

19 September 2024

**PORTMEIRION GROUP PLC**  
**('the Group')**

**Interim results for the six months ended 30 June 2024**

***Sales growth in US and UK, South Korea challenging as anticipated***  
***Current trading in line with market expectations with a strong Christmas order book***

Portmeirion Group PLC, the owner, designer, manufacturer and omni-channel retailer of leading homeware brands in global markets, is pleased to announce its results for the six months ended 30 June 2024.

**Financial summary**

	<b>H1 2024</b>	H1 2023	FY 2023
	<b>£m</b>	£m	£m
<b>Revenue</b>	<b>36.6</b>	44.1	102.7
<b>Headline (loss)/profit before tax<sup>1</sup></b>	<b>(2.0)</b>	0.0	3.0
<b>Statutory (loss)/profit before tax</b>	<b>(2.6)</b>	(0.1)	(8.5)
<b>Headline EBITDA<sup>1</sup></b>	<b>0.8</b>	2.8	9.2
<b>EBITDA</b>	<b>0.1</b>	2.7	8.5
<b>Headline basic (loss) / earnings per share<sup>1</sup></b>	<b>(15.81p)</b>	(0.12p)	21.36p
<b>Statutory Basic (loss) / earnings per share</b>	<b>(19.18p)</b>	(0.82p)	(61.46p)
<b>Dividends proposed and paid per share in respect of the period</b>	<b>1.50p</b>	3.50p	5.50p
<b>Free cash flow</b>	<b>-5.2</b>	-3.2	4.4
<b>Net debt</b>	<b>-13.4</b>	-15.0	-7.9

<sup>1</sup>Headline profit before tax, headline EBITDA, headline operating margin and headline basic earnings per share excludes exceptional items - see note 3.

**Financial**

- H1 Group revenue of £36.6 million, a decrease of 17% compared to the prior year (H1 2023: £44.1 million) due to reduced sales in South Korea, as previously indicated.
- Excluding South Korea, sales were up 5% in constant currency.
- Headline loss before tax<sup>1</sup> of £2.0 million (H1 2023: £0.0 million) which was in line with the Board's expectations.
- Sales growth in core UK and US markets. South Korea sales impacted by challenging consumer environment and high stock levels taking more time to sell through.
- Interim dividend declared of 1.50p per share (H1 2023: 3.50p) to reflect rebalancing of H1/H2 dividends, with full year dividend market expectations maintained.
- Inventory maintained below 2023 levels at £40.0 million (H1 2023: £42.1 million).
- Net debt is £13.4 million, being £1.6 million better than H1 2023 (H1 2023: £15.0 million).
- In August 2024, the Group signed a new 4+1 year term £30 million revolving credit facility with Barclays to consolidate and simplify our borrowing structure

and provide adequate working capital headroom for the future. This replaces the Group's previous facilities totalling £24.5 million.

### **Operational**

- Sales in the US were up 5% in constant currency combined with an improvement in gross margins.
- Sales growth in UK of 11%, aided by further growth of Wax Lyrical, our home fragrance division, which benefitted from the impact of recent new listing wins in the grocery channel.
- As anticipated South Korea sales were down 61% against a comparison of an abnormally high first half in 2023, with softer consumer spending compounded by significant de-stocking by distributors and retailers.
- Strong H1 performance by the Spode brand with further sales growth, and expect H2 sales increase due to further international growth in Spode Christmas Tree range.

### **Current Trading & Outlook**

- We expect FY24 profit to be up on prior year with improving operating margins, in line with FY market expectations.
- Our cost restructuring is on track to deliver £4m lower overheads in FY24 supporting our commitment to growing operating margins in the short and long term.
- Following a challenging first half in South Korea, we expect sales in the second half to be broadly in line with the prior year.
- We have strong order books for Christmas, ahead of the same period last year, despite markets remaining challenging and unpredictable.

