2023 Interim Results

September 2023

PORTMEIRIONGROUP PLC
2023

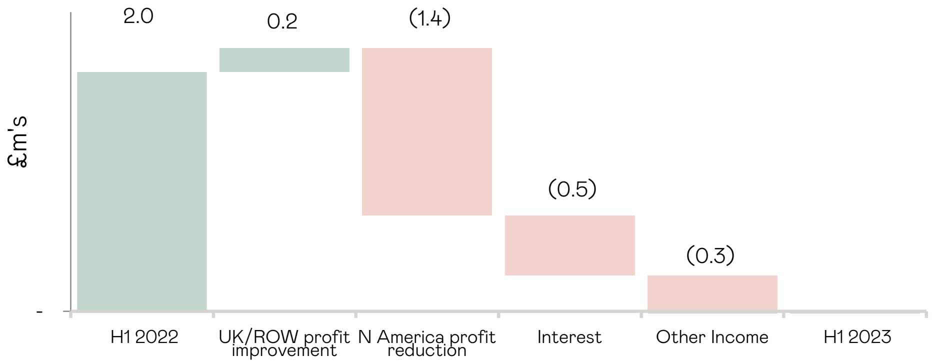
H1 23 overview

- Resilient performance with total sales down 3% on tough comparator (record 2022 sales) despite diminished consumer sentiment
- North America down 13% reflecting previously stated customer de-stocking
- Robust sales performance outside of North America
- Profit: £nil due to high operational gearing drop through on sales – Group traditionally second half weighted
- Christmas order books ahead of prior year and started to ship per forecasts
- Maintaining focus on tight control of operating costs
- Operating margin medium-term target of 10% remains viable and long-term target of 12.5%
- Interim dividend maintained at 3.50p

H1 2023 performance

- Sales decline 3% versus record 2022 sales due to increased caution on ordering from US retailer customers
- Sales remain +26% ahead of 2019 pre-Covid levels
- Peak inflation cost in inventory including container freight – subsides H2 2023/2024
- Small underlying profit increase across UK/ROW/South Korea/Wax Lyrical
- Interim dividend maintained
- Net debt increase due to higher working capital – expected to improve by year end below FY 2022 levels

Profit Walk



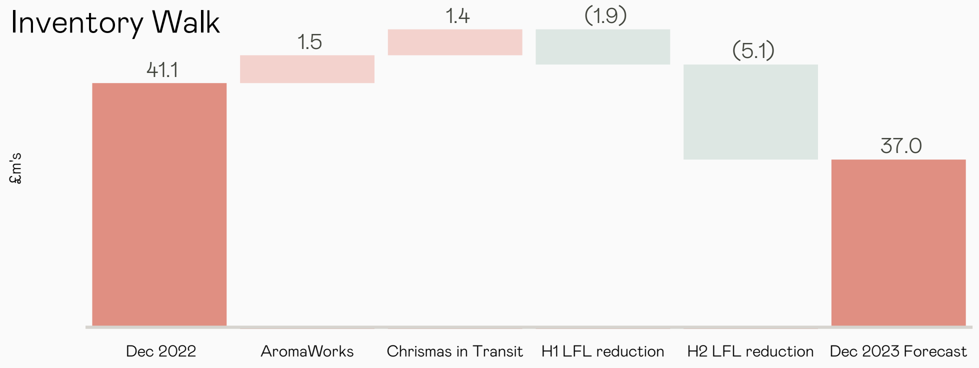
	2023 £m	2022 £m	2019 £m	2023 v 2022 Change	2023 v 2019 Change
Revenue	44.1	45.5	34.9	-3%	+26%
Headline* profit before tax	0.0	2.0	0.5	-100%	-100%
Headline* operating profit margin	1.6%	4.3%	1.7%	-2.7%	-0.1%
Headline* EPS	(0.12p)	12.00p	3.96p	-101%	-103%
Dividends	3.50p	3.50p	8.00p	-	-4.50p
Net debt	(15.0)	(6.8)	(5.8)	-8.2	-9.2

*Headline numbers exclude exceptional items; acquisition and restructuring costs.

