)
Total current liabilities		**(39,396)**	(23,818)
Non-current liabilities			
Deferred tax liability	25	**(2,591)**	(3,015)
Lease liabilities	23	**(4,838)**	(5,840)
Borrowings	28	**—**	(983)
Total non-current liabilities		**(7,429)**	(9,838)
Total liabilities		**(46,825)**	(33,656)
Net assets		**55,562**	54,990
Equity			
Called up share capital	26	**710**	710
Share premium account		**18,344**	18,344
Investment in own shares	27	**(3,108)**	(3,108)
Share-based payment reserve		**114**	66
Translation reserve		**2,388**	2,252
Retained earnings		**37,114**	36,726
Total equity		**55,562**	54,990

These financial statements were approved by the Board of Directors and authorised for issue on 31 March 2025.

They were signed on its behalf by:

M.T Raybould
Director

J. Hill
Director

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COMPANY BALANCE SHEET
31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Investment in subsidiaries	18	**11,601**	11,601
Total non-current assets		**11,601**	11,601
Current assets			
Trade and other receivables	20	**15,090**	14,775
Total current assets		**15,090**	14,775
Total assets		**26,691**	26,376
Total liabilities		**—**	—
Net assets		**26,691**	26,376
Equity			
Called up share capital	26	**710**	710
Share premium account		**18,344**	18,344
Other reserves		**197**	197
Investment in own shares	27	**(3,108)**	(3,108)
Share-based payment reserve		**114**	66
Retained earnings		**10,434**	10,167
Total equity		**26,691**	26,376

The Company reported a profit for the financial year ended 31 December 2024 of £749,000 (2023: £2,043,000).

The financial statements of Portmeirion Group PLC, company registration number 124842, were approved by the Board of Directors and authorised for issue on 31 March 2025.

They were signed on its behalf by:

M.T Raybould
Director

J. Hill
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	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 2023	710	18,344	(3,108)	148	3,652	46,937	66,683
Loss for the year	—	—	—	—	—	(8,456)	(8,456)
Other comprehensive loss for the year	—	—	—	—	(1,400)	378	(1,022)
Total comprehensive loss for the year	—	—	—	—	(1,400)	(8,078)	(9,478)
Dividends paid	—	—	—	—	—	(2,133)	(2,133)
Decrease in share-based payment reserve	—	—	—	(82)	—	—	(82)
At 1 January 2024	710	18,344	(3,108)	66	2,252	36,726	54,990
Profit for the year	—	—	—	—	—	344	344
Other comprehensive income for the year	—	—	—	—	136	526	662
Total comprehensive income for the year	—	—	—	—	136	870	1,006
Dividends paid						(482)	(482)
Increase in share-based payment reserve	—	—	—	48	—	—	48
At 31 December 2024	**710**	**18,344**	**(3,108)**	**114**	**2,388**	**37,114**	**55,562**

The nature of each reserve is explained in note 2.15 on page 75.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	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 2023	710	18,344	197	(3,108)	148	10,257	26,548
Profit for the year	—	—	—	—	—	2,043	2,043
Total comprehensive income for the year	—	—	—	—	—	2,043	2,043
Dividends paid	—	—	—	—	—	(2,133)	(2,133)
Decrease in share-based payment reserve	—	—	—	—	(82)	—	(82)
Transfer on exercise or lapse of options	—	—	—	—	—	—	—
Shares issued under employee share schemes	—	—	—	—	—	—	—
At 1 January 2024	710	18,344	197	(3,108)	66	10,167	26,376
Profit for the year	—	—	—	—	—	749	749
Total comprehensive income for the year	—	—	—	—	—	749	749
Dividends paid	—	—	—	—	—	(482)	(482)
Increase in share-based payment reserve	—	—	—	—	48	—	48
At 31 December 2024	**710**	**18,344**	**197**	**(3,108)**	**114**	**10,434**	**26,691**

The nature of each reserve is explained in note 2.15 on page 75.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Operating profit/(loss)		**2,024**	(6,738)
Adjustments for:			
Depreciation of property, plant and equipment	16	**1,288**	1,459
Depreciation of right-of-use assets	17	**2,225**	2,058
Amortisation of intangible assets	15	**730**	884
Charge/(credit) for share-based payments	33	**48**	(82)
Exchange loss		**(1)**	(1,053)
Impairment charge		**—**	10,867
Operating cash flows before movements in working capital		**6,314**	7,395
(Increase)/decrease in inventories		**(2,278)**	5,161
(Increase)/decrease in receivables		**(1,993)**	834
Increase/(decrease) in payables		**48**	(2,609)
Cash generated from operations		**2,091**	10,781
Contributions to defined benefit pension scheme	31	**—**	(300)
Interest paid on borrowings		**(1,618)**	(1,569)
Interest paid on lease liabilities		**(412)**	(215)
Income taxes (paid)/received		**(55)**	684
Net cash inflow from operating activities		**6**	9,381
Investing activities			
Purchase of property, plant and equipment	16	**(569)**	(1,340)
Purchase of intangible assets	15	**(1,070)**	(1,585)
Net cash outflow from investing activities		**(1,639)**	(2,925)
Financing activities			
Equity dividends paid	12	**(482)**	(2,133)
Capital element of lease payments	28	**(2,058)**	(2,068)
Drawdown/(repayments) of short term borrowings	28	**17,192**	(964)
Repayments of borrowings	28	**(3,000)**	(2,000)
Net cash inflow/(outflow) from financing activities		**11,652**	(7,165)
Net increase/(decrease) in cash and cash equivalents		**10,019**	(709)
Cash and cash equivalents at beginning of year		**888**	1,681
Effect of foreign exchange rate changes		**(10)**	(84)
Cash and cash equivalents at end of year		**10,897**	888

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Operating profit		**749**	2,043
Adjustments for:			
Charge/(credit) for share-based payments	33	**48**	(82)
Operating cash flows before movements in working capital		**797**	1,961
(Increase)/decrease in receivables		**(315)**	172
Decrease in payables		**—**	—
Cash generated from operations		**482**	2,133
Income taxes paid		**—**	—
Net cash inflow from operating activities		**—**	—
Investing activities		**—**	—
Net cash inflow from investing activities		**—**	—
Financing activities			
Equity dividends paid	12	**(482)**	(2,133)
Net cash outflow from financing activities		**(482)**	(2,133)
Net movement in cash and cash equivalents		**—**	—
Cash and cash equivalents at beginning of year		**—**	—
Cash and cash equivalents at end of year		**—**	—

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 the back cover. The nature of the Group's operations and its principal activities are that of a marketer and distributor of ceramic tableware, home fragrance, cookware and giftware, glassware, candles, placemats, coasters and other associated products and is engaged in manufacturing ceramics and home fragrance products. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) 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.