### **Mike Raybould, Chief Executive**, commented:

*"We are pleased with the sales and gross margin growth in the US, our largest sales market. We have added new distribution in the US in the last 6 months and are confident that as the macroeconomics improve that we will see the benefit in our top line sales.*

*Similarly, we continue to take market share in the UK Grocery channel with our new Wax Lyrical home fragrance ranges and with further new major listings since the half year, our factory in Cumbria continues to successfully ramp up production levels and efficiency.*

*As previously indicated, the Group has seen reduced order flow in H1 2024 from our South Korean market as high levels of stock take time to sell through. However, we are encouraged that our brands continue to be in high demand in this market as evidenced by growing online sales and that our Botanic Garden tableware range remains in the top two for all online brand searches. Furthermore, we are accelerating new product launches to help support this market in the short term.*

*Our brands continue to resonate globally and with a healthy Christmas order book, we are currently trading in line with board expectations and are on track to meet Full Year market expectations."*

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**NOTES TO EDITOR:**

Portmeirion Group PLC is a leading, omni-channel British ceramics manufacturer and retailer of leading homeware brands.

Based in Stoke-on-Trent, United Kingdom, the Group owns six unrivalled heritage and contemporary brands, with 750+ years of collective heritage; Portmeirion, Spode, Royal Worcester, Pimpernel, Wax Lyrical and Nambé.

The Group serves markets across the world, with global demand driven by diversified international markets including the key geographies of the US, UK and South Korea.

Portmeirion Group has a proven capital-light, well developed and self-funded growth strategy focused on building a wider customer base and growing the sales footprint of its brands, through:

- Building and growing international sales markets
- Developing online sales channels in core markets
- Designing and launching new product to widen appeal and take market share
- Leveraging brands and extensive product ranges

**Interim Review****Financial highlights**

Revenue was £36.6 million for the first six months of the year, a decrease of 17% over the prior year (H1 2023: £44.1 million). Excluding our South Korean market, sales were up 5% in constant currency.

Our operating performance was negatively impacted by the sales reduction and resulting reduced production levels in our UK tableware factory; headline operating loss<sup>1</sup> was £1.2 million (H1 2023: profit of £0.7 million). This left the Group's operating margin at -3.4% for the first half of the year (H1 2023: 1.6%).

Operating costs were reduced from £43.4 million to £37.9 million - this included a net £2.3 million reduction in overheads, in line with our target of reducing by £4 million (10%) on an annualised basis.

As a result of the reduced sales performance, headline loss before tax<sup>1</sup> was £2.0 million (H1 2023: £nil).

Headline basic loss per share<sup>1</sup> was 15.81p (H1 2023: 0.12p).

<sup>1</sup> Headline profit before tax, headline operating profit and headline earnings per share excludes exceptional items (see note 3).

**Operational overview**

The Group's largest sales market, North America (the US and Canada), accounted for 40% of total Group revenue. Sales were 1% ahead of the first half of 2023 at £14.5 million (H1

2023: £14.4 million) and up 5% at constant currency as sales stabilised after a period of retail destocking.

Our second largest market is the UK, which accounted for 35% of total Group sales. Sales were 11% ahead of the prior year at £13.0 million (H1 2023: £11.7 million) aided by further growth of over 25% in Wax Lyrical, our home fragrance division, which benefitted from the impact of recent new listing wins in the grocery channel.

In South Korea, our third largest market accounting for 15% of total Group revenue, sales declined by 61% to £5.6 million (H1 2023: £14.3 million). H1 sales were against an abnormally high first half in 2023, with softer consumer spending compounded by significant de-stocking by distributors and retailers. We expect sales in the second half to be more in line with H2 2023.

In our rest of world markets, sales were down 4% over the same period in 2023 at £3.5 million (H1 2023: £3.7 million). This reduction was largely due to timing of shipments to Asian markets such as Malaysia, and we expect the full year rest of world sales outturn to be ahead of the prior year as part of our long-term strategy.

We continue to invest in new products for our customers around the world and are pleased with the initial performance of a number of new ranges including the new Portmeirion Minerals tableware range and Wax Lyrical England home fragrance products.

