

PORTMEIRION GROUP PLC



ANNUAL REPORT AND ACCOUNTS 2025

Portmeirion Group is a global homeware brands group which owns leading brands Spode, Portmeirion, Royal Worcester, 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.



PORTMEIRION®



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FINANCIAL OVERVIEW

KEY PERFORMANCE INDICATORS

	2025 £m	2024 £m	Change £m
Revenue	91.1	91.2	(0.1)
Headline (loss)/profit before tax ⁽¹⁾	(3.6)	1.1	(4.7)
Statutory (loss)/profit before tax	(7.2)	0.0	(7.2)
Headline EBITDA ^(4,5)	2.6	7.3	(4.7)
EBITDA ⁽⁵⁾	(1.1)	6.3	(7.4)
Headline basic (loss)/earnings per share ⁽¹⁾	(25.3p)	8.04p	(33.34p)
Statutory basic (loss)/earnings per share ⁽⁴⁾	(45.3p)	2.50p	(47.80p)
Dividends paid and proposed per share (total in respect of the year)	—	1.50p	(1.50p)
Free cash flow ⁽²⁾	(5.7)	(3.7)	(2.0)
Net debt ⁽³⁾	(17.5)	(12.1)	(5.4)

Notes

⁽¹⁾ Headline (loss)/profit before tax measured as follows: Statutory (loss)/profit before tax £(7.2)m add back additional inventory provision £2.9m (note 3.2 Impairment of inventory) and Exceptional Costs £0.7m (note 6 Operating Costs) = Headline (loss)/profit before tax £(3.6)m.

⁽²⁾ 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 outflow 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 71.

⁽³⁾ Net debt is a financial liquidity measure that nets the company's cash and cash equivalents (note 21) against its interest bearing debt (note 24).

⁽⁴⁾ See Earnings Per Share note 13.

⁽⁵⁾ See Segmental Analysis note 5.

HEADLINES

Financial & operational

• Positive trading performance offset by US market weakness in H1

- Revenue was in line with prior year at £91.1m (2024: £91.2m) and +1% on a constant currency basis despite the disruption caused by US tariffs.
- Excluding the US market, Group sales were 8.6% higher on a constant currency basis.
- Strong sell through of Christmas product in Q4, particularly online
- International markets, a key focus of our transformation plan, +14.3% in constant currency.
- South Korea performance particularly encouraging with 25.6% growth in constant currency.
- Wax Lyrical sales were in line with prior year, but with improvement of £0.3m in PBIT.

• Profitability impacted by macroeconomic headwinds

- As previously reported, headline loss before tax £3.6m (2024: headline profit before tax of £1.1m) primarily due to the disruption caused by US tariffs, initial margin investment in accelerating our Made in Stoke-on-Trent onshoring initiative and higher costs, including energy, National Insurance and minimum wage increases.
- Statutory loss before tax reflects the headline loss plus additional inventory write down of £2.9m (2024: £Nil) allowing the Group to responsibly clear excess aged and second quality inventory, and an additional cost for restructuring of £0.7m (2024: £1.0m).

• Active balance sheet management

- Cash flow generated from operations +£0.5m (2024: +£2.1m).
- Free cash outflow of £5.7m (2024: £3.7m outflow).
- Net debt £17.5m (2024: £12.1m) +£5.4m, due to the operating loss and higher tariffs in closing US inventory, partially offset by improved working capital management.
- No dividend is being proposed for the full year, in line with previous guidance and focus on 'Fortress Balance Sheet'.
- £2.5m inventory volume clearance in 2025.

FINANCIAL OVERVIEW CONTINUED

HEADLINES

Strategic & Operational Highlights

- **On-shoring and refreshed product strategy showing early encouraging signs**
 - Strong sell through growth on our UK-made Spode 'Christmas Tree' tableware and on key like-for-like Christmas lines.
- **Refreshed and strengthened Leadership Team**
 - Promotion of Michael Scheepers as Chief Executive Officer as of week commencing 11 May 2026 (subject to regulatory checks), Victoria Brabender as our first ever Product Strategy Director, Sam Pearce promoted to Chief Operating Officer, and Michael Close to President of Sales North America.
- **Elevating Portmeirion Strategy**
 - Three strategic priorities to simplify the group's operating model to deliver more attractive financial performance and return the Group to growth. *Drive higher returns, Focused expansion, Excellence everywhere.*
- **Energy**
 - As part of our long term energy hedging process, in October 2025 we placed significant hedges for electricity at 100% of our requirements and gas at 80% at favourable rates through to 31 March 2027.
 - Energy usage down 1.3% on 2024 and 6.4% lower than 2023.
 - We continue to call on Government for immediate inclusion of Ceramics industry in the Supercharger Scheme.

Current trading & outlook

- **Return to growth in Q1 2026 with revenue at the end of March ahead of last year and with the US and International markets showing growth.**
- **Good initial progress against 'Elevating Portmeirion' strategic priorities**
 - *Fortress balance sheet & drive higher returns:*
 - Inventory clearance: Since the year-end we have had a number of material excess inventory deals with a combined value of over £2 million. Continue focus on realising cash to reduce net debt and invest to support growth.
 - Wax Lyrical confirmed as non-core and a disposal will be sought in due course.
 - *Focused Expansion:*
 - Product license deal signed, since the year-end, with Ashley Wilde (a leading British textile and soft furnishings company), strengthening our high margin, capital light licensing business with building pipeline of further licensing deals
 - USA Amazon sales team taken in-house and more initiatives planned across the Group as we reinvigorate channels, distributors, sales & marketing and open new markets. Such initiatives require upfront investments.
 - *Excellence Everywhere:*
 - Successful initiatives to improve factory performance
 - Our Made in Stoke-on-Trent initiative extends beyond the factory. We have taken certain activities in-house which were previously outsourced, giving us better customer insight and greater control of pricing (and in time inventory management).

Update on US claims:

- Following the US Supreme Court ruling on 20th February 2026 that the use of tariffs under IEEPA was unlawful, and having taken appropriate professional advice, the Group has submitted a refund claim for \$3m into the US Customs and Border Protection (USCBP) Consolidated Administration and Processing of Entries (CAPE) system.
- We continue to pursue our September 2023 claim of \$0.8m with the Internal Revenue Service (IRS) in the US for support under the COVID Employee Retention Credits (ERC) Scheme. This programme has been very slow in settling claims but we continue to pursue through our advisors. Any proceeds will be used to reduce the Groups net debt in line with our Fortress Balance Sheet priority.
- Any proceeds from either claim will be used to reduce the Groups net debt in line with our Fortress Balance Sheet priority.

CHAIRMAN'S STATEMENT

I present my second report as Non-Executive Chairman, with the Group navigating another year of significant external macro-economic shocks, while at the same time making material progress on our transformation programme and developing a refresh strategy – Elevating Portmeirion. 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.

The Group finds itself at an important moment – it benefits from assets (brands, heritage, freehold assets, plant & machinery, and inventory) well in excess of its current market capitalisation, but also not currently delivering a sufficient return on this significant and attractive asset base. The Board and I firmly believe that the transformation work that we began in 2024, combined with the strategy refresh are critical to establishing a sustainably higher profit, higher return, strong free cash flow generating Group. This radical transformation will not happen immediately, and despite significant macro-economic and geo-political headwinds which are out of our control, there were signs of improvement in the second half of 2025 and the Group has taken the positive momentum into 2026. Our transformation will enable us to invest in growth, explore new expansion opportunities, build its fortress balance sheet and reward shareholders.

2025 FINANCIAL PERFORMANCE

Our results in 2025 reflect proactive measures the Group took to commercially reset US product and distribution, alongside well-known cost pressures around energy and wages. That said, the performance remains disappointing. Group sales were in line with last year at £91.1m (2024: £91.2m) and +1% on a constant currency basis. Headline loss before tax of £3.6m (2024: Headline profit before tax of £1.1m) as a result of proactive commercial changes in our US product offer and distribution, the impact of US tariffs, higher energy costs and National Insurance and minimum wage increases. The Group ended the year with net debt up by 44.6% at £17.5m (2024: £12.1m). We monitor our performance against key performance measures, which are set out in the financial overview table on page 1.

The strong trading performance in the majority of the business was undermined by one market – the US – our largest and most profitable market. The introduction of tariffs during the first half of the year adversely affected our business. The Group made proactive commercial changes in the US product offer and distribution, adversely affecting sales, but creating a stronger platform to sustainably grow our profits from. Despite this hugely disruptive period, on a like-for-like basis, most of our customers reported strong sell through of our Christmas product in Q4 2025, particularly online; in many cases up on the prior year highlighting that end demand for our well-known brands and products remains strong. Excluding the US market, Group sales grew 8.6% on a constant currency basis.

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 Strategy and Objectives is set out on page 6.

MADE IN STOKE-ON-TRENT

We have executed on our strategy to increase production from our Stoke-on-Trent factory during the year, accounting for approximately 33.7% of our branded tableware production during the year, an increase of c7% compared to 2024. While this has had a short-term impact on gross margin due to high energy and labour costs in the United Kingdom, we believe the mid-term benefits (brand equity, responsiveness, customer appeal) far out-weigh this impact. The success of our Christmas ranges was a good example of the benefits of moving production back to the UK.

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

REFRESHING AND STRENGTHENING OUR LEADERSHIP TEAM

We made several important appointments to our Global Leadership Team in Q4. Michael Scheepers joined as Group Brand and Commercial Director, Victoria Brabender as our first ever Product Strategy Director, and Sam Pearce was promoted to Chief Operating Officer. They bring a strong mix of commercial expertise and outstanding calibre of homewares experience, with both external hires joining from senior roles within internationally renowned cookware and consumer brands. In the US, Michael Close was appointed President of Sales, North America. The Group also made two further senior US sales hires in January 2026 and appointed experienced industry executive leader Shaun Dubberley to the new role of Wax Lyrical MD to drive improved results and lead the business.

Mike Raybould has decided to step down as Chief Executive Officer, having launched the Group's transformation plan, strengthened the senior leadership team, navigated Covid, energy shocks, cost inflation, and been with the Group for 9 years. Michael Scheepers has been promoted to Chief Executive Officer and will take up the appointment week commencing 11 May 2026 (subject to regulatory checks).

The Board has confidence that this refreshed senior leadership team has the energy, passion and experience to deliver our new strategy and take Portmeirion into the next phase of its growth.

CHAIRMAN'S STATEMENT CONTINUED

TRANSFORMING OUR BUSINESS: OUR 2025-2026 PRIORITIES

During the second half of 2025, the refreshed senior leadership team has created a refreshed strategy for the Group – Elevating Portmeirion – which leverages the collective strengths of the Group, setting a series of strategic priorities that simplify the group's operating model, will deliver more attractive financial performance and return the Group to growth.

1. DRIVE HIGHER RETURNS

Our balance sheet is too capital intensive, and we are not achieving an acceptable level of profitability. To address both sides of this challenge, we have a number of workstreams that will strengthen our balance sheet and reduce inventory. At the same time, improved factory economics, a focus on procurement, a move away from excessive discounting and disposing of non-core assets will improve our profitability.

2. FORTRESS BALANCE SHEET

One of the key strategic priorities outlined in March 2025 was the creation of a Fortress Balance sheet at Portmeirion. During the course of the year, we have maintained a close relationship with Barclays, the provider of our RCF. During the year our net debt has increased by £5.4m and the Group has agreed covenant waivers with Barclays, recognising the transformation underway at Portmeirion. We are in the final stages of completing a new £36m 5-year ABL (Asset Backed Lending) facility secured against inventory, receivables and our property assets. This facility is with a major international bank and has been fully credit approved by the bank and is a more appropriate debt facility for our Group. In addition, there are further steps available to us, to include but not limited to, a future sale of our Wax Lyrical Business and a possible sale & leaseback of our Trentham Lakes Distribution Centre.

3. FOCUSED EXPANSION

The Group is far from its sales potential in any of the markets in which operates, and in most markets we have barely begun. To maximise our sales potential, everything starts with our brand refresh and renewal of our product portfolio, while taking full advantage of our perennial bestsellers. We are embedding our brand mindset into everything we do.

Through refining our pricing architecture, introducing new premium products and refocusing our distribution towards premium, full price channels, we have multiple growth and profit levers to pull.

Expansion will come through a laser focused international expansion in five priority markets, alongside our established UK, US and South Korean markets. Our Direct to Consumer (DTC) strategy is primarily focused on our eCommerce platform, capturing all the benefits that a move to one platform will open up. Finally, product licensing is a significant, untapped opportunity for the Group. Product licensing is now an integral part of all the product roadmaps for each of our brands. This high margin, capital light growth opportunity can quickly transform our P&L and ROCE.

4. EXCELLENCE EVERYWHERE

Our new and refreshed senior leadership team brings a new energy and wealth of experience gained across the consumer branded sector. We are implementing best practices from internationally recognised brands across our operational processes, building on our craftsmanship and product expertise. Made in Stoke-on-Trent has real resonance and relevance to our customers. By driving operational and financial improvements from the factory, the factory will become an ever more important differentiator for the Group.

Today, data is an area of relative weakness for the Group, leading to inefficiencies, constraining consistency and constraining decision making. We are embarking on a three-year data roadmap to build much more robust data, align master data across the Group and radically improve our reporting and forecasting capabilities.

BOARD

Our Group Board is contributing well towards the transformation now underway. I am pleased with how the Board is operating, with good collaboration and support to the Executive and Senior Leadership Team as they work towards delivering our transformation plan and refreshed strategy. The Board welcomes Michael Scheepers to his new role as Chief Executive Officer and will provide support and guidance to Michael. The Board would like to thank Mike Raybould for his significant contributions over the last 9 years and wish him well in his future endeavours.

CHAIRMAN'S STATEMENT CONTINUED

OUTLOOK

2025 has been a transitional year, with lots of areas of progress, albeit our financial performance was disappointing and a long way from reflecting the potential of the Group. We delivered an improved performance in the second half of 2025, saw strong seasonal sell-through of our re-designed Christmas ranges and our two most important trade shows in January 2026 – Atlanta and Frankfurt – were encouraging.

The macro-economic backdrop remains uncertain, consumer confidence remains low and there remains ongoing risk of global trade shocks, as has been witnessed in the recent past. The UK continues to have energy costs significantly higher than large parts of the developed economy and UK Government policies have put significant pressure on wages.

Despite this, we are seeing positive signs in some key areas of our transformation plan with overall revenue at the end of March 2026 ahead of last year and the US and International markets showing growth. We have experienced timing differences in Korea and our Wax Lyrical business is short of budget projections but we believe the appointment of the first ever MD in Wax Lyrical will drive improved results.

In addition, we are in the process of agreeing deals to clear old inventory and continue to invest in the business to support the platform for growth, which includes the development of our own inhouse Amazon capability in the US to allow further control of brand pricing and a reduction in concentration risk for sales and receivables. There will be some modest, but worthwhile, upfront investments to deliver this improvement.

Following the US Supreme Court ruling on 20th February 2026 that the use of tariffs under IEEPA was unlawful, and having taken appropriate professional advice, the Group has submitted a refund claim for \$3m into the US Customs and Border Protection (USCBP) Consolidated Administration and Processing of Entries (CAPE) system. We continue to pursue our September 2023 claim of \$0.8m with the Internal Revenue Service (IRS) in the US for support under the COVID Employee Retention Credits (ERC) Scheme. This programme has been terribly slow in settling claims but we continue to pursue through our advisors. Any proceeds will be used to reduce the Groups net debt in line with our Fortress Balance Sheet priority.

In March 2026, the business had 3 properties valued by Avison Young, a globally recognised real estate advisory company. The 3 properties included the Stoke HQ factory, offices and associated land and the Trentham Lakes Distribution Centre and were valued at £11.7m (net book value: £5.2m).

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
6 May 2026

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 105.

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. 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, which will increase the proportion of products we manufacture in the city. This had an impact on our gross margins in 2025, 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 benefits including increased responsiveness and enhanced brand equity.

STRATEGY

Over the last year, our Senior Leadership Team has worked on a revised strategy for the Group, with three interconnected strategic priorities – to simplify the Group; deliver attractive financial returns and unlock growth opportunities. Collectively, these priorities will reduce debt and inventory, improve gross margin and drive sales growth. This revised strategy is called Elevating Portmeirion and built on three work streams.

DRIVE HIGHER RETURNS

(1) Inventory reset

The Group has built up an excess inventory position over the last few years, reflecting a combination of factors including weaker than expected end markets, a desire to maintain factory volumes for unit cost efficiency and the need to do responsible end-of-line clearance to protect brand and pricing, particularly in the Korean market. These are all being addressed with the intention of operating with a structurally lower value of inventory. This will free cash tied up in inventory, improve operational processes and reduce excessive discounting, hence enhancing brand equity.

STRATEGIC REPORT CONTINUED

DRIVE HIGHER RETURNS CONTINUED

(2) Fix factory economics

Our Stoke-on-Trent factory is a core asset of the Group and a key part of the value of our brands, but its performance in recent years has been challenging both in terms of production efficiency and cost per piece. There has been a significant impact from cost inflation including minimum wage inflation, government National Insurance increases and the high energy costs in the UK. In addition, in 2025 factory efficiency saw one off impacts from both the acceleration of onshoring our Spode Christmas Tree range and planned trials to switch to a new glaze, which were subsequently reversed. The result has been gross margin erosion. During the second half of 2025, Sam Pearce (Group COO) took charge of the factory, to ensure coordination with the rest of the Group and to improve the factory economics. The early signs are encouraging and we will focus on driving further improvement in 2026, delivering improved gross margin for the Group, strategic alignment with our customers and improved inventory management.

(3) Commercial model refresh

Over a number of years, the Group has experienced gross margin erosion, due to deteriorating factory economics – both lower production volumes reflecting weaker consumer markets and significant inflationary pressure, particularly on energy costs. The combination of improved factory economics, including the benefit of on-shoring production and reduced inventory balances together with refreshed brand and products, and a focus on full price sales channels (see point 1 below) will combine to support gross margin rebuild.

(4) Non-core disposals

The Group has a rich heritage in ceramics and homewares and these categories will be the primary focus for the Group. The Group now considers Wax Lyrical as non-core, and, in February 2026, has put in place a new MD for the business to deliver an improved performance ahead of looking to dispose of the business. This will free up capital tied up in Wax Lyrical and allow the Group to concentrate on its core product categories where it has leading brands.

FOCUSED EXPANSION

(1) Fresh brand and product

As we embed our brand mindset, we will prioritise and focus on our core Spode and Portmeirion brands, striving to excite and delight our customers. Under Victoria Brabender, our new Product Strategy Director, we are refining our brand positioning, tone of voice and how we communicate our brands. Alongside this, we are refining our product ranges, implementing more structured pricing hierarchy and making commercial policy changes around off-price distribution channels. Our priority is on maximising full price sales and improving our mix through elevating our craftsmanship and product quality.

(2) D2C expansion

Our direct-to-consumer distribution is built on our own stores and our own eCommerce platforms. Expansion of our own store network is not a short-term priority for the Group. Our investments will focus on significantly increasing our eCommerce business. During 2026 we will move to a single platform for our UK and US eCommerce activities, saving costs and improving efficiency. Our customer acquisition and retention strategies for the year ahead include loyalty, more exclusive products and renewed brand communications alongside our updated product offer.

(3) International expansion

Today the Group has scale in three markets – UK, US and South Korea. We have a huge opportunity in many other markets that the Group operates in today. To maximise our potential success, we will prioritise five markets, including Malaysia, Germany and Australia, for growth in 2026 and beyond. Our marketing and sales resources will be focused on these markets, ensuring we partner with the best distribution and build brand awareness and a loyal customer base.