Going Concern

The financial statements have been prepared on a going concern basis. The Group reported a headline profit before taxation of £1.1 million (2023: £3.0 million) and a statutory profit before taxation of £45,000 after non-underlying items for the financial year to 31 December 2024, with the key driver being the significant reduction in sales in our South Korean market, substantially mitigated by the Group cost saving programme (2023: loss before taxation of £8.5 million).

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 Chairman's Statement and Strategic Report on pages 2 to 15.

In addition, note 32 on pages 95 to 98 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 debt of £12.1 million (comprising cash and cash equivalents of £10.9 million less borrowings of £23.0 million) with unutilised bank facilities with available funding of £7.0 million. This was an increase in net debt of £4.2 million since the prior year end. Operating cash generation was positive during the year, with cash flow from operations of £2.1 million (2023: £10.8 million) driven by lower operating profit and increased working capital. The excess year end cash was used to pay down the RCF in early January.

The Group has bank facilities available with Barclays Bank plc comprising a £30 million revolving credit facility available until August 2028 with a 1 year option to extend.

The Group sells into over 60 countries worldwide and has a spread of customers and sales channels within its major UK and US markets. The Group manufactures approximately 40% of its products and sources the remainder from a range of third-party suppliers.

There remain ongoing challenges in our sales markets around the world caused by the negative impact of inflationary pressures on consumer spending, but the Group's performance continues to remain resilient and we are well diversified with funding headroom available.

The Group has also produced a sensitivity analysis to its cash flow forecast based upon possible downside scenarios. We have modelled from June 2025 a 7.5% sales reduction to assess the potential impact of a significant downturn in trading performance. This demonstrated the Group still has sufficient headroom within borrowing facilities and loan covenants.

We have also considered a reverse stress-tested scenario to try and assess the amount of sales reduction required before the Group begins to approach maximum facility and covenant headroom. This demonstrated that sales could reduce by approximately 12.5% from June 2025 before we breached facility limits or any covenants, assuming no mitigating costs actions were undertaken.

A number of cost mitigating actions are available to the Group and are closely monitored in the event of a sales downturn, and therefore we consider an event where sales reduce by 12.5% from June 2025 and no direct cost mitigation being undertaken to be implausible. These cost savings include headcount reductions and eliminating non-essential expenditure such as warehouse and distribution, marketing and commission costs. Assuming these were undertaken promptly then sales could reduce by 15% before we breached facility limits or any covenants. We do recognise that the 2024 performance was disappointing due to the impact of the South Korean decline in sales. A further year at this level of retraction would necessitate that the Group enact some of the mitigation actions referenced above. However, we do not consider this to be likely and note that a 15% sales decline would go against our detailed internal planning, external market data on the homeware sector and at least 10 years of Group experience.

1. BASIS OF PREPARATION CONTINUED

Other matters

These financial statements are presented in pounds sterling. Foreign operations are included in accordance with the policies set out in note 2.5.

In the current year, the Group has applied a number of amendments that are mandatorily effective for an accounting period beginning on 1 January 2024. These are listed in the table below. Adopting these amendments has not had a material impact on the financial statements.

	Effective date periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements: - Classification of Liabilities as Current or Non-current (Issued January 2020) and – Non-current Liabilities with Covenants (Issued October 2022)	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, Supplier Finance Arrangements (Issued on May 2023)	1 January 2024

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 IAS 21 *The Effects of Changes in Foreign Exchange Rates*: Lack of Exchangeability (Issued August 2023)	1 January 2025
Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*: Classification and Measurement of Financial Instruments (Issued May 2024)	1 January 2026
IFRS 18 *Presentation and Disclosure* in Financial Statements (Issued April 2024)	1 January 2027
IFRS 19 *Subsidiaries without Public Accountability:* Disclosures (Issued May 2024)	1 January 2027

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. MATERIAL 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 2024.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Portmeirion Group PLC and its subsidiaries.

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 have been prepared for the year ended 31 December 2024.

2.2 Investments

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

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue is recognised when the Group has satisfied its performance obligations to its customers and the customer has obtained control of the goods being transferred. The Group generates revenue through a number of revenue channels, impacting the point in time when revenue is recognised. Revenue through retail channels is recognised at the point of sale. Revenue through our own e-commerce platforms is recognised when the customer receives the goods. Revenue through sales to third party retailers is recognised when the third party retailer receives the goods.

The Group offers a wide range of payment terms to customers, from payment up front to 60 days + from date of dispatch.

2.4 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, and any initial direct costs incurred.

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.

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.

2.5 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.

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.5 Foreign currencies continued

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.

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.

2.6 Operating profit

Operating profit is stated before interest income, finance costs, and other income.

2.7 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, impairment costs, restructuring costs and acquisition-related costs. 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. The exceptional costs of £1,021,000 relate to restructuring exercises undertaken during the year which are expected to be non-recurring in nature. The restructuring costs incurred in 2024 were the result of distinct and separate events compared to those incurred in 2023. As a result the costs are considered to be one-off and non-recurring.

2.8 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.

2.9 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.

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.9 Taxation continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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.

2.10 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 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

2.11 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 twenty years.

2.12 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.

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. MATERIAL ACCOUNTING POLICIES CONTINUED

2.13 Business combinations and goodwill

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.

2.14 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.

2.15 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.

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.

2.16 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.

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 as 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 32. Financial liabilities measured at amortised cost includes trade payables, accruals, other payables and borrowings.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

3.1 Indicators of impairment in cash generating units (CGUs)

Judgement must be applied in determining whether cash generating units held show any signs of impairment. Factors considered include: changes to the weighted average cost of capital, which is used to discount future cash flows from the CGU; changes to the cash flow forecast, which is derived from adjusted budgeted cash flows. As a result of the decline in sales in South Korea management have considered whether this was an indicator of impairment on the UK operating segment of which it is part. Having conducted a review management are satisfied that no impairment is required.

Impairment would exist where the value in use of the cash generating unit is less than the carrying amount of the fixed assets associated with that cash generating unit. The outcome of the impairment review is outlined in note 14.

The following are key sources of estimation uncertainty in applying the Group and Company's accounting policies:

3.2 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.

The provision is mostly recognised on a specific basis for items that the Group believes will not achieve a sales value in excess of its carrying amount. With a substantial component of the provision being on a specific and isolated basis, it is difficult to estimate the sensitivity of the Group provision in the event of a sales downturn against expectation. The Group believes it has taken a consistent approach in determining the provision, taking into account a realistic forecast for sales volumes in the next financial year.

At the year end, the Group held an inventory provision of £1,525,000 (2023: £1,147,000). There are no reasonable or possible changes in assumptions that would significantly impact the provision. There is no provision against discontinued items.