### **Balance sheet**

The Group ended the first half of 2024 with net debt of £13.4 million at 30 June 2024; this compares to net debt of £15.0 million at 30 June 2023 and net debt of £7.9 million at 31 December 2023. The increase in net debt since the year end is largely driven by the year to date loss and an increase in inventory as we begin to build our holdings of seasonal product ahead of the important second half of the year.

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

Our stock balance at 30 June 2024 was £40.0 million compared to £42.1 million at 30 June 2023 and £36.0 million at 31 December 2023. The increase since the year end was largely driven by a build of stock for Q3 orders, with seasonal product in transit at the half year date and home fragrance inventory built for customer demand. We expect to see inventory levels decrease in the second half of the year as these orders are fulfilled and remain committed to reducing stock levels over the medium term.

### **Dividend**

The Board remains committed to a sustainable dividend policy with an appropriate level of cover. Our policy will ensure that we retain and invest sufficient capital in our business to drive long-term growth in our brands. We currently consider that a level of cover at or close to three times the dividends paid and proposed for the year is the appropriate rate for the medium-term to allow increased investment whilst providing a return for shareholders.

Prudently, given the ongoing macro-economic uncertainty and the continued prioritisation of further reduction to net debt, the Board is declaring an interim dividend of 1.50p per share (2023: 3.50p). The interim dividend reflects a rebalancing of H1/H2 dividends from 2023 to align with the anticipated phasing of profitability, with no change to the full year dividend market expectations. The interim dividend will be paid on 13 December 2024. The ex-dividend date will be 14 November 2024 with a record date of 15 November 2024.

The cover for dividends paid and proposed for 2023 was 3.88 times.

### **Environmental, Social and Governance (ESG)**

In May 2023, the Group launched a new sustainability strategy and roadmap entitled '*Crafting a Better Future*' which outlines the Group's commitment to becoming a more sustainable business. The launch represents the next level of ambition for the Group - to ensure that we continue to reduce our impact on the environment and support our colleagues and communities.

We continue to drive our progress on reducing our energy consumption and in H1 reduced gas and electricity usage by 10% compared to the prior year as a result of energy efficiency programmes. In addition, we have recently taken the opportunity to extend our energy contracts until Q1 2027 at a lower cost.

Further details on our ESG commitments and integration within the Group can be found on our website, [www.portmeiriongroup.com](http://www.portmeiriongroup.com), and in the Section 172(1) statement - Engaging with key stakeholders, Our commitment to ESG and the Corporate Governance Statements in our Annual Report and Accounts.

### **Corporate governance and Board**

On 6 September 2024 the Group announced that Jonathan Hill joined with immediate effect and will be appointed as Group Finance Director from 1 October 2024. Jonathan will join the Board following the satisfactory completion of the required regulatory checks. Jonathan is a qualified Chartered Accountant with over 20 years of finance and leadership experience across multiple industry sectors having spent extensive time living abroad heading up international finance teams and supporting sales market development.

Following sixteen years with the Group, David Sproston is stepping down from the Board and his role as Group Finance Director to pursue new opportunities. We would like to thank David for all his hard work and time he has given to the Group over his tenure and we wish him well in the future.

The Group is a committed member of the Quoted Companies Alliance ("QCA") and has chosen to apply the QCA Corporate Governance Code, complying with its principles throughout the period. Further details can be found on our website at [www.portmeiriongroup.com/investors](http://www.portmeiriongroup.com/investors).

The Board keeps its composition and performance under review to ensure that we have the appropriate skills and experience in place to deliver our strategy.

### **Group Strategy**

Our homeware brands have a combined history of more than 750 years and are much loved around the world.

We see a strong opportunity to grow our sales as sales markets around the world normalise following a period of inflation and interest rate shock on consumer spending.

We remain focused on:

1. Developing our key heritage ranges that are well known around the world through new product extensions, new sales channels and new geography.
2. Increasing our market share in contemporary and giftware markets. We intend to drive this via new product development and leveraging our well-known brands and global sales infrastructure.