(4) Capital light licence expansion

The Group has a brand portfolio that is storied and has deep heritage. Many other brands want to commercialise the potential of our brands and we have a nascent product licensing business, which accounted for £0.2m revenue in 2025. This high margin, low capital employed business provides a great opportunity for the Group and is now an integral part of our product strategy and roadmap. We are in active discussions with a number of high quality licence partners and expect to deliver several new commercial agreements in the year ahead, the first of which is a global bedding and towels licence with Ashley Wilde.

STRATEGIC REPORT CONTINUED

EXCELLENCE EVERYWHERE

(1) Enhanced data

The Group is undertaking a detailed 3-year data roadmap to improve data quality, create Group-wide aligned master data and improve a broad range of forecasting and planning tools. Collectively, these actions will improve decision making and operational efficiency.

(2) Made in Stoke-on-Trent

Our customers value Made in Stoke-on-Trent given our brand heritage and DNA. As many of our peers have closed production in the UK and moved offshore, we believe the Group can take advantage of our commitment to production in the UK. During 2025, we strategically re-shored production of numerous tableware product lines to Stoke-on-Trent, including one of our most successful ranges, Spode Christmas Tree range. We are actively working on additional product lines that will be reintroduced to our Stoke-on-Trent factory and we will further build specialism and craftsmanship in the UK. As we turnaround our factory economics and more closely align our brand messages around Made in Stoke-on-Trent, our competitive advantage will be strengthened.

(3) Refreshed leadership team

Over the last 12 months, a series of leadership changes have been made, bringing deep industry knowledge and expertise into the Group and ensuring full alignment on our refreshed strategy – Elevating Portmeirion. Collectively, our refreshed leadership team are bringing a new energy and intensity to delivering our transformation.

Following nine years on the Board of Portmeirion, including the last seven as Chief Executive Officer, Mike Raybould has decided to step down as CEO. Mike has led the Group during a period of significant macro disruption, including Covid, energy price spikes, high inflation, and US tariffs. Mike has worked closely with the Board to create and launch the Elevating Portmeirion strategy and the strengthening of the senior leadership team. Mike hands over the baton of leading Portmeirion as the Group enters its' next stage of development.

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 outsourced 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 Q2 2026, 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 2025 include extensions to our key Spode Christmas range, new variations on our Portmeirion Botanic Garden range and new Spode Heritage Green Italian range, a new twist on our classic Blue Italian collection which was first introduced over 200 years ago.

New products are designed and introduced every year, often targeting new and different demographics in the market. In 2025, we extended our 2024 Portmeirion Minerals tableware collection with new colourways. We launched several new Nambé collections including a bread making range in collaboration with Tom Papa. Finally, at the end of 2025, we also launched new cookware products under our Portmeirion Botanic Garden range, initially for our important Asian markets. Similarly, our Wax Lyrical England home fragrance collection, which launched in 2023, continued to gain wider distribution during the period and will be extended further, with a more premium focus in 2026.

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 birthplace 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.

STRATEGIC REPORT CONTINUED

Operations: administration, manufacture, supply and logistics continued

We manufacture c39% 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

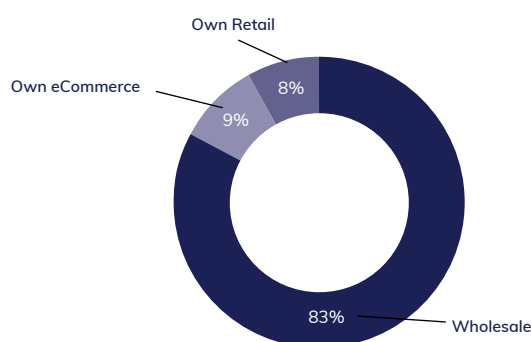
We operate our own eCommerce websites in the US and UK which accounts for 9% of total sales, offers a higher margin and the opportunity to build closer relationships with customers and engender long term brand loyalty.

Own Retail

We have five factory outlet stores which trade as Portmeirion Home in the UK and 7 Nambé stores in New Mexico, US which accounts for 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 inventory holding locations around the world.

ROUTES TO MARKET



Marketing

Over the next 3 years we plan to increase capital allocated to brand marketing, so that we can get behind our premium brands and support their growth in our three 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 2025, we increased spend with social media influencers in both the UK and for the first time in Asia, helping to drive greater brand awareness and supporting new product launches. We increased online customer acquisition spend in our key seasonal Q4 trading period – and together these actions drove a significant increase in online Christmas orders.

We developed a huge number of new digital assets for key Spode and Portmeirion ranges to support and increase conversion levels across all global online platforms.

We continue to improve and develop our product showroom spaces around the world. Our Atlanta showroom is becoming an increasingly important asset to support our strategy of growing the US independents sales channel. New York remains a key showroom location for us, and we are moving to a more cost effective showroom during 2026.

Finally, we developed a new brand led stand and returned to the global Frankfurt Ambiente show in February 2026, after a number years of absence – successfully engaging with new and existing customers from around the world. Our brands received a great response at Ambiente, as was the case at the Atlanta show in January 2026.

STRATEGIC REPORT CONTINUED

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 and responsiveness to our customer needs, allowing 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 20 to 30 of the Annual Report.

Our people

The beating heart of our Company is our talented people, and our 664 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 664. 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 20 of the Annual Report.



Mike Raybould

Chief Executive

6 May 2026

STRATEGIC REPORT CONTINUED

FINANCIAL & OPERATIONAL REVIEW OF THE PERIOD

SUMMARY

- Revenue was in line with last year at £91.1m (2024 £91.2m) and +1% at constant currency. Excluding the US market, impacted by tariffs, sales were up 8.6% at constant currency.
- Headline loss before tax £3.6m (2024: headline profit before tax £1.1m) chiefly due to the impact from the disruption caused by the US tariffs, initial margin investment in accelerating our Made in Stoke-on-Trent onshoring initiative and higher costs, including energy, National Insurance and minimum wage increases.
- Strong sell through growth on our UK-made Spode 'Christmas Tree' tableware and on key like-for-like Christmas lines reflects early success of our on-shoring and refreshed product strategy.
- Wax Lyrical our home fragrance business held revenue in line with last year, a disappointing outcome after a strong first half but remains focused on sales and profit growth in 2026. However, PBIT increased due to gross margin improvement.
- We continue to retain close management of costs. Overhead costs increased by 7.9% (£2.8m), reflecting higher costs such as energy and National Insurance together with accelerated investment as part of our transformation plan.
- Cash flow generated from operations +£0.5m (2024: +£2.1m).
- Net debt £17.5m, (2024: £12.1m) +£5.4m, due to the operating loss and higher tariffs in closing US inventory, partially offset by improved working capital management.
- £2.9m additional write down of inventory, allowing the business to convert aged and seconds quality inventory to cash in a responsible manner, protecting price points and volumes.
- As part of our long term energy hedging process, in October 2025 we placed significant hedges for electricity at 100% of our requirements and gas at 80% at favourable rates through to 31 March 2027.
- Energy usage down 1.3% on 2024 and 6.4% lower than 2023.

Revenue

Sales remained constant at £91.1m +1% at constant currency with our US market heavily impacted by the tariff disruption. Group sales excluding the US market were up 8% including a strong sales rebound in our Korean market from its 2024 low and pleasing growth of 14% in international markets.

North America (US and Canada) (39% of sales)

North American sales were down 7% year-on-year to £36.6m in constant currency (2024: £39.7m), with the market impacted by the US tariff disruption. In response, we accelerated the onshoring of manufacture of key Christmas products and were successful in getting our customers into stock earlier than last year. We proactively withdrew our Spode brand from key off-price channels to support the higher price points on UK made ranges and we cancelled production of some China made seasonal lines due to uncertainty around tariffs. These actions are long-term positive for our brands in the US market but reduced sales by 10% in the short term. The majority of our remaining US customer base grew sales year on year including our independents channel which was up double digit and remains a key focus for growth in the future.

On a like-for-like basis, most of our customers reported strong sell through of our Christmas product in Q4 2025, particularly online; in many cases up on the prior year highlighting that end demand for our well-known brands and products remains strong.

On a reported basis, PBIT in the US market was 52% lower nearly all of which was due to tariff impacted sales however gross margins were largely protected on a % basis, reducing by 0.7ppts, as we were successful in passing on higher tariffs through price rises. We took actions in Q4 to reset our cost base and expect profitability to recover in 2026.

Following the successful sell through of our on-shored production of our Spode Christmas Tree line, we will continue to focus, where possible, on UK-made production for the US market working over time to elevate price and brand position.

South Korea (16% of sales)

South Korea sales grew 26% on a constant currency basis, a strong rebound from its 2024 low. We continued to support customers with new product ranges and are on track to clear customer excess inventory (driven by post Covid customer restocking) in 2027.

STRATEGIC REPORT CONTINUED

South Korea (16% of sales) continued

Sales continued to grow with our online partner and our Portmeirion brand remains one of most well-known, respected and searched for brands in the category.

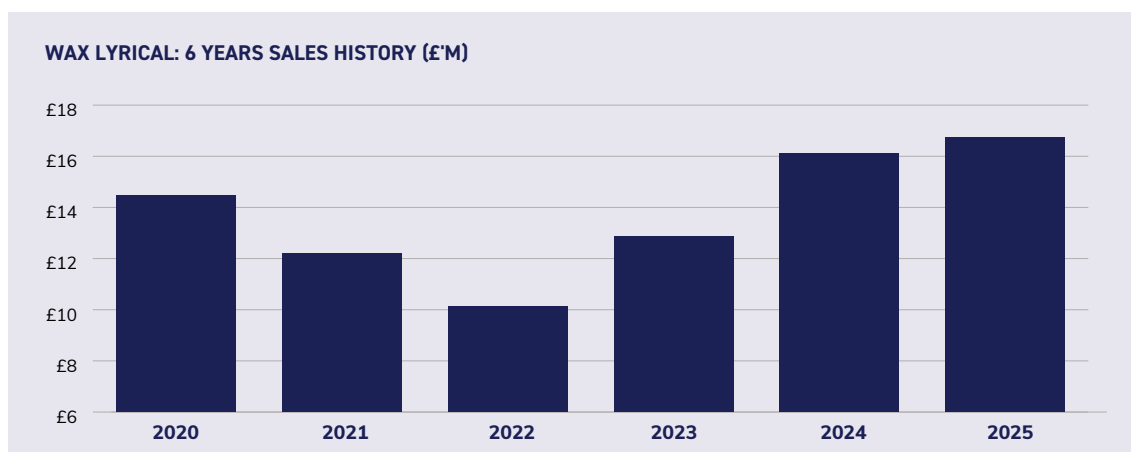
Late in Q4, we were excited to ship first production runs of our new Botanic Garden cookware range, a new introduction and this will be on sale in the market from February 2026.

We will continue to innovate on pattern and shape for this key market and have a strong roadmap of new product for the next 18 months.

UK (36% of sales)

UK sales +1% to £32.6m (2024: £32.4m). We saw an improved performance in the second half of the year in our UK tableware business with growth of 6%, with strong double-digit growth in our own ecommerce channel.

Wax Lyrical, our home fragrance brand, grew by 2%, a disappointing outcome after a strong first half performance. We were given less promotional space in the grocery channel in Q4 which impacted sales in the second half. However, we retained key national account listings and expect growth to resume in this division in 2026. We are in advanced stages of development for expansion of our successful 'Wax Lyrical England' range of candles and diffusers, for new category launches and are looking to leverage recent successful UK product launches with new international distributors.

**International (9% of sales)**

Ceramic sales in our international markets grew by 14% to £8.5m on a constant currency basis, aided by new product innovation including the Q4 launch of a new Botanic Garden cookware range. We were pleased to see growth across markets including Malaysia, Australia and Europe. In Malaysia, our Portmeirion Botanic Garden range continues to gain online and physical retail distribution and our UK-made heritage ranges and several of our brand license collaborations continue to resonate strongly across Asian and European markets. We see a significant opportunity to grow these markets across the next 3-5 years led by our Portmeirion and Spode brands.

Profit

Headline loss before tax was £3.6m (2024: Headline profit before tax £1.1m). Profit in the year was impacted by a number of factors including the 8% reduction in sales from our largest market, the US, short term margin investment in onshoring production to the UK and cost inflation – including National Insurance, minimum wage and high energy costs.

We have taken proactive measures in Q4 2025 to reset our US cost base for 2026 and remain focused on cost control across our whole business going forward.

Headline EBITDA⁽¹⁾ of £2.6m (2024: £7.3m).

⁽¹⁾ Headline EBITDA excludes the additional inventory provision and exceptional items – see notes 5 Segmental Analysis

Interest and financing costs

Finance costs for the Group were flat at £2.0m (2024: £2.0m). This included interest costs of £1.7m (2024 £1.6m).

Taxation

There was a tax credit for the year of £1.0m (2024: £0.3m). This was mainly due to a deferred taxation credit of £1.4m (2024: £0.6m) and the current corporation taxation charge was £0.4m (2024: £0.3m).

STRATEGIC REPORT CONTINUED

Dividends

No interim dividend was paid in 2025 (2024: £1.50p).

The Board does not recommend payment of a final dividend (2024: £Nil).

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 2025 was £1.7m. 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 2025, the Group had net debt of £17.5m (comprising cash and cash equivalents of £6.5m less borrowings of £24.0m). This compares to net debt of £12.1m at the prior year end. This increase is due to the loss for the year and the payment of higher tariff costs in the US.

Cash generated from Operations reduced to £0.5m (2023: £2.1m), due to the full year operating loss. Operating cash flows before movements in working capital were an inflow of £1.6m (2024: £6.3m inflow).

Bank facilities

During the year, the Group signed a bank facility amendment agreement with our lending bank, Barclays, replacing the previous EBITDA leverage and interest cover covenants with Asset Cover and Adjusted EBITDA for the period up to and including April 2027. This recognised the volatility in trading caused by US tariffs, which were announced on 2 April 2025, just days after we launched our two-year Transformation Plan on 31 March 2025. The modified facility carried an interest margin of 3.0% until September 2026 thereafter dropping back to the original 1.8% interest margin until the maturity date on 30 April 2027.

Post year-end in April 2026, a further amendment to the facility was agreed with Barclays to extend the terms of the facility to October 2027, waiving covenants requirements for March '26 and April '26 together with revised covenants being in place for the period May '26 to October '27 which align to the Group forecasts. The revised covenants require monthly compliance evaluations in respect of 'EBITDA over the last twelve months' ("EBTIDA LTM") and Asset Cover. There is no change in the interest rates charged over the extended period.

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.

At the year end, we worked with Barclays to agree special treatment of the additional inventory write down to exclude it from EBITDA covenant calculations, allowing us to focus on the responsibly managed clearance of old inventory and its conversion to cash. As mentioned earlier, this is a key focus and we are actively working on and agreeing clearance deals of old, discontinued and 'seconds quality inventory' in early 2026.

We have appreciated the constructive support of our lenders Barclays in working with us to provide a revised RCF that is appropriate for our business in the current macro environment and underpins the continued delivery of our Transformation Plan.

Our business remains seasonal with a second half weighting of our sales. Consistent with previous years, we experienced a working capital swing of £10.5m during the year as we built inventory to match our sales demand. At the year-end we had available cash of £6.5m and borrowing headroom of £6.0m.

The Group recognises the need to reduce net debt as part of its transformation plan and we continue to take the appropriate steps to strengthen our Balance Sheet under our Fortress Balance Sheet priority. The Board is looking at all options to build Balance Sheet strength.

Recognising the recent trading challenges and associated covenants we are in the final stages of agreeing a move from our RCF facility to a 5-year ABL (Asset Backed Lending) facility, a more appropriate debt facility for the nature of our Group, with a major international bank that allows us to leverage the working capital within our balance sheet.

STRATEGIC REPORT CONTINUED

Bank facilities continued

This facility provides a headline £36m borrowing capacity (subject to inventory and receivables levels) and a term loan against property. This has been credit approved by the bank, and we have now moved into legal documentation.

In addition, there are further steps available to us, to include but not limited to, a potential sale of our Wax Lyrical Business and possible sale & leaseback of our Distribution Centre.

Assets and liabilities

Excluding the additional inventory write down, we had a net working capital outflow of £1.1m driven by tight management of all areas (2024: £4.2m outflow).

In 2025, we made progress in reducing excess and discontinued inventory lines in both our ceramic and Home Fragrance divisions. In total, volume reductions were c£2.5m. These reductions were however offset by the impact of higher tariffs for importing inventory into the US market, manufacturing inflation and foreign exchange rates used to translate US inventory values into £ sterling. The US tariff impact on inventory was driven by a number of factors including the higher tariffs in inventory in the US at 31st December and the higher manufactured cost of UK made Spode product that was on-shored from Asia during the year.

Recognising the significant level of inventory held in the business including aged inventory and seconds quality at the end of the year, and following a detailed review, a £2.9m additional write down of inventory was charged to the P&L. This allows the business to convert this inventory into cash as we continue to focus on Fortress Balance Sheet (further detail can be found in note 3.2). We will continue to sell this inventory in a responsible manner that protects our and our customers' price position and core sales volumes. Early indications from clearance deals closed with partners in Q1 2026 are positive and we remain focused on bringing the inventory levels back in line with more suitable levels.

At 31 December 2025, we held 182,633 treasury shares (2024: 210,282) with a book value of £0.34m (2024: £0.39m) (average price 187 pence) in order to satisfy employee share option schemes and 234,523 (2024: 234,523) shares with a book value of £2.72m (average price 1158 pence) are held in The Portmeirion Employees' Share Trust.

The balance of other intangible assets increased during the year as we continue to develop our global systems and software including our global website.

Pension scheme

We made no further contributions to our closed defined benefit pension scheme in the year due to the accounting surplus which was £3.0m at year-end (2024: £1.9m). The improved position is a result of better returns on assets than previously expected and a decrease in the liability value due to a slight decrease in the discount rate assumption, a decrease in long term inflation assumptions and new commutation factors partially offset by a change in mortality assumptions.

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.

STRATEGIC REPORT CONTINUED

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		
<p>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.</p> <p>This has created a difficult trading environment in our major sales markets.</p>	<p>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 in the 'Focused Expansion' section on page 7 as we focus on International expansion.</p> <p>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.</p> <p>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.</p>	<p>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.</p>
COMPETITORS		
<p>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.</p>	<p>The risk is managed by ensuring that high quality and innovative products are brought to market, maintaining strong relationships with key customers and ensuring the Group is aware of local market conditions, trends and industry-specific issues and initiatives. This enables the Group to identify and address any specific matters within the overall business strategy.</p> <p>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.</p>	<p>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.</p>
PEOPLE		
<p>Skilled senior managers and personnel are essential in order to achieve the strategic objectives of the Group. Failure to recruit and retain key staff would present significant operational difficulties for the Group.</p>	<p>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.</p> <p>The Group has a clearly defined recruitment policy which ensures that new colleagues meet the required standard and experience for each position.</p>	<p>The Group remains committed to hiring and retaining key personnel in order for the business to achieve our strategic objectives.</p>

STRATEGIC REPORT CONTINUED

RISK	MITIGATION	OUTLOOK
SUPPLIERS		
<p>The Group's purchasing activities could expose it to over-reliance in certain key suppliers or markets.</p> <p>The lingering impact of Covid-19 to supply chains has created significant inflationary cost increases and disruption through additional lead times.</p> <p>Suppliers may not reflect the Group's high ethical standards.</p>	<p>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.</p> <p>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.</p> <p>For the sourcing process, suppliers are carefully selected to ensure a sufficient breadth in supply base.</p> <p>The Group also ensures that all intellectual property rights are retained and easily transferable should an alternative supplier be required.</p> <p>All major suppliers are subject to ethics due diligence.</p>	<p>The Group continues to closely monitor global supply chains to ensure our flow of products around the world is not disrupted.</p>
FINANCIAL RISK		
<p>Financial risk is wide-ranging and covers capital management, credit risk, currency risk and liquidity risk.</p> <p>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.</p> <p>Cyber threats are a key financial risk the Group faces across our global business.</p>	<p>The Group's approach to risk management and mitigating systems are covered in the financial risk management objectives in note 32.</p> <p>The Group has headroom within current borrowing facilities.</p> <p>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.</p> <p>Regular currency forecasts are reviewed in order to ensure the Group is not detrimentally impacted by any major exchange rate fluctuations.</p> <p>We remain vigilant to cyber risks and have a robust framework in place, including external audit, to ensure our systems are well protected.</p>	<p>The Group has sufficient headroom within ongoing borrowing facilities. The Group also has a strong natural currency hedge and continues to monitor currency fluctuations.</p>



Jonathan Hill
Group Finance Director
6 May 2026

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 8 to 10.