3.3 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 31. IAS 19 requires 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. The group recognises an asset based on surplus funds being available for distribution in line with the Trust Deed and Scheme rules.

3.4 Tangible assets, intangible assets and goodwill

The Group holds a number of tangibles assets, 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 estimates the value in use of these assets to ensure that it exceeds the carrying value of the cash generating unit. The value in use is the sum of the estimated future discounted cash flows associated with the cash generating unit. Impairment reviews were carried out for both the US CGU and the Home Fragrance CGU during the year. Details of the key assumptions and inputs of the value in use estimate are described in note 14. E-commerce sales are incorporated into each CGU's impairment review. E-commerce sales can be allocated to each CGU given that they have their own distinct websites.

4. REVENUE

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

Continuing operations	2024 £'000	2023 £'000
Sale of goods	**91,047**	102,477
Royalties	**165**	266
	91,212	102,743

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 two reportable segments under IFRS 8, namely UK and North America. The Home Fragrance division is a component of the UK segment. 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.

	2024			2023		
Revenue by origin	Total sales £'000	Inter-segment sales £'000	Sales to third parties £'000	Total sales £'000	Inter-segment sales £'000	Sales to third parties £'000
UK	**56,057**	**(4,570)**	**51,487**	65,107	(5,031)	60,076
North America	**39,725**	**—**	**39,725**	42,667	—	42,667
	95,782	**(4,570)**	**91,212**	107,774	(5,031)	102,743

Inter-segment sales are charged at prevailing market prices. South Korea operates as a branch and does not meet the definition of an operating segment. It is included in the UK segment.

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

Revenue by destination	2024 £'000	2023 £'000
United Kingdom	**32,394**	30,782
North America	**39,532**	42,407
South Korea	**11,817**	21,488
Rest of the World	**7,469**	8,066
	91,212	102,743

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 interest income, finance costs, exceptional 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. Sales shipped to South Korea are processed in the UK.

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.

Operating profit by origin	2024 £'000	2023 £'000
UK	**718**	2,282
North America	**2,327**	2,541
Headline operating profit	**3,045**	4,823
Unallocated items:		
Exceptional items	**(1,021)**	(11,561)
Interest income	**51**	23
Finance costs	**(2,030)**	(1,813)
Profit/(loss) before tax	**45**	(8,528)
Tax	**299**	72
Profit/(loss) after tax	**344**	(8,456)

5. SEGMENTAL ANALYSIS CONTINUED

Other information	2024 UK £'000	2024 US £'000	2024 Consolidated £'000	2023 UK £'000	2023 US £'000	2023 Consolidated £'000
Capital additions	918	721	1,639	1,694	1,231	2,925
Depreciation and amortisation	2,198	2,045	4,243	2,517	1,884	4,401
Balance sheet:						
Assets						
Non-current segment assets	20,101	12,107	32,208	19,736	13,013	32,749
Other segment assets	44,585	25,594	70,179	32,949	22,948	55,897
Consolidated total assets	64,686	37,701	102,387	52,685	35,961	88,646
Liabilities						
Consolidated total liabilities	(37,645)	(9,180)	(46,825)	23,574	10,082	33,656

Reconciliation of headline earnings before interest, tax, depreciation and amortisation (Headline EBITDA)	2024 £'000	2023 £'000
Headline operating profit	3,045	4,823
Add back:		
Depreciation	3,513	3,517
Amortisation	730	884
Headline earnings before interest, tax, depreciation and amortisation	7,288	9,224

Reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA)	2024 £'000	2023 £'000
Statutory operating profit/(loss)	2,024	(6,738)
Add back:		
Depreciation	3,513	3,517
Amortisation	730	884
Impairment charge	—	10,867
Earnings before interest, tax, depreciation and amortisation	6,267	8,530

6. OPERATING COSTS

	2024 £'000	2023 £'000
Cost of inventories recognised as an expense	42,062	46,793
Movement on inventory impairment provision	378	(750)
Other external charges	14,975	16,745
Staff costs (note 7)	26,118	29,817
Depreciation of property, plant and equipment	1,288	1,459
Depreciation of right-of-use assets	2,225	2,058
Amortisation of intangible assets	730	884
Impairment of trade receivables	173	212
Cost of research and development	305	679
Net foreign exchange losses/(gains)	(87)	23
	88,167	97,920

6. OPERATING COSTS CONTINUED

Exceptional items by type are as follows:

	2024 £'000	2023 £'000
Restructuring costs	**1,021**	694
Impairment charge	**—**	10,867
	1,021	11,561

Restructuring costs relate to a restructuring exercise which resulted in a number of redundancies. Impairment costs relate to the impairment of the Home Fragrance division in the prior year.

7. STAFF NUMBERS AND COSTS

	2024 Number	2023 Number
The average number of persons employed during the year, including Directors:		
Operatives	**415**	450
Support staff	**256**	352
	671	802

The Company had no employees in the current or preceding years. All employee costs are paid for by Group companies.

	2024 £'000	2023 £'000
Staff costs		
Wages and salaries	**21,944**	25,099
Social security costs	**1,913**	2,296
Other pension costs	**1,324**	1,398
	25,181	28,793
Non-monetary benefits	**937**	1,024
	26,118	29,817

	2024 £'000	2023 £'000
Directors' emoluments:		
Salary and fees, taxable benefits and incentive	**1,631**	1,434
Long-term incentive plan	**—**	—
Pension contributions	**105**	102
	1,736	1,536

The Directors' emoluments disclosed above reflect emoluments received by the Directors for the period in 2024 during which they were a Director of the company.

There were no gains made on the exercise of share options in 2024 (2023: £nil).

	2024 Number	2023 Number
Number of Directors who were members of a defined contribution pension scheme during the year	**5**	4
Number of Directors who exercised options over shares in the ultimate parent company	**—**	—

7. STAFF NUMBERS AND COSTS CONTINUED

	2024 £'000	2023 £'000
Remuneration of the highest paid Director:		
Salary and fees, taxable benefits and incentive	**419**	418
Long-term incentive plan	**—**	—
Pension contributions	**43**	44
	462	462

8. AUDITORS' REMUNERATION

	2024 £'000	2023 £'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	**280**	195
The audit of the Company's subsidiaries	**—**	48
Total audit related fees	**280**	243

The audit fee for the Company was £5,000 (2023: £3,000).

Fees payable to Forvis Mazars LLP and their associates for non-audit services to the Company are £nil (2023: £nil). There were no non-audit services provided on a consolidated basis in 2024 (2023: £nil).