## ***Executing our growth strategy***

### ***1. Geography - building and growing sales markets outside of our three core markets of North America, UK and South Korea***

Rest of World H1 sales were £3.5 million, a decrease of 4% over the prior year. This decrease was mainly due to timing of order shipments and we expect to grow our sales for the full year. Our products are sold in more than 80 countries around the world. Our three core markets of North America, UK and South Korea accounted for 90% of Group sales in H1 2024.

We continue to see a significant opportunity to grow the contribution from sales outside of core markets over the next 3-5 years.

### ***2. Online - further developing online sales channels in our core markets reaching more potential customers on more occasions***

We continue to invest in building long term direct-to-consumer relationships through our own ecommerce sites in the UK and US.

In our core UK and US markets, sales through all online channels accounted for 47% of sales (H1 2023: 48%, FY 2023: 44%). In addition, we continued to build our online presence in international markets including South Korea where our online customer, Coupang, continued to drive strong sales growth.

For our own websites, we have improved net profitability significantly across the last 12 months and look forward to the benefit as we enter our traditionally stronger second half.

### ***3. Designing and launching new products - widening the appeal with our existing customer base and taking market share***

Sales from new product launches in H1 2024 accounted for in excess of 10% of the Group's total sales, with a strong roadmap of new launches for the next 18 months.

We expect to see further strengthening of this KPI due to our investment in this area. For 2024, we have launched a new UK made edition of our very popular Spode Christmas Tree range which will sell in the US, UK and South Korea during the fourth quarter.

### ***4. Leveraging our brands***

Our brands are well known across our key markets and we see a strong opportunity to leverage our portfolio across different markets. We continue to invest in our six global brands and work on leveraging the strength of our brands outside of their current core markets.

Our Spode brand has grown again in H1 2024 and we expect further benefits in H2 2024 due to market growth in Spode Christmas Tree outside of its core US market.

## ***Opportunity to improve our operating margins in medium and long term***

### ***1. Improving productivity and efficiency in our UK factories through capital investment and process improvement***

We are proud to manufacture around 50% of our tableware sales in our factory in Stoke-on-Trent and all of our home fragrance product in our Lake District factory.

We have accelerated capital investment in our Stoke-on-Trent site over the last 3 years investing in automation, reducing manual handling so that we can increase productivity and capabilities.

We are also delighted that ongoing project work to reduce our energy consumption and carbon footprint resulted in 10% lower energy used in our UK factories vs. 2023.

In our home fragrance factory, we have significantly increased our output as a result of our sales growth in the grocery channel and seen benefits as we leverage our fixed cost base in terms of throughput.

## ***2. Leveraging our fixed cost base as we grow top line sales***

We still see a significant opportunity to grow our sales footprint over the next 3-5 years which will enable us to leverage our spare factory capacity and improve capabilities in our UK factories and our existing sales and distribution infrastructure around the world.

In 2024 we have taken the opportunity to restructure our cost base to provide a significantly leaner operating model that should allow operating margins to improve more quickly once sales markets around the world normalise. As a result, we anticipate overhead costs will be around 10% (£4 million) lower in 2024 than the prior year.

## ***3. Improving the profitability of our home fragrance division back to pre-Covid levels***

Wax Lyrical, our home fragrance division, had a positive H1 2024 with both an improved sales and profit performance.

Our continued strategy to target grocery customers is starting to bear fruit. Our sales since the half year have continued to grow with further new listings added in major Grocery retailers. We expect the division to be profitable for FY24.

## **Outlook**

We are encouraged by our strong Christmas order books for the US and expect our second half sales in South Korea to be more in line with the prior year. However, we remain aware of the ongoing uncertainty and challenges facing consumers across the world. In the short term, we expect this to continue to impact consumer spending decisions for discretionary homeware products. We expect FY24 profit to be up on prior year and in line with market forecasts together with improved operating margins.

We are also accelerating new product design launches to help support customers in Korea whilst higher stock levels of existing ranges continue to dissipate.

We continue to successfully navigate supply chain disruption from Asia, including delays to factory production from the adverse weather events in China over the summer and the increase in container shipping costs and sailing times.

