



CHURCHILL<sup>®</sup>



ANNUAL REPORT 2025



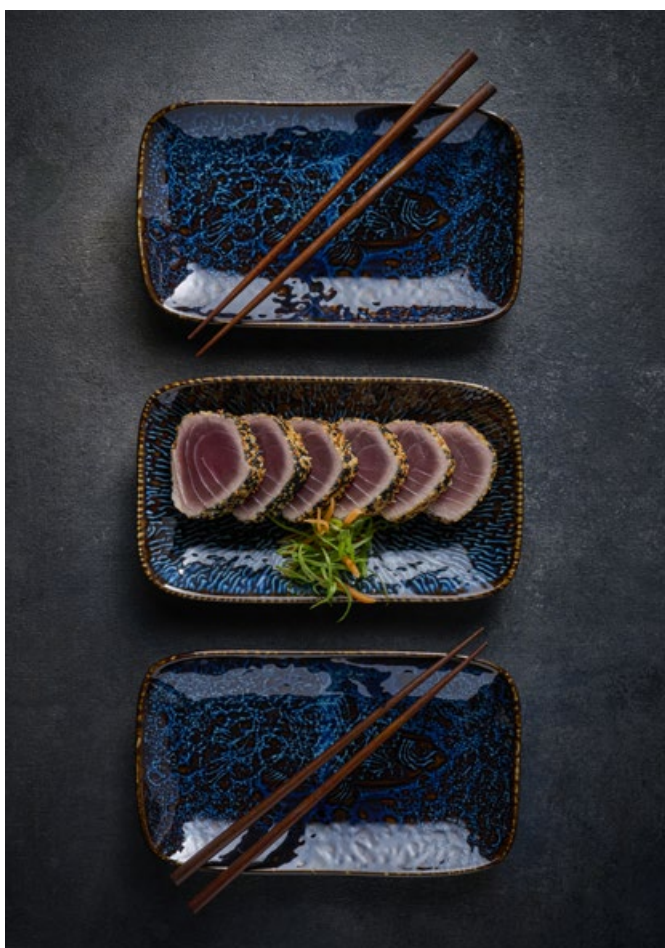
# CHURCHILL<sup>®</sup>

## Over 230 years of... **INNOVATION, PASSION & EXPERTISE**

Within the hospitality sector, the choice of tableware must meet the highest standards for presentation, practicality and performance. Over 230 years of innovation, passion and expertise make Churchill the natural partner for providing tabletop solutions.

The Churchill brand has achieved global recognition and is a reputable supplier of the highest quality ceramics. Respected for service excellence, product quality, environmental responsibilities and product innovation.



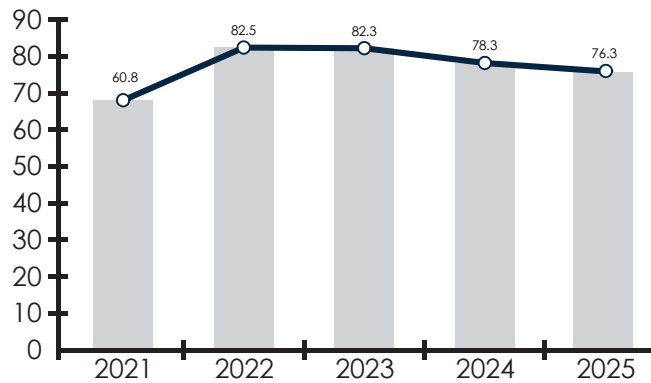


## Contents

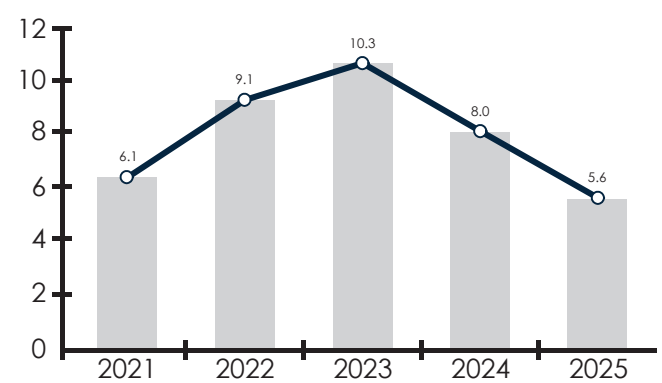
Financial and Operational Headlines	04
Directors, Secretary and Advisers	05
Chairman's Statement	06
Strategic Report	10
Directors' Report	25
Corporate Governance	29
Remuneration Report	30
Nomination Committee Report	37
Audit Committee Report	38
Independent Auditors' Report to the Members of Churchill China plc	39
Consolidated Income Statement for the year ended 31 December 2025	43
Consolidated Statement of Comprehensive Income for the year ended 31 December 2025	44
Consolidated Statement of Financial Position as at 31 December 2025	45
Company Statement of Financial Position as at 31 December 2025	46
Consolidated Statement of Changes in Equity for the year ended 31 December 2025	47
Company Statement of Changes in Equity for the year ended 31 December 2025	48
Consolidated Statement of Cash Flows for the year ended 31 December 2025	49
Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	50
Notes to the Financial Statements for the year ended 31 December 2025	51
Five-Year Financial Record	72

# Five-Year Performance

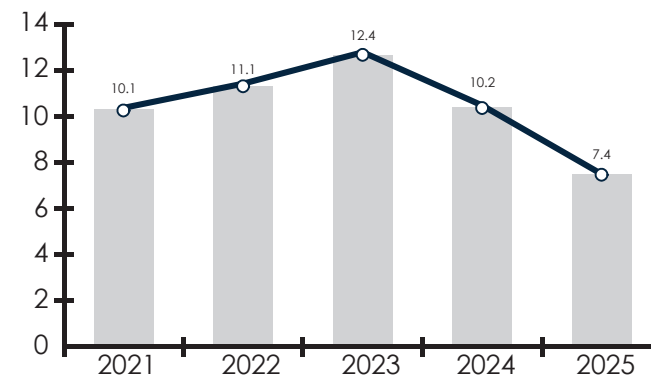
**Revenue (£m)** **£76.3m ↓ £2.0m**



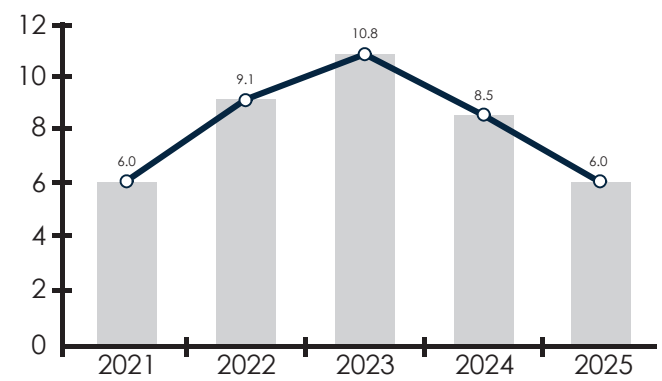
**\*Operating Profit (£m)** **£5.6m ↓ £2.4m**



**\*Operating Margin (%)** **7.4% ↓ 2.8%**



**\*Profit before Income Tax (£m)** **£6.0m ↓ £2.5m**



\* Excluding exceptional items.

## Other Insights

- EPS reduced to 39.7p (2024: 57.9p)
- Cash generated from operations £9.3m (2024: £5.1m)
- Total cash and financial assets of £10.8m (2024: £10.1m)



# Financial and Operational Headlines

for the year ended 31 December 2025

	2025 £'000	2024 £'000
<b>Revenue</b>	<b>76,277</b>	78,279
<b>Operating profit</b>	<b>5,643</b>	7,995
Net finance income	<b>384</b>	541
<b>Profit before income tax</b>	<b>6,027</b>	8,536
<b>Cash and cash equivalents</b>	<b>10,808</b>	10,100
<b>Trade receivables</b>	<b>11,915</b>	11,289
<b>Dividends paid</b>	<b>3,684</b>	4,014
<b>Key ratios</b>		
Operating margin	<b>7.4%</b>	10.2%
Earnings before interest, tax, depreciation and amortisation (£'000)	<b>9,449</b>	11,661
Basic earnings per share	<b>39.7p</b>	57.9p
Interim dividend per share paid	<b>7.0p</b>	11.5p
Final dividend per share proposed	<b>14.0p</b>	26.5p



# Directors, Secretary and Advisers

## Executive Directors

D M O'Connor  
J A Roper  
M Cunningham

## Non-Executive Directors

R G W Williams (Chairman) +  
J M Moore \*\*+  
C J Stephens \*\*+  
M K Payne\*\*+

## Company Secretary and Registered Office

Michael Cunningham, FCCA  
No.1, Marlborough Way  
Tunstall  
Stoke-on-Trent  
Staffordshire  
ST6 5NZ

## Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
One Chamberlain Square  
Birmingham  
B3 3AX

## Solicitors

Addleshaw Goddard  
One St Peter's Square  
Manchester  
M2 3DE

## Nomad and Joint Broker

Investec Bank plc  
30 Gresham St  
London  
EC2V 7QP

## Joint Broker

Pannure Liberum Limited  
Ropemaker Place, Level 12  
25 Ropemaker Street  
London  
EC2Y 9LY