Strong balance sheet maintained

- Net assets increased by 1%
- Significant facility headroom
- Net debt £15.0 million, December 23 forecast reduction of 30% year on year
- Like-for-like inventory reduction of 5% with more progress to come in H2
- Pension scheme small surplus

Inventory Walk



	2023 £m	2022 £m	2019 £m	2023 v 2022 Change	2023 v 2019 Change
Non-current assets	41.0	38.9	30.3	5%	35%
Inventory	42.1	42.6	24.2	-1%	74%
Trade & other receivables	17.3	14.0	12.9	24%	34%
Cash	1.5	3.2	2.2	-53%	-32%
Total current assets	60.9	59.8	39.3	2%	55%
Trade and other payables	-22.3	-27.0	-16.7	-17%	34%
Borrowings	-16.4	-10.0	-8.0	64%	-105%
Pension scheme	0.6	1.4	0.6	-57%	-
Net assets	63.8	63.1	45.5	1%	40%

Sales analysis by market

- US/Canada impacted by retailer destocking
- UK sales +2% despite weakened consumer sentiment
- South Korea growth due to timing, new ranges, increased online distribution – expect slower H2 in department store channel
- Total ROW ceramic markets +10% (excluding Russia/Eastern Europe) – part of long term strategy

Sales by country	2023 £m	2022 £m	2019 £m	2023 v 2022 Change	2023 v 2019 Change
US	12.9	14.1	8.5	-9%	52%
UK	11.7	11.5	12.3	2%	-5%
South Korea	14.3	13.4	10.5	7%	36%
Canada	1.5	2.6	0.5	-42%	200%
Europe	1.5	1.4	1.5	7%	-
Australia	0.1	0.7	0.3	-86%	-67%
China/Far East	1.5	0.6	0.1	150%	1400%
Middle East	0.1	0.4	0.6	-75%	-83%
Russia/Eastern Europe	-	0.2	0.4	-100%	-100%
Other	0.5	0.6	0.2	-17%	150%
Total	44.1	45.5	34.9	-3%	26%

Sales analysis by brand

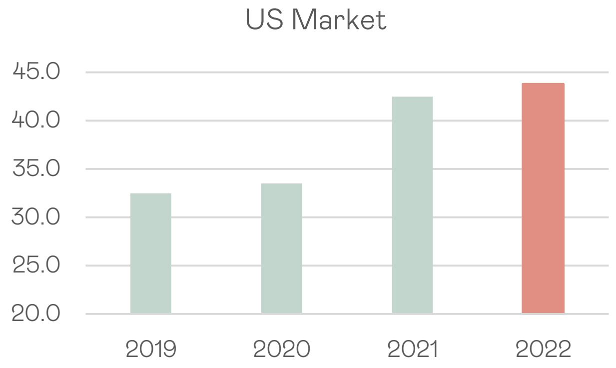
- Continued growth in Spode (+8% vs. H1 2022) and 68% ahead of pre-Covid level
- c40% of Group sales from key heritage ranges Portmeirion Botanic Garden and Spode Christmas Tree which continue to perform well
- Nambe sales impacted by North American retailer destocking
- Wax Lyrical sales +9% as we benefit from AromaWorks acquisition and expect further growth in H2

Sales by brand	2023 £m	2022 £m	2019 £m	2023 v 2022 Change	2023 v 2019 Change
Portmeirion	22.5	22.1	21.7	2%	4%
Spode	5.7	5.3	3.4	8%	68%
Royal Worcester	2.6	3.1	2.5	-16%	4%
Pimpernel	2.3	2.6	1.1	-12%	109%
Nambe	5.4	6.7	-	-19%	100%
Wax Lyrical*	4.9	4.5	6.2	9%	-21%
Other	0.7	1.2	-	-42%	100%
Total	44.1	45.5	34.9	-3%	26%

(*Wax Lyrical includes sales of AromaWorks acquired August 2022).

US market review

- Backdrop of good run of growth & market share gains 2019-2022
- H1 2023 tough consumer sentiment compounded by significant de-stocking
- Nambe brand hit hardest – premium department store/decline in tourism
- Our brands performing better than overall market/category
- GM% pressure on mix change as department store/ecommerce sales fall
- Consumers stick to Amazon proposition, our sales out up c30% YOY



Secured significant new listings to mitigate market conditions include:

  - William Sonoma: new Spode range with repeat orders H2
  - Firmdale hotels Spode contract: NY/London hotels ships H2
  - New Spode Kit Kemp into Macys/Bloomingdales Sept 23
  - Spode Christmas Tree – new ornaments into 225 Macys stores Q4 2023
  - Sophie Conran range into Macys Bridal programme for 2024