Despite short term market pressures, we remain confident in our medium and long term ambitions to grow our top line sales and significantly improve our operating margins. We have taken market share across key markets, continue to drive further online penetration with our well known, established brands and have a leaner cost base across our operations and global business.

**Dick Steele**

Non-executive Chairman

**Mike Raybould**

Chief Executive

## Unaudited Consolidated Income Statement for the six months to 30 June 2024

	Notes	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
<b>Revenue</b>	<b>2</b>	<b>36,609</b>	44,122	102,743
Operating costs		<b>(37,857)</b>	(43,408)	(97,920)
Headline operating (loss)/profit <sup>1</sup>		<b>(1,248)</b>	714	4,823
Exceptional items	<b>3</b>			
- restructuring costs		<b>(620)</b>	(124)	(694)
- impairment charge		-	-	(10,867)
<b>Operating (loss)/profit</b>		<b>(1,868)</b>	590	(6,738)
Interest income		-	-	23
Finance costs	<b>4</b>	<b>(770)</b>	(703)	(1,813)
Headline (loss)/profit before tax <sup>1</sup>		<b>(2,018)</b>	11	3,033
Exceptional items	<b>3</b>			
- restructuring costs		<b>(620)</b>	(124)	(694)
- impairment charge		-	-	(10,867)
<b>Loss before tax</b>		<b>(2,638)</b>	(113)	(8,528)
Tax	<b>5</b>	-	-	72
<b>Loss for the period attributable to equity holders</b>		<b>(2,638)</b>	(113)	(8,456)
Earnings per share	<b>7</b>			
Basic		<b>(19.18p)</b>	(0.82p)	(61.46p)
Diluted		<b>(19.15p)</b>	(0.82p)	(61.41p)
Headline earnings per share <sup>1</sup>	<b>7</b>			
Basic		<b>(15.81p)</b>	(0.12p)	21.36p
Diluted		<b>(15.79p)</b>	(0.12p)	21.34p
Dividends proposed and paid per share	<b>6</b>	<b>1.50p</b>	3.50p	5.50p

All the above figures relate to continuing operations.

<sup>1</sup>Headline operating loss is statutory operating loss of £1,868,000 (H1 2023: £590,000 operating profit) add exceptional items of £620,000 (H1 2023: £124,000). Headline loss before tax is statutory loss before tax of £2,638,000 (H1 2023: loss before tax of £113,000), add exceptional items of £620,000 (H1 2023: £124,000).

## Unaudited Consolidated Statement of Comprehensive Income for the six months to 30 June 2024

	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
Loss for the period	<b>(2,638)</b>	(113)	(8,456)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			



Remeasurement of net defined benefit pension scheme asset	-	-	504
Deferred tax relating to items that will not be reclassified subsequently to profit or loss	-	-	(126)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	<b>101</b>	(1,050)	(1,400)
<b>Other comprehensive loss for the period</b>	<b>101</b>	(1,050)	(1,022)
<b>Total comprehensive loss for the period attributable to equity holders</b>	<b>(2,537)</b>	(1,163)	(9,478)