9. INTEREST INCOME

	2024 £'000	2023 £'000
Net interest income on pension scheme asset (note 31)	**51**	23
	51	23

10. FINANCE COSTS

	2024 £'000	2023 £'000
Interest expense	**1,618**	1,568
Interest on lease liabilities	**412**	245
	2,030	1,813

11. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2024 £'000	2023 £'000
Current taxation		
United Kingdom corporation tax rate at 25% (2023: 23.5%)	**(30)**	109
Overseas taxation	**330**	160
	300	269
Deferred taxation		
Origination and reversal of temporary differences	**(612)**	(422)
Pension scheme	**13**	81
	(599)	(341)
Tax credit to income statement	**(299)**	(72)

11. TAXATION ON PROFIT ON ORDINARY ACTIVITIES CONTINUED

United Kingdom corporation tax is calculated at 25% (2023: 23.5%) 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:

	2024 £'000	2023 £'000
Profit/(loss) on ordinary activities before taxation	**45**	(8,528)
Tax on profit/(loss) on ordinary activities at standard rate of 25%(2023: 23.5%)	**11**	(2,004)
Factors affecting charge for the year:		
Net effect of expenses not deductible and other adjustments	**87**	(868)
Non-deductible impairment charge	**—**	2,554
Foreign tax charged at higher rates than UK standard rate	**—**	14
Adjustments in respect of prior periods	**(397)**	232
Total tax on Profit/(loss) on ordinary activities	**(299)**	(72)

Future tax charges will be impacted by any tax rate changes.

12. DIVIDENDS PAID

	2024 £'000	2023 £'000
Final dividend of 2.00p per share paid in respect of the year ended 31 December 2023 (2023: final dividend of 12.00p per share paid in respect of the year ended 31 December 2022)	**275**	1,651
Interim dividend of 1.50p per share paid in respect of the year ended 31 December 2024 (2023: interim dividend of 3.50p per share paid in respect of the year ended 31 December 2023)	**207**	482
Total dividends paid in the year	**482**	2,133

The Directors recommend that no final dividend for 2024 (2023: 2.00p) per ordinary share be paid. The total dividend paid and proposed for the year is 1.50p per share (2023: 5.50p).

13. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	2024			2023		
	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	**344**	**13,759,282**	**2.50**	(8,456)	13,759,282	(61.46)
Effect of dilutive securities:						
– employee share options	**—**	**28,681**	**—**	—	10,566	—
Diluted earnings per share	**344**	**13,787,963**	**2.49**	(8,456)	13,769,848	(61.41)

13. EARNINGS PER SHARE CONTINUED

The calculation of basic and diluted headline earnings per share adjusted for exceptional items and associated tax benefits is based on the following data:

	2024			2023		
	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	**1,106**	**13,759,282**	**8.04**	2,939	13,759,282	21.36
Effect of dilutive securities:						
– employee share options	**—**	**28,681**	**—**	—	10,566	—
Diluted earnings per share	**1,106**	**13,787,963**	**8.03**	2,939	13,769,848	21.34

The calculation of basic and diluted headline earnings per share is based on the following data:

	2024 £'000	2023 £'000
Profit/(loss) for the year attributable to equity holders	**344**	(8,456)
Add back/(deduct):		
Exceptional items	**1,021**	11,561
Tax effect of exceptional items	**(259)**	(166)
Headline earnings	**1,106**	2,939

14. GOODWILL

	Total £'000
Cost at 1 January 2023	**9,416**
Cost at 1 January 2024 and 31 December 2024	**9,416**
Impairment at 1 January 2023	**—**
Impairment	**7,667**
Impairment at 1 January 2024 and 31 December 2024	**7,667**
Net book value at 31 December 2023	**1,749**
Net book value at 31 December 2024	**1,749**

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.

Goodwill includes £1,749,000 (2023: £1,749,000) relating to the Portmeirion North American division.

The recoverable amounts of the cash-generating units are determined from value in use calculations. The 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 (CGU). Future growth rates and expected changes to selling prices and direct costs are estimated based upon historical and anticipated trading performance.

The Group prepares post-tax 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 that is appropriate for the CGU, and does not exceed the long-term growth rate of the relevant markets. The cash flows are discounted using the post-tax WACC, which is calculated for each CGU.

The Group assessed the North American CGU for impairment. A value in use was calculated using a post-tax WACC of 13.8% (2023: 11.1%) and a pre-tax rate of 18.8% (2023: 14.7%). The value in use calculated provided significant headroom over the carrying amount of the associated assets, which remained significant in the event of a 10% net cash flow shortfall. The WACC and growth rate are not deemed to be key assumptions as a similar sensitivity variance would not result in a significant impact to the value in use.

14. GOODWILL CONTINUED

In 2023, an impairment review was conducted in relation to goodwill held by the Home Fragrance division (consisting of Wax Lyrical and AromaWorks). It was found that the carrying amount of the associated goodwill and other fixed assets exceeded the value in use of the division. The indication of an impairment was the division's failure to return to pre-pandemic levels of profitability. As a result, an impairment charge was recognised against these associated fixed assets. In 2023, the post-tax WACC used to discount the forecast cash flows was 17.5%. The pre-tax WACC was 24.2%. In 2024, there were no impairment considerations in relation to the goodwill held by the Home Fragrance division because its goodwill was fully impaired in 2023. In accordance with IAS 36 this impairment cannot be reversed.

15. INTANGIBLE ASSETS

	Computer software £'000	Customer lists £'000	Intellectual property £'000	Total £'000
Cost				
At 1 January 2023	3,858	2,070	9,313	15,241
Additions	1,585	—	—	1,585
Exchange rate adjustments	(57)	—	(137)	(194)
At 1 January 2024	5,386	2,070	9,176	16,632
Additions	1,070	—	—	1,070
Disposals	(123)	—	—	(123)
Exchange rate adjustments	27	—	41	68
At 31 December 2024	**6,360**	**2,070**	**9,217**	**17,647**
Amortisation				
At 1 January 2023	1,183	1,380	4,097	6,660
Charge for the year	386	207	291	884
Impairment	79	274	1,239	1,592
Exchange rate adjustments	(2)	—	(13)	(15)
At 1 January 2024	1,646	1,861	5,614	9,121
Charge for the year	515	89	126	730
Disposals	(123)	—	—	(123)
Exchange rate adjustments	—		3	3
At 31 December 2024	**2,038**	**1,950**	**5,743**	**9,731**
Net book value				
At 31 December 2024	**4,322**	**120**	**3,474**	**7,916**
At 31 December 2023	3,740	209	3,562	7,511

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), the intellectual property of Nambé (purchased July 2019) and the AromaWorks trademark (purchased August 2022).

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 (2023: £564,000). There is no amortisation as the trade name has been classified as having an indefinite life. An impairment review was conducted at year-end and there were no impairment considerations.