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 of the business, aligned to support our strategy to create long-term value, by building a sustainable and growing business, with appropriate levels of risk.

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 engagement with institutional and large shareholders; and
- questions from shareholders are encouraged prior to, and at, the Annual General Meeting (AGM).

Outcomes

- The Board understands that a secure borrowing structure and sufficient working capital headroom supports the Group's share price.
- Shareholder feedback from results presentations and Q&A sessions informs Board decision making, helping to shape strategic priorities and enhance clarity in external communications.
- Increased engagement through the Investor Meet Company platform has broadened participation by retail shareholders, improving the Board's understanding of the perspectives of smaller investors.
- Regular dialogue with institutional shareholders provides the Board with valuable insights into market expectations, enabling the Company to assess the appropriateness of its governance framework and capital allocation policies.
- The AGM continues to serve as an effective forum for transparency, with questions raised by shareholders leading to clearer disclosures in subsequent reporting cycles.

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 branded products.

Our customers expect excellent quality and innovative branded products that meet their requirements whilst being able to order easily at a competitive price with exceptional service and delivery.

How we engage

- Customers' needs are considered at every level of the business, from the Board to the service desk;
- Chief Executive attends key customer meetings including at worldwide trade shows;
- 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 statistical 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;
- further efficiency enhancements to our UK factories will ultimately enhance our capabilities to react to customer demand with shorter lead times; and
- through understanding our customers' preferences, particularly for the key Christmas season. New collections were developed which sought to meet those sustainability preferences.

SECTION 172 (1) STATEMENT CONTINUED

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 culture and a positive working environment.

Our colleagues rightly expect a safe place to work; 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 firsthand visibility of staff morale and working arrangements.

Outcomes

- The Board focuses on Health and Safety at each meeting and is kept apprised of any issues and how management are resolving these;
- The Board is mindful of the negative impact of restructurings and loss of roles, particularly where opportunities locally may not be plentiful. The focus remains on providing opportunities in the business whilst being mindful of the challenges to employees in the current economic environment; 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 relationship with our suppliers allows us to deliver excellent 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 the year, supply chain and tariff disruption into the US delayed product deliveries. As a result, through collaboration with our suppliers and with the move to producing more products at our Stoke, UK factory, additional contingency has been built into production and supply chain timings to try to reduce similar disruption going forward.
- Strengthened supplier relationships have supported improved visibility over future production schedules, enabling suppliers to plan resources more effectively and reduce operational bottlenecks.
- Enhanced due diligence processes have reduced exposure to labour related risks, with supplier assessments resulting in better oversight of ethical standards and compliance with modern slavery legislation.
- SEDEX audit findings have driven corrective action plans, promoting higher standards of ethical conduct, environmental practices and working conditions within the supply chain.
- Collaboration with suppliers has driven cost efficiencies, enabled by joint initiatives to streamline processes, reduce waste and improve productivity.
- Supplier feedback has informed improvements to procurement processes and communication channels, enhancing transparency and strengthening trust.

SECTION 172 (1) STATEMENT CONTINUED

COMMUNITIES AND THE ENVIRONMENT

Link to strategy **1** **2** **4****Why we engage**

It is really important to the Board and the whole company 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 20 to 23.

Outcomes

- We have continued to develop our Portmeirion Minerals which was launched in 2025. At least 90% of the materials used to make the collection are recycled, which contributes to conserving natural resources and minimising 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
- All UK operations have 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 brand

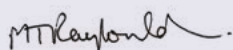
OUR COMMITMENT TO ESG

CRAFTING A BETTER FUTURE FOR OUR ENVIRONMENT, PEOPLE AND COMMUNITIES

Portmeirion Group is committed to operating responsibly and sustainably across all aspects of our business. We recognise our duty to our employees, customers, communities, and the households that choose our products, and we integrate responsible practices into our culture, decision making, and operations.

Our Crafting a Better Future strategy defines our approach to managing our environmental and social impacts, including reducing our contribution to climate change and supporting the wellbeing and development of our people and local communities. Further information on our sustainability commitments and performance is available at www.portmeiriongroup.com/sustainability.

We acknowledge the growing global challenges associated with climate change and broader societal expectations. The Group is committed to playing an active role in addressing these issues while continuing to meet the evolving expectations of our investors, stakeholders, and customers as they progress on their own sustainability journeys.



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 address climate change. While many influencing factors sit outside of our direct control, we recognise our responsibility to act decisively on those that we can influence. This long-term commitment is being delivered through a structured, staged approach, supported by ongoing monitoring and review.

Energy reduction

We are reducing energy consumption across UK operations through improved governance, data visibility, and targeted operational actions. Key initiatives include the installation of real-time energy monitoring on kilns, strengthened internal communication on energy performance, and the introduction of an Energy Reduction Action Group to oversee delivery and manage energy-related risks. Ongoing improvements to kiln energy efficiency remain central to our approach to reducing emissions and operational exposure to energy costs.

Targets and measures implemented

2025 saw the culmination of a three-year energy reduction project targeting a significant reduction in combined energy demand across UK operations against a 2022 baseline. The project delivered a 17% reduction, compared with an original 30% target. Supply chain disruption required the temporary reactivation of retired kilns to maintain production, demonstrating the identification and management of transition and operational risks. Despite this, the project achieved a cumulative reduction of 7.5 GWh through kiln rationalisation, renewable energy use, and process optimisation.

Renewable energy

UK operations continue to be supplied with certified 100% renewable electricity, complemented by on-site wind generation at our Lake District site. Further reductions in energy demand are being pursued through targeted initiatives, including solar opportunities and heating system upgrades, delivered in line with our ESOS energy reduction action plan.

Innovation and change to meet environmental challenges

Innovation and collaboration on alternative kiln fuels are central to minimising our environmental impact. A collaborative hydrogen trial with industry partners and Ceramics UK has been completed, with findings due to be published in 2026, while the long-term feasibility of wider hydrogen adoption remains under assessment. In parallel, we are working with AMRICC to study the impact of kiln fill on energy efficiency, helping to inform future operational planning and reduce firing-related energy consumption.

Waste reduction

In 2025, production waste increased by 16% year on year due to one off removal of legacy equipment. However, repurposing rates increased to 86%, with remaining waste recycled, and maintaining a 0% landfill rate. A Packaging Action Group is identifying opportunities to reduce packaging waste, alongside ongoing assessment of liquid waste reuse and plastic recycling to support circularity.

OUR COMMITMENT TO ESG CONTINUED

Streamlined Energy and Carbon Reporting (SECR)

The Group continues to report its annual UK energy use, associated greenhouse gas (GHG) emissions, and energy efficiency information in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. For transparency, SECR disclosures are presented separately for the Group's two UK manufacturing sites: the ceramics factory in Stoke-on-Trent and the home fragrance manufacturing 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. All purchased electricity is certified as 100% renewable. Emissions are calculated using UK Government location-based emission factors in line with SECR requirements.
- **Fuelled Vehicles** – emissions from petrol and diesel vehicles are calculated using mileage expense claims and UK Government GHG conversion factors, assuming a medium-sized car where required. Company vehicles are captured within Scope 1, mileage claims are Scope 3.
- **Electric Vehicles** – electricity consumption associated with company-owned EVs is included within Scope 2. Consumption is derived from charging costs, applicable tariffs, and fleet-average efficiency assumptions where direct meter data is unavailable.

GHG Emissions and Energy Use Data	Stoke-on-Trent (ceramics)		Lake District (home fragrance and personal care)	
	Year ended 31 December 2025	Year ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Energy consumption used to calculate emissions	kWh	kWh	kWh	kWh
Electricity	5,079,805	5,205,389	355,358	426,216
Natural gas	32,024,026	32,213,386	415,676	516,515
Transport	54,038	102,095	14,797	14,105
Total energy consumption (kWh)	37,157,869	37,520,870	785,831	956,836
	Year ended 31 December 2025	Year ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Emissions	tonnes CO₂e	tonnes CO₂e	tonnes CO₂e	tonnes CO₂e
Scope 1 emissions				
Natural gas	5,858.2	5,892.2	76.0	94.5
Company owned/leased vehicles	16.1	20.9	0.0	3.4
Scope 2 emissions				
Electricity	0.0	292.2	0.0	16.9
Company owned/leased Electric vehicles	3.6	3.7	1.5	0.2
Scope 3 emissions				
Employee owned car travel (grey fleet)	3.7	5.2	1.7	1.8
Total SECR emissions (tonnes CO₂e)				
Intensity metric: tonnes of CO ₂ e per tonne of saleable product*	3.99	3.85	0.03	0.05

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

OUR COMMITMENT TO ESG CONTINUED

Reducing CO₂

During 2025, we continued with our external review of our current ESG baseline to inform future strategy for improvements.

↑ 4%*

UK Ceramics – tonnes of CO₂e per tonne of saleable product. Energy efficiency was impacted by supply chain disruption, requiring the temporary reactivation of mothballed kilns to maintain production continuity.

↓ 33%*

UK Home Fragrance – tonnes of CO₂e per tonne of saleable product. Introduction of weekly energy reporting has helped identify key focus areas.

↓ 6%*

UK Operations (exc. Retail) – tonnes of CO₂e per tonne of saleable product. Despite being less efficient, the UK sites consumed 1% less energy in 2025 (vs 2024).

372t*

The 1% energy reduction is equivalent to the annual energy use of 83 typical UK homes.

* 2025 compared to 2024.

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.

86%

of the 934 tonnes of waste generated is repurposed into secondary use. Total waste increased by 16% YOY during the reporting period, primarily due to one-off clearances of legacy equipment.

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 701 employees worldwide. These employees are vital to our organisation as they deliver the skills, knowledge and expertise that enable us to operate effectively, serve our customers, and achieve our strategic objectives.

This year's staff morale results reflect a workforce that remains largely positive and committed, while also highlighting areas of focus for continued improvement. Of the colleagues who participated in the annual survey, 85% demonstrated a strong foundation of engagement and satisfaction across the organisation.

Gender split

Portmeirion Group strives to eliminate any gender bias in our pay and employment policies and practices; at 31 December 2025, 53.1% of managerial positions held throughout the Group, were held by female colleagues.

As a Group, we are committed to fostering a diverse and inclusive workforce as part of our broader ESG responsibilities. We recognise the value that different backgrounds, perspectives and experiences bring to our organisation, and we actively promote an inclusive culture that supports colleague wellbeing, strengthens responsible business practices and enhances long-term organisational performance.

OUR COMMITMENT TO ESG CONTINUED

Learning and development

Investing in our people remains a cornerstone of our long-term strategy. Over the past year, we have continued to prioritise staff learning and development through a range of initiatives designed to enhance skills, foster growth, and support career progression. This included apprenticeship and tailored training programmes and access to digital learning platforms.

Our teams continue to participate in professional development activities which reflects our commitment to continuous improvement. These efforts not only strengthen individual capabilities but also contribute to a more agile, knowledgeable, and resilient organisation.

Throughout 2025, colleagues continued to engage with our digital learning offer. A total of 1,339 iHASCO online courses were completed during the year, supporting the development of essential knowledge and skills across the organisation. These courses cover a wide range of compliance, safety, and workplace capability topics, enabling colleagues to learn flexibly and at a pace that suits them.

Our apprenticeship programmes continue to play a vital role in strengthening our talent pipeline, supporting career development, and ensuring we have the skills needed for the future. 11 colleagues are actively enrolled on apprenticeships across a wide range of standards, from Level 2 through to Level 6.

These programmes span several key disciplines, including Improvement Specialist, Team Leader, and Sales Executive, reflecting our commitment to developing both operational capability and leadership potential.

Apprenticeships remain a core part of our approach to Learning & Development. They allow colleagues to gain nationally recognised qualifications while applying new skills directly in their roles, delivering measurable benefits for both personal growth and organisational performance.

Health and wellbeing

The well-being of our employees remains of paramount importance. Through the provision of private medical insurance or participation in the Westfield Health scheme, all UK colleagues are afforded access to enhanced health and wellbeing services. Our objective is to establish a comprehensive and robust support framework that addresses the diverse needs of employees at every level of the organisation.

We recognise that positive mental health and wellbeing are fundamental to a resilient and high-performing organisation. To support this, we have 8 trained Mental Health First Aiders across the business. These colleagues provide a confidential, first point of contact for employees who may be experiencing mental health challenges, and help signpost appropriate professional support where needed.

Recognition

Recognising and rewarding the contribution of our colleagues is central to supporting engagement and retention. Our reward strategy is designed to offer competitive pay alongside a distinctive and comprehensive benefits package. We remain committed to paying at least the National Living Wage across our organisation.

Reward and recognition programmes are powerful and allow us an opportunity to acknowledge colleagues for their contributions, achievements or behaviours that align with our goals and values. 2025 saw the launch of one such scheme 'Breaking the Mould'.

OUR COMMUNITY FAMILY

We are proud to continue our commitment to supporting the local community through charitable giving and fundraising initiatives. Over the past year, we have donated 63 raffle prizes, helping them to raise vital funds for causes that matter to our staff and local communities.

These contributions have supported everything from school fundraisers and community fairs to health-related charities and social care organisations.

The Company also made donations to our chosen charities which totalled £14,000.

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 30, the Corporate Governance Statement set out on pages 37 to 41 the Section 172(1) Statement on pages 17 to 19, and within Principal Risks and Uncertainties on pages 15 and 16.

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 presence and a strong heritage. They are rooted in family values, craftsmanship and a commitment to creating beautiful products that bring people together and endure across generations. We must continue to develop our global business in a way that evolves this heritage to protect future generations; combining the strengths of our past with today's innovation and design to make our business as strong as possible and to create a positive legacy for our employees, communities, customers and the planet.

In 2024, we published our sustainable business strategy and roadmap, Crafting a Better Future, which is aligned with our commercial strategy to ensure sustainability is embedded at the core of our business model. Central to this strategy is a robust governance framework, led by the Chief Executive and supported by the Board, to effectively manage the Group's transition to a net zero emissions business by 2040 across Scope 1 and 2 emissions. Further details are available at <https://www.portmeiriongroup.com/sustainability> and within the Our Commitment to ESG report on pages 20 to 23.

➤ <https://www.portmeiriongroup.com/sustainability>

➤ [Our Commitment to ESG: pages 20 to 23](#)

The Task Force on Climate-related Financial Disclosures ('TCFD') requires organisations to identify, assess, quantify and disclose the risks and opportunities associated with climate change.

Our TCFD approach seeks to identify the climate-related risks and opportunities that could affect our business, together with the actions in place to manage any risks identified. These risks and opportunities are regularly reviewed as the operating environment continues to evolve.

GOVERNANCE

The Group's business sustainability strategy, including its approach to climate-related matters, is led by the Chief Executive and supported by the Board, which collectively holds accountability for the Group's sustainability commitments. The Board maintains oversight of climate-related issues through a number of established governance mechanisms, including the Business Sustainability Committee, which reviews climate-related risks and opportunities; a UK multi-departmental Energy Team that identifies and assesses energy-efficiency opportunities across operations; and a UK monthly utility consumption report that provides cumulative energy-use data for manufacturing sites, alongside regular SECR reporting. Together, these mechanisms enable effective oversight and ensure that climate considerations are appropriately integrated into strategic and operational decision-making at the highest level.

Senior management also participates in Ceramics-UK's Energy & Emissions sub-group, which brings together UK ceramic manufacturers across sectors ranging from homewares to heavy clay. This group meets quarterly to share developments, discuss industry-wide challenges and explore potential risk-mitigation approaches.

The Board retains ultimate responsibility for the Group's risk management framework, which incorporates climate-related risks and associated metrics. These risks and opportunities are identified by senior management and reviewed by the Business Sustainability Committee before being reported to the Board through the governance channels described above.

Established in 2024, the Business Sustainability Committee is chaired by the Chief Executive and comprises the Group Chief Operations Officer, Global HR Director, Head of Compliance & Sustainability, and senior global divisional management representing human resources, operations, production, quality, technical, environmental, finance and governance functions. The Committee draws on expertise from across the business and is responsible for overseeing the development and implementation of the Group's sustainability strategy, including its commitment to achieving net zero greenhouse gas emissions across Scopes 1 and 2 by 2040. It also sets relevant key performance indicators (KPIs) and monitors progress against them.

As the Group's understanding of climate-related risks and opportunities continues to evolve, it will consider enhancements to its disclosures where appropriate. Disclosures are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), covering Governance, Strategy, Risk Management, and Metrics and Targets, and addressing the eight disclosure requirements prescribed by the Companies Act 2006.

➤ [For more information on our sustainability strategy and roadmap to Commit 2040 please see pages 20 and 25](#)

➤ [For more information on our Scope 1 and 2 emissions please see pages 21 and 22](#)

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

STRATEGY

Our sustainable business strategy and roadmap, Crafting a Better Future, is structured around three strategic commitments, as set out on pages 20 to 23: Commit 2040, Nurturing the Best and Our Community Family. The Commit 2040 pledge, in particular, has enabled the Group to identify and assess climate-related risks and opportunities across three defined time horizons:

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

Through the identification, assessment and ongoing monitoring of climate-related risks and opportunities, the Group engages transparently with stakeholders and tracks progress against its climate-related objectives. Figure 1 illustrates the Group's pathway to achieving net zero emissions by 2040, based on emissions data from existing ESG assessments and planned reductions in Scope 1 and 2 emissions over the medium and long term. The Group's 2019 baseline emissions for the Stoke-on-Trent facility were 8.4ktCO₂. Further information on UK operations is set out in the Our Commitment to ESG report on pages 20 to 23.

During the year, senior management reviewed the Group's risks and opportunities register, including scenario-based analysis, to ensure it captured the potential impacts of climate-related risks on the Group's strategy across relevant time horizons. The Climate Risk Register primarily reflects risks arising from ceramics manufacturing, which represents the most significant source of the Group's CO₂ emissions and raw material consumption.