- Expect margins to improve on falling container freight costs H2 23/2024

Home fragrance division update

- H1 sales up 9% driven by AromaWorks acquisition (H2 2022)
- Good progress on integration – all lines now absorbed into existing factory /resource levels
- AromaWorks sales have started to ramp up and expected to grow through H2 2023 and into 2024
- Wax Lyrical improved sell through in existing accounts including Dunelm and Amazon

H2

- Wax Lyrical: significant new listing/account wins include Asda Oct 23 in over 400 stores
- Further grocery/national retailer account wins expected for H1 2024
- First delivery into M&S from Nov 23
- Expect return to division profitability

ASDA

M&S × FIRED EARTH

ASDA WAITROSE & PARTNERS Holland&Barrett Boots TESCO Dunelm M&S

Ambition & Group Strategy

Significant opportunity for top line growth over next 5 years

Geography: Grow ROW sales outside of core markets

- Developing new markets including Asia and leveraging our full range portfolio
- ROW ceramic sales continue to grow (+10% in H1 2023)

Online: Further develop online sales channels in core markets to reach more customers

- Own ecommerce decline vs. PY but much improved UK operating margins
- Own customer lists continue to grow (+10% YOY)
- Expanding ranges online in South Korea in H2.

New product launches

- Extending hugely successful heritage ranges: BG Minimeirion and Spode Kit Kemp
- Spode Christmas Tree extended for H2 2023
- Targeting contemporary : Significant new ranges ready for launch in next six months

Leveraging our full brand/range portfolio more effectively

- Leveraging wider ranges across South Korea and other ROW markets
- Working on potential launches of Botanic Garden into new categories
- Spode sales continue to grow +8%

Medium & long term targets for significant operating margin growth

Operating margin medium-term target 10% and long-term 12.5%

1. Opportunity for productivity gains & automation in our UK tableware factory

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

3. Improve profitability of Covid impacted home fragrance division

Progress on operating margin growth

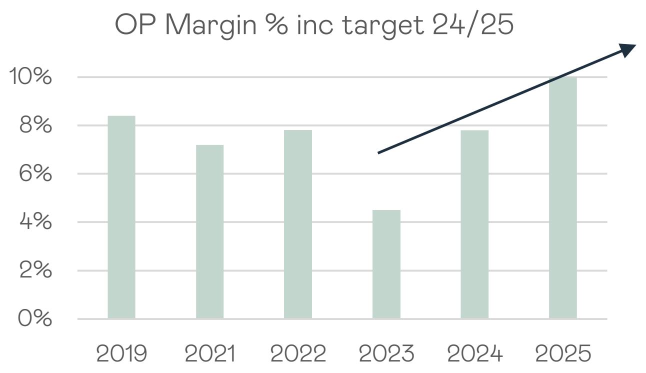
- H1/FY2023 operating margins down:
  - Sales fall & US GM % on mix change
  - Peak cost inflation in stock H1; subsides H2 2023/2024

Progress on growing LT operating margins:

(1) Factory efficiency
   (1) Productivity rates continue to improve
   (2) 2 further capex schemes go live in Q4 yielding further efficiencies
   (3) Completed a successful trial of real time data system ->full implementation in Q4 – drives faster reaction times and productivity gains

(2) Wax Lyrical profitability
   (1) Volume listing wins including Asda and AromaWorks sales momentum building
   (2) On target to return to profit in due course

(3) Top Line leverage
   (1) North America sales/de-stocking hurts short term operating margins
   (2) Made and retained clear market share gains in US over past 3 years; market will stabilise
   (3) ROW sales continue to grow



Energy & Carbon Net Zero

- Launched new net zero & sustainability ambition: 'Crafting a better future'
- New global Energy & Sustainability committee in place, reporting to CEO
- H1 Energy consumption in factories successfully reduced by 6%
  - Kiln burner modulation project – improves control over firing conditions
  - Review and implementation of energy efficient equipment – includes replacement of heaters and more efficient spray glazing equipment.
- Work underway on roadmap to
  - Significantly further reduce energy usage
  - Increase use of sustainable energy and self generation
  - Greener packaging solutions

Carbon net zero ambition by 2040

Summary

- Tough H1 driven by, as previously stated, decreased order flow in North America
- Well placed for when market rebounds, will enjoy the benefit of market share gains and newly won listings
- ROW still growing (part of LT strategy)
- H2/Christmas trading started in line with forecasts and healthy order book (ahead of last year)
- Stock reducing and cost inflation subsiding
- Operating margin growth targets are unchanged
- Confident about long-term prospects for the Group
- Expect FY sales and profit to be in line with consensus market expectations