## Unaudited Consolidated Balance Sheet for the six months to 30 June 2024

	<b>30 June 2024 £'000</b>	30 June 2023 £'000	31 December 2023 £'000
<b>Non-current assets</b>			
Goodwill	<b>1,749</b>	9,467	1,749
Intangible assets	<b>7,728</b>	9,119	7,511
Property, plant and equipment	<b>14,712</b>	16,640	15,020
Right-of-use assets	<b>7,048</b>	5,820	7,325
Pension scheme surplus	<b>1,144</b>	617	1,144
<b>Total non-current assets</b>	<b>32,381</b>	41,663	32,749
<b>Current assets</b>			
Inventories	<b>39,974</b>	42,100	35,956
Trade and other receivables	<b>16,868</b>	17,319	19,053
Current income tax asset	-	121	-
Cash and cash equivalents	<b>733</b>	1,460	888
<b>Total current assets</b>	<b>57,575</b>	61,000	55,897
<b>Total assets</b>	<b>89,956</b>	102,663	88,646
<b>Current liabilities</b>			
Trade and other payables	<b>(12,906)</b>	(12,938)	(13,860)
Current income tax liability	<b>(50)</b>	-	(161)
Borrowings	<b>(14,165)</b>	(14,436)	(7,825)
Lease liabilities	<b>(1,987)</b>	(1,239)	(1,972)
<b>Total current liabilities</b>	<b>(29,108)</b>	(28,613)	(23,818)
<b>Non-current liabilities</b>			
Deferred tax liability	<b>(3,020)</b>	(3,213)	(3,015)
Borrowings	-	(2,000)	(983)
Lease liabilities	<b>(5,627)</b>	(5,058)	(5,840)
<b>Total non-current liabilities</b>	<b>(8,647)</b>	(10,271)	(9,838)
<b>Total liabilities</b>	<b>(37,755)</b>	(38,884)	(33,656)
<b>Net assets</b>	<b>52,201</b>	63,779	54,990
<b>Equity</b>			
Called up share capital	<b>710</b>	710	710
Share premium account	<b>18,344</b>	18,344	18,344
Investment in own shares	<b>(3,108)</b>	(3,108)	(3,108)
Share-based payment reserve	<b>90</b>	58	66
Translation reserve	<b>2,353</b>	2,602	2,252
Retained earnings	<b>33,812</b>	45,173	36,726
<b>Total equity</b>	<b>52,201</b>	63,779	54,990

**Unaudited Consolidated Statement of Changes in Equity for the six months to 30 June 2024**

	Share capital £'000	Share premium account £'000	Investment in own shares £'000	Share-based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
<b>At 1 January 2023</b>	<b>710</b>	<b>18,344</b>	<b>(3,108)</b>	<b>148</b>	<b>3,652</b>	<b>46,937</b>	<b>66,683</b>
Loss for the period	-	-	-	-	-	(113)	(113)
Other comprehensive loss for the period	-	-	-	-	(1,050)	-	(1,050)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,050)</b>	<b>(113)</b>	<b>(1,163)</b>
Decrease in share-based payment reserve	-	-	-	(90)	-	-	(90)
Dividends paid	-	-	-	-	-	(1,651)	(1,651)
<b>At 30 June 2023</b>	<b>710</b>	<b>18,344</b>	<b>(3,108)</b>	<b>58</b>	<b>2,602</b>	<b>45,173</b>	<b>63,779</b>
Loss for the period	-	-	-	-	-	(8,343)	(8,343)
Other comprehensive income for the period	-	-	-	-	(350)	378	28
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(350)</b>	<b>(7,965)</b>	<b>(8,315)</b>
Dividends paid	-	-	-	-	-	(482)	(482)
Increase in share-based payment reserve	-	-	-	8	-	-	8
<b>At 31 December 2023</b>	<b>710</b>	<b>18,344</b>	<b>(3,108)</b>	<b>66</b>	<b>2,252</b>	<b>36,726</b>	<b>54,990</b>
Loss for the period	-	-	-	-	-	(2,638)	(2,638)
Other comprehensive income for the period	-	-	-	-	101	-	101
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>(2,638)</b>	<b>(2,537)</b>
Increase in share-based payment reserve	-	-	-	24	-	-	24
Dividends paid	-	-	-	-	-	(276)	(276)
<b>At 30 June 2024</b>	<b>710</b>	<b>18,344</b>	<b>(3,108)</b>	<b>90</b>	<b>2,353</b>	<b>33,812</b>	<b>52,201</b>

**Unaudited Consolidated Statement of Cash Flows for the six months to 30 June 2024**

	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
<b>Operating (loss)/profit</b>	<b>(1,868)</b>	590	(6,738)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	<b>625</b>	686	1,459
Depreciation of right-of-use assets	<b>1,073</b>	988	2,058