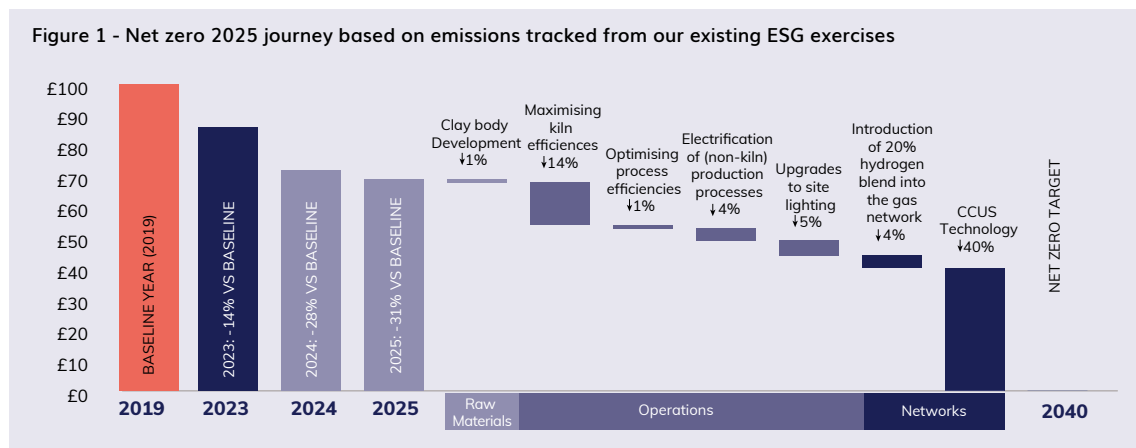
Climate transition risks are considered a principal risk and, accordingly, the Group's assessment focuses on transition-related risks across the short, medium and long term. While physical climate risks—such as extreme weather events, water stress and impacts on food security—are recognised, these are expected to materialise predominantly over the longer term. As a result, the Climate Risk Register continues to prioritise transition risks and related opportunities.

Scenario analysis is applied as a qualitative tool to support the identification and assessment of climate-related risks and opportunities and to enhance understanding of the Group's key dependencies. These scenarios do not represent forecasts. As climate policies, technologies and market conditions evolve, the Group's strategy and the viability of certain opportunities may change. A qualitative scenario assessing a global temperature increase of 2°C or more is presented below; under this scenario, the Group considers the identified risks to be manageable and not to pose a going concern risk.

Material climate-related risks and opportunities are detailed on pages 26 to 28, including their potential impacts on the Group's business, strategy and financial planning, together with relevant mitigation measures. This assessment is not exhaustive and does not include risks that are currently unknown or considered immaterial.

The Group continues to refine its net zero roadmap in support of the Commit 2040 pledge as part of its wider sustainability strategy. Sustainability initiatives are assessed on a case-by-case basis, enabling capital allocation to be directed towards projects with the greatest strategic and decarbonisation impact.

The Group acknowledges that certain decarbonisation pathways, including the availability of blended or low-carbon hydrogen and the development of Carbon Capture, Utilisation and Storage (CCUS) technologies, depend on external policy, infrastructure and technological progress. While these options may support longer-term abatement of residual emissions, their timing and scalability remain uncertain. The net zero roadmap will continue to evolve in response to these external developments, supporting a credible and resilient transition aligned with the Group's long-term climate commitments.



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: TECHNOLOGY					
Technology feasibility and deployment risk associated with low-carbon kiln solutions, including hydrogen firing, electrification and Carbon Capture, Utilisation and Storage (CCUS).	Global temperature rises more than 2°C+	Medium to long-term	Delays in the availability or commercial readiness of low-carbon kiln technologies may restrict the Group's ability to deliver planned Scope 1 emissions reductions within anticipated timeframes. This could lead to increased capital expenditure, extended reliance on natural gas, or a greater requirement for interim measures, potentially impacting the credibility and cost of the Group's net zero transition.	<ul style="list-style-type: none"> • Adoption of a phased, pilot-led approach to the evaluation of emerging kiln and abatement technologies • Conservative planning assumptions reflecting current technology readiness levels • Ongoing engagement with Ceramics UK, DESNZ and technology providers • Maintaining flexibility in kiln investment and replacement decisions 	<ul style="list-style-type: none"> • Early identification of viable technologies suitable for ceramic manufacturing • Improved long-term resilience of the Group's decarbonisation roadmap • Targeted deployment of CCUS to address residual emissions where full abatement is not feasible
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.	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 RISK					
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.	<ul style="list-style-type: none"> • Implementation of smart technology in non-production areas of the business; • installation of renewable technology systems; and • identifying methods of electrification via renewables. 	<ul style="list-style-type: none"> • Preparation to expand renewable energy capacity in advance of DNO upgrade.

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: MARKET RISK					
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.	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Educate supply chain in energy saving opportunities.
TRANSITION RISK: MARKET RISK					
Dependence on external energy and infrastructure developments, including hydrogen availability within the national gas grid, electricity network capacity and CO ₂ transport and storage infrastructure.	Global temperature rises more than 2°C+	Medium-term	Delays or constraints in national infrastructure development could limit access to low-carbon fuels and abatement pathways, increasing exposure to energy price volatility and prolonging reliance on natural gas. This may affect the timing, cost and effectiveness of planned decarbonisation initiatives.	<ul style="list-style-type: none"> Monitoring of national policy, infrastructure and grid-capacity developments Engagement with industry bodies and energy network operators Continued focus on on-site energy efficiency and demand reduction Retention of optionality within the net zero roadmap 	<ul style="list-style-type: none"> Improved readiness to adopt low-carbon fuels as infrastructure becomes available Ability to sequence decarbonisation investments in line with external developments
TRANSITION RISK: STRATEGIC / REPUTATIONAL					
Increased scrutiny of carbon offsetting and potential reputational or regulatory risk if residual emissions cannot be credibly abated.	Committing to net zero	Medium to long-term	Growing stakeholder, regulatory and investor scrutiny of offset use could reduce the credibility of net zero claims and increase the cost or availability risk associated with high-quality offsets. This may expose the Group to reputational risk and increased challenge to its transition strategy.	<ul style="list-style-type: none"> Prioritisation of direct emissions reduction over offsetting Exploration of CCUS as a means to address residual kiln emissions Transparent disclosure of residual emissions assumptions Alignment with TCFD and emerging transition-plan guidance 	<ul style="list-style-type: none"> Enhanced credibility of the Group's net zero pathway Reduced long-term exposure to offset markets Strengthened stakeholder confidence

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.	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.
TRANSITION RISK: POLICY AND LEGAL					
Risk of carbon leakage arising from uneven climate policy implementation across jurisdictions, resulting in emissions shifting from Scope 1 and 2 to Scope 3.	Committing to net zero	Medium-term	Differences in carbon pricing, regulatory requirements or support mechanisms between countries may disadvantage UK manufacturing, increasing the risk of imported products replacing domestically produced goods. This could undermine emissions reduction efforts while impacting competitiveness and profitability.	<ul style="list-style-type: none"> Engagement with Ceramics UK and DESNZ on policy development Holistic review of global manufacturing footprint Increased visibility and understanding of Scope 3 emissions Ongoing assessment of production efficiency and product mix 	<ul style="list-style-type: none"> Differentiation through lower-carbon products Improved supply chain transparency and resilience
TRANSITION RISK: FINANCIAL RISK					
Capital allocation and investment timing risk associated with decarbonisation initiatives.	Committing to net zero	Short to medium-term	Uncertainty regarding technology performance, costs and payback periods may delay or constrain investment decisions, potentially slowing emissions reductions and increasing long-term transition costs.	<ul style="list-style-type: none"> Case-by-case evaluation of sustainability investments Integration of climate considerations into capital expenditure decisions Regular review of investment assumptions as technologies mature 	<ul style="list-style-type: none"> Optimised capital deployment aligned with strategic climate objectives Early capture of efficiency and cost-reduction benefits

➤ For more information on our sustainability strategy and roadmap to Commit 2040 please see pages 20 and 25

➤ For more information on our Scope 1 and 2 emissions please see pages 21 and 22

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

RISK MANAGEMENT

The Board has overall responsibility for overseeing the Group's risk management framework and the effectiveness of the systems and controls in place, including those relating to climate-related and broader ESG risks. The Group is exposed to a range of climate-related risks across the international markets in which it operates. Risk management is a standing agenda item at Board meetings, and the identification, assessment and management of climate-related risks and opportunities are closely integrated with the Group's enterprise-wide risk management processes.

Formal risk assessment is undertaken at Board meetings through review of the Group Risk Register, which is updated as required and subject to a more detailed annual review as part of the Group's strategic and risk planning cycle. Risks are evaluated using defined criteria for likelihood and potential impact to determine the key risks facing the Group, including those arising from climate change. This assessment considers the severity and probability of each risk, the need to add new risks or remove previously identified risks, and the adequacy of existing controls to manage climate-related exposures. Ownership of specific climate-related risks is assigned to relevant members of senior management to ensure clear accountability for mitigation actions.

The Group operates a system of internal controls, overseen by senior management and Executive Directors, to identify climate-related risks and opportunities and to implement appropriate actions to prevent, mitigate or manage their potential impacts. The Board and the Business Sustainability Committee regularly assess developments in the external environment to identify emerging risks and opportunities that may affect the Group. Climate-related matters identified through the normal course of business are escalated to the Executive Directors, who meet at least monthly to review trading performance and operational matters. Relevant updates are subsequently reported to the Board.

The Board and Business Sustainability Committee will continue to review the effectiveness of controls in place to mitigate climate-related risks in the context of the Group's net zero transition plan and evolving regulatory, market and technological expectations. As climate-related risks develop over time, controls that were previously appropriate may require enhancement or replacement. Regular review and adaptation of these controls supports the Group's objective of mitigating, as far as practicable, the potential adverse impacts of climate-related risks on the business.

➤ For more information on risk management see the Corporate Governance Statement on pages 37 to 41

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

From a regulatory perspective, the Group continues to report annually on UK energy consumption, associated greenhouse gas (GHG) emissions and energy efficiency actions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Further details are provided on pages 20 to 24.

Progress against the Group's ambition to achieve net zero emissions by 2040 is monitored through a defined set of key performance indicators (KPIs). Emissions performance is measured using tonnes of CO₂ per tonne of saleable product across Scope 1 and 2 emissions. This intensity-based metric removes the influence of external factors unrelated to operational efficiency and aligns with the methodology used to calculate the Specific Energy Consumption of our manufacturing 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	<ul style="list-style-type: none"> 100% of electricity supplied to UK operations is now certified as originating from renewable sources. Kiln energy modelling is underway to identify further efficiency opportunities and inform future investment decisions. A major three-year energy reduction programme concluded in 2025, delivering a 17% reduction in energy consumption against an initial target of 30%. In conjunction with the procurement of green electricity, total UK operational emissions have decreased by 2,586t.CO₂e over the course of this project. This is equivalent to a 28% reduction in emissions.
All new company vehicles will be fully electric where possible.	Short-term	<ul style="list-style-type: none"> Since 1 January 2024, all new company vehicles have been fully electric, with limited exceptions where vehicle range requirements or charging infrastructure constraints apply.

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

Targets	Time horizon	Our progress so far
Work with our supply chain manufacturing partners to ensure they support our Commit 2040 plan.	Short to medium-term	<ul style="list-style-type: none"> The Group's Supplier Code of Conduct is under review to integrate sustainability guidance more clearly and to strengthen expectations across the supply chain. Further reinforcement of the Group's commitment to the Ethical Trading Initiative (ETI) Base Code is planned.
Develop the role of Global Energy Teams to drive energy reduction within our operations through innovation and 'green thinking' throughout the Group.	Short-term	<ul style="list-style-type: none"> Energy reduction teams comprising UK and US senior management are scheduled to commence activity in Q2. During 2026, US-specific teams will be established to monitor domestic operations, alongside engagement with Shenzhen-based team members to support overseas tier 1 suppliers in reducing energy consumption. Progress will be overseen and monitored through the Business Sustainability Committee.
Achieve 0% to landfill across entire UK business, building on target already achieved in our Stoke-on-Trent ceramic manufacturing site.	Short-term	<ul style="list-style-type: none"> Waste stream dashboards have been introduced at Head Office, supported by routine site audits to increase recycling rates These initiatives will be progressively rolled out across UK operations during the year.
Eliminate single use plastics throughout our operations.	Short-term	<ul style="list-style-type: none"> Plastic void fill has been eliminated from goods dispatched from the UK warehouse. A cross-site Packaging Action Group has been established to identify further opportunities to reduce plastic use across the business.
Understand our global nature footprint and develop a Group wide biodiversity plan.	Medium-term	<ul style="list-style-type: none"> An assessment of biodiversity-related risks across operations and the supply chain is underway. Findings from this work will inform the development of a structured biodiversity strategy and future action plans.
Enhance our materiality assessment to understand more about our Scope 3 emissions.	Long-term	<ul style="list-style-type: none"> Systems were implemented in 2025 to capture relevant upstream and downstream Scope 3 activities. During 2026, enhanced data collection tools and supporting KPIs will be introduced to improve data quality and reporting capability.

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 20-30	Pages 24-30
2. The Company's employees.	Pages 18, 22-23	Page 18
3. Social matters.	Pages 10, 22-23	Pages 22-23
4. Respect for human rights.	Pages 15, 22	Page 22
5. Anti-corruption and anti-bribery matters.	Pages 38, 42, 43, 56	Pages 43, 56
Required information		
6. Description of the Company's business model.	Pages 8-10	
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 15-16	
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

At 31st December 2025 the Group has a Revolving Credit Facility (RCF) totalling £30 million with Barclays. Originally agreed on the 30th August 2024, the RCF agreement was amended on the 24th September 2025 to adjust the covenant requirements to better reflect the operational cashflows and seasonality of the business. Post year end, on 28th April 2026, the lender (Barclay's) agreed a waiver of these revised covenant reporting requirements for March 2026 and April 2026 together with a further revision to the ongoing covenants compliance requirements from May 2026 onwards.

The amendments in place from May 2026 reflect updated covenant requirements in respect to EBITDA and Asset Cover. The revised covenants are defined as: The EBITDA covenant is based on the Group's rolling 12-Month statutory EBITDA, as disclosed in the Segmental Analysis, and is further adjusted for allowable costs as defined in the facility agreement. The covenant is assessed against a threshold amount set out on a monthly basis, in accordance with the terms of the facility. The Asset Cover Ratio, tested monthly, is defined as the ratio of specified gross assets, being Inventories (note 19), Property, Plant and Equipment (note 16), and Trade and Other Receivables (note 20), to net debt at the relevant test date. Net debt is consistent with the Group's net debt definition disclosed within the Key Performance Indicators. The available facility remains at £30 million.

The facility term was also extended post year end from April 2027 and now runs until October 2027. 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 3 to 16. In addition, note 32 on pages 99 to 102 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 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. 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 c40% of its products and sources the remainder from a range of third-party suppliers.

At the year end the Group had net debt of £17.5 million (comprising cash and cash equivalents of £6.5 million less borrowings of £24.0 million) with undrawn bank facilities available of £6.0 million. This was an increase in net debt of £5.4 million since the prior year end.

The Group has prepared cash flow forecasts covering a period of up to 18 months from the date of approval of the financial statements. The base case reflects the Board-approved 2026 budget, updated for actual trading in January and February 2026. Trading performance post year end, as set out on page 5 in the Outlook analysis, has been in line with budget as a result of trading being in line with expectations. Under the base case scenario, the Group is forecast to remain compliant with its revised EBITDA and Asset Cover covenants in place from May 2026 throughout the forecast period with no mitigating actions required.

A plausible downside scenario has been prepared which incorporates a 7.5% reduction in revenue versus budget from April 2026 over going concern period. The plausible downside reflects a more subdued trading environment during the remainder of 2026 and FY2027 resulting from continued geopolitical and macro-economic factors that could feasibly impact the Groups core trading countries. This scenario still reflects an increase in revenue and margin performance from the 2025 financial year.

Should the Group face the plausible downside scenario as a reality, to avoid covenant breaches from June 2026 onwards, a number of mitigating measures would need to be adopted over the coming months to ensure continued compliance with the EBITDA and Asset Cover covenants. These are measures which in the Directors view could be adopted at pace and include items such as non-essential capital expenditure, marketing and warehousing, e-commerce cost reduction, and international travel. Assuming successful adoption of such measures the Group would remain within the facility and comply with all covenant restrictions with the lowest facility headroom being £1.0 million in September 2026.

A reverse stress test has also been prepared which assumes successful implementation of cost mitigation outlined above, together with further restructuring and cost cutting exercises which again, in the Directors view, could reasonably be brought into action. The reverse stress test indicates that revenue could decline by approximately 9.5% against the forecast when applied from April 2026 before facing a breach in the EBITDA and Asset Cover covenant.

GOING CONCERN AND OUTLOOK CONTINUED

CONCLUSION – GOING CONCERN ASSUMPTION APPROPRIATE


After undertaking a detailed review of the Group's budgets, forecasts and underlying assumptions, the Directors have concluded that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. This assessment reflects the Directors' evaluation of forecast cash flows, expected trading performance, and the availability of the Group's existing banking facilities, which are required under both the base case and downside scenarios to ensure sufficient liquidity is maintained.

Based on the current forecasts, the Directors have a reasonable expectation that the Group will be able to meet its obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

In forming this view, the Directors note that the Group is subject to wider geopolitical and macro-economic factors as set out in the plausible downside scenario. In this situation mitigating actions are required to be successfully implemented to ensure compliance with covenants and to remain within facility limits. The reverse stress test only allows for 9.5% decline on revenue and requires further cost saving actions to be undertaken to avoid a covenant breach. Given these factors the Directors also acknowledge that conditions outlined in the going concern scenarios represent a material uncertainty which may cast doubt over the Group's and the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the carrying amounts or classification of assets and liabilities that may arise should the Group or Company be unable to continue in operational existence.



Peter Tracey
Non-Executive Chairman
6 May 2026



Mike Raybould
Chief Executive
6 May 2026

CORPORATE GOVERNANCE

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DIRECTORS AND OFFICERS BIOGRAPHIES

PETER TRACEY / NON-EXECUTIVE CHAIRMAN

Appointed: February 2025

Shareholding as at 31 December 2025:

140,000 ordinary shares



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. Following this, Peter became Head of Investment Banking and a board director of Liberum Capital. Peter is Managing Director at Blackdown Partners Limited

JONATHAN HILL / GROUP FINANCE DIRECTOR

Appointed: October 2024

Shareholding as at 31 December 2025:

Nil 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. Prior to joining the Company Jonathan was CFO of WNV Tech Group and previously FD of Comar Carpets and Ideal Standard International NV.

MIKE RAYBOULD / CHIEF EXECUTIVE

Appointed: May 2017

Shareholding as at 31 December 2025:

22,729 ordinary shares



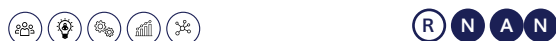
Mike oversees the day to day running of the Group's business and is responsible for formulating and then executing the Group's objectives and strategy. He is a qualified Chartered Accountant and between May 2017 to September 2019, was the Group Finance Director. Before joining the Group, Mike was the Chief Financial Officer of the Europe, Middle East and Africa (EMEA) Floorcare Division of Techtronic Industries Company Limited, a public company listed on The Hong Kong Stock Exchange.

ANGELA LUGER / SENIOR NON-EXECUTIVE DIRECTOR

Appointed: March 2019

Shareholding as at 31 December 2025:

3,947 ordinary shares



Angela contributes significant 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. Following a move to a plural career, Angela has held positions as Non-Executive Director of ScS Group plc, New Look Retail Holdings Limited, Distribuidora Internacional de Alimentacion, S.A. (DIA Group) and Manchester Airport Group.

Angela is also a Non-Executive Director at JD Sports Fashion Plc, Jet2 plc and a Trustee at The Pennies Foundation.