At the year end the Wax Lyrical intellectual property had a carrying value of £712,000 (2023: £824,000) and the customer lists had a carrying value of £119,000 (2023: £209,000). The remaining amortisation periods are six years four months and one year four months respectively.

At the year end the Nambé intellectual property had a carrying value of £2,092,000 (2023: £2,054,000). There is no amortisation as the trade name has been classified as having an indefinite life. The movement relates to year end exchange rate translation. Nambé is part of the US CGU and the Group conducts an impairment review annually to confirm this indefinite life intangible asset does not require impairment.

At the year end the AromaWorks intellectual property had a carrying value of £107,000 (2023: £120,000). The remaining amortisation period is eight years.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings				
	Freehold £'000	Long leasehold £'000	Leasehold improvements £'000	Plant and vehicles £'000	Total £'000
Cost					
At 1 January 2023	4,340	3,874	3,734	25,583	37,531
Additions	2	—	73	1,265	1,340
Disposals	—	—	—	(203)	(203)
Exchange rate adjustments	(7)	—	(82)	(147)	(236)
At 1 January 2024	4,335	3,874	3,725	26,498	38,432
Additions	—	—	13	556	569
Disposals	—	—	(13)	(1,739)	(1,752)
Exchange rate adjustments	4	—	23	35	62
At 31 December 2024	**4,339**	**3,874**	**3,748**	**25,350**	**37,311**
Depreciation					
At 1 January 2023	2,545	477	1,590	16,077	20,689
Charge for the year	132	51	234	1,042	1,459
Impairment	—	—	479	1,129	1,608
Disposals	—	—	—	(203)	(203)
Exchange rate adjustments	(1)	—	(50)	(90)	(141)
At 1 January 2024	2,676	528	2,253	17,955	23,412
Charge for the year	106	51	156	975	1,288
Disposals	—	—	(13)	(1,739)	(1,752)
Exchange rate adjustments	3	—	16	33	52
At 31 December 2024	**2,785**	**579**	**2,412**	**17,224**	**23,000**
Net book value					
At 31 December 2024	**1,554**	**3,295**	**1,336**	**8,126**	**14,311**
At 31 December 2023	1,659	3,346	1,472	8,543	15,020

The Long Leasehold property has a peppercorn rent where the lease premium was paid in total on completion of the purchase. At 31 December 2024, there are 131 years remaining on the lease. At 31 December 2024, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £192,000 (2023: £407,000).

17. RIGHT-OF-USE ASSETS

	Land & buildings £'000	Other £'000	Total £'000
Cost			
At 1 January 2023	10,169	838	11,007
Additions	208	267	475
Remeasurement of leases	3,248	—	3,248
Disposals	(171)	(170)	(341)
Exchange rate adjustments	(390)	(2)	(392)
At 1 January 2024	13,064	933	13,997
Additions	898	245	1,143
Disposals	—	(185)	(185)
Exchange rate adjustments	144	1	145
At 31 December 2024	**14,106**	**994**	**15,100**
Depreciation			
At 1 January 2023	4,750	388	5,138
Charge for the year	1,807	251	2,058
Disposals	(171)	(166)	(337)
Exchange rate adjustments	(153)	(34)	(187)
At 1 January 2024	6,233	439	6,672
Charge for the year	1,982	243	2,225
Disposals	—	(185)	(185)
Exchange rate adjustments	52	—	52
At 31 December 2024	**8,267**	**497**	**8,764**
Net book value			
At 31 December 2024	**5,839**	**497**	**6,336**
At 31 December 2023	6,831	494	7,325

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.

18. INVESTMENT IN SUBSIDIARIES

Company investment in subsidiary undertakings:

	2024 £'000	2023 £'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
Capital contributions made to subsidiary undertakings:		
Portmeirion Group UK Limited	**10,146**	10,146
	11,601	11,601

No interest is charged on these capital contributions.

At 31 December 2024 the Company had the following subsidiary undertakings:

	Country of operation and incorporation	Legal/registered address	Nature of business
Subsidiary undertakings			
Portmeirion Group UK Limited[5]	England and Wales	London Road, Stoke-on-Trent ST4 7QQ	Ceramic manufacturer, marketing and distribution of homeware
Portmeirion Group USA, Inc.[1]	US	105 Progress Lane, Waterbury, Connecticut, USA 06705	Marketing and distribution of homeware
Portmeirion Group Designs, LLC[2]	US	105 Progress Lane, Waterbury, Connecticut, USA 06705	Online marketing and distribution of homeware
Nambé LLC.[2]	US	810 Calle Mejia Ste 103 Santa Fe, NM, 87501-1581	Design, marketing and distribution of homeware
Portmeirion Group Hong Kong Limited[1]	Hong Kong	Unit B, 17/F, United Centre, 95 Queensway, Admiralty, Hong Kong	Intermediate holding company
Portmeirion (Shenzhen) Trading Company Limited[3]	China	Room A807, Block A, Lianhe Plaza, Futian District, Shenzhen, People's Republic of China	Marketing and distribution of homeware
Wax Lyrical Limited[1][5]	England and Wales	Lindal-in-Furness, Ulverston, Cumbria LA12 0LD	Manufacture, marketing and distribution of home fragrances
Colony Deutschland GmbH[4]	Germany	Karlsplatz 3, 80335 München, Germany	Marketing and distribution of homeware
Portmeirion Canada Inc.[1]	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 Group USA, Inc.
(3) Wholly owned by Portmeirion Group Hong Kong Limited.
(4) Wholly owned by Wax Lyrical Limited.
(5) These subsidiaries are exempt from audit under s479a of the companies Act 2006.

18. INVESTMENT IN SUBSIDIARIES CONTINUED

At 31 December 2024 the Group had the following branches:

Branch office	Country of operation	Legal/registered address	Nature of business
Portmeirion Group UK Limited, Korea Liaison Office	South Korea	8F VPLEX, 501 Teheran-ro, Gangnam-gu, Seoul, South Korea, 06168	Branch liaison office for marketing and employment
Portmeirion Group UK Limited (DMCC Branch)	Dubai	Unit No: 1203, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates	Branch liaison office for marketing and employment

19. INVENTORIES

Group

	2024 £'000	2023 £'000
Raw materials and other consumables	**5,201**	5,221
Work in progress	**901**	937
Finished goods	**32,132**	29,798
	38,234	35,956

20. TRADE AND OTHER RECEIVABLES

Group	2024 £'000	2023 £'000
Amounts receivable for the sale of goods	**18,842**	17,095
Allowance for expected credit loss provision	**(199)**	(259)
Trade receivables	**18,643**	16,836
Other receivables	**198**	201
Prepayments and accrued income	**2,207**	2,016
	21,048	19,053

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. During the year no interest was charged on trade receivables.