## Bankers

Lloyds Bank plc  
8<sup>th</sup> Floor  
40 Spring Gardens  
Manchester  
M2 1EN

## Registrars

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6ZX

- \* Member of the Audit Committee
- Member of the Remuneration Committee
- + Member of the Nomination Committee



# Chairman's Statement

**“We continue to invest heavily for production and efficiency”**

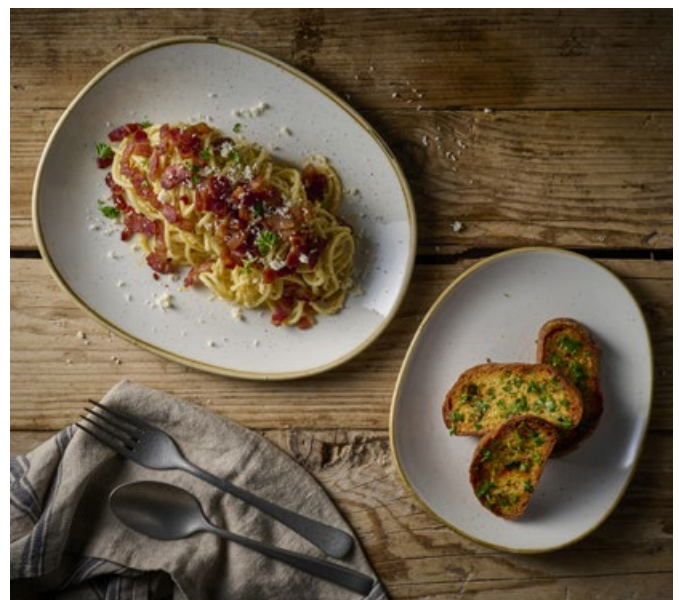
**Dear Shareholders**

## Operational and commercial performance

I am pleased to present the audited accounts for the year to 31 December 2025. As we have previously commented throughout the year, the hospitality industry in our markets remained challenging, reducing the number of new installations of tableware and increasing our reliance on the more predictable replacement business. As a result, revenue in the year reduced 2.6% to £76.3m, (2024: £78.3m). Reduced manufacturing volumes were exacerbated by a planned reduction in stock levels, leading to higher manufacturing cost per piece, on top of the wage and NI increases that took effect in April 2025. These combined pressures on the business have led to a profit before tax of £6.0m for the year (2024: £8.5m) and represented a return on sales of 7.9% (2024: 10.9%).

The Group traded in line with the expectations we set in July, which reflected the weaker trading and cost positions that had become evident. The second half of the year showed early signs of improved trading in mainland Europe.

Continental Europe, our largest hospitality market, delivered a strong second half, recovering from a slower H1, to end the year with revenues broadly flat on 2024. The UK however was weaker in the second half as domestic political uncertainty ahead of the November Budget continued to erode business confidence. UK pub groups continued to replenish stock and there were notable orders from some chains for added value product. As in previous years, we benefited over the Christmas run in from our differentiated and best-in-class service proposition.





# Chairman's Statement

United States tariffs have had little impact on our business given that much of the imported ceramics into the US come from the Far East which have been harder hit with tariffs than the UK. We have therefore managed to hold our prices into the US, and delivered year-on-year growth at constant currency and in GBP terms despite the devaluation of the dollar over the year. Rest of the World regions contributed some 8% to revenues and traded softly overall through the year, as large projects, on which this segment relies, were delayed and pushed out.

Globally the hospitality trade continues to suffer from increased inflationary costs, leading to closures and reduced profitability in the restaurant and casual dining sectors. This in turn has caused the sector to reduce or delay project opportunities in 2025. However, the pipeline of projects going into 2026 is stronger than the prior year.

The operations team have continued to focus on delivering improvements both in yields and the returns from major capital purchases which are now contributing to our factory performance. We have achieved meaningful reductions in waste however there is still a significant opportunity to pursue further improvements.

Reduced manufacturing levels have allowed the Group to reduce stocks by £2.0m leading to an improvement in our year end cash position. As always Group strategy is to maintain a strong unencumbered balance sheet in order to be able to fund manufacturing or product opportunities as they arise.

## Dividend

Given the current challenging trading backdrop, the Board has taken the difficult but prudent decision to reduce the dividend. We therefore propose a final dividend of 14.0p per share giving a total dividend of 21.0p per share for the year.

## Future growth

In a hospitality market that is currently weakened in our major markets, growth is naturally more difficult to achieve, but the Group continues to identify Continental Europe as a potential growth area due to our low market share and our high level of sales representation in the area. We continue to increase our sales presence in key markets to produce further new opportunities. The recent tariff increase on imported Chinese product into Europe also presents us with an opportunity to win new business.

The Group conducted an active new product launch programme throughout the year which was well received by the market, showcasing both innovative design and the benefits of more flexible manufacturing processes enabled by our recent capital expenditure programme.

We continue to invest in productivity and in 2025 we completed commissioning of our new plate making equipment, which is both more agile and energy efficient. With further similar capital, we will replace our thirty-year old equipment which is approaching end of life. We also saw the delivery of further electrification, replacing two more gas fired glazing pre heat units which significantly reduce our carbon footprint and improve yields in the process. Finally, we have automated a large proportion of our packing process leading to significant cost saving.

We are also reviewing opportunities to distribute non-ceramic products in the same product areas, and which, could be delivered by our strong sales network. Whether by acquisition or through exclusive distribution agreements, this could offer an additional growth path to Churchill and strengthen the offering to our distributor customer base.

## Employees

I continue to be impressed at the commitment and effort of all our staff during a three-year period that has been exceptionally challenging. I would like to take this opportunity to thank all our colleagues for their commitment, effort and diligence through the year and I look forward to 2026 being a more settled and profitable year for all.

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

ESG remains a key focus of the Board with a continued strengthening of our governance procedures. We adopted the new QCA code last year ahead of the required schedule and will continue to interact and take account of our shareholders views. As previously mentioned, we have continued our journey to reduce our reliance on fossil fuels with the replacement of key equipment that both transfers our dependence on gas into electricity but more importantly reduces our overall energy requirement.

## Outlook

The Group continues to offer world class products coupled with a high-level service offering. With a recovering market and our investment in our sales and service offering we see a bright future for Churchill. We are focussed on leveraging new technologies to drive efficiency improvements in both the factory and in the administrative and sales areas. The introduction of our new enterprise resource planning ('ERP') system, due for implementation in 2027, will provide a strong foundation in the adoption of AI technologies to further drive this journey and improve efficiencies across the business particularly in respect to production planning and optimisation of stock holding.

The outbreak of the Middle East conflict has created uncertainty in the energy markets and, as an energy intensive company, Churchill has exposure to increasing prices. The Group manages its risk exposure and is materially hedged for the year-ahead. In 2026 the Group has open exposure to circa 16% of its gas costs and has forward purchased 64% of its gas requirements for 2027. The Group has modelled the impact of rising costs under a number of scenarios and, whilst profitability would be impacted, it is anticipated that it is only in a prolonged conflict with dramatically increased pricing, that this would materially impact the expected results.

We continue to invest heavily for productivity and efficiency on the factory to drive margin improvement. When appropriate this will allow us to position ourselves more competitively in the market, supporting a return to sales growth.

**Robin G.W. Williams**  
Chairman  
10 April 2026



**“The Group continues to offer world-class products coupled with a high-level service offering”**

---

# Strategic Report

For the year ended 31 December 2025

The Directors present their Strategic Report for the Group for the year ended 31 December 2025.

## Principal activities

Churchill China plc is a UK based manufacturer of performance tableware primarily supplying into the hospitality sector. Utilising a high-performance vitreous body, the Group leverages its technical advantages to deliver superb value in use and value for money to its end users.

In addition to the supply of tableware, the Group supplies the majority of the UK pottery industry with materials for the manufacture of ceramics. The Group utilises its extensive technical abilities to supply high quality body materials, glaze and colour.

## Business model

The Group supplies customers worldwide with a range of high-performance tabletop products, primarily ceramic tableware. Most of these revenues come from our UK manufacturing facilities although we do supplement these with some outsourced products with a growing proportion coming from associated tableware categories such as cutlery.

We focus primarily on the hospitality sector which generates most of our revenues. This focus is driven by the attractiveness of the sector, with revenues seen as long term, recurring and, whilst vulnerable to short term economic fluctuations, reasonably stable.

The market is highly fragmented and so our strategy of identifying strong, in-territory distributors to work with, allows us to deliver to a wide range of customers. From large chains through to small independent restaurants, we are perfectly placed to offer innovative product and design to give a competitive, differentiated advantage to our customers, where our innovative design and supply strengths are important to their hospitality offering.

The growth strategy for the Group is to focus on those areas currently underserved by our competitors with regards to customer service. Our ability to fulfil customer orders, in most cases, in under 48 hours gives us a significant competitive advantage.

Our business model is designed to allow us to identify markets where we may profitably grow our revenues on a sustainable long-term basis. We research customer product requirements and distribution structures in new markets and, if they offer profit opportunities, invest to generate revenue, margin and ultimately a return for the business and our stakeholders.

We continue to expect short to medium term growth to be weighted towards export markets and particularly Europe, where we continue to develop our distribution and sales structure.