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

- Remuneration Committee
- Nomination Committee
- Audit Committee
- Denotes Committee Chair

DIRECTORS AND OFFICERS BIOGRAPHIES CONTINUED

JEREMY WILSON / NON-EXECUTIVE DIRECTOR

Appointed: June 2023

Shareholdings as at 31 December 2025:

1,000 ordinary shares



Jeremy is a qualified Chartered Accountant with 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. Jeremy's previous executive roles have included being the Chief Financial Officer at Focusrite plc, Atex Group Ltd and Regeneris plc. Prior to these businesses, he had senior finance roles at DHL Express (UK) Ltd and Electrocomponents plc. Jeremy is Director at Summerisle Finance Ltd

INDIGO CORPORATE SECRETARY LIMITED /

COMPANY SECRETARY

Appointed: September 2025



Appointed on 30 September 2025, Indigo provides board support, governance and company secretarial services. Indigo has collective expertise spanning listed company support, subsidiary governance and compliance, transaction and project management, board effectiveness reviews and shareholder engagement. The directors of Indigo Corporate Secretary Limited are all fully qualified and experienced company secretaries.

Other Board members during the year were:

Claire Askem (resigned from the Board 20 May 2025)

Bill Robedee (resigned from the Board 20 May 2025)

Mick Knapper (resigned from the Board 20 May 2025)

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 the Corporate Governance Statement for the year ended 31 December 2025. The Board is committed to ensuring good governance is applied throughout the Group 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. 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 6 years. During 2026, the Board and Remuneration Committee will continue to monitor developing market practice amongst AIM listed companies on having a separate advisory vote on directors' remuneration policies every three years.

As Chairman, I am responsible for leading the Board and ensuring that the Company has corporate governance arrangements in place which support the Group and enable it to deliver its strategy and purpose and supports its vision to be a leading global homeware brands group.

Our governance framework is kept under review and was robustly maintained throughout 2025. Whilst we have chosen to apply the QCA Code, we also continue to have regard to the UK Corporate Governance Code as best practice guidance and seek to comply with the UK Corporate Governance Code wherever this is appropriate for the Company. 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 strategic and oversight roles.

The Role of the Board

The Board recognises that having a skilled, well-functioning and balanced Board is of fundamental importance to the long-term success of the business. I joined the Board as Non-Executive Chairman and Chairman of the Nomination Committee with effect from 1 February 2025; we have worked well together as a Board through a period of significant challenges. During this time, I have brought 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. As we move forwards with a reshaped Board, Clare Askem, Mick Knapper and Bill Robedee did not seek re-election at the 2025 AGM and I am grateful for their contributions. Angela Luger, our Senior Non- Executive Director, took over as Chair of the Remuneration Committee from the conclusion of the 2025 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
6 May 2026

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle	Disclosure
DELIVER GROWTH	
1. Establish a purpose, strategy and business model which promote long-term value for shareholders	<p>The Board's annual strategy day considers the purpose of the Company, i.e. why it is in business, its strategy to deliver this and its business model for the day to day operational excellence to ensure that long term value is created. This is kept under review during the course of the year to ensure that the elements are aligned.</p> <p>Details of the Purpose, Strategy and Business model are explained in the Strategic Report on pages 6 to 16.</p>
2. Promote a corporate culture that is based on ethical values and behaviours	<p>The Company's culture is one of openness, inclusivity and entrepreneurship. Further details on this culture can be found in the Strategic Report on page 6. The Board is mindful that the tone and culture set by the Board and its members', including through the demonstration of behaviours will greatly impact all aspects of the Group as a whole.</p> <p>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).</p> <p>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 20 to 23 of the Annual Report 2025.</p> <p>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 17 and 19 of the Annual Report 2025), the monitoring of the development of risks to the business and the external awards and accreditations we receive from organisations.</p>
3. Seek to understand and meet shareholder needs and expectations	<p>The Chairman, with the support of the Chief Executive and Group Finance Director, is responsible for shareholder liaison. A programme of communication with both institutional and private investors takes place each year. Further detail is provided in the Section 172 (1) Statement on pages 17 to 19 of the Annual Report 2025.</p> <p>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.</p> <p>The Board recognises the Annual General Meeting (AGM) as an important opportunity to meet retail 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.</p> <p>Reporting on the Group's environmental and social matters can be found on pages 20 to 23 of the Annual Report 2025.</p>
4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success	<p>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 20 to 29 of the Annual Report 2025.</p> <p>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 17 to 19 of the Annual Report 2025.</p>

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle	Disclosure
DELIVER GROWTH CONTINUED	
<p>5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation</p>	<p>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.</p> <p>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.</p> <p>Details of the Group's principal risks and uncertainties and how these are addressed can be found on pages 15 to 16 of the Annual Report 2025.</p> <p>The Board also monitors the increasing cyber risk that the Group faces. This risk and the Group's mitigation strategy is overseen by the Board and regularly reviewed in Audit Committee and Board meetings as part of the risk review process.</p> <p>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 regularly reviewed at Audit Committee and Board meetings. During the course of these reviews in 2025, no failings or weaknesses were identified nor have any been advised to the Board which the Board has determined to be significant.</p>
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK	
<p>6. Establish and maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The Board currently comprises two Executive Directors and three Non-Executive Directors. Details of each Director's skills, experience and capabilities can be found on pages 35 and 36 of the Annual Report 2025. 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) did not seek re-election at the 2025 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 44 of the Annual Report 2025), as part of the Board evaluation process and when addressing training and development needs of Directors.</p> <p>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.</p> <p>The Board after careful review, considers that each Non-Executive Director identified on pages 35 and 36 of the Annual Report 2025 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 Chairman was considered independent on appointment but, in line with the UK Corporate Governance Code, following appointment, a Chairman is not considered independent subsequently.</p> <p>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 50 of the Annual Report 2025.</p> <p>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.</p> <p>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).</p> <p>The attendance of the Directors at meetings during 2025 is shown on page 55 of the Annual Report 2025.</p>

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle	Disclosure
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK CONTINUED	
<p>7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>Overall responsibility for day-to-day management of the business and implementation of the Board 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 Independent 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.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>The experience, skills and capabilities of the Directors is considered on appointment to the Board and subsequently in line with the Board Performance Review details of which are provided below.</p> <p>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.</p> <p>External advice was sought in 2025 in relation to banking and financing, employment, remuneration, share schemes and operational matters.</p>

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle	Disclosure
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK CONTINUED	
8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>Each year the Board carries out an evaluation of its own performance looking at performance in the prior year and areas for potential development.</p> <p>For an internal performance review for 2025, the Chairman and Company Secretary prepared an online Board evaluation questionnaire developed to take into consideration best practices identified in the QCA Code and UK Corporate Governance Code. In addition, the review was tailored to consider and reflect on significant events which had occurred in the year. Each Director considers issues 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 2025. Feedback from the evaluation questionnaire, as well as from shareholder engagement and from corporate brokers, is then discussed by the Board and actions agreed.</p> <p>Outturns that arose from the prior year included that:</p> <ol style="list-style-type: none"> 1. the schedule of Board Meetings was to be reviewed; 2. Board meetings should take place in week 4 of a month, once prior month financial information was available; 3. regular strategic sessions should be held; 4. an improvement in forecasting was needed; 5. a traffic light system should be introduced in board papers to simplify matters; and 6. a plan for disaster and unexpected circumstances should be factored into decision making. <p>Progress on agreed actions are monitored throughout the year.</p> <p>Following the review, the Board is satisfied that it has a good balance of engagement, experience and skills, which allows both strong collaborative working and robust challenge.</p> <p>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 2025 and none is planned for 2026.</p> <p>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 review, except that the review of risk items would initially be conducted by the Audit Committee which would report on these to the Board, in line with Code suggestions.</p> <p>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 44 of the Annual Report 2025.</p>
9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture	<p>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 8 to 10 of the Annual Report 2025.</p>
BUILD TRUST	
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders	<p>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 17 to 19 of the Annual Report 2025. As set out in the Chairman's Statement on pages 3 to 5, 2025 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 2025, particularly in the Principal Risk and Uncertainties section on pages 15 to 16.</p> <p>The Audit Committee Report for 2025 can be found on pages 42 and 43 of the Annual Report 2025. The Directors' Remuneration Report for 2025 can be found on pages 45 to 53 of the Annual Report 2025.</p> <p>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. More information is detailed in the Notice of Meeting for the AGM to be held on 2 June 2026.</p>

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 one independent Non-Executive Director. Biographies of each member of the Committee, including their skills and experience, can be found on pages 35 to 36. 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 2025, and members' attendance at those meetings, are set out on page 55. 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 2025

The main items of business considered during the year included:

- reappointment 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;
- review of key judgements and significant accounting policies;
- reviews of the carrying values of intangible assets;
- review of goodwill impairment;
- 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;
- review of accounting policies; and
- assessment of the need for an internal audit function.

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;

AUDIT COMMITTEE REPORT CONTINUED

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

- 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 59 to 64 and in the Strategic Report on pages 6 to 16.

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 2025, 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 the 2024 Annual Report and Accounts and subsequently. There are no contractual restrictions on auditor choice. Forvis Mazars LLP are recommended for reappointment as auditors at the Annual General Meeting on 2 June 2026.

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 37 to 41. 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 2025, management prepared a detailed Review of the Effectiveness of Internal Controls 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 relatively new members of the Finance function 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 84.

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
6 May 2026

NOMINATION COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

At the date of this report, the Nomination Committee consists of myself, as Chair of the Committee, two 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 2025, and members' attendance at those meetings, is set out on page 54.

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

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.

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.

AREAS OF FOCUS DURING 2025

Specific activities undertaken in 2025 included:

- recommendation of appointment for the independent Non-Executive Chairman role and Chair of the Nomination Committee;
- a review of the Board Composition;
- an annual review of the Committee Terms of Reference; 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
6 May 2026

DIRECTORS' REMUNERATION REPORT

This report is on the activities of the Remuneration Committee for the year ended 31 December 2025 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 (as updated in 2024). 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 37 to 41, 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 2 June 2026 at which approval of the financial statements will be sought. During 2026, the Committee will continue to monitor developing market practice amongst AIM listed companies on having a separate advisory vote on directors' remuneration policies every three years.

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 2025. There have been no structural changes to the Remuneration Policy during 2025.

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 2025. The Group's financial performance in 2025 is reported in the Strategic Report on pages 6 to 16. Performance of our Executive Directors is assessed against a range of financial and operational measures ensuring value is delivered to shareholders.

Incentive outturns in respect of 2025

As reflected in both the Chairman's Statement on pages 3 to 5 and the Strategic Report on pages 6 to 16, 2025 was another challenging year for the business. The Group's results the year did not reach the required minimum profit threshold and consequently there will be no annual bonus paid to Executive Directors.

Salary and fee increases

The Committee has agreed that there will be no salary increase for the Chief Executive but that the Group Finance Director will receive an increase of 11% to reflect the additional responsibilities in the year and the successful outcome of certain projects as explained further in the Group Finance Director's Report. There will be no increases to Non-Executive Director fees for 2026. The wider workforce received on average an increase of 3% in base salaries for 2026 to reflect their ongoing commitment in a challenging market and inflationary and cost of living pressures.

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.

Advisory vote

As explained above, at the AGM to be held on 2 June 2026, this Report will 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 2025 AGM, where 99.86% of the votes were in favour.

DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION COMMITTEE

The members of the Remuneration Committee at the date of this report are set out on pages 35 and 36. All are independent Non-Executive Directors. Peter Tracey was a member of the Committee from 1 February 2025 until 27 January 2026 when the Terms of Reference were amended to reflect best practice such that the Chairman is not a member of the Committee but may attend by invitation. Angela Luger, the Senior Independent Director, became Chair of the Remuneration Committee from the conclusion of the 2025 AGM following Claire Asken stepping down and not seeking re-election. 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
- oversee 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 2025, and members' attendance at those meetings, is set out on page 55. In addition, the Committee held meetings to deal with share option awards and other related matters.

REMUNERATION POLICY

Executive remuneration packages are 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 Board.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related.

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 (Deferred Bonus); and
- share option incentives.

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

The Committee oversees the various incentive plans according to their respective rules and in accordance with HMRC rules. The Committee determines, based on proposals from management, 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 within a reasonable timeframe and maintain an ownership of the Company's shares to the value of one times annual basic salary.

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

DIRECTORS' REMUNERATION REPORT CONTINUED

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 2025 are set out on page 50. 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 group and personal objectives determined at the beginning of the financial year.
DEFERRED INCENTIVE SHARE OPTION PLAN			
The Portmeirion Group 2018 Deferred Incentive Share Option 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 pages 51 and 52.	Options under the plan can only be granted to the extent performance targets relating to the annual incentive arrangements are met.

DIRECTORS' REMUNERATION REPORT CONTINUED

EXECUTIVE SHARE OPTION PLANS

Setting value creation through share price growth. 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 amend 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 51. 100% of the options vest if the performance condition is met over a three year basis.

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 their 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 2025 are set out on page 50 and were unchanged from the prior year. 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. T. Raybould	02.09.2019	12 months

DIRECTORS' REMUNERATION REPORT CONTINUED

Current service contracts and terms of engagement continued

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. Angela Luger and Jeremy Wilson have service contracts with an indefinite term providing for a maximum of 3 months' notice. Peter Tracey was appointed for an initial term of three years commencing on 1 February 2025 until the conclusion of the Company's annual general meeting ("AGM") occurring approximately three years from that date unless terminated earlier by either party giving to the other three months' notice. A Non-Executive Chairperson is typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Any term renewal is subject to Board review and AGM re-election by shareholders. All continuing Directors stand for re-election on an annual basis in line with best practice. At the AGM to be held on 2 June 2026, Mike Raybould will not stand for re-election. Angela Luger, Jeremy Wilson, Jonathan Hill, Peter Tracey and Michael Scheepers (subject to regulatory checks) will retire and all are offering themselves for re-election.

Consideration of shareholders' views

The Committee considers shareholder feedback for the AGM and any other meetings with shareholders as part of the Company's annual review of the Remuneration Policy. Further details on shareholder engagement are detailed in the Section 172 (1) Statement on page 17.

APPLICATION OF THE REMUNERATION POLICY FOR THE YEAR ENDED 31 DECEMBER 2025 AND PROPOSALS FOR THE YEAR ENDING 31 DECEMBER 2026

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 2025. The Committee has agreed that there will be no Executive Director salary increases for 2026, apart from a 11% salary increase for the Group Finance Director as set out in the Chair's Overview on page 5. There will be no increases to Non-Executive Director fees for 2026.

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 bonus incentive opportunity. For 2025, 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 2025 (2024: £Nil).

Pensions

Details of pension contributions paid by the Group for the benefit of the Directors are shown in the Directors' emoluments table on page 50 and the Company contributions are based on their base salaries, in line with the workforce.

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%. Mike Raybould and Mick Knapper 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 2025 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 50 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 bonus incentive, share option or deferred incentive schemes. The Non-Executive Directors do not receive employer's pension contributions.

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' shareholdings

The beneficial interests of Directors in the share capital of the Company are disclosed on page 55 in the Report of the Directors.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2025 £'000	2024 £'000
Emoluments	1,029	1,631
Deferred bonus incentive plan	53	—
Gains made on exercise of share options	—	—
Money purchase pension contributions	78	105
	1,160	1,736

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 2025 £'000	Total 2024 £'000
Executive								
J. C. Hill ^(1,2,3)	225	3	—	—	—	14	242	76
M.J. Knapper ^(1,2,3,4,5) (resigned from the Board on 20 May 2025)	81	1	—	16	—	11	109	242
M.T. Raybould ^(1,2,3,4)	404	14	—	32	—	53	503	462
W.J. Robedee ^(1,2,3,4,6) (resigned from the Board on 20 May 2025)	119	10	—	5	—	—	134	356
D. Sproston (resigned from the Board on 30 September 2024)	—	—	—	—	—	—	—	343
Non-Executive								
A.A. Andrea ^(1,6) (resigned from the Board on 21 May 2024)	—	—	—	—	—	—	—	16
C.V. Askem ^(1,7) (resigned from the Board on 21 May 2025)	15	—	—	—	—	—	15	39
A.L. Luger ⁽¹⁾	39	—	—	—	—	—	39	39
R.J. Steele ^(1,7) (resigned from the Board on 31 January 2025)	10	—	—	—	—	—	10	123
J.M.C. Wilson ⁽¹⁾	39	—	—	—	—	—	39	40
P.J. Tracey ^(1,7) (appointed 1 February 2025)	69	—	—	—	—	—	69	—
	1,001	28	—	53	—	78	1,160	1,736

Notes:

- (1) There were no salary or fee increases during 2025 apart from a 3% salary increase for M.J. Knapper as previously disclosed.
- (2) The taxable benefits shown above for J. C. Hill, M.J. Knapper and M.T. Raybould 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 £10,000 (2024: £23,000) in non-taxable benefits arose from the provision of medical and dental insurance for W.J. Robedee.
- (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) On 2 June 2025, M.J. Knapper, M.T. Raybould and W.J. Robedee exercised options granted in 2022 under the 2018 Deferred Incentive Plan. The amounts in the table above include the value of the shares on exercise by reference to the mid-market closing price of the Company's shares on the trading day before exercise (156.00p) and the amount paid in accordance with the rules of the Plan such that after discharge of necessary taxes, a net amount was left sufficient to pay the taxes due in respect of the exercise of the options. Further details on the exercises are shown under the 2018 Deferred Incentive Plan section of this report on pages 51 and 52.
- (5) M.J. Knapper stepped down from the Board at the AGM on 20 May 2025 and continued with the Group as Global Operations Director. He is retiring from the Group during 2026. Amounts disclosed above reflect salary, taxable benefits and pension contributions from 1 January 2025 up to and including 20 May 2025.
- (6) W. J. Robedee stepped down from the Board at the AGM on 20 May 2025 and continued with the Group as President of North America until 31 October 2025. Amounts disclosed above reflect salary, taxable benefits and pension contributions from 1 January 2025 up to and including 20 May 2025. W.J. Robedee was remunerated in US dollars and his remuneration is translated into sterling at the average exchange rate for the year. In 2025, this was \$1.3189/£1 (2024:\$1.278/£1).
- (7) C.V. Askem resigned from the Board at the AGM on 20 May 2025. 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. Amounts disclosed above reflect fees paid whilst a Non-Executive Director.

DIRECTORS' REMUNERATION REPORT CONTINUED

Executive share option plans

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 including the Executive Directors and senior management, with flexibility for the grant of tax-favoured options. For both schemes, earnings per share has been selected as the underlying 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.

Options granted on 7 May 2024 (vesting on 8 May 2027) 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:

Director	At		Number of options				At 31.12.2025	Exercise price p	Dates on which exercisable	
	01.01.2025	Granted	Exercised	Lapsed	Surrendered	Earliest			Latest	
J.C. Hill	—	—	—	—	—	—	n/a	n/a	n/a	
M.J. Knapper	35,000	—	—	—	—	35,000	257.50	08.05.2027	06.05.2034	
M.T. Raybould	50,000	—	—	—	—	50,000	257.50	08.05.2027	06.05.2034	
W.J. Robedee	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 180.00p and a low of 94.00p during 2025. The average share price during 2025 was 138.50p. The share price on 30 December 2025, being the last trading day of the year, was 94.00p.
- (3) There have been no changes to the Directors' interests in the shares or options over shares of the Company between 31 December 2025 and 6 May 2026.

Deferred Incentive Share Option Plan

The Company operates The Portmeirion Group 2018 Deferred Incentive Share Option 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 bonus 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 bonus 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).