Included in the Group's trade receivable balance are receivables with a carrying amount of £4,305,000 (2023: £1,947,000) 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 70 days (2023: 59 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 expected credit loss provision.

20. TRADE AND OTHER RECEIVABLES CONTINUED

Movement in the allowance for doubtful debts	2024 £'000	2023 £'000
Balance at the beginning of the year	**259**	212
Impairment losses recognised	**173**	212
Amounts written off as uncollectable	**(233)**	(165)
Balance at the end of the year	**199**	259

Company

	2024 £'000	2023 £'000
Amounts owed by subsidiary undertakings	**15,090**	14,775

The Directors consider that the carrying amount of trade and other receivables for the Group and the Company approximates to their fair value.

Amounts owed by subsidiary undertakings are deemed to be recoverable in full because the subsidiary has sufficient liquid resources. An assessment based on the expected credit loss basis has been performed and no impairment loss provision has been recognised. There is no due date and the amount is repayable on demand.

21. CASH AND CASH EQUIVALENTS

Group

	2024 £'000	2023 £'000
Cash and cash equivalents	**10,897**	888

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.

22. TRADE AND OTHER PAYABLES

Group

	2024 £'000	2023 £'000
Trade payables and accruals	**12,621**	12,092
Other taxation and social security	**1,007**	1,053
Other payables	**281**	715
	13,909	13,860

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 54 days (2023: 49 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.

23. LEASE LIABILITIES

Group

	2024 £'000	2023 £'000
Less than 1 month	**178**	171
1 – 3 months	**350**	342
Over 3 months	**1,557**	1,459
Total lease liability less than one year	**2,085**	1,972
Total lease liability 1 – 5 years	**4,407**	5,509
Total lease liability 5 – 10 years	**33**	5
Total lease liability greater than ten years	**398**	326
	6,923	7,812

Total lease payments of £2,470,000 (2023: £2,283,000) were made during the year. These include capital and interest repayments.

24. BORROWINGS

The Group has one facility:

a) A £30,000,000 revolving credit facility available until August 2028 with a 1 year option to extend. Interest is payable at 1.80% above three-month SONIA.

These facilities are secured by an unlimited debenture from the Group and the Company and a first charge over the Group's property.

The Group and Company have given a guarantee of up to $900,000 to the landlord of the premises of Portmeirion Group USA, Inc. located in Connecticut, US. The fair value of the guarantee and any expected credit loss are considered immaterial.

As at 31 December 2024 total borrowings were as follows:

	2024 £'000	2023 £'000
Loan facility	**—**	2,983
Revolving credit facility	**23,000**	3,500
General export finance facility	**—**	2,325
	23,000	8,808

25. 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 2023	(2,385)	(79)	(1)	(282)	308	(791)	(3,230)
Credit/(charge) to income	(241)	(81)	(4)	—	171	496	341
Charge to other comprehensive income	—	(126)	—	—	—	—	(126)
At 1 January 2024	(2,626)	(286)	(5)	(282)	479	(295)	(3,015)
Credit/(charge) to income	69	(13)	—	—	499	44	599
Charge to other comprehensive income	—	(175)	—	—	—	—	(175)
At 31 December 2024	**(2,557)**	**(474)**	**(5)**	**(282)**	**978**	**(251)**	**(2,591)**

25. 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:

	2024 £'000	2023 £'000
Deferred tax liability	**(3,569)**	(3,494)
Deferred tax asset	**978**	479
	(2,591)	(3,015)

The Group has recognised deferred tax assets of £636,000 (2023: £119,000) arising from unused tax losses and which are included as part of 'other temporary differences'.

26. SHARE CAPITAL

	2024		2023	
	Number '000	£'000	Number '000	£'000
Allotted, called up and fully paid share capital:				
– ordinary shares of 5p each	**14,204**	**710**	14,204	710

The Company has one class of ordinary shares which carry no right to fixed income.

There were no shares issued during the year (2023: none).

Equity-settled share options and cash-settled share options granted to Directors and employees (note 33) and still outstanding at 31 December 2024 were as follows:

			Dates on which exercisable	
	Number of shares	Exercise price per share (p)	Earliest	Latest
Portmeirion Group Phantom Option Plan	**5,000**	**469.0**	**03.05.2026**	**01.05.2028**
Portmeirion Group Phantom Option Plan	**56,500**	**257.5**	**08.05.2027**	**06.05.2029**
2022 Approved Plan	**182,100**	**257.5**	**08.05.2027**	**06.05.2034**
2022 Unapproved Plan	**105,900**	**257.5**	**08.05.2027**	**06.05.2034**
2018 Deferred Incentive Plan	**27,649**	**—**	**26.04.2025**	**24.07.2025**
2018 Deferred Incentive Plan	**13,912**	**—**	**03.05.2026**	**01.08.2026**

Equity-settled share options and cash-settled share options granted to Directors and employees (note 33) and still outstanding at 31 December 2023 were as follows:

			Dates on which exercisable	
	Number of shares	Exercise price per share (p)	Earliest	Latest
2012 Approved Plan	66,104	632.5	26.03.2024	24.03.2031
2012 Unapproved Plan	208,396	632.5	26.03.2024	24.03.2031
2012 Approved Plan	9,934	570.0	26.04.2025	24.04.2032
2012 Unapproved Plan	218,066	570.0	26.04.2025	24.04.2032
Portmeirion Group Phantom Option Plan	32,500	570.0	26.04.2025	24.04.2027
2022 Approved Plan	55,636	469.0	03.05.2026	01.05.2033
2022 Unapproved Plan	267,364	469.0	03.05.2026	01.05.2033
Portmeirion Group Phantom Option Plan	60,000	469.0	03.05.2026	01.05.2028
2018 Deferred Incentive Plan	27,649	—	26.04.2025	24.07.2025
2018 Deferred Incentive Plan	13,912	—	03.05.2026	01.08.2026

Options held by the Directors are shown in the Directors' Remuneration Report on pages 48 and 49.

27. OWN SHARES

Treasury shares	2024 £'000	2023 £'000
At 1 January	393	393
Shares issued under employee share schemes	—	—
At 31 December	393	393

ESOP shares	2024 £'000	2023 £'000
At 1 January	2,715	2,715
Shares issued under employee share schemes	—	—
At 31 December	2,715	2,715
Total at 31 December	3,108	3,108

The Group currently holds 210,282 (2023: 210,282) 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 33). The number of ordinary shares held by the Portmeirion Employees' Share Trust at 31 December 2024 was 234,523 (2023: 234,523).