Our target remains to deliver progressive increases in the proportion of added value products within our business. We invest steadily in improving the efficiency and agility of our production capability and in improving our ability to offer added value to our customers. This involves investment in new product development as well as capital expenditure on productive improvements. We expect to continue to invest for the long term in our UK manufacturing facilities. To facilitate this during 2025 the Group has delivered new products at lower price points to allow customers to continue converting from standard whiteware into added value products.

As a major energy user, we have recognised and acknowledged the importance to our future operations of reducing our energy consumption substantially. We have commenced a long-term process to develop several initiatives to meet forward energy targets. A number of these initiatives are underway. We are pleased with the potential impact from these actions but recognise that this is a long-term process requiring continuing focus.

As our business develops, we need different skills and a core part of our model is to train, develop and recruit staff to meet these requirements.

## Culture and values

As a company with a long history, our values are well defined. Innovation, cooperation, uncompromising customer service, trust and honesty are the core values that drive our behaviours on a day-to-day basis.

Our approach as a business is based on making decisions that are aligned with adding long term value to our shareholders, whilst being mindful of our responsibilities to our wider stakeholders.

The business culture is driven by the Executive Leadership Team and hinges on openness and giving our colleagues the space to develop and grow. While there are controls in place to protect the business, colleagues are given the space to make decisions without fear of failure. The average term of service of our staff is 11.8 years, which is a key KPI for the business and we believe this highlights our ability to create a good and supportive working environment for our colleagues.

The Board believe that this environment allows our colleagues to become the leaders of the future by developing their skills and abilities.

Finally, the Group engages on multiple levels with our customers, engaging at an early stage of the design process to get the market view of proposed products, and delivering on our promise of "performance delivered".

## Business environment

2025 was another challenging year for the hospitality market with the ongoing economic environment continuing to squeeze the profitability of restaurants and other food outlets. The Group's strong market position provides some protection from this disruption, with a large proportion of revenue coming from replacement business which tends to continue regardless of the underlying economic environment.

As a result of this challenging market, price increases remain difficult to put through, with the obvious need to cover our own costs having to be balanced with the impact on our end users. The Group implemented a 2.9% price increase at the end of 2025.

Whilst we are seeing a reduction in the number of new openings in our more established markets our pipeline for installation business remains strong going into 2026. The Group continues to have a strong installed base which allows a high level of replacement business where customers will continue using Churchill products to replace breakages.

Evidence from our end users suggests that the hospitality trade is still healthy, and consumers continue to eat out. Profitability within establishments is being compressed and it is this dynamic that is restricting the growth in sales in contrast to the growth which the Group has seen for the last 15 years.

## Promoting the success of the Company

It is the duty of the Directors under s172 of the Companies Act 2006 to promote the long-term success of the Company to the benefit of members as a whole and acting fairly with regard to the interests of other stakeholders in the business.

Other stakeholders include employees, customers, suppliers, our pension fund members, our local and the wider community, government, and other regulatory bodies.

Further information on these areas may be found in the Environmental, Social and Governance section on page 14 later in the Annual Report.

Churchill has been in existence since 1795 and the company has always taken a long-term approach to business, particularly in relation to investment and in understanding the opportunities open to us and the risks to which we are exposed. To operate a successful and sustainable business model it is necessary to ensure that all the contributors to the success of the business understand their place within it and feel that the Group operates ethically and fairly in its dealings with them.

The Board has regard to the interests of all stakeholders in its discussions and reaches balanced decisions with the sustainability of the business uppermost in its considerations. Churchill maintains a financial model that is aligned with this objective such that capital allocation decisions, where possible, do not unfairly prioritise the interests of one group of stakeholders over others. The Board is aware of the need to support regular revenue and capital investment in the development of our business, and we orientate our operations accordingly.



# Strategic Report

We aim to deliver well designed, performance products and outstanding service at appropriate price levels to our customers. At the same time, we acknowledge that to meet these levels of customer service, we are reliant upon good relationships with a well-motivated workforce and fair and balanced relationships with a range of suppliers. We understand that we have a responsibility to pay appropriate levels of taxation and to support the future pensions of our scheme members. We consider our dividend policy carefully in light of the overall needs of the business and the interests of other stakeholders. Our policy is formulated to ensure that dividend payments are not excessive in relation to profits, and do not introduce excessive levels of risk in relation to the sustainability of the business.

Churchill aims to manage its effect on our local community and the environment. We have engaged with the community on an ongoing basis through charitable and educational support. The business operates several initiatives aimed at minimising our waste products, recycling waste where possible and in the reduction of our energy usage and carbon footprint. We have made several investments and process changes to reduce our use of energy. These investments continue and have had significant impacts on process stability and yield, allowing us to improve efficiencies in the factory.

The business has regular contact with our workforce through both formal and informal mechanisms, the recent addition of a Factory and Staff Engagement Committees has allowed us to engage more directly with the workforce to understand the pressures that they are under and to address non-financial issues that are impacting their working time with us. The scale of our business and our open culture allow the Board and management to engage with our employees on a day-to-day basis and employees are encouraged to raise issues. We have a recognised trade union representing most of our weekly paid employees and we meet regularly with their representatives. However, we believe that other initiatives including on-site briefings, communication boards and regular news updates provide the most important means of engaging with our workforce. We believe that our workforce is engaged and motivated.

We meet with suppliers on a regular basis to provide information in relation to our forward plans and review performance. As in other elements of our business, we enjoy long standing relationships with most of our suppliers. On average we pay suppliers within 38 days (2024: 36 days) of invoice. We believe our suppliers regard Churchill as a good customer.

The Board consults regularly with shareholders through formal meetings, company visits and informal discussions.

Voting on resolutions at the 2025 Annual General Meeting was positive with over 98% of votes cast being in favour of the resolutions put to the meeting. The Board reviews voting carefully after each Annual General Meeting.

## Resources and relationships

Our key resources remain our employees and customers, our technical and business skills, our long heritage of manufacturing and willingness to embrace new methods to deliver an outstanding service.

One of the key elements of our sustainable market advantage is the success of our innovation process. We have developed this process to research and identify market trends and design new products to satisfy these trends.

Churchill has a significant technical advantage in the nature of the product we offer to our markets. Our product offers significant benefits in terms of durability and overall lifetime cost to users. This technical advantage has been developed over many years, and we hold significant intellectual property in our materials and processes.

The Group operates from two sites in Stoke on Trent, England, a renowned centre for ceramic excellence worldwide. This gives us access to key suppliers, technical support and experienced staff. Our main manufacturing plant and logistics facilities have benefitted from significant and regular long-term investment to improve our business's efficiency and effectiveness. We also operate from several smaller locations and representative offices around the world, including a manufacturing facility in Romania.

Our employees also give us significant advantage. We believe we recruit, retain, and develop high quality individuals at all levels within the business who contribute towards the success and growth of the Group and maintain our core values. We have maintained our investment in

training and development to provide more fulfilling roles for our staff and improve the effectiveness and productivity of our workforce. The Group invests in robotics and mechanisation in areas that allow the removal of repetitive and unfulfilling tasks. During the year, due to the escalating costs of labour, this approach has been accelerated. The average head count during the year has reduced reflecting our investments in automation and reduced volumes.

We have long standing relationships with our customers. Whilst many of these are not contractual, we continue to supply the same customers year after year with products that meet their requirements. Our customers value our technical ability, our service and our commitment to high quality design and innovation.

Churchill has long enjoyed a market leading reputation for service. Our operational plans are geared towards meeting high levels of on time delivery both in the UK and overseas. We hold extensive inventories to meet these service requirements and have emphasised flexibility and responsiveness within our manufacturing process.

## Strategy

The Group's objective is to generate long term benefits to all stakeholders in the business by the efficient provision of value to customers through excellence in design, quality and service.

We aim to increase the value we provide to our stakeholders through steady increments to sales and margins, through alignment of our cost base with profit opportunities and a focus on cash generation.

Our long-term aim is to build our presence in markets offering sustainable levels of revenue and profitability. For several years this has led us towards development of our strong UK position into hospitality markets worldwide and particularly in Europe.

Innovation remains important to support our ambition to develop our business. We continue to invest significant resources in new staff and flexible technology to increase our capability in this area. It is a key strategic aim to design products that meet our end users' requirements in terms of performance, shape and surface design. Our target markets require products that are aesthetically appealing whilst also performing to appropriate customer and technical standards.

We understand that quality must exist throughout our business process. Quality is reflected not only in the appearance of our product but in its design, its technical performance and in the systems which support the fulfilment of our contract with our customers. We invest to maintain the performance of our products and to extend our capabilities.

Customer service remains a major part of our strategy, and the fulfilment of customer expectations is critical to the maintenance of good relationships. Our production and logistics facilities have been designed to balance efficiency and flexibility within manufacturing to ensure that we can respond quickly to unexpected demand levels and to meet ambitious on time, in full, delivery targets. We invest regularly in these facilities to maintain a market leading position in customer service.

## Performance

A more detailed report on our performance is contained in the Financial Statements on page 43.

During the year the Group took the decision to reduce manufacturing output in order to reduce our excess stock position. When combined with the reduced hospitality sales volumes during the year the impact of these two factors was to reduce contribution margin due to the operational gearing of the factory, producing at below optimum cost recovery levels.