DIRECTORS' REMUNERATION REPORT CONTINUED

Deferred Incentive Share Option Plan continued

During the year, options granted on 25 April 2022 under the 2018 Deferred Incentive Plan became exercisable and were exercised by eligible participants. On 2 June 2025, Mike Raybould, Mick Knapper, Bill Robedee, and a former employee exercised a combined 27,649 options at an exercise price of £1.00 per individual.

To satisfy these exercises, the Company transferred 27,649 Ordinary Shares from treasury, reducing the treasury balance to 182,633 shares and resulting in 14,021,454 Ordinary Shares with voting rights.

All exercises were conducted in accordance with the rules of the 2018 Deferred Incentive Plan and the Company's approved remuneration framework.

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

Director	Number of options				At 31.12.2025	Dates on which exercisable	
	At 01.01.2025	Granted	Exercised	Lapsed		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

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.

EXECUTIVE ARRANGEMENTS

Mike Raybould

After the year end, on 6 May 2026, the Board announced that, after 7 years as Chief Executive Officer and 9 years with the Company, Mike Raybould decided to step down as Chief Executive Officer on 10 May 2026.

After he steps down as CEO, there will be a transitional period during which Mike will conduct handover and remain available to assist the Company with an orderly transition. His notice period would commence on 1 June 2026 and he will be on garden leave for three months during which period he will continue to receive his salary and all contractual benefits. After his employment ends, he will receive monthly instalment payments in lieu of the remaining nine months of his 12 month notice period (comprising base salary and his contractual commuting allowance). He will also receive a cash payment towards medical cover in respect of the nine months' during which he is paid in lieu of his notice period. No bonus payment will be made in respect of the 2025 or 2026 financial years. Mike received a contribution of £6,500 plus VAT towards legal expenses and £3,000 plus VAT towards outplacement fees.

Mike has agreed to a minimum 6 month lock-up and an orderly market agreement in regards the 16,916 ordinary shares he owns, which can be waived at the Board's discretion.

Reflecting his long service with the Company, Mike has been treated as a good leaver for incentive purposes, and the plan rules have been applied.

Michael Scheepers

After the year end, on 6 May 2026, the Board was pleased to announce that Michael Scheepers would be promoted to Chief Executive Officer with effect from 11 May 2026 subject to the satisfactory completion of Nomad due diligence. Michael Scheepers joined Portmeirion in December 2025 as Group Commercial Director from the globally renowned cookware brand Le Creuset, where he spent over nine years in senior leadership roles, including Group Commercial Director and six years as Regional CEO across a global portfolio of mature and emerging markets. During this time Michael was responsible for driving brand elevation, commercial performance, and transformation across a number of different territories including Europe, the Middle East, Africa and India, within the premium home and lifestyle category. Since joining Portmeirion Michael has led the global ecommerce, own retail and brand marketing teams with responsibility for the UK sales division, working closely with the Board as part of the Senior Leadership Team.

Michael's base salary has been set at £285,000 p.a. and he will receive a pension contribution of 6% of base salary. In line with the shareholder approved policy, Michael's bonus opportunity will be 100% of base salary and he will be eligible for an LTIP grant of 150% of base salary. Michael will receive standard company benefits including Company Car, Private Medical Insurance, Critical Illness and Group Life Cover and appropriate incentives will be agreed in the due course. Michael's contractual notice period has been set at 6 months. At the time of his promotion Michael owned no shares in the company.

DIRECTORS' REMUNERATION REPORT CONTINUED

Consultations with shareholders and statement of voting at general meeting

At the Annual General Meeting of the Company held on 20 May 2025, a resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy contained within that Report) for the year ended 31 December 2024 was put to a shareholders advisory vote and passed with 8,339,406 proxy votes lodged, of which 99.86% were in favour.

In February 2026, 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.

Approval

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



Angela Luger

Chair of the Remuneration Committee and Non-Executive Director
6 May 2026

REPORT OF THE DIRECTORS

The Directors present 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 2025.

GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

The Company is a public limited company, registered in England and Wales with registered number 124842 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 page 90.

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 3 to 5 and in the Strategic Report on pages 6 to 16. 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

An interim dividend was not declared in 2025 (2024: 1.50p per share) 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 £Nil per share (2024: 1.50p 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 8 to 10. 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:

- Clare Askem (resigned 20 May 2025)
- Jonathan Hill
- Mick Knapper (resigned 20 May 2025)
- Angela Luger
- Mike Raybould
- Bill Robedee (resigned 20 May 2025)
- 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. Angela Luger, Jeremy Wilson, Jonathan Hill, Peter Tracey and Michael Scheepers (subject to regulatory checks) will therefore retire at the AGM to be held on 2 June 2026 and all are offering themselves for re-election. 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 45 to 53.

Details of transactions with Directors and other related parties are to be found in note 30 on page 96.

REPORT OF THE DIRECTORS CONTINUED

The Directors who held office at 31 December 2025 had the following beneficial interests in the share capital of the Company:

	At 31 December 2025 5p ordinary shares Beneficial	At 31 December 2024 5p ordinary shares Beneficial
P. J. Tracey	140,000*	—
M.T. Raybould	27,729	11,886
A.L. Luger	3,947	3,947
J.M.C. Wilson	1,000	—
J.C. Hill	—	—

* Shares held by Hurtwood Capital Limited, a company in which Peter Tracey is an Executive Director, his private family office.

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 2025 and 6 May 2026.

Directors' attendance

The following table shows the attendance of the Directors at meetings of the Board and its Committees during 2025:

	Board ⁽¹⁾	Audit Committee	Nomination Committee ⁽³⁾	Remuneration Committee ⁽²⁾
C.V. Askem (Non-Executive Director to 20 May 2025)	3/5	1/3	2/2	2/3
J.C. Hill (Group Finance Director)	5/5	—	—	—
M.J. Knapper (Executive Director to 20 May 2025)	3/5	—	—	—
A.L. Luger (Senior Non-Executive Director)	5/5	3/3	2/2	3/3
M.T. Raybould (Chief Executive)	5/5	—	2/2	—
W.J. Robedee (Executive Director to 20 May 2025)	3/5	—	—	—
R.J. Steele (Non-Executive Chairman to 31 January 2025)	0/5	—	0/2	—
J.M.C. Wilson (Non-Executive Director)	5/5	3/3	2/2	3/3
P. Tracey (Non-Executive Chairman from 1 February 2025)	4/5	—	1/2	2/3

Notes:

- (1) During the year, five update Board meeting calls were held in months where Board meetings were not scheduled plus additional Board meetings specifically 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.
- (3) During the year, additional Nomination Committee meetings were held in relation to the new board appointments.

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 94. 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 94 and pages 102 and 103. Shares held by the Portmeirion Employees' Share Trust abstain from voting.

REPORT OF THE DIRECTORS CONTINUED

Substantial shareholdings as at 31 December 2025⁽¹⁾

	Percentage of voting rights and issued share capital ⁽²⁾	Number of ordinary shares ⁽³⁾
AB Traction ⁽⁴⁾	15.93%	2,233,408
Trustees of Caroline Fulbright Settlement ⁽⁴⁾	12.78%	1,792,272
Charles Stanley Group PLC ⁽⁴⁾	10.40%	1,457,743
Henry Spain Investment Services ⁽⁴⁾	8.30%	1,163,949
Interactive Investor ⁽⁴⁾	5.12%	717,987
Shahrzad Farhadi	4.51%	632,333
Kamrouz Farhadi	4.02%	562,917
Hargreaves Lansdown, stockbrokers ⁽⁴⁾	3.22%	452,056

Notes:

(1) Source: Company commissioned share register analysis.

(2) The percentages are of the total shares in issue, excluding treasury shares (14,021,454).

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

(4) Shareholding held indirectly through a nominee.

(5) Since 31 December 2025, Peter Gyllenhammar AB has acquired a shareholding of 12.32% as at 12 March 2026.

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 182,633 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 2025, 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 6 May 2026.

Corporate governance

The Company's statement on corporate governance can be found on pages 37 to 41.

Employees

Details of how the Directors have engaged with employees is set out in the Section 172 (1) Statement on pages 17 to 19. Details of staff numbers and costs are set out in note 7 on pages 83 to 84. 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 20 to 24.

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 2025, 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.

REPORT OF THE DIRECTORS CONTINUED

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 17 to 19, 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 (2024: £Nil).

Branches outside the United Kingdom

The Company has branches operating outside the United Kingdom. Details of the Company's overseas branches are disclosed in note 18 to the financial statements.

Post balance sheet events

There have been post balance sheet events since the year end. Further details are disclosed in note 32 to the financial statements.

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 2 June 2026 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.



Indigo Corporate Secretary Ltd

Company Secretary
6 May 2026

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 2025 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, 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 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 2025 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and as regards 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

In forming our opinion on the Annual Report and Accounts, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements and the detailed disclosures set out on page 32 of the Going Concern and Outlook section of the Strategic Report concerning the Group and Parent Company's ability to continue as a going concern.

As set out in Note 1 to the financial statements the Directors are cognisant of the geopolitical and macroeconomic environment in which the Group operates and have considered the impact of these factors on the business. Under a severe but plausible scenario a number of mitigating measures would need to be adopted to ensure compliance with covenants and to remain within facility limits. This scenario still reflects an increase in revenue and margin performance from the 2025 financial year. The reverse stress test only allows for a 9.5% decline in revenues and requires further cost saving actions to be undertaken to avoid a covenant breach.

These matters, along with others as set out within Note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter and 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 evaluation of 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 was 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, ensuring that the period assessed by them is at least 12 months from the date of signing;
- Inspecting the going concern assessment made by the Directors to determine whether they believe the entity to be a going concern and validation of the material uncertainty identified;

INDEPENDENT AUDITOR'S REPORT CONTINUED

- Evaluating the Directors' method to assess the Group's and the Parent Company's ability to continue as a going concern;
- Verifying the integrity of managements model's and substantiating to underlying supporting documentation where possible;
- Evaluating the key assumptions used and judgements applied by the Directors in forming their conclusions on going concern being the profile of forecast revenues, improvements in gross margin and the ability of the Group to achieve estimated cost savings;
- Challenging management on the completeness of the identified severe but plausible scenarios applied to the assessment, including reference to the Board's identified business risks;
- Inspecting borrowing agreements including the new Revolving Credit Facility which extends the term through to October 2027 inclusive of revised monthly covenant requirements. Assessing whether compliance with borrowing terms, including repayment and covenant compliance, have been appropriately factored into the assessment, including in stressed scenarios;
- Verifying supporting evidence from lenders to ensure that covenant waivers were in place where potential breaches were forecast in respect of the March and April 2026 covenant measurement dates;
- Evaluating the Group's performance in the year as well as considering post year performance where available;
- Challenging the accuracy of prior budgets, including retrospective review, and the rationale and support for any deviations in budget to outturn; and
- Evaluating the appropriateness of the Directors' disclosures in the financial statements on going concern.

Our findings have been communicated to those charged with governance through our Audit Completion Report.

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

KEY AUDIT MATTERS

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

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

The matters set out below are in addition to the "Material uncertainty related to going concern" above which, by its nature, is also a key audit matter. These matters together with our findings were communicated to those charged with governance through our Audit Completion Report

INDEPENDENT AUDITOR'S REPORT CONTINUED

KEY AUDIT MATTER	HOW OUR SCOPE ADDRESSED THIS MATTER
<p>Inventory Valuation</p> <p>Inventory accounts for 60% (2024: 54%) of the Group's total current assets.</p> <p>The Group's accounting policy for inventory provisioning is set out in the accounting policy notes on page 80 and the disclosure note on page 91.</p> <p>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.</p> <p>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.</p> <p>In the current financial year, the Group re-evaluated their provisioning policy in light of the strategic direction of the group, in addition a one-off exercise was conducted to critically evaluate aged and obsolete (seconds) inventory resulting in an accelerated write down of inventory. This accelerated write down totalled £2,952,000.</p> <p>As a result, we consider inventory valuation as a key audit matter.</p>	<p>Our audit procedures included, but were not limited to:</p> <p>With regards to the inventory costing:</p> <ul style="list-style-type: none"> 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. Performed tests of detail over the fixed and variable overhead absorption rates. 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. <p>With regards to the inventory provision:</p> <ul style="list-style-type: none"> 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. Recalculated managements' inventory provision based on the revised estimate, inclusive of the accelerated inventory provision on aged items. Challenged the treatment of the accelerated inventory provision in the current year. Assessed the completeness and accuracy of the data used by management in computing the provision and verifying the source data. Challenged management on the change in estimation of the inventory provision and critically assessed the basis of any accelerated write downs. Assessed the mathematical accuracy and logic of the models underpinning the provision. Assessed the completeness and accuracy of disclosures within the financial statements in accordance with IFRS. <p>OUR OBSERVATIONS</p> <p>Based on the work performed, the level of inventory costs absorbed and provisioning adopted were considered reasonable. Internal control recommendations made in this area have been communicated to the Audit Committee.</p>

INDEPENDENT AUDITOR'S REPORT CONTINUED

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: £1,138,000 (2024: £1,140,000) Parent Company: £269,000 (2024: £267,000)
How we determined it & rationale for the benchmark applied	Group: 1.25% of revenue (2024: 1.25%) Parent Company: 1% of net assets (2024: 1%) We have used revenue as an appropriate benchmark, consistent with prior year, as it 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 break even or are loss making. 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 70% of overall materiality to provide a figure of £797,000 for the Group. We are satisfied 70% 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 £215,000. 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 £34,100 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 £662,000 and £395,000.

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.

Our Group audit scope included an audit of the Group and the Parent Company financial statements. Based on our risk assessment, the following components of the Group, in addition to the Parent Company, were subject to full scope audits performed by the Group audit team: Portmeirion Group UK Limited, Wax Lyrical Limited and Portmeirion Group USA Inc.

At the Group 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements 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 Statement of Directors' Responsibilities set out on page 58, 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 it 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

INDEPENDENT AUDITOR'S REPORT CONTINUED

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, in particular in relation to revenue recognition (which we pinpointed to the occurrence assertion for trade and E-commerce sales, and cut-off for export sales), 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.

Jenny Birch

(Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

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

6 May 2026

FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year to 31 December 2025 £'000	Year to 31 December 2024 ⁽¹⁾ £'000
Revenue	4,5	91,063	91,212
Operating costs	6	(95,656)	(88,167)
Operating Profit/(Loss) before exceptionals		(4,593)	3,045
Exceptional item		(730)	(1,021)
Operating Profit/(Loss)¹		(5,323)	2,024
Interest income	9	102	51
Finance costs	10	(2,022)	(2,030)
Profit/(Loss) before tax		(7,243)	45
Tax	11	999	299
Profit/(Loss) for the period attributable to equity holders		(6,244)	344
Earnings per share	13		
Basic		(45.3p)	2.50p
Diluted		(45.3p)	2.49p
Dividends proposed and paid per share	12	—	1.50p

¹ The financial results for the period ended 31 December 2024 have been re-presented to include exceptional items within Operating loss/(profit). This is a reclassification in nature only to present exceptional costs within operating profit bringing the presentation more in line with statutory format and representing a direct reconciliation to the operating result presented in the cashflow. The net results of the Group have not changed from that previously presented.

The results relate to continuing operations (2024: continued operations).

The notes on pages 73 to 104 form part of these Group financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £'000	2024 £'000
Profit/(Loss) for the period attributable to equity holders		(6,244)	344
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Deferred tax relating to items that will not be reclassified subsequently to profit or loss	25	(242)	(175)
Remeasurement of net defined benefit pension scheme asset	31	967	701
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(1,691)	136
Other comprehensive (loss)/income for the year		(966)	662
Total comprehensive Income/(Loss) for the year attributable to equity holders		(7,210)	1,006

The notes on pages 73 to 104 form part of these Group financial statements.

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2025

	Notes	2025 £'000	2024 £'000
Non-current assets			
Goodwill	14	1,749	1,749
Intangible assets	15	7,598	7,916
Property, plant and equipment	16	13,579	14,311
Right-of-use assets	17	4,472	6,336
Pension scheme surplus	31	2,965	1,896
Total non-current assets		30,363	32,208
Current assets			
Inventories	19	39,024	38,234
Trade and other receivables	20	19,092	21,048
Cash and cash equivalents	21	6,495	10,897
Total current assets		64,611	70,179
Total assets		94,974	102,387
Current liabilities			
Trade and other payables	22	(16,091)	(13,909)
Current income tax liability		(76)	(402)
Lease liabilities	23	(1,719)	(2,085)
Borrowings	24	(24,000)	(23,000)
Total current liabilities		(41,886)	(39,396)
Non-current liabilities			
Deferred tax liability	25	(1,403)	(2,591)
Lease liabilities	23	(3,305)	(4,838)
Total non-current liabilities		(4,708)	(7,429)
Total liabilities		(46,594)	(46,825)
Net assets		48,380	55,562
Equity			
Called up share capital	26	710	710
Share premium account		18,344	18,344
Investment in own shares	27	(3,056)	(3,108)
Share-based payment reserve		28	114
Translation reserve		697	2,388
Retained earnings		31,657	37,114
Total equity		48,380	55,562

These financial statements were approved by the Board of Directors and authorised for issue on 6 May 2026.

They were signed on its behalf by:

M.T Raybould
Director

J. Hill
Director

The notes on pages 73 to 104 form part of these Group financial statements.

COMPANY BALANCE SHEET

31 DECEMBER 2025

	Notes	2025 £'000	2024 £'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	14,951	15,090
Total current assets		14,951	15,090
Total assets		26,552	26,691
Total liabilities		—	—
Net assets		26,552	26,691
Equity			
Called up share capital	26	710	710
Share premium account		18,344	18,344
Other reserves		197	197
Investment in own shares	27	(3,056)	(3,108)
Share-based payment reserve		28	114
Retained earnings		10,329	10,434
Total equity		26,552	26,691

The Company reported a loss for the financial year ended 31 December 2025 of £167,000 (2024: £749,000 profit).

The financial statements of Portmeirion Group PLC, company registration number 124842, were approved by the Board of Directors and authorised for issue on 6 May 2026.

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 2025

	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 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 1 January 2025	710	18,344	(3,108)	114	2,388	37,114	55,562
Loss for the year	—	—	—	—	—	(6,244)	(6,244)
Other comprehensive loss for the year	—	—	—	—	(1,691)	725	(966)
Total comprehensive loss for the year	—	—	—	—	(1,691)	(5,519)	(7,210)
Transfer on exercise or lapse of options	—	—	52	(114)	—	62	—
Increase in share-based payment reserve	—	—	—	28	—	—	28
At 31 December 2025	710	18,344	(3,056)	28	697	31,657	48,380

The nature of each reserve is explained in note 2.16 on page 79.