Amortisation of intangible assets	317	434	884
Charge/(credit) for share-based payments	24	(90)	(82)
Exchange gain/(loss)	35	618	(1,053)
Impairment charge	-	-	10,867
<b>Operating cash flows before movements in working capital</b>	<b>206</b>	<b>3,226</b>	<b>7,395</b>
(Increase)/decrease in inventories	(4,018)	(2,052)	5,161
Decrease in receivables	2,185	2,104	834
Decrease in payables	(954)	(3,275)	(2,609)
<b>Cash (used by)/generated from operations</b>	<b>(2,581)</b>	<b>3</b>	<b>10,781</b>
Contributions to defined benefit pension scheme	-	(300)	(300)
Interest paid	(558)	(596)	(1,569)
Income tax refunded	(111)	587	684
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(3,250)</b>	<b>(306)</b>	<b>9,596</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(312)	(753)	(1,340)
Purchase of intangible assets	(507)	(1,007)	(1,585)
<b>Net cash outflow from investing activities</b>	<b>(819)</b>	<b>(1,760)</b>	<b>(2,925)</b>
<b>Financing activities</b>			
Dividends paid	(276)	(1,651)	(2,133)
Principal elements of lease payments	(1,165)	(1,086)	(2,283)
Drawdown/(repayment) of short term borrowings	6,357	11,916	(964)
Repayments of borrowings	(1,000)	(7,250)	(2,000)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>3,916</b>	<b>1,929</b>	<b>(7,380)</b>
Net decrease in cash and cash equivalents	(153)	(137)	(709)
Cash and cash equivalents at beginning of period	888	1,681	1,681
Effect of foreign exchange rate changes	(2)	(84)	(84)
<b>Cash and cash equivalents at end of period</b>	<b>733</b>	<b>1,460</b>	<b>888</b>

## Notes to the Interim Financial Information

### 1. Basis of preparation

The financial information included in the interim results announcement for the six months to 30 June 2024 was approved by the Board on 18 September 2024.

The interim financial information for the six months to 30 June 2024 has not been audited or reviewed and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Company's statutory accounts for the year ended 31 December 2023, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The interim financial information has been prepared in accordance with IFRS on the historical cost basis, except that some derivative financial instruments are stated at their fair value. The same accounting policies, presentation and methods of computation are followed in the interim financial statements as were applied in the Group's last audited financial statements for the year ended 31 December 2023.

Statutory accounts for the year ended 31 December 2023 have been delivered to the Registrar of Companies.

### Going concern

The Directors, having made suitable enquiries and analysis of the accounts, consider that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered the Group's current trading performance and available banking facilities with appropriate headroom in facilities and financial covenants.

There remains ongoing challenges in our sales markets around the world caused by the negative impact of the cost of living crisis, but the Group remains well-diversified with adequate headroom within both borrowing quantum and covenants following the new revolving credit facility signed with Barclays in August 2024.

The Group has also produced a sensitivity analysis to its cash flow forecast based upon possible downside scenarios. We have modelled a 10% sales reduction across all geographies to assess the potential impact of a significant downturn in trading performance similar to the reduction experienced in 2020 during the Covid-19 pandemic. This demonstrated the Group still has sufficient headroom within borrowing facilities and loan covenants.

We have also considered a reverse stress-tested scenario to try and assess the amount of sales reduction required before the Group begins to approach maximum facility and covenant headroom. This demonstrated that sales across the Group could reduce by approximately 16% before we breached facility limits or covenants, assuming no further mitigating cost actions were undertaken.

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

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those detailed on page 80 of the Group's 2023 Financial Statements.

## Notes to the Interim Financial Information

### Continued

### 2. Segmental analysis

The following tables provide an analysis of the Group's revenue by operating segment and geographical market, irrespective of the origin of the products:

Operating segment	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
UK	22,024	29,547	60,076
North America	14,585	14,575	42,667
	36,609	44,122	102,743

Geographical market	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
United Kingdom	12,990	11,703	30,782
North America	14,528	14,422	42,407
South Korea	5,558	14,333	21,488
Rest of the World	3,533	3,664	8,066
	36,609	44,122	102,743

### 3. Exceptional items

	Six months	Six months	Year to
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	to 30 June 2024 £'000	to 30 June 2023 £'000	31 December 2023 £'000
Restructuring costs	620	124	694
Impairment charge	-	-	10,867
	<b>620</b>	124	11,561

Exceptional costs relate to a restructuring exercise undertaken within the Group. All of these costs are exceptional in nature and non-recurring.