28. NOTES TO THE STATEMENTS OF CASH FLOWS

Group

	1 January 2024	Financing[1] cash flows	Other[2] changes	31 December 2024
Current borrowings	7,825	15,175	—	23,000
Non-current borrowings	983	(983)	—	—
Lease liabilities	7,812	(2,470)	1,581	6,923
Total liabilities from financing activities	16,620	11,722	1,581	29,923

	1 January 2023	Financing[1] cash flows	Other[2] changes	31 December 2023
Current borrowings	8,789	(2,135)	1,171	7,825
Non-current borrowings	2,981	(2,297)	299	983
Lease liabilities	6,350	(2,283)	3,745	7,812
Total liabilities from financing activities	18,120	(6,715)	5,215	16,620

Notes:

(1) The cash flows make up the net amount of repayments of borrowings in the cash flow statement, plus interest payments in operating cash flows.

(2) Other changes are the amortisation of upfront facility fees, interest accrued, new leases and translation adjustments.

29. CONTINGENT LIABILITIES

The Group and the Company have 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.

30. 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 subsidiaries are disclosed below.

Group

Transactions with Directors/Officers relate to the Company's grant of share options. On 7 May 2024, under The Portmeirion Group 2022 Approved and Unapproved Share Option Plan, 50,000, 35,000, 35,000, 35,000 and 20,000 share options awards were granted to M Raybould, M Knapper, W Robedee, D Sproston and M MacDonald respectively at an option price of £2.575 per share when the market price was £2.575 per share.

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 79.

Company

During 2024 net transactions totalling £315,000 were debited (2023: £2,125,000 credited) to the intercompany account with the Company's subsidiary, Portmeirion Group UK Limited. These transactions represented payments made on behalf of the Company by Portmeirion Group UK Limited and a credit relating to share-based payments.

During the year there were no changes in the Portmeirion Employees' Share Trust (2023: £nil). The purpose of the loan is for acquiring shares to satisfy Group share option exercises (note 33). The total outstanding loan is now £2,715,000 (2023: £2,715,000). The ESOP share reserve is disclosed in note 27.

The outstanding balances with subsidiary undertakings at 31 December 2024 and 31 December 2023 are shown in note 20.

31. PENSIONS

The Group operates group personal pension plans in the UK and a discretionary money purchase scheme in the US.

The total cost charged to income of £1,324,000 (2023: £1,398,000) 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 (excluding insured pensions) 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.

31. PENSIONS CONTINUED

Valuation and assumptions

For the defined benefit scheme, the most recent triennial valuation was at 5 April 2023. The main actuarial assumptions used in the valuation were:

- RPI for current pensioners of 3.60% per annum;
- RPI for future pensioners of 3.60% per annum;
- CPI of 2.80% per annum;
- pre-retirement valuation rate of interest of 5.40% per annum;
- post-retirement valuation rate of interest for current pensioners of 4.15% per annum;
- post-retirement valuation rate of interest for future pensioners of 4.15% per annum; and
- mortality experience based upon appropriate S3PA tables based on pension size at the valuation date. Projections based on year of birth with a long-term rate of improvement of 1.75% per annum.

At the date of the last valuation on 5 April 2023 the market value of the scheme assets was £27,766,000 and the scheme had a surplus of £1,237,000.

The actuarial valuation of the scheme was updated at 31 December 2024 in accordance with IAS 19 by qualified actuaries.

The major assumptions used by the actuaries were:

	2024	2023
Rate of increase of pensions in payment:		
– Post 06.04.88 GMP	**3.05%**	2.90%
– Post 06.04.97 pension	**3.05%**	2.90%
– Rate of revaluation of pensions in deferment	**2.45%**	2.25%
Rate used to discount scheme liabilities	**5.40%**	4.50%
Inflation assumption:		
– RPI	**3.20%**	3.05%
– CPI	**2.45%**	2.25%
Life expectancy at 65 for a member:		
– Currently aged 65 – male	**21.0**	21.0
– Currently aged 45 – male	**22.3**	22.3
– Currently aged 65 – female	**23.5**	23.4
– Currently aged 45 – female	**25.0**	24.9

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 £619,000 (2023: £784,000).

If inflation and related assumptions increased by 0.25%, the defined benefit obligation would increase by £81,000 (2023: £154,000). If life expectancy increased by one year for both men and women, the defined benefit obligation would increase by £928,000 (2023: £942,000).

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.

31. PENSIONS CONTINUED

Sensitivity analysis continued

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:

	2024 Fair value £'000	2023 Fair value £'000
Scheme assets		
Equities	**5,923**	6,813
Bonds	**7,730**	7,350
Multi asset credit	**3,012**	—
Diversified growth funds	**—**	4,480
Liability driven investments	**6,223**	5,553
Insured pensions	**2,083**	2,387
Cash	**125**	241
Total fair value of assets	**25,096**	26,824
Present value of defined benefit obligations	**(23,200)**	(25,680)
Asset in the scheme	**1,896**	1,144

Analysis of the amount included in the income statement

	2024 £'000	2023 £'000
Interest on pension scheme assets	**1,180**	1,263
Interest on pension scheme liabilities	**(1,129)**	(1,240)
Amount credited to interest income	**51**	23

Amounts recognised in the consolidated statement of comprehensive income

	2024 £'000	2023 £'000
Return on plan assets (excluding amounts included in net interest expense)	**(1,677)**	245
Actuarial gains and losses arising from changes in financial assumptions	**2,310**	(1,247)
Actuarial gains and losses arising from changes in demographic assumptions	**57**	543
Actuarial gains and losses arising from experience adjustments	**11**	963
Remeasurement of the net defined benefit pension scheme liability	**701**	504

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of comprehensive income since adoption of IFRS is a loss of £7,774,000 (2023: £8,475,000).

31. PENSIONS CONTINUED

Analysis of movements in scheme assets and liabilities

Movements in the present value of defined benefit obligations were as follows:

	2024 £'000	2023 £'000
At 1 January	**25,680**	25,903
Interest cost	**1,129**	1,240
Remeasurements (financial assumptions)	**(2,310)**	1,247
Remeasurements (demographic assumptions)	**(57)**	(543)
Remeasurements (experience adjustments)	**(11)**	(963)
Benefits paid	**(1,231)**	(1,204)
At 31 December	**23,200**	25,680

Movements in the fair value of scheme assets were as follows:

	2024 £'000	2023 £'000
At 1 January	**26,824**	26,220
Interest on assets	**1,180**	1,263
Remeasurement of assets	**(1,677)**	245
Contributions by the employer	**—**	300
Benefits paid	**(1,231)**	(1,204)
At 31 December	**25,096**	26,824

Pension contributions

The estimated amount of contributions expected to be paid to the scheme during the next financial year is £nil (2024: £nil). The Group is not currently contracted to make further contributions to the scheme.

The average duration of the defined benefit obligation at the end of the reporting period is 10 years.