Revenue in the year fell 2.6% from £78.3m in 2024 to £76.3m in 2025. The UK performed well in H1 but a slightly harder second half meant that hospitality revenue ended the year £0.3m behind 2024. Europe had a stronger performance in the second half of the year, meaning that the region finished the year only £0.3m behind 2024. North America ended the year ahead of 2024 by £1.3m despite a devaluation in the Dollar. Finally, the Rest of the World finished the year £1.7m behind 2024, driven primarily by reduced project work completing in the year.

	2025			2024				
	Hospitality £'000	Retail £'000	Materials £'000	Total £'000	Hospitality £'000	Retail £'000	Materials £'000	Total £'000
United Kingdom	25,218	135	6,106	31,459	25,301	307	7,182	32,790
Rest of Europe	30,328	192	–	30,520	30,515	275	–	30,790
USA	6,519	2,039	–	8,558	6,594	638	–	7,232
Rest of the World	5,296	444	–	5,740	6,981	486	–	7,467
	<b>67,361</b>	<b>2,810</b>	<b>6,106</b>	<b>76,277</b>	<b>69,391</b>	<b>1,706</b>	<b>7,182</b>	<b>78,279</b>

The Group has continued to maintain a good level of sales in the UK given our strong market position in the pub chain sector, which tends to be less impacted by economic sentiment compared with independents.

During the year we focussed on a reduction in our excess stock position whilst maintaining an exemplary customer service provision. Customer deliveries remained in excess of 98% delivered within 48 hours backed up with over 70% of European orders being fulfilled within 24 hours from our European distribution centre. This service offering sets us apart from the competition.



# Strategic Report

We had very successful Spring and Summer launches with a focus on inkjet products which have been well received. The inkjet process gives us a high degree of flexibility within the factory and is perfect for delivering high quality hospitality designs at good margin. With low to no changeover times the batch sizes can be better streamlined through the factory and the agility allows us to schedule longer runs with varying designs, improving factory recoveries.

The hospitality trade continues to be relatively buoyant, however profitability remains under pressure. This has led to good levels of replacement business but new installations in the Rest of the World have been delayed and this has caused a reduction in turnover in this area of the business.

Furlong Mills, our materials business, performed well, despite a slowdown in the wider ceramics industry in Stoke on Trent and the business managed to outperform management expectations. Actions were taken at the start of the year to counteract the impact of this reduced activity leading to improved contribution and profitability. The business continues to benefit from the technical expertise within Furlong Mills and this expertise is key in our plans to improve profitability through innovative materials.

Due to the actions on stock, together with the continuing cash generative business model, cash increased during the year by £0.7m. In addition to the stock movements, debtors increased by £1.3m as a result of November's sales which were amongst the highest months turnover ever recorded by the Group and an increase in trade payables of £0.5m.

The Group's defined benefit pension scheme surplus position decreased during the year due to expenses incurred in continuing to match the funding position with that of insurers and actions relating to data cleansing ahead of Guaranteed Minimum Pension Equalisation (GMPE). The Group has assessed the recoverability of the net asset arising from the scheme surplus and considers that, based on the Trust Deed and Scheme rules, the surplus would be recoverable on cessation of the scheme.

## Environmental, Social and Governance (ESG)

ESG remains an important part of the culture of Churchill China plc. As a high energy use company and one of the largest employers in the Stoke-on-Trent area we are aware of our responsibilities to the wider community and have made this a part of our DNA.

The Group's ESG strategy is to be, "doing the right thing" with the knowledge that this works for both ESG factors and for the bottom line. As a result, the Group's ESG strategy is focussed on reducing the reliance on fossil fuels by using renewable sources of energy production along with new technology to reduce the actual usage of energy. These actions are only taken where there is a clear fit with the Group's investment strategy and where returns are clearly defined.

Our ESG Committee, comprised of Executive Directors and Senior Management, have continued to develop our approach and further embed the ESG objectives and actions into our business planning. During the year the Group has continued on its journey to improve our ESG position. We have installed two additional electric pre heat units on our glazing lines which have delivered a 4% reduction in energy consumption, with a corresponding reduction in carbon emissions. In addition the pre heats have improved yields with the resultant reduction in raw materials also leading to a reduction in emissions.

The Committee also continues to assess the pressures that may affect the business in the medium term through to 2030 and the longer term issues that may impact shareholder value through to 2050.

Whilst these timeframes naturally mean that there is a significant level of uncertainty in any issues identified, this strategy aligns with the Group's long-term approach to business.

We use a significant amount of energy in our processes, and this is an area of strategic focus for the business. Substantial progress has been made in identifying efficiency, recovery, and generation initiatives across our operations. We have researched proven and emerging technologies to assess how these can potentially combine to a path to Net Zero, whilst maintaining the performance characteristics of the technically differentiated and durable product that we manufacture. This process has included the continuation of several research projects in relation to our materials and processes, contribution to industry initiatives and use of specialist advice from suppliers and other experts.

The Group has continued to evolve its environmental strategy during the year with, as previously mentioned, a number of capital projects focussed at reducing the amount of CO2 generated in the production of our products. We have continued converting gas processes to electricity and have focussed on equipment which also reduces our reliance on compressors, which are a significant contributor to energy usage. The new plate making machine utilises servos which are more energy efficient than the compressor driven machines that it will ultimately replace. The Group intends to purchase a second machine during 2026 to continue this journey.

The business employs over 680 people across three manufacturing sites who work predominantly in an industrial environment. Our Health and Safety procedures and systems have continued to manage what is an important area for the business. Unfortunately, we did have a lost time incident during the year breaking our long run of time without an incident. As is standard in our business this resulted in a root cause analysis of the incident along with a wider review of health and safety but through the lens of the incident. Several corrective actions were taken to minimise any future risks to our colleagues.

We have also implemented a number of initiatives in relation to our workforce, including the creation of a Factory Engagement Committee, and our engagement with our local community. We have always prioritised training and development of our workforce and we have continued to invest in this area. Future plans emphasise the improvement of our employees' working environment.

We continue to strengthen our governance procedures within the business and aim to adhere to the new QCA code. Last year we were early adopters of the requirement to have all directors putting themselves up for re-election and this year we will take the step to make the vote on the Remuneration Report binding.

The Company continues to test the independence of the Board and confirms that all four Non-Executive Directors are considered independent.

During 2025 the Board repeated its internal evaluation of its effectiveness. The minor issues identified in the 2024 review were reviewed and no significant issues were highlighted, the Board commits to continue with this process in the coming years.

The Group continues to operate a business model which is focused on long term sustainable success, delivering returns to all stakeholders. We will continue to develop and evolve our ESG agenda and over time, will translate our goals and objectives into a published reporting framework, with benchmarks, key performance indicators and our progress against them. The following tables identify and update our goals and actions to achieve them.

## Energy and carbon reporting

As a business we have recognised the effect of our operations on the environment and the importance of managing and reducing this impact. We understand that we use a lot of energy as it is central to the manufacture of our product.

However, we are also clear that we make ceramic tableware that is highly durable and may be safely re-used many thousands of times.

Further details in relation to other aspects of our environmental performance may be found later in the Annual Report commencing on page 20.

We have a dedicated process aimed at reducing our use of energy. This process has several points of focus, and it is an important part of both our strategic planning and operational management.

The following information is produced in accordance with the Streamlined Energy and Carbon Reporting requirements.

SECR 2025	2025	2025	2024	2024
Tonnes of CO <sub>2</sub>	Base	REGO*	Base	REGO
Scope 1 Direct	9,939	9,939	11,974	11,974
Scope 2 Indirect	1,954	0	2,636	90
Total	11,893	9,939	14,610	12,064
Intensity Metric: Scope 1 & 2 per metric tonne of raw material input	0.35	0.30	0.45	0.43
Total UK energy Consumption (MWh)	66,274	66,274	78,849	78,849

The Group's total use of energy reduced by 15.9% as furnace usage was better managed during the year. Only tunnel furnaces were utilised during 2025. Despite the decreases in volume the business has been more efficient in its energy usage per tonne of input driven by the energy efficient processes installed during the year. In addition, we have seen some benefit from the progressive implementation of the energy initiatives introduced in the year to improve efficiency and extend generation.

Total energy consumed during 2025 contains 1,646 MWh of energy generated through solar arrays at our Marlborough site, to which no CO2 emissions are attributable.

The above information reflects data from the business' UK facilities and vehicles which represent substantially all the Group's operations.

\*REGO (Renewable Energy Guarantees of Origin, or green tariff) data above adjusts CO2 figures for the effect of the move of the Group's sites to the use of electricity from renewable sources with effect from October 2021 for the Sandyford site and October 2022 for the Furlong site.

## Financial review

The Group performed well in difficult macro-economic circumstances. Revenues in the year fell from £78.3m in 2024 to £76.3m in 2025, a reduction of 2.6%. This reduction in revenue was driven by a reduction in hospitality and material sales which was offset by an increase in retail sales. Unfortunately, these retail sales were at a lower contribution than the hospitality sales they replaced. The additional volume from the retail did however allow the Group to manage factory fill, meaning that the impact to contribution was lower than would have been seen without. In addition, the volume also allowed us to maintain staffing levels and retain skills in the factory.