#### 4. Finance costs

	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
Interest paid	558	596	1,568
Interest on lease liabilities	212	107	245
	<b>770</b>	703	1,813

### Notes to the Interim Financial Information Continued

#### 5. Taxation

Tax for the interim period is charged at 0% (year to 31 December 2023: 23%) due to a loss being incurred during the period. The expected weighted average annual corporation tax rate for the year is 25%.

#### 6. Dividend

An interim dividend of 1.50p (2023: 3.50p) per ordinary share will be paid on 13 December 2024 to shareholders on the register on 15 November 2024. During the period a final dividend of 2.00p (2023: 12.00p) per ordinary share was paid in respect of the previous financial year.

#### 7. Earnings per share

	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
<b>Earnings</b>			
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to equity holders	<b>(2,638)</b>	(113)	(8,456)

	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
<b>Number of shares</b>			
Weighted average number of shares for the purpose of basic earnings per share	<b>13,759,282</b>	13,759,282	13,759,282
Weighted average dilutive effect of conditional share awards	<b>18,231</b>	13,658	10,566
Weighted average number of shares for the purpose of diluted earnings per share	<b>13,777,513</b>	13,772,940	13,769,848

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

	<b>Six months to 30 June 2024 £'000</b>	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
Loss for the period attributable to equity holders	<b>(2,638)</b>	(113)	(8,456)
Add back/(deduct):			
Exceptional items	<b>620</b>	124	11,561
Tax effect of exceptional items	<b>(158)</b>	(28)	(166)
Headline earnings	<b>(2,176)</b>	(17)	2,939

## Notes to the Interim Financial Information

### Continued

#### 8. Reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA)

##### Headline EBITDA

	<b>Six months to 30 June 2024 £'000</b>	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
Headline operating (loss)/profit	<b>(1,248)</b>	714	4,823
Add back:			
Depreciation	<b>1,698</b>	1,674	3,517
Amortisation	<b>317</b>	434	884
<b>Headline earnings before interest, tax, depreciation and amortisation</b>	<b>767</b>	2,822	9,224

##### Statutory EBITDA

	<b>Six months to 30 June 2024 £'000</b>	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
Operating (loss)/profit	<b>(1,868)</b>	590	(6,738)
Add back:			
Depreciation	<b>1,698</b>	1,674	3,517
Amortisation	<b>317</b>	434	884
Impairment charge	-	-	10,867
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>147</b>	2,698	8,530

#### 9. Retirement benefit schemes

##### Defined benefit scheme

The defined benefit obligation as at 30 June 2024 is calculated on a year-to-date basis, using the latest actuarial valuation as at 31 December 2023.

There have been no significant market fluctuations and significant one-off events, such as plan amendments, curtailments and settlements that have resulted in an adjustment to the actuarially determined pension cost since the end of the prior financial year.

The Group has made no contributions to the scheme during the period (2023: £300,000).

#### **10. Related party transactions**

The Group's related parties are as disclosed in the Report and Accounts for the year ended 31 December 2023. There were no material differences in related parties or related party transactions in the six months ended 30 June 2024 except for transactions with key management personnel.

The most significant of these was on 7 May 2024, under The Portmeirion Group 2022 Approved and Unapproved Share Option Plans, when 50,000, 35,000, 35,000, 35,000 and 20,000 share options awards were granted to M Raybould, M Knapper, W Robedee, D Sproston and M MacDonald respectively at an option price of £2.575 per share when the market price was £2.575 per share.

#### **11. Post balance sheet events**

On 30 August 2024 the Group signed a new 4+1 year term £30 million revolving credit facility with Barclays to consolidate and simplify our borrowing structure and provide adequate working capital headroom. This replaces the existing facilities provided by Lloyds.

#### **12. Availability of document**

A copy of the interim results will shortly be available on the Company website at [www.portmeiriongroup.com](http://www.portmeiriongroup.com).

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