The asset has been recognised in full as the economic benefits of the scheme will be available as a refund, following the gradual settlement of the scheme liabilities over time as members leave the scheme.

At 31 December 2024, contributions of £164,000 (2023: £178,000) 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 £9,000 (2023: £4,000) at 31 December 2024.

32. 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 2023.

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.

32. 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 20.

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 24. 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 2024 would decrease by £147,000 (2023: £169,000).

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 US. 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	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Euro	**52**	51	**675**	239
US dollar	**7,572**	3,985	**14,732**	8,111

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	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
(Loss)/profit	**(62)**	(19)	**(313)**	(17)

32. 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 2024	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	0.50	27,324	2,215	—	—	29,539
Other assets	—	—	—	—	70,952	70,952
Pension scheme asset	—	—	—	—	1,896	1,896
Total assets		27,324	2,215	—	72,848	102,387
Financial liabilities	—	(12,242)	—	(659)	—	(12,901)
Borrowings	9.40	—	(23,214)	—	—	(23,214)
Other liabilities	—	(780)	(758)	(6,795)	(2,591)	(10,924)
Total liabilities		(13,022)	(23,972)	(7,454)	(2,591)	(47,039)
Cumulative gap		14,302	(7,455)	(14,909)	—	—

At 31 December 2023	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	0.50	16,327	1,397	—	—	17,724
Other assets	—	—	—	—	69,778	69,778
Pension scheme asset	—	—	—	—	1,144	1,144
Total assets		16,327	1,397	—	70,922	88,646
Financial liabilities	—	(12,159)	—	(648)	—	(12,807)
Borrowings	7.25	(500)	—	(8,308)	—	(8,808)
Other liabilities	—	(1,039)	(527)	(7,460)	(3,015)	(12,041)
Total liabilities		(13,698)	(527)	(16,416)	(3,015)	(33,656)
Cumulative gap		2,629	3,499	(12,917)	—	—

32. FINANCIAL INSTRUMENTS CONTINUED

Liquidity and interest risk tables continued

Categories of financial instruments	2024 £'000	2023 £'000
Financial assets:		
Cash and cash equivalents	**10,897**	888
Loans and receivables	**18,642**	16,836
	29,539	17,724
Financial liabilities:		
Amortised cost*	**35,901**	21,615

* Amortised cost includes Financial Liabilities and Borrowings as disclosed in the Liquidity and interest risk tables.

33. 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 £48,000 in 2024 and a credit of £82,000 in 2023. The Company recharged this credit/expenditure 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:

	2024		2023	
	Number of share options	Total exercise price £	Number of share options	Total exercise price £
Outstanding at 1 January	**41,561**	**8**	27,649	4
Granted during the year	—	—	13,912	4
Lapsed during the year	—	—	—	—
Surrendered during the year	—	—	—	—
Exercised during the year	—	—	—	—
Outstanding at 31 December	**41,561**	**8**	41,561	8
Exercisable at 31 December	—	—	—	—

The options outstanding at 31 December 2024 had a weighted average remaining contractual life of 0.9 years (2023: 1.9 years).

The inputs into the Black Scholes pricing model are as follows:

	2024	2023
Weighted average share price at date of grant	**£—**	£4.69
Weighted average exercise price	**£—**	£nil
Expected volatility	—	40%
Expected life	—	3.125 years
Risk-free rate	—	4.50%
Expected dividend rate	—	5.12%

33. SHARE-BASED PAYMENTS CONTINUED

Equity-settled share option schemes continued

b) The Portmeirion Group 2022 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:

	2024		2023	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 January	**825,500**	**5.513**	718,000	5.698
Granted during the year	**323,000**	**2.575**	323,000	4.690
Lapsed during the year	**(360,500)**	**5.808**	(215,500)	4.898
Surrendered during the year	**(500,000)**	**5.094**	—	—
Exercised during the year	**—**	**—**	—	—
Outstanding at 31 December	**288,000**	**2.575**	825,500	5.513
Exercisable at 31 December	**—**	**—**	—	—

The options outstanding at 31 December 2024 had a weighted average remaining contractual life of 9.4 years (2023: 8.4 years).

In 2024, options were granted on 7 May. The aggregate of the estimated fair value of those options is £166,000.

The exercise price for the options outstanding at 31 December is £2.575. The inputs into the Black–Scholes pricing model are as follows:

	2024	2023
Weighted average share price at date of grant	**£2.575**	£4.690
Weighted average exercise price	**£2.575**	£4.690
Expected volatility	**36%**	40%
Expected life	**4 years**	4 years
Risk-free rate	**4.15%**	4.50%
Expected dividend rate	**2.91%**	5.12%

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.

FIVE-YEAR REPORT CARD

FINANCIAL AND OPERATIONAL SUMMARY

		Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	£'000	**91,212**	102,743	110,820	106,018	87,854
Revenue at constant currency	£'000	**92,555**	102,743			
Headline Pre-Tax Profit	£'000	**1,066**	3,033	8,004	7,195	1,391
Headline basic EPS	pence	**8.04**	21.36	46.59	38.85	4.96
Pre-Tax Margin	%	**0.1**	(8.3)	6.3	5.6	(0.3)
Cash generated from operations	£'000	**2,091**	10,781	1,646	8,683	8,722
Free cash flow	£'000	**(3,691)**	4,388	(7,860)	21	2,376
(Net Debt)/Cash	£'000	**(12,103)**	(7,920)	(10,089)	665	667
Gearing(1)	%	**21.8**	14.4	15.5	—	—
Return on Capital Employed (ROCE)(2)	%	**3.2**	(10.4)	10.2	8.8	0.7
Inventory	£'000	**38,234**	35,956	41,117	29,224	27,313
Shareholders' Funds	£'000	**55,562**	54,990	66,683	61,947	55,709
Dividends paid and proposed per share	pence	**1.50**	5.5	15.5	13.0	0
Dividends paid in the year	£'000	**482**	2,133	2,269	—	—
Dividend Cover(3)		**1.67**	3.19	2.61	1.81	—
Share Count (Shares in Issue)	#	**14,204,087**	14,204,087	14,204,087	14,204,087	14,204,087
Employees at year end	#	**659**	783	857	896	818

(1) Gearing is the net debt held by the Group divided by total equity. Net debt is cash and cash equivalents less borrowings (note 24). This measure shows the extent to which debt finances the operations of a company.

(2) Return on capital employed is statutory earnings before interest and tax (EBIT) divided by capital employed. Capital employed is total assets less current liabilities held by the Group. This measure demonstrates how well a company is generating profits from its capital as it is put to use.

(3) Dividend cover shows how many times the Group's earnings cover its paid and proposed dividends and is calculated as earnings per share divided by dividend per share. Earnings per share excludes impairment charges to allow like-for-like comparison.

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