Revenue (£m)	2025	2024	Change
Ceramics	70.2	71.1	(0.9)
External Materials sales	6.1	7.2	(1.1)
Total	76.3	78.3	(2.0)
UK	31.5	32.8	(1.3)
Export	44.8	45.5	(0.7)
Total	76.3	78.3	(2.0)

As previously reported the gross margins in the Group have reduced during the year from 36.6% to 35.9%. The main driver for this was the reduced volumes during the year, which included the 8.5% reduction in stock. This reduced volume impacted factory recovery with a corresponding increase in cost of sales. Also driving the reduction in margin was the channel and region mix. Higher sales to larger customers meant that rebates were at a higher level than 2024.

Profit before tax fell by £2.5m to £6.0m which has been primarily driven by the reduced turnover. The Group took multiple actions at the end of 2024 to mitigate the impact of the minimum wage and National Insurance meaning that expenses were well under control. The Group is pleased with the result given the wider economic factors and still considers that we continue to address those factors that are within our control.

Basic earnings per share, was 39.7p (2024: 57.9p).

Cash flow for the year has been positive with a net cash inflow of £0.7m (2024: £3.8m outflow). Cash inflows from the stock reduction have been offset by an increase in debtors due to a particularly good November and a reduction in accounts payable. Accounts payable have been impacted over the last 2 years by high levels of capital commitments at 2023 year end and by the timing of bulk stock purchases in 2024, these have subsequently cleared in 2025.

The actuarial valuation of the pension continues to show assets exceeding liabilities and so the Group continues to avoid additional cash contributions to the fund.

## Dividend

The Company proposes to pay a final dividend of 14.0p per share, giving a total dividend of 21.0p per share for the year, a 42% decrease on the 36.5p paid in relation to 2024. This dividend will be payable on 4 June 2026 to shareholders on the register on 1 May 2026. This dividend brings the dividend back in line with Company policy and whilst the

Board are disappointed to be reducing the level of dividend we are confident that the dividend will now return to consistent meaningful growth.

## Business

During the year the factory performed well with the new plate making machine being developed to handle most of our products. Whilst this required a steep learning curve the output from this accelerated introduction was that the machine will deliver reduced costs and significantly lower waste once a product is optimised for the platform. The business suffered a slight reduction in yields during the year due to the performance of the retail product taken on to improve factory fill. The processes involved required a set of skills involved with four colour printing that have been missing from the factory and the Group struggled to reintroduce these products. The disruption reduced during the year as processes improved and the products supplied were renegotiated to reduce complexity. The Group is now confident that with this new product mix, and the learnings from 2025, that this work can be carried on without impact to the main production.

## Ceramics

Hospitality sales were down again in the year highlighting the difficult trading conditions of our customers. Following the first half of the year, production was pared back, allowing the reduction in stock that was seen during the year. Sales contribution per piece was broadly flat however the channel mix along with the production and stock reduction had the result of dropping the gross margin.

The year saw a continuation of the price pressures that impacted profitability in 2024. An average pay award across the group of 6% was applied in April to counter the inflation pressures affecting many of our colleagues. The Group continues its risk reduction strategy with regards to energy and now has a level of forward purchasing out to 2028 with each year's pricing at a level lower than the preceding year, meaning that we are well placed to deliver cost control within an inflationary environment. At the end of 2025 we were forward purchased to an average rate of 83% of our budgeted energy requirement for 2026. The solar panels installed last year have contributed a total of 14.9% of the site's electricity requirement at 1,646 MWh.

Replacement sales continued at a consistent rate but installations were delayed in the Rest of the World segment which was the main driver of reduced hospitality revenue. In addition to this, channel mix played a part in the reduced contribution as sales to regional distributors were down and larger groups were up.

We continue with our growth strategy of targeting export markets where we have low existing market share, and which have the most opportunity for expansion. Despite the challenging year, the Group is confident that it has continued to expand market share in a tightening environment, positioning us strongly to benefit when volumes return.

Capital expenditure on efficiency and productivity continued and remains a strategic priority in the coming years. The Group is working hard to deliver repeatable ongoing cost savings through capital expenditure. In the year we delivered energy reduction through our electrical pre-heat systems on glazing and both energy and productivity improvements through the implementation of our new plate making machine bought in 2024.

In addition, the Group has continued to introduce robotics to remove repetitive manual jobs, a priority with the increasing costs in labour. In 2025 we introduced robotic loading and unloading to our inkjet line and also delivered an auto-packing machine. This new equipment reduced headcount allowing us to reduce numbers employed, all of which was achieved through natural reductions.

## Materials

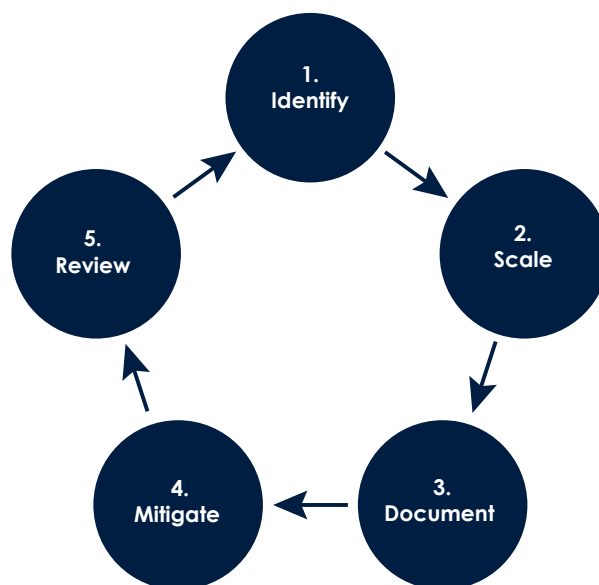
Furlong Mills is reliant on the performance of Churchill and the wider potteries industry. Short time working and extended holiday periods at some of our largest customers has led to a reduction in performance. Gross turnover (including intragroup) reduced to £12.5m (2024: £13.1m).

The Group was made aware in January 2026 that a customer intends to expand their direct supply from another supplier. This is likely to impact the profitability of Furlong Mills however mitigating actions have been taken to counteract this.

# Strategic Report

## Principal risks and uncertainties

The Group's operations are subject to several risks, which are formally reviewed by the Board in a regular and systematic manner. The risks are identified and assessed on the basis of the likelihood of occurrence and the severity of the impact on the Group's business model and strategy. The Group then implement processes and controls to appropriately manage and mitigate these risks. The principal business risks currently affecting the Group are set out below:



Risk	Risk Change	Risk Description
<b>Market and Business Environment Change</b>	↑	<p>The Group operates in dynamic markets where there have been significant recent changes to trading and economic conditions, distribution channels within each market and product requirements in these markets. The Group actively manages its market exposure and profitability, but risks losing revenue if we do not anticipate and respond to market trends and risks.</p> <p>The risk inherent in each market is offset by regular review of market conditions and forecasts, the relatively broad spread of our operations in geographic terms and by a widening portfolio of products to serve different segments of these markets. We are actively developing new geographic markets and introducing new product ranges. As we enter new markets this introduces new risks to the Group although it does also diversify our overall market exposure and reliance on existing products.</p> <p>The Group also evaluates its pricing strategy on a regular basis to ensure that, whilst maximising returns, the Group does not impact its competitive position in the marketplace.</p> <p>The Group mitigates these pricing risks through detailed market mapping, competitor reviews and regular order level reviews.</p>
<b>People</b>	↑	<p>Our business depends upon the skills and knowledge of a number of people at all levels within our operation and within supplier companies. Certain of these skills and experience may only be acquired through extensive training and experience and it is possible that they may not be available through the recruitment of new employees in the future. We aim to limit this risk through the establishment of appropriate manpower and succession planning, identifying training, development and recruitment needs.</p> <p>As a substantial employer and manufacturer we need to comply with extensive health and safety requirements. We limit the risks associated with Health and Safety through the proactive application of appropriate systems, regular review at Board, management and operational levels, training and investment in risk mitigation.</p>
<b>Manufacturing and Supply Chain</b>	→	<p>Over 85% of our revenues are of products manufactured in our UK facilities. Whilst this provides a high quality and effective source of products it exposes us to risk in the case of the potential loss of availability of part or all of our facilities for an extended period. Additionally we may be exposed to risk through the loss of a key supplier or material. This risk is controlled through our risk review process, management procedures, appropriate investment and ultimately insurance arrangements.</p> <p>We have augmented our UK production facilities with a range of third party suppliers. The use of these suppliers exposes us to risks in relation to interruption to supply and changes in cost structures arising from economic or regulatory change. We manage this risk by diversifying our sources.</p> <p>As a major user of energy within our production process we have an exposure to changes in availability and price of gas and electricity. Geopolitical instability in the Middle East also has the potential to disrupt global energy markets, creating further uncertainty in supply and pricing. Energy price hedging strategies may expose us to counterparty risk. Progressive legislation in relation to energy usage and carbon footprint reduction may also affect our operations.</p> <p>We have developed a forward energy strategy to reduce our overall carbon intensity in the medium term. We seek to control and mitigate this risk through management of our overall energy consumption, small scale investment in sustainable energy generation and energy recovery systems.</p> <p>We also assess the impact of new technologies in our manufacturing process. Where new developments have the potential to impact on either our commercial position or cost competitiveness, we develop appropriate plans to respond to these changes.</p>