The notes on pages 73 to 104 form part of these Group financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	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 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 1 January 2025	710	18,344	197	(3,108)	114	10,434	26,691
Loss for the year	—	—	—	—	—	(167)	(167)
Total comprehensive loss for the year	—	—	—	—	—	(167)	(167)
Transfer on exercise or lapse of options	—	—	—	52	(114)	62	—
Increase in share-based payment reserve	—	—	—	—	28	—	28
At 31 December 2025	710	18,344	197	(3,056)	28	10,329	26,552

The nature of each reserve is explained in note 2.16 on page 79.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £'000	2024 £'000
Operating Profit/(Loss)		(5,323)	2,024
Adjustments for:			
Amortisation of intangible assets	6	784	730
Depreciation of property, plant and equipment	6	1,241	1,288
Depreciation of right-of-use assets	6	2,175	2,225
Additional inventories provision (non-cash)		2,952	—
(Profit)/Loss on disposal of fixed assets	15,16	10	—
Charge/(Credit) for share-based payments	33	29	48
Exchange (gain)/loss		(246)	(1)
Operating cash flows before movements in working capital		1,622	6,314
(Increase)/Decrease in inventories		(4,596)	(2,278)
Decrease /(Increase) in receivables		751	(1,993)
Increase/(Decrease) in payables		2,750	48
Cash generated from operations		527	2,091
Interest paid on borrowings		(1,678)	(1,618)
Interest paid on lease liabilities		(344)	(412)
Income taxes paid		(288)	(55)
Net cash (outflow)/inflow from operating activities		(1,783)	6
Investing activities			
Purchase of intangible assets	15	(784)	(1,070)
Purchase of property, plant and equipment	16	(574)	(569)
Net cash (outflow)/inflow from investing activities		(1,358)	(1,639)
Financing activities			
Equity dividends paid	12	—	(482)
Capital element of lease payments	28	(2,507)	(2,058)
Drawdown of short term borrowings	28	1,000	17,192
Repayments of borrowings	28	—	(3,000)
Net cash (outflow)/inflow from financing activities		(1,507)	11,652
Net (decrease)/increase in cash and cash equivalents		(4,648)	10,019
Cash and cash equivalents at beginning of year		10,897	888
Effect of foreign exchange rate changes		246	(10)
Cash and cash equivalents at end of year		6,495	10,897

The notes on pages 73 to 104 form part of these Group financial statements.

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £'000	2024 £'000
Operating Profit/(Loss)		(167)	749
Adjustments for:			
Charge for share-based payments	33	29	48
Operating cash flows before movements in working capital		(138)	797
Decrease/(Increase) in receivables		138	(315)
Cash generated from operations		—	482
Income taxes paid		—	—
Net cash inflow from operating activities		—	—
Investing activities		—	—
Net cash inflow from investing activities		—	—
Financing activities			
Equity dividends paid	12	—	(482)
Net cash outflow from financing activities		—	(482)
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

At 31 December 2025 the Group has a Revolving Credit Facility (RCF) totalling £30 million with Barclays. Originally agreed on the 30 August 2024, the RCF agreement was amended on the 24 September 2025 to adjust the covenant requirements to better reflect the operational cashflows and seasonality of the business. Post year end, on 28 April 2026, the lender (Barclays) agreed a waiver of these revised covenant reporting requirements for March 2026 and April 2026 together with a further revision to the ongoing covenants compliance requirements from May 2026 onwards.

The amendments in place from May 2026 reflect updated covenant requirements in respect to EBITDA and Asset Cover.

The revised covenants are defined as: The EBITDA covenant is based on the Group's rolling 12-month statutory EBITDA, as disclosed in the Segmental Analysis, and is further adjusted for allowable costs as defined in the facility agreement. The covenant is assessed against a threshold amount set out on a monthly basis, in accordance with the terms of the facility. The Asset Cover Ratio, tested monthly, is defined as the ratio of specified gross assets, being Inventories (note 19), Property, Plant and Equipment (note 16), and Trade and Other Receivables (note 20), to net debt at the relevant test date. Net debt is consistent with the Group's net debt definition disclosed within the Key Performance Indicators. The available facility remains at £30 million.

The facility term was also extended post year end from April 2027 and now runs until October 2027. 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 3 to 16. In addition, note 32 on pages 99 to 102 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 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. 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 c40% of its products and sources the remainder from a range of third-party suppliers.

At the year end the Group had net debt of £17.5 million (comprising cash and cash equivalents of £6.5 million less borrowings of £24.0 million) with undrawn bank facilities available of £6.0 million. This was an increase in net debt of £5.4 million since the prior year end.

The Group has prepared cash flow forecasts covering a period of up to 18 months from the date of approval of the financial statements. The base case reflects the Board-approved 2026 budget, updated for actual trading in January and February 2026. Trading performance post year end, as set out on page 5 in the outlook analysis, has been in line with budget as a result of trading being in line with expectations. Under the base case scenario, the Group is forecast to remain compliant with its revised EBITDA and Asset Cover covenants in place from May 2026 throughout the forecast period with no mitigating actions required.

A plausible downside scenario has been prepared which incorporates a 7.5% reduction in revenue versus budget from April 2026 over going concern period. The plausible downside reflects a more subdued trading environment during the remainder of 2026 and FY2027 resulting from continued geopolitical and macro-economic factors that could feasibly impact the Groups core trading countries. This scenario still reflects an increase in revenue and margin performance from the 2025 financial year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. BASIS OF PREPARATION CONTINUED

Should the Group face the plausible downside scenario as a reality, to avoid covenant breaches from June 2026 onwards, a number of mitigating measures would need to be adopted over the coming months to ensure continued compliance with the EBITDA and Asset Cover covenants. These are measures which in the Directors view could be adopted at pace and include items such as non-essential capital expenditure, marketing and warehousing, e-commerce cost reduction, and international travel. Assuming successful adoption of such measures the Group would remain within the facility and comply with all covenant restrictions with the lowest facility headroom being £1.0 million in September 2026.

A reverse stress test has also been prepared which assumes successful implementation of cost mitigation outlined above, together with further restructuring and cost cutting exercises which again, in the Directors view, could reasonably be brought into action. The reverse stress test indicates that revenue could decline by approximately 9.5% against the forecast when applied from April 2026 before facing a breach in the EBITDA and Asset Cover covenant.

Conclusion – going concern assumption appropriate

After undertaking a detailed review of the Group's budgets, forecasts and underlying assumptions, the Directors have concluded that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. This assessment reflects the Directors' evaluation of forecast cash flows, expected trading performance, and the availability of the Group's existing banking facilities, which are required under both the base case and downside scenarios to ensure sufficient liquidity is maintained.

Based on the current forecasts, the Directors have a reasonable expectation that the Group will be able to meet its obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

In forming this view, the Directors note that the Group is subject to wider geopolitical and macro-economic factors as set out in the plausible downside scenario. In this situation mitigating actions are required to be successfully implemented to ensure compliance with covenants and to remain within facility limits. The reverse stress test only allows for 9.5% decline on revenue and requires further cost saving actions to be undertaken to avoid a covenant breach. Given these factors the Directors also acknowledge that conditions outlined in the going concern scenarios represent a material uncertainty which may cast doubt over the Group's and the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the carrying amounts or classification of assets and liabilities that may arise should the Group or Company be unable to continue in operational existence.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 2025. 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 21 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i> (Issued August 2023)	1 January 2025

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

	Effective date periods beginning on or after
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments</i> (Issued May 2024)	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11 (Issued July 2024):	1 January 2026
<ul style="list-style-type: none"> • IFRS 1 First-time Adoption of International Financial Reporting Standards • IFRS 7 Financial Instruments: Disclosures and the accompanying Guidance on implementing IFRS 7 • IFRS 9 Financial Instruments • IFRS 10 Consolidated Financial Statements • IAS 7 Statement of Cash Flows 	
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> (Issued April 2024)	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> (Issued May 2024)	1 January 2027
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency</i> (Issued November 2025)	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 2025.

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 2025.

2.2 Investments

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.5 Foreign currencies continued

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

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

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts.

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 Statement of Cash Flows

The statement of cash flows is prepared using the indirect method in accordance with IAS 7 Statement of Cash Flows. Cash flows are classified into operating, investing and financing activities.

Operating cash flows are derived from profit before taxation, adjusted for non-cash items and movements in working capital. Movements in working capital exclude changes arising solely from foreign exchange rate fluctuations, as these movements do not represent cash flows. Such foreign exchange movements are therefore excluded from operating cash flows.

The effect of exchange rate changes on cash and cash equivalents held in foreign currencies is presented separately in the statement of cash flows in order to reconcile opening and closing cash and cash equivalents.

During the year, foreign exchange movements resulted in a net adjustment of £1.5m, which has been excluded from movements in working capital in deriving operating cash flows.

Depreciation added back in operating cash flows is derived from the income statement and translated at the average exchange rate for the year. Differences compared to depreciation disclosed in the fixed asset note arise solely from foreign exchange translation effects and do not represent cash movements.

2.7 Operating profit

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

2.8 Exceptional items

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

2.9 Group pension schemes

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.10 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

2.11 Property, plant and equipment

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

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

Freehold and leasehold buildings	–	2% per annum
Leasehold improvements	–	2.5% to 30% per annum
Plant and vehicles	–	5% to 33% per annum

2.12 Intangible assets

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

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

2.13 Impairment of tangible assets, intangible assets and goodwill

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.13 Impairment of tangible assets, intangible assets and goodwill continued

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.

2.14 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.

2.15 Inventories

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

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.17 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 recognised at fair value, net of transaction costs. Following initial recognition, other financial liabilities are 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 North America management have considered whether this was an indicator of impairment. 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 values of some slow moving, obsolete or seconds inventory is uncertain, and a provision has been included where management feels this value is likely to fall below cost. The level of provision is determined by management estimates based both on historical and forecast sales and potential net realisable value incorporating assessments of the level of end of line and excess inventory. Total inventory provisions held as at 31 December 2025 totalled £4.2m (2024: £1.5m), see note 19.

At the year end, the Group held a core inventory provision in relation to aged inventory of £1.3m (2024: £1.5m). In addition, a further specific and SKU specific evaluation was performed reflecting market conditions and production flow, which in the view of the directors represents excess inventory or higher volumes of seconds and end of line inventory. The result of this exercise is an additional specific inventory provision of £2.9m against predominantly Portmeirion UK inventory. This additional inventory provision is considered to be a one off response to excess volume and seconds inventory. 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.

There are no reasonable or possible changes in assumptions that would materially impact the provision as stated at the year-end date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY CONTINUED****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 tangible 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 they exceed 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	2025 £'000	2024 £'000
Sale of goods	90,880	91,047
Royalties	183	165
	91,063	91,212

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 Group's 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.

	2025			2024		
	Total sales £'000	Inter-segment sales £'000	Sales to third parties £'000	Total sales £'000	Inter-segment sales £'000	Sales to third parties £'000
Revenue by origin						
UK	60,740	(4,823)	55,917	56,057	(4,570)	51,487
North America	35,146	—	35,146	39,725	—	39,725
	95,886	(4,823)	91,063	95,782	(4,570)	91,212

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. SEGMENTAL ANALYSIS CONTINUED

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

Revenue by destination	2025 £'000	2024 £'000
United Kingdom	32,600	32,394
North America	35,406	39,532
South Korea	14,522	11,817
Rest of the World	8,535	7,469
	91,063	91,212

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	2025 £'000	2024 £'000
UK	(6,700)	718
North America	2,107	2,327
Operating Profit/(Loss) (before exceptionals)	(4,593)	3,045
Unallocated items:		
Exceptional items	(730)	(1,021)
Interest income	102	51
Finance costs	(2,022)	(2,030)
Profit/(Loss) before tax	(7,243)	45
Tax credit	999	299
Profit/(Loss) after tax	(6,244)	344

	2025			2024		
	UK £'000	US £'000	Consolidated £'000	UK £'000	US £'000	Consolidated £'000
Other information						
Capital additions	974	384	1,358	918	721	1,639
Depreciation and amortisation	2,198	2,002	4,200	2,198	2,045	4,243
Balance sheet:						
Assets						
Non-current segment assets	20,366	9,997	30,363	20,101	12,107	32,208
Other segment assets	37,884	26,727	64,611	44,585	25,594	70,179
Consolidated total assets	58,250	36,724	94,974	64,686	37,701	102,387
Liabilities						
Consolidated total liabilities	(37,620)	(8,974)	(46,594)	(37,645)	(9,180)	(46,825)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. SEGMENTAL ANALYSIS CONTINUED

Reconciliation of headline earnings before additional stock provision, exceptional costs, interest, tax, depreciation and amortisation (Headline EBITDA)	2025 £'000	2024 £'000
Headline Profit/(Loss) before tax	(3,561)	1,066
Add back:		
Interest Income	(102)	(51)
Finance Cost	2,022	2,030
Depreciation	3,416	3,513
Amortisation	784	730
Headline Earnings before interest, tax, depreciation and amortisation	2,559	7,288
Reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA)	2025 £'000	2024 £'000
Operating Profit/(Loss)	(5,323)	2,024
Add back:		
Depreciation	3,416	3,513
Amortisation	784	730
Earnings before interest, tax, depreciation and amortisation	(1,123)	6,267

6. OPERATING COSTS

	2025 £'000	2024 £'000
Cost of inventories recognised as an expense	44,004	42,062
Movement of inventory impairment provision	2,744	378
Other external charges	16,545	14,975
Staff costs (note 7)	28,180	26,118
Depreciation of property, plant and equipment	1,241	1,288
Depreciation of right-of-use assets	2,175	2,225
Amortisation of intangible assets	784	730
Impairment of trade receivables	142	173
Cost of research and development	—	305
Net foreign exchange gains	(159)	(87)
	95,656	88,167

Exceptional items by type are as follows:

	2025 £'000	2024 £'000
Restructuring costs	730	1,021

Restructuring costs of £730,000 (2024: £1,021,000) relate to one-off redundancies and reorganisation activities undertaken during the year.

7. STAFF NUMBERS AND COSTS

	2025 Number	2024 Number
<i>The average number of persons employed during the year, including Directors:</i>		
Operatives	405	415
Support staff	259	256
	664	671

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. STAFF NUMBERS AND COSTS CONTINUED

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

	2025 £'000	2024 £'000
Staff costs		
Wages and salaries	23,443	21,944
Social security costs	2,478	1,913
Other pension costs	1,375	1,324
	27,296	25,181
Non-monetary benefits	884	937
	28,180	26,118

	2025 £'000	2024 £'000
<i>Directors' emoluments:</i>		
Salary and fees, taxable benefits and incentive	1,029	1,631
Long-term incentive plan	53	—
Pension contributions	78	105
	1,160	1,736

The Directors' emoluments disclosed above reflect emoluments received by the Directors for the period in 2025 during which they were a Director of the company.

There were no gains made on the exercise of share options in 2025 (2024: £Nil).

	2025 Number	2024 Number
Number of Directors who were members of a defined contribution pension scheme during the year	4	5
Number of Directors who exercised options over shares in the ultimate parent company	4	—

	2025 £'000	2024 £'000
<i>Remuneration of the highest paid Director:</i>		
Salary and fees, taxable benefits and incentive	418	419
Long-term incentive plan	32	—
Pension contributions	53	43
	503	462

8. AUDITORS' REMUNERATION

	2025 £'000	2024 £'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	286	280
Total audit related fees	286	280

The audit fee for the Company was £5,000 (2024: £5,000).

Fees payable to Forvis Mazars LLP and their associates for non-audit services to the Company are £Nil (2024: £Nil). There were no non-audit services provided on a consolidated basis in 2025 (2024: £Nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. INTEREST INCOME

	2025 £'000	2024 £'000
Net interest income on pension scheme asset (note 31)	102	51
	102	51

10. FINANCE COSTS

	2025 £'000	2024 £'000
Interest expense	1,678	1,618
Interest on lease liabilities	344	412
	2,022	2,030

11. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2025 £'000	2024 £'000
Current taxation		
United Kingdom corporation tax rate at 25% (2024: 25%)	(50)	(30)
Overseas taxation	448	330
	398	300
Deferred taxation		
Origination and reversal of temporary differences	(1,423)	(612)
Pension scheme	26	13
	(1,397)	(599)
Tax credit to income statement	(999)	(299)

United Kingdom corporation tax is calculated at 25% (2024: 25%) 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:

	2025 £'000	2024 £'000
(Loss)/profit on ordinary activities before taxation	(7,243)	45
Tax on (loss)/profit on ordinary activities at standard rate of 25% (2024: 25%)	(1,811)	11
Factors affecting charge for the year:		
Net effect of expenses not deductible and other adjustments	793	87
Adjustments in respect of prior periods	19	(397)
Total tax on (loss)/profit on ordinary activities	(999)	(299)

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

12. DIVIDENDS PAID

	2025 £'000	2024 £'000
No final dividend was paid in respect of the year ended 31 December 2025 (2024: final dividend of 2.00p per share paid in respect of the year ended 31 December 2024)	—	275
No interim dividend was paid in respect of the year ended 31 December 2025 (2024: interim dividend of 1.50p per share paid in respect of the year ended 31 December 2024)	—	207
Total dividends paid in the year	—	482

The Directors recommend that no final dividend for 2025 (2024: 2.00p) per ordinary share be paid. No dividend was paid or proposed for the year (2024: 1.50p).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. EARNINGS PER SHARE

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

	2025			2024		
	Earnings £'000	Weighted average number of shares	Earnings per share (p)	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Basic Earnings/(Loss) per share	(6,244)	13,775,265	(45.3)	344	13,759,282	2.50
<i>Effect of dilutive securities:</i>						
– employee share options	—	5,342	—	—	28,681	—
Diluted earnings per share	(6,244)	13,780,607	(45.3)	344	13,787,963	2.49

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

	2025			2024		
	Earnings £'000	Weighted average number of shares	Earnings per share (p)	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Headline Earnings/(Loss) per share	(3,486)	13,775,265	(25.3)	1,106	13,759,282	8.04
<i>Effect of dilutive securities:</i>						
– employee share options	—	5,342	—	—	28,681	—
Diluted earnings per share	(3,486)	13,780,607	(25.3)	1,106	13,787,963	8.03

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

	2025 £'000	2024 £'000
Profit/(Loss) for the period attributable to equity holders	(6,244)	344
Add back/(deduct):		
Additional inventory provision and exceptional items	3,682	1,021
Tax effect additional provision and exceptional items	(924)	(259)
Headline Earnings/(Loss) incl tax effect of additional provision and exceptional costs	(3,486)	1,106

14. GOODWILL

	Total £'000
Cost at 31 December 2024 and 31 December 2025	9,416
Less: Impairment at 31 December 2024 and 31 December 2025	7,667
Net book value at 31 December 2024 and 31 December 2025	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 (2024: £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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14. GOODWILL CONTINUED

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 12.0% (2024: 13.8%) and a pre-tax rate of 13.2% (2024: 18.8%). 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.

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 2025, the post-tax WACC used to discount the forecast cash flows was 13.2%. The pre-tax WACC was 13.6%. In 2025, 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 2024	5,386	2,070	9,176	16,632
Additions	1,070	—	—	1,070
Disposals	(123)	—	—	(123)
Exchange rate adjustments	27	—	41	68
At 1 January 2025	6,360	2,070	9,217	17,647
Additions	784	—	—	784
Disposals	(386)	—	—	(386)
Exchange rate adjustments	(185)	—	(160)	(345)
At 31 December 2025	6,573	2,070	9,057	17,700
Amortisation				
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 1 January 2025	2,038	1,950	5,743	9,731
Charge for the year	574	89	121	784
Disposals	(385)	—	—	(385)
Exchange rate adjustments	(12)	—	(16)	(28)
At 31 December 2025	2,215	2,039	5,848	10,102
Net book value				
At 31 December 2025	4,358	31	3,209	7,598
At 31 December 2024	4,322	120	3,474	7,916

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).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. INTANGIBLE ASSETS CONTINUED

At the year end the Spode and Royal Worcester intellectual property had a carrying value of £564,000 (2024: £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 £599,000 (2024: £712,000) and the customer lists had a carrying value of £31,000 (2024: £119,000). The remaining amortisation periods are five years four months and one year four months respectively.