Risk	Risk Change	Risk Description
<b>Environmental Risk</b>	↑	<p>The rapidly changing regulatory environment creates a level of uncertainty and risk. At present there are expectations that there will be a level of equivalency between EU and UK legislation which should protect the Group within our largest market, however there is the potential for the introduction of levies to negatively impact the Group's ability to generate revenue.</p> <p>At present there remains little revenue risk to the business, however the Group is assessing alternative solutions.</p> <p>We mitigate these risks, where controllable, through management review and action.</p>
<b>Systems and Processes</b>	↑	<p>The Group's ERP system falls out of support in Q1 2028. As a result, the decision was taken in 2025 to begin the process of upgrading this. This activity naturally introduces a level of risk to the Group, not least as, due to the age of the system, this will not be merely a technical upgrade but a full new implementation. As a result, the Group commenced a full RFP process with suitable system providers and integrators.</p> <p>This process is expected to continue in 2026 with implementation commencing in 2026 and go live in 2027.</p> <p>The Group will mitigate this risk by placing necessary resource into the implementation and by ensuring that adequate fall back systems are in place to continue trading should there be a failure of the implementation process. In addition, the Group intends to utilise external resource where necessary to ensure a successful project.</p>
<b>Manufacturing Health and Safety</b>	→	<p>The Group has a history of being proactive on health and safety and has this topic front and centre at all senior meetings at a daily, weekly and monthly basis.</p> <p>Given the nature of the work being carried out with heavy moving equipment and the presence of high temperatures and flames, there is always a risk of serious injury to employees. The Group reviews all accidents, incidents and near misses with the aim of eradicating all of these.</p> <p>The Group mitigates this risk by allocating a significant amount of time and effort to the review of standard operating procedures and the health and safety in each process.</p>
<b>Cyber Security</b>	→	<p>Our business uses information technology to manage our operations and deliver value through data collection and management. Post year end the Group has completed Cyber Essentials and will continue on the journey to Cyber Essentials plus.</p> <p>The Group mitigates risk in this area by adopting best practice where possible using two factor authentication and other cutting edge techniques to limit access points and vulnerabilities in our systems.</p>

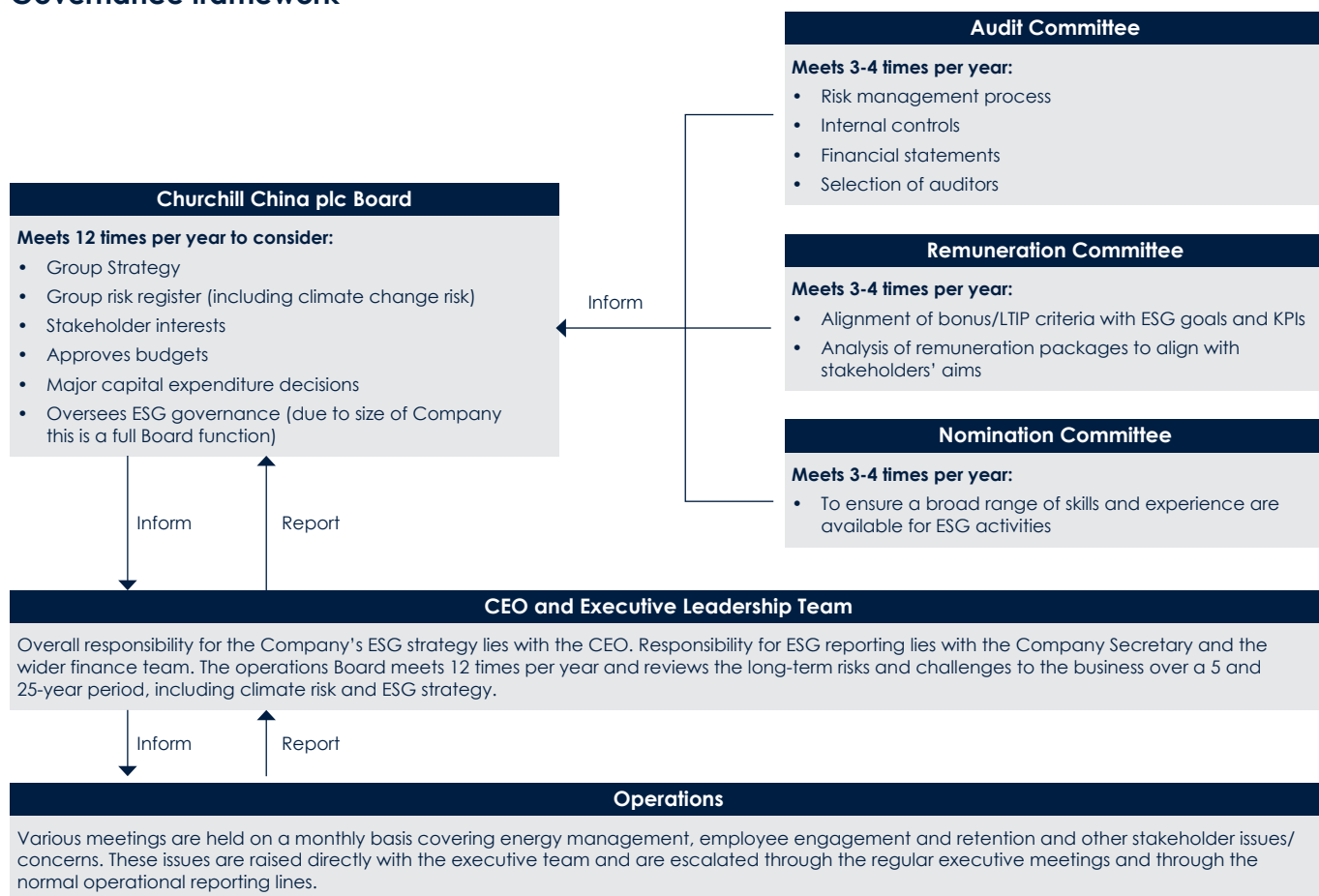


# Strategic Report

## Non-financial and sustainability information statement

The Company is required to make the recommended disclosures by sections 414CA and 414CB of the Companies Act. The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amend these sections of the Companies Act 2006, placing requirements on the Group to incorporate Climate disclosures in the Annual Report.

### Governance framework



### Governance

#### Describe the Board's oversight of climate-related risks and opportunities

Whilst the CEO has day to day responsibilities for ESG and climate-related risks and opportunities, the Board has final oversight. These risks are discussed at strategy meetings, held annually, and at monthly board meetings. Due to the size and composition of the Board it was decided not to create a standalone ESG Committee, but rather to retain the oversight and monitoring of the Group's ESG performance within the full Board.

The Board receives reports from the Executive Leadership Team regarding the general ESG landscape and specific issues that may impact the Group. The Group has developed a suite of ESG KPIs for review at Operational Board level, on ESG performance and updates the plc Board on these at regular intervals. These are being rolled out to Audit, Nomination and Remuneration Committees for inclusion in their duties.





# Strategic Report

During 2025 the Group had several priorities which were addressed as follows:

Priorities for 2025	
To continue the ESG strategy development	The Board discussed whether an ESG Committee is required at Board level. Following this review it was agreed that the situation had not materially changed and that the current structure was adequate.
To continue the analysis of different energy sources within the factory with a view to reducing the non-renewable requirements of the factory	During the year the Board approved the installation of several items of energy reducing capital expenditure. The Executive team also took significant actions on furnace utilisation and electricity consumption.
To further refine the KPIs within the business	The current KPIs were reviewed and deemed adequate at present. It was agreed that further work would continue in 2026.
Priorities for 2026	
To continue the ESG strategy development	The Board will also reassess whether an ESG Committee is required and will reassess the ongoing strategy.
To begin the process to identify Scope 3 emissions relating to the business	The Group will begin the process of identifying Scope 3 emissions in the business. It is accepted that this is a complex task, especially given some of the smaller suppliers feeding into the business and so this may take more than one year.
To further review the KPIs in the business	The Board will review the existing KPIs and examine which additional KPIs will add value to the business.

## Describe management's role in assessing and managing climate related risks and opportunities

The Chief Executive Officer has responsibility for managing climate related risks within the organisation. He is assisted in this by the Executive Leadership Team (ELT) and between them they implement the Group's climate strategy.

	Focus	Executive Sponsor	Responsibility
Addressing Climate Change	Carbon	Chief Executive Officer	Energy Steering Committee – operational, corporate and subject matter experts
	Water	Chief Executive Officer	Chief Operating Officer
	Non-Carbon Emissions	Chief Executive Officer	Technical Director
Future Manufacturing Materials	New Product Development	Sales & Marketing Director	Technical Director, Materials Operations Manager
Doing Business Responsibly (Governance)	NFSIS	CFO & Company Secretary	NFSIS group chaired by the CFO and attended by subject matter experts

The table below highlights our plans for the coming year and how we plan to address them.

Priorities	Planned Actions
The Group will continue to develop its 2030 ESG strategy through engagement at all levels of the organisation with a view to making climate related risk a core pillar of the Group's culture	To continue the process already started at Operational Board level, of identifying the risks to the business from climate change and to identify initiatives to mitigate these risks.
Quantifying Scope 3 emissions	The Group will focus on communicating with suppliers to understand the carbon emissions involved in making supplies to Churchill China plc. The Group will work with its smaller suppliers to assist them in this process, including identifying Scope 3 supplies into their own processes.

## Strategy

### Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term

In order to assess the Group's strategy, we have considered the Representative Concentration Pathways (RCPs) as determined by the Intergovernmental Panel on Climate Change (IPCC). We have considered the Group's strategy in line with RCP2.6 (2.0°C) and RCP8.5 (4.3°C).

Scenario	Description
RCP2.6 (2.0°C)	The RCP2.6 scenario is the pathway that the IPCC believes is likely to limit global warming to sub 2.0°C. Under this pathway global CO <sub>2</sub> concentrations would be expected to remain constant in the early part of this century and then reduce, actually transitioning to negative by 2100.
RCP4.5 (2.4°C)	The RCP4.5 pathway is less optimistic, modelling a slowly declining level of CO <sub>2</sub> concentrations after a gradual increase in the first half of the century. This would lead to a global increase in temperature of 2.4°C.
RCP8.5 (4.3°C)	This is the IPCC's worst-case scenario and would lead to a global increase of 4.3°C, equivalent to an 8.5 watt warming effect per square metre of earth surface across the planet.

We carried out a strategic review of risks and opportunities to the business with added focus on the impact of climate change both on physical outcomes for the Group, but also through the lens of likely societal impacts. These risks and opportunities were classified under various groupings, Policy and Legal Risk, Technology Risk, Physical Risk, Reputational Risk, Continuity Risk, Business Opportunity. The Operational Board then carried out an exercise to scale the risks over the short term by assessing the Group's current risk / capability, an assessment of the Group's required capability in 2030 and the gap from current state. Finally, an assessment was made against what capability may be required in 2050 and how far from this capability the Group is.

This process allowed us to rank the options in order of material impact and probability. The Group will continue this journey by using internal and external stakeholders to further assess the options. These impact assessments will then be fed into the existing planning in order to assess their financial impact on the business particularly with respect to revenue and EBITDA of the Group. These financial assessments will be carried out under the assumptions of RCP2.6 and RCP8.5, giving a best- and worst-case scenario.

During the year, as part of our normal risk management process, the Group assessed the possible financial impact of climate change on the business. Currently the Group assesses the financial risks of climate change, using our normal probability-based approach, to be low.

The Group has assessed the maximum quantum of financial risk attributable to climate risk to be £32.8m, being the contribution level impact of the various perceived risks. These risks are driven primarily through water usage and flooding risk. In the event of increasing temperatures and drought there is a risk that production would cease if access to water was withheld. This is due to the large water content of our product in its raw material slip form. As mentioned, the Group currently assesses the probability of these scenarios as very low and the subsequent weighted risk is of very low value.

## Summary of our material risks and opportunities

Category	Climate related risks and opportunities	Potential financial impacts	Potential materiality	Strategic response and mitigation
Policy and Legal	<b>Risk:</b> As an intensive energy user there is a risk that should the regulatory environment change there may be an increase of costs in carbon allowances / lack of availability	Increased costs, particularly if there was a shift of moving climate levies and costs from electricity to gas.	Short term: Low Med term: Med Long term: High	Focus on reduction of carbon emissions and increasing renewables as the grid allows
Policy and Legal	<b>Risk:</b> That the DNO does not expand grid capacity rapidly enough to allow for the increased demand	Increased costs due to the inability of the organisation to move to renewables or to mitigate increased levies on gas.	Short term: Low Med term: Med Long term: Med	Investigation of off grid renewable generation and storage
Policy and Legal	<b>Opportunity:</b> A change to the regulatory environment leading to a zero-waste manufacturing requirement	Potential for increased revenue through material innovation and recycling.	Short term: Low Med term: Med Long term: Med	Research into recycling of materials and repurposing
Technology	<b>Risk:</b> Customers moving to a lower carbon solution	Lower demand and revenue.	Short term: Low Med term: Low Long term: Low	Continued investment in low carbon materials and processes
Technology	<b>Risk:</b> Lack of customer appetite to pay for low carbon solutions	Lower demand and revenue	Short term: Med Med term: Med Long term: Low	Continued focus on factory efficiency to counteract cost pressures
Technology	<b>Risk:</b> Lack of competitive solution to decarbonise the production process	Unsustainable cost increases	Short term: Low Med term: Med Long term: Med	Continued research into low carbon manufacturing and materials
Technology	<b>Opportunity:</b> Materials research to deliver a lower embedded carbon product to meet market expectations and reduce input costs	Increased EBITDA through reduction in costs	Short term: Low Med term: Med Long term: Med	Opportunity to develop low embedded carbon materials
Physical Risk	<b>Risk:</b> Increased precipitation leading to potential flooding and damage to manufacturing facility	Costs of repair and reduced production capacity	Short term: Low Med term: Low Long term: Low	Current facility is on elevated land with good drainage, any future facilities will be sourced with this in mind
Reputational Risk	<b>Risk:</b> Inability to economically transition to lower carbon technologies leading to reputational damage	Reduced revenue from lower demand	Short term: Low Med term: Low Long term: Med	Strategic focus on achieving the transition

# Strategic Report

Short term is classed as falling within our 2030 ESG strategy window, 2030-2040 as medium term and 2040-2050 as long term.

The Group performs a risk review process which identifies risks and assigns a potential impact value to these. This value is then modified by applying a probability to these to give a weighted cost score. Whilst subjective, the involvement of the Executive team and other senior business managers means that a balanced opinion is achieved. Low materiality is classed as less than £1m p.a. gross impact, medium materiality as £1-5m p.a. gross impact and high materiality as costs in excess of £5m p.a.

## Describe the actual and potential impacts on the organisation’s business model and strategy of risks and opportunities

### Transitional Risk Impacts

The Group expects that there will be a low impact in the short term on its business model and strategy, but that this impact will increase in the medium to long term. The expectation is that, taking account of the current direction of travel, there will be increases in legislation and regulation and that this may be accompanied by customer preference for more sustainable products.

### Physical Impacts

There is an expectation of an increase in extreme weather events worldwide. In the UK this is expected to manifest itself in the form of increased precipitation and temperature increases. The risk associated with increased precipitation is assessed as low given the siting of our current facility and risk to production will be a criterion in any future new facilities. The risk associated with increased temperature is considered low, however there remains a need to monitor the wellbeing of the workforce in what is already a warm environment.

Priorities for 2026	How we will meet these
The Group will review the impact of physical risk in the factory. Particularly the risk of flooding due to increased precipitation where the Group is aware of a current risk. In addition, the Group will review the impact of increased temperature on our workforce.	Site assessments will continue and the Group will continue with the rollout of energy efficient capital expenditure, particularly that with a high level of insulation which will reduce the temperature effect in the factory.
The Group will continue to assess the financial impacts of climate change and continue to refine the process for including these in the planning process.	Whilst the expected impact of climate change is currently deemed to be low, the actions being taken by the Group to mitigate these are included in significant capital expenditure projects. As a result these financial impacts are a natural part of the planning process.

## Risk Management

### Describe the Group’s process for identifying and assessing climate related risk and opportunities

Climate change is a key risk for Churchill, the key process for identifying organisational risk is through cross-functional work groups as part of our annual review and update of our organisational risk registers.

Climate and ESG risks are separately identified and reviewed and given the same priority as other operational risks.

Priorities for 2026	How we will meet these
Continue the climate related and ESG risk identification process within the wider operational risk process.	By including the discussion of these risks within our cross-functional groups discussing Group risk.

### Describe the organisation’s processes for managing climate related risks and opportunities

Following identification of the risks each risk is assessed in line with its materiality and financial impact after considering existing controls. Each risk is then assigned an owner so that each one receives the appropriate level of attention within the organisation. Progress of these is then monitored on a regular basis.

### Describe how processes for identifying, assessing and managing climate related risks and opportunities are integrated into the Group’s overall risk management process

Operational risks are considered twice per year at Operational Board level. These risks are then reviewed by the Audit Committee which then reports annually to the plc Board as part of the Risk Register review. Risk reviews are a top-down and bottom-up process.

Priorities for 2026	How we will meet these
To continue the current risk identification process and to drive the business culture to make the identification of these a core competence within the business.	The biggest climate risk identified by our existing process is air temperatures within the factory which may be exacerbated by increasing air temperature. The Group has identified how this risk may be mitigated and will continue with the necessary actions, namely reducing the level of radiant heat from equipment through energy efficient capital expenditure.

## Metrics and Targets

### Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process

The Group currently uses the metrics contained in the Streamlined Energy and Carbon Reporting Disclosure (SECR) on page 14 to assess its impact on climate related risks and opportunities.

As a major user of energy, the Group also assesses the reduction in energy on a year-on-year basis to identify progress on ESG goals.

The Group publicly reports our Scope 1 and Scope 2 emissions and the carbon intensity per tonne of raw material consumed within our SECR on page 14. These have been calculated in accordance with the Greenhouse Gas (GHG) reporting methodology. The risks associated with the Group's emissions are discussed on page 20 in our material risks section and also within our principal risks and uncertainties.