At the year end the Nambé intellectual property had a carrying value of £1,948,000 (2024: £2,092,000). 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 £101,000 (2024: £107,000). The remaining amortisation period is seven years.

Assets acquired through business combinations are included within the Group's impairment review note 3.4, with key inputs and assumptions set out in note 14.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings			Plant and vehicles £'000	Total £'000
	Freehold £'000	Long leasehold £'000	Leasehold improvements £'000		
Cost					
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 1 January 2025	4,339	3,874	3,748	25,350	37,311
Additions	—	—	65	509	574
Disposals	—	—	—	(1,218)	(1,218)
Exchange rate adjustments	(15)	—	(102)	(145)	(262)
At 31 December 2025	4,324	3,874	3,711	24,496	36,405
Depreciation					
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 1 January 2025	2,785	579	2,412	17,224	23,000
Charge for the year	97	51	148	935	1,231
Disposals	—	—	—	(1,209)	(1,209)
Exchange rate adjustments	(12)	—	(74)	(110)	(196)
At 31 December 2025	2,870	630	2,486	16,840	22,826
Net book value					
At 31 December 2025	1,454	3,244	1,224	7,656	13,579
At 31 December 2024	1,554	3,295	1,336	8,126	14,311

The Long Leasehold property has a peppercorn rent where the lease premium was paid in total on completion of the purchase. At 31 December 2025, there are 130 years remaining on the lease. At 31 December 2025, the Group had no outstanding contractual commitments (2024: £192,000).

Assets acquired through business combinations are included within the Group's impairment review note 3.4, with key inputs and assumptions set out in note 14.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. RIGHT-OF-USE ASSETS

	Land & buildings £'000	Other £'000	Total £'000
Cost			
At 1 January 2024	13,064	933	13,997
Additions	898	245	1,143
Disposals	—	(185)	(185)
Exchange rate adjustments	144	1	145
At 1 January 2025	14,106	994	15,100
Additions	377	211	588
Disposals	(2,907)	(340)	(3,247)
Exchange rate adjustments	(714)	(2)	(716)
At 31 December 2025	10,862	863	11,725
Depreciation			
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 1 January 2025	8,267	497	8,764
Charge for the year	1,854	290	2,144
Disposals	(2,907)	(340)	(3,247)
Exchange rate adjustments	(404)	(4)	(408)
At 31 December 2025	6,810	443	7,253
Net book value			
At 31 December 2025	4,052	420	4,472
At 31 December 2024	5,839	497	6,336

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:

	2025 £'000	2024 £'000
30,100 ordinary shares of £1 each in Portmeirion Group UK Limited representing 100% of the issued share capital at cost	1,455	1,455
<i>Capital contributions made to subsidiary undertakings:</i>		
Portmeirion Group UK Limited	10,146	10,146
	11,601	11,601

No interest is charged on these capital contributions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. INVESTMENT IN SUBSIDIARIES CONTINUED

At 31 December 2025 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 2803, Block A, United Plaza, No.5022, Binhe Road, Futian District, Shenzhen City, China. 510833	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.

At 31 December 2025 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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. INVENTORIES**Group**

	2025 £'000	2024 £'000
Raw materials and other consumables	5,442	5,448
Work in progress	1,014	937
Finished goods	36,837	33,374
Gross inventories	43,293	39,759
Less: Inventories provision	(4,269)	(1,525)
	39,024	38,234

20. TRADE AND OTHER RECEIVABLES**Group**

	2025 £'000	2024 £'000
Amounts receivable for the sale of goods	17,160	18,842
Allowance for expected credit loss provision	(258)	(199)
Trade receivables	16,902	18,643
Other receivables	8	198
Prepayments and accrued income	2,182	2,207
	19,092	21,048

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 £4,350,000 (2024: £4,305,000) 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 75 days (2024: 70 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.

Movement in the allowance for doubtful debts	2025 £'000	2024 £'000
Balance at the beginning of the year	199	259
Impairment losses recognised	142	173
Amounts written off as uncollectable	(83)	(233)
Balance at the end of the year	258	199

Company

	2025 £'000	2024 £'000
Amounts owed by subsidiary undertakings	14,952	15,090

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. CASH AND CASH EQUIVALENTS**Group**

	2025 £'000	2024 £'000
Cash and cash equivalents	6,495	10,897

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**

	2025 £'000	2024 £'000
Trade payables and accruals	12,265	12,621
Other taxation and social security	1,898	1,007
Other payables	1,928	281
	16,091	13,909

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 82 days (2024: 54 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**

	2025 £'000	2024 £'000
Less than 1 month	195	178
1 – 3 months	357	350
Over 3 months	1,167	1,557
Total lease liability less than one year	1,719	2,085
Total lease liability 1 – 5 years	2,887	4,407
Total lease liability 5 – 10 years	33	33
Total lease liability greater than ten years	385	398
	5,024	6,923

Total lease payments of £2,168,000 (2024: £2,470,000) were made during the year. These include capital and interest repayments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. BORROWINGS

During the year, the Group signed a bank facility amendment agreement with our lending bank, Barclays, replacing the previous EBITDA leverage and interest cover covenants with Asset Cover and Adjusted EBITDA for the period up to and including April 2027. This recognised the volatility in trading caused by US tariffs, which were announced on 2 April 2025, just days after we launched our two-year Transformation Plan on 31 March 2025. The modified facility carried an interest margin of 3.0% until September 2026 thereafter dropping back to the original 1.8% interest margin until the maturity date on 30 April 2027.

Post year-end in April 2026, a further amendment to the facility was agreed with Barclays to extend the terms of the facility to October 2027, waiving covenants requirements for March '26 and April '26 together with revised covenants being in place for the period May '26 to October '27 which align to the Group forecasts. The revised covenants require monthly compliance evaluations in respect of 'EBITDA over the last twelve months' ("EBTIDA LTM") and Asset Cover. There is no change in the interest rates charged over the extended period.

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 2025 total borrowings were as follows:

	2025 £'000	2024 £'000
Revolving credit facility	24,000	23,000
	24,000	23,000

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 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 1 January 2025	(2,557)	(474)	(5)	(282)	978	(251)	(2,591)
Credit/(charge) to income	(14)	(26)	5	—	1,410	55	1,430
Charge to other comprehensive income	—	(242)	—	—	—	—	(242)
At 31 December 2025	(2,571)	(742)	—	(282)	2,388	(196)	(1,403)

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:

	2025 £'000	2024 £'000
Deferred tax liability	(3,791)	(3,569)
Deferred tax asset	2,388	978
	(1,403)	(2,591)

The Group has recognised deferred tax assets of £1,547,000 (2024: £636,000) arising from unused tax losses and which are included as part of 'other temporary differences'. Although losses were incurred in the current or preceding period, management considers recovery probable, supported by the three-year business plan, which forecasts sufficient future taxable profits against which the deferred tax assets can be utilised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26. SHARE CAPITAL

	2025		2024	
	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 (2024: none).

Equity-settled share options and cash-settled share options granted to Directors and employees (note 33) and still outstanding at 31 December 2025 were as follows:

	Number of shares	Exercise price per share (p)	Dates on which exercisable	
			Earliest	Latest
Portmeirion Group Phantom Option Plan	5,000	469.0	03.05.2026	01.05.2028
Portmeirion Group Phantom Option Plan	46,500	257.5	08.05.2027	06.05.2029
2022 Approved Plan	126,600	257.5	08.05.2027	06.05.2034
2022 Unapproved Plan	70,900	257.5	08.05.2027	06.05.2034
2018 Deferred Incentive Plan	10,048	—	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 2024 were as follows:

	Number of shares	Exercise price per share (p)	Dates on which exercisable	
			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

Options held by the Directors are shown in the Directors' Remuneration Report on pages 51 and 52.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27. OWN SHARES

Treasury shares	2025 £'000	2024 £'000
At 1 January	393	393
Shares issued under employee share schemes	(52)	—
At 31 December	341	393

ESOP shares	2025 £'000	2024 £'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	3,056	3,108

The Group currently holds 182,633 (2024: 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 2025 was 234,523 (2024: 234,523).

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**Group**

	1 January 2025	Financing ⁽¹⁾ cash flows	Other ⁽²⁾ changes	31 December 2025
Current borrowings	23,000	1,000	—	24,000
Lease liabilities	6,923	(2,507)	608	5,024
Total liabilities from financing activities	29,923	(1,507)	608	29,024

	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

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.

The Directors consider that the carrying amount of financial liabilities approximates to their fair value.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

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.

Company

During 2025 net transactions totalling £139,000 were credited (2024: £315,000 debited) 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 (2024: £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 (2024: £2,715,000). The ESOP share reserve is disclosed in note 27.

The outstanding balances with subsidiary undertakings at 31 December 2025 and 31 December 2024 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 £1,375,000 (2024: £1,324,000) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31. PENSIONS CONTINUED**Valuation and assumptions**

For the defined benefit scheme, the most recent triennial valuation was at 5 April 2024. The main actuarial assumptions used in the valuation were:

- RPI for current and 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 and 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 2025 in accordance with IAS 19 by qualified actuaries.

The major assumptions used by the actuaries were:

	2025	2024
Rate of increase of pensions in payment:		
– Post 06.04.88 GMP	2.75%	3.05%
– Post 06.04.97 pension	2.75%	3.05%
– Rate of revaluation of pensions in deferment	2.15%	2.45%
Rate used to discount scheme liabilities	5.45%	5.40%
Inflation assumption:		
– RPI	2.85%	3.20%
– CPI	2.15%	2.45%
Life expectancy at 65 for a member:		
– Currently aged 65 – male	21.3	21.0
– Currently aged 45 – male	22.7	22.3
– Currently aged 65 – female	23.7	23.5
– Currently aged 45 – female	25.1	25.0

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected inflation increases and life expectancy. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 0.25% lower, the defined benefit obligation would increase by £585,000 (2024: £619,000).

If inflation and related assumptions increased by 0.25%, the defined benefit obligation would increase by £74,000 (2024: £81,000). If life expectancy increased by one year for both men and women, the defined benefit obligation would increase by £894,000 (2024: £928,000).

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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:

	2025 Fair value £'000	2024 Fair value £'000
Scheme assets		
Equities	6,529	5,923
Bonds	7,566	7,730
Multi asset credit	2,733	3,012
Diversified growth funds	—	—
Liability driven investments	6,377	6,223
Insured pensions	1,974	2,083
Cash	127	125
Total fair value of assets	25,306	25,096
Present value of defined benefit obligations	(22,341)	(23,200)
Asset in the scheme	2,965	1,896

Analysis of the amount included in the income statement

	2025 £'000	2024 £'000
Interest on pension scheme assets	1,315	1,180
Interest on pension scheme liabilities	(1,213)	(1,129)
Amount credited to interest income	102	51

Amounts recognised in the consolidated statement of comprehensive income

	2025 £'000	2024 £'000
Return on plan assets (excluding amounts included in net interest expense)	414	(1,677)
Actuarial gains and losses arising from changes in financial assumptions	240	2,310
Actuarial gains and losses arising from changes in demographic assumptions	333	57
Actuarial gains and losses arising from experience adjustments	(20)	11
Remeasurement of the net defined benefit pension scheme liability	967	701

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of comprehensive income since adoption of IFRS is a loss of £6,807,000 (2024: £7,774,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31. PENSIONS CONTINUED**Analysis of movements in scheme assets and liabilities**

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

	2025 £'000	2024 £'000
At 1 January	23,200	25,680
Interest cost	1,213	1,129
Remeasurements (financial assumptions)	(240)	(2,310)
Remeasurements (demographic assumptions)	(333)	(57)
Remeasurements (experience adjustments)	20	(11)
Benefits paid	(1,519)	(1,231)
At 31 December	22,341	23,200

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

	2025 £'000	2024 £'000
At 1 January	25,096	26,824
Interest on assets	1,315	1,180
Remeasurement of assets	414	(1,677)
Contributions by the employer	—	—
Benefits paid	(1,519)	(1,231)
At 31 December	25,306	25,096

Pension contributions

The estimated amount of contributions expected to be paid to the scheme during the next financial year is £Nil (2025: £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 2025, contributions of £183,000 (2024: £164,000) 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 £5,000 (2024: £9,000) at 31 December 2025.

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 2024.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Expected credit losses on trade and other receivables are measured using the simplified approach in accordance with IFRS 9.5.5.15, under which lifetime expected credit losses are recognised from initial recognition.

The Group assesses whether the credit risk of trade receivables has increased significantly since initial recognition by monitoring balances on an ongoing basis and considering both quantitative and qualitative information. This assessment includes a review of ageing, historical payment patterns and the results of credit checks performed when customer accounts are opened, together with periodic reassessment of the creditworthiness of significant customers. Expected credit loss provisions are recognised where there is evidence that contractual cash flows may not be fully recoverable.

In accordance with paragraph 5.5.10 of IFRS 9, trade receivables are considered to have low credit risk where customers have demonstrated a consistent history of timely settlement, are not past due and where no adverse credit information has been identified. Trade receivables assessed as having low credit risk are not considered to have experienced a significant increase in credit risk since initial recognition.

The Group applies the rebuttable presumption in paragraph 5.5.11 of IFRS 9 that credit risk has increased significantly when contractual payments are more than 30 days past due. This presumption is rebutted where management has evidence that the delay in payment does not indicate a deterioration in the customer's overall credit quality since initial recognition. Such circumstances may include temporary administrative delays or timing differences, where customers continue to settle amounts due and remain creditworthy based on ongoing credit assessments.

For the purposes of expected credit loss calculations, the Group defines default as occurring when amounts are more than 90 days past due or where there is other objective evidence that the customer is unlikely to pay its obligations in full without recourse to enforcement action. This definition is based on the Group's historical experience of recoverability and is consistent with its internal credit risk management practices.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include customer insolvency, liquidation or bankruptcy, the exhaustion of reasonable collection activities or instances where further recovery actions are no longer considered cost-effective. Amounts written off are derecognised from the statement of financial position. Receivables that have been written off may continue to be subject to enforcement or recovery activity, and any subsequent recoveries are recognised in profit or loss when received.

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 2025 would decrease by £191,000 (2024: £147,000).

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

32. FINANCIAL INSTRUMENTS CONTINUED**Financial risk management objectives continued**

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:

	Assets		Liabilities	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Euro	528	675	91	52
US dollar	10,592	14,732	6,482	7,572

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	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Profit/(loss)	(44)	(62)	(96)	(313)

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.

	Weighted average effective interest rate %	Less than 1 month	1-3 months	Over 3 months	Non-financial assets/(liabilities) £'000	Total £'000
		£'000	£'000	£'000		
At 31 December 2025						
Financial assets	0.50	21,210	1,384	803	—	23,397
Other assets	—	—	—	—	68,612	68,612
Pension scheme asset	—	—	—	—	2,965	2,965
Total assets		21,210	1,384	803	71,577	94,974
Financial liabilities	—	(14,194)	—	—	—	(14,194)
Borrowings	7.50	—	(24,000)	—	—	(24,000)
Other liabilities	—	(2,092)	(433)	(4,472)	(1,403)	(8,400)
Total liabilities		(16,286)	(24,433)	(4,472)	(1,403)	(46,594)
Cumulative gap		4,924	(18,125)	(21,794)	—	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

32. FINANCIAL INSTRUMENTS CONTINUED**Liquidity and interest risk tables continued**

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)	—	—

Categories of financial instruments	2025 £'000	2024 £'000
Financial assets:		
Cash and cash equivalents	6,495	10,897
Loans and receivables	16,902	18,642
	23,397	29,539
Financial liabilities:		
Amortised cost*	45,191	35,901

* 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 bonus plan ("LTIP") for senior managers and Directors.

The Group recognised an expense of £29,000 in 2025 (2024: £48,000). The Company recharged this 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33. SHARE-BASED PAYMENTS CONTINUED**Equity-settled share option schemes continued**

Details of the share options outstanding during the year are as follows:

	2025		2024	
	Number of share options	Total exercise price £	Number of share options	Total exercise price £
Outstanding at 1 January	41,561	8	41,561	8
Granted during the year	—	—	—	—
Lapsed during the year	(3,864)	(1)	—	—
Surrendered during the year	—	—	—	—
Exercised during the year	(27,649)	(4)	—	—
Outstanding at 31 December	10,048	3	41,561	8
Exercisable at 31 December	—	—	—	—

The options outstanding at 31 December 2025 had a weighted average remaining contractual life of 0.6 years (2024: 1.9 years).

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:

	2025		2024	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 January	288,000	2.575	825,500	5.513
Granted during the year	—	—	323,000	2.575
Lapsed during the year	(90,500)	2.575	(360,500)	5.808
Surrendered during the year	—	—	(500,000)	5.094
Exercised during the year	—	—	—	—
Outstanding at 31 December	197,500	2.575	288,000	2.575
Exercisable at 31 December	—	—	—	—

The options outstanding at 31 December 2025 had a weighted average remaining contractual life of 8.4 years (2024: 9.4 years).

In 2025, there were no options granted. The aggregate estimated fair value of options granted in the prior year is £135,000 (2024: £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:

	2025	2024
Weighted average share price at date of grant	£2.575	£2.575
Weighted average exercise price	£2.575	£2.575
Expected volatility	36%	36%
Expected life	4 years	4 years
Risk-free rate	4.15%	4.15%
Expected dividend rate	2.91%	2.91%

Expected volatility was determined by calculating the historical volatility over the previous four years. The expected life used in the model is based upon management's best estimate of life using historical experience as a benchmark.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34. POST BALANCE SHEET EVENTS

In April 2026, the Group amended the RCF facility with its lending bank, Barclays. This extended maturity to October '27, waived covenants for March '26 and April '26 and revised covenants for May '26 to October '27 in line with the Group's updated forecasts.

FIVE-YEAR REPORT CARD

FINANCIAL AND OPERATIONAL SUMMARY

		Year ended 31 December 2025	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Revenue	£'000	91,063	91,212	102,743	110,820	106,018
Revenue at constant currency	£'000	92,605				
Headline Pre-tax Profit ^(1, 5)	£'000	(3,562)	1,066	3,033	8,004	7,195
Basic EPS	pence	(47.2)	8.04	21.36	46.59	38.85
Pre-Tax Margin	%	(7.2)	0.1	(8.3)	6.3	5.6
Cash generated from operations	£'000	526	2,091	10,781	1,646	8,683
Free cash flow	£'000	(5,648)	(3,691)	4,388	(7,860)	21
(Net Debt)/Cash	£'000	(17,505)	(12,103)	(7,920)	(10,089)	665
Gearing ⁽²⁾	%	36.2	21.8	14.4	15.5	—
Return on Capital Employed (ROCE) ⁽³⁾	%	(10.0)	3.2	(10.4)	10.2	8.8
Inventory	£'000	39,024	38,234	35,956	41,117	29,224
Shareholders' Funds	£'000	48,380	55,562	54,990	66,683	61,947
Dividends paid and proposed per share	pence	—	1.50	5.5	15.5	13.0
Dividends paid in the year	£'000	—	482	2,133	2,269	—
Dividend Cover ⁽⁴⁾		—	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		662	659	783	857	896

(1) Constant currency metrics exclude foreign exchange movements by translating current-year results at prior-year exchange rates, enabling consistent comparison of underlying performance.

(2) 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.

(3) 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.

(4) 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.

(5) The financial results for the period 2021 to 2024 have been re-presented to include exceptional items within Operating loss/(profit). This is a reclassification in nature only to present exceptional costs within operating profit bringing the presentation more in line with statutory format and representing a direct reconciliation to the operating result presented in the cashflow. The net results of the Group have not changed from that previously presented.

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