### Describe the targets used by the Group to manage climate-related risks and opportunities and performance against targets

The Group has a number of metrics that it has identified to manage climate related risks:

	Metric	Target
Environment	Reduce Scope 1 & 2 GHG emissions	4,000 tonne reduction in CO <sub>2</sub> compared to 2023
		2025 - Full review of on-site, off grid energy generation as no additional online generation will be allowed by the DNO until 2033
	Quantify Scope 3 GHG emissions	2026 – Measure Scope 3 emissions
	Water	10% reduction in water usage by 2030

## Reporting Metrics

Subject	Measure	Target
GHG Emissions Scope 1 & 2	Reduction in tonnes of carbon	25% reduction in output by 2030. 2025 showed that this target has been achieved. A new target of 35% by 2030 has now been set
GHG Emissions Scope 3	Reduction in tonnes of carbon	15% reduction by 2030
GHG Emissions Scope 1, 2 & 3	Reduction in tonnes of carbon	100% reduction by 2050
Water usage	Reduction in litres of water used	10% reduction in mains water by 2030
Waste management	Reduction in tonnes sent to landfill	Zero waste to landfill by 2040



# Strategic Report

## Key performance indicators

### Revenue and revenue growth

The absolute levels of revenue and revenue growth are reviewed regularly by business and geographic destination through the year against comparative, target and strategic expectations.

Revenue	2025 £m	2024 £m	Growth/ (Contraction) %
Group	76.3	78.3	-2.6%
Ceramics	70.2	71.1	-1.3%
Sale of external materials*	6.1	7.2	-15.3%
UK	31.5	32.8	-4.0%
Export	44.8	45.5	-1.5%

\*Revenue from Materials is shown following the elimination of intragroup trading as shown in Note 2 to the financial statements.

### Profitability

The level of operating profit and significant factors affecting its delivery are reviewed and controlled on a regular basis.

	2025 £m	2024 £m	Growth/ (Contraction) %
Operating profit	5.6	8.0	-30%
Operating margin	7.4%	10.2%	-27.5%
Profit before income tax	6.0	8.5	-29.4%

Group operating profit fell to £5.6m (2024: £8.0m). As previously disclosed this reduction came through the lower turnover seen in the year and in reduced factory activity giving an operating margin of 7.4% (2024: 10.2%).

The level of profit before corporation tax is reviewed on a monthly basis against previous performance and target levels.



## Operating cash generation

The Group believes that over an extended time period it is important to generate cash at an operating level at least equivalent to declared operating profit. This measure identifies the effectiveness of our control over working capital demands and ensures that cash is available for further investment in the business, to meet taxation payments and to ensure that our shareholders receive an appropriate return.

	2025 £m	2024 £m	Growth %
Cash generated from operations	9.3	5.1	82.4%
Percentage of operating profit	166%	64%	
Percentage of operating profit (3-year average)	96.2%	67%	

Operating cash generation was impacted by several factors, primarily the decrease in inventory and increase in trade debtors. Employer contribution payments in respect of pension deficit amortisation dropped to zero this year (2024: £1.2m).

## Customer service and inventory

Customer service and inventory holding levels are reviewed on a regular basis as part of the operational management of the Group's business. The main aim of this measure is to ensure that the Group's strong reputation for on time order fulfilment is maintained, consistent with the efficient operation of production and sourcing activities and the optimisation of working capital.

	2025 £m	2024 £m
Inventory	21.3	23.3

Inventory holding levels decreased during the year due to lower sales than anticipated, but also through the reduced factory output. This was a conscious decision in order to reverse the stock increases seen over the last few years. The Group sees an opportunity to reduce this further if sales exceed current expectations.

## Future outlook

Against a weak market backdrop, we remain focused on the issues that are within our control. We are continuing to advance our automation and continuous improvement programmes, alongside our disciplined focus on cost management which will drive efficiencies and support our performance.

We see strong demand for our products in our core markets with replacement business remaining healthy. We expect the markets outside the UK to continue the encouraging performance seen in the second half of 2025 and are hopeful of a successful year. The quality of our products speaks for itself. We remain competitive and this shows in the continued conversion rates seen on installations.

The fundamentals of the business remain the same, we are operating in a market that offers excellent levels of profitability where the barriers to entry are high. Sales are repeatable and well protected we continue to offer our customers unparalleled levels of customer service and protect our market position through this service offering and look to win new business through innovative new products which we release on a regular basis.

We continue to balance our own profitability through price rises and cost control and believe that there are opportunities to move our own profitability in an upward direction despite the increasing cost base, achieved through cost discipline and capital expenditure.

We continue to offer a high performing product at good value, backed up by outstanding customer service, as a result we see a profitable future for the Group.

By order of the Board

**D M O'Connor**  
CEO  
10 April 2026

# Directors' Report

For the year ended 31 December 2025

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

The Company is a public limited company listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in the UK. The registered office is disclosed at the front of the Annual Report and the Company number is 02709505.

The consolidated income statement for the year is set out on page 43.

A review of the operations and future prospects of the Group is given in the Chairman's Statement on page 6 and in the Strategic Report on page 10.

The principal activity of the Group is the manufacture and sale of ceramic and related products for hospitality and household markets around the world.

## Dividends

The Company has paid the following dividends in respect of the years ended 31 December 2025 and 31 December 2024:

	2025 £'000	2024 £'000
Ordinary dividend:		
Final dividend 2024 26.5p (2023: 25.0p) per 10p ordinary share	2,914	2,749
Interim dividend 2025 7.0p (2024: 11.5p) per 10p ordinary share	770	1,265
	<b>3,684</b>	<b>4,014</b>

The Directors now recommend payment of the following dividend:

Ordinary dividend:

Final dividend 2025 14.0p (2024: 26.5p) per 10p ordinary share	1,539	2,914
--	-------	-------

Dividends on treasury shares held by the Company are waived.

The Company recognises that dividend income is important to shareholders and aims to pay a sustainable and progressive dividend linked to the medium and long-term performance of the business, consistent with the maintenance of appropriate levels of dividend cover and allowing the Group to meet other demands on its cash generation.

## Directors

The Directors of the Company who have served during the year and up to the date of signing of the financial statements are as follows:

R G W Williams\* (Chairman)  
D M O'Connor  
J A Roper  
J M Moore\*  
C J Stephens\*  
M Cunningham  
M Payne\*

\*Non-Executive

As at the date of the Directors' Report the unexpired terms of the service contract of R G W Williams 10 months, C J Stephens 11 months, J A Roper 12 months, M Cunningham 12 months, M Moore 12 months, D O'Connor 12 months and M Payne 1 year 1 month.

The biographical details of the Directors are as follows:

**David O'Connor, Chief Executive Officer** has worked for Churchill for 32 years in a number of production, operations, marketing and senior management roles. He has extensive experience within the ceramics industry and joined the Board in 1999. He has an MBA and is an alumnus of the Harvard Business School Advanced Management Program. David has worked in a number of roles within the UK ceramics industry, initially within production management and has developed an extensive knowledge of logistics, product sourcing and marketing. He was appointed Chief Executive Officer in August 2014, having previously served as Chief Operating Officer since 2010. He has responsibility for the development of Group strategy and for operational performance.

**Michael Cunningham, Finance Director** joined the Churchill Board in 2023. Michael has previously worked extensively in the automotive sector in dealer groups, tier 1 suppliers and for a large number of years within the VW group under both the MAN and Bentley brands. An engineering graduate from Queens University Belfast, Michael qualified as a Chartered Certified Accountant whilst working for Readymix Concrete. Michael also holds an MBA from The European School of Management and Technology in Berlin.

**James Roper, Sales and Marketing Director** joined Churchill in 2001. James has worked in a number of sales and marketing roles across Churchill's business and has extensive experience in the development of the Group's strategy particularly in relation to product innovation and distribution channel management. He has an MBA from Manchester Business School and is an alumnus of the Harvard Business School Advanced Management Program. He was appointed to the Board in 2015.

**Robin Williams, Non-Executive Chairman** joined the Board of Churchill China plc in October 2022 and became Chairman in June 2023. He is an engineering graduate and qualified chartered accountant with over 30 years' experience with listed companies, initially as an adviser and then as a CEO and co-founder of Britton Group plc and as an Executive Director of Hepworth plc, the building materials business. He is currently Independent Non-Executive Chairman of Keystone Law Group plc and a Non-Executive Director of Headlam plc.

**Mark Moore, Non-Executive Director** Mark joined the business during 2021 and has extensive Board level, general management, management consultancy and manufacturing experience within a range of industries. He has previously worked within Morgan Advanced Materials plc and Essentra plc. He is a Chartered Engineer and holds degrees from the University of Bristol and Loughborough University.

**Caroline Stephens, Non-Executive Director** joined the Board in February 2023. She was a senior executive at Johnson & Johnson for over 25 years in multiple leadership roles including UK Marketing Director. Latterly, Caroline has been a consultant, adviser and director with roles including joining the Board of Tristel plc, an AIM listed infection control business as a Non-Executive Director, and the EMEA board of CI&T, a global digital solutions specialist.

**Martin Payne, Non-Executive Director** joined the Board in January 2024. Martin finished his executive career as CEO of Genuit Group plc a role he held after previously serving as CFO. He has extensive ceramics industry experience as Financial Director of Johnsons Tiles and as Group CFO of Norcros plc. Since 2021 Martin has been Chair of the Audit Committee at Stelrad plc however is not seeking re-election in May 2026. In 2024, Martin was appointed to the Board of Topps Tiles plc and has been appointed as a Director of Ibstock plc in 2026. Martin is a Chartered Management Accountant and has over 30 years' experience in manufacturing industries.

## Taxation

The majority of the Group's operations and the profits derived from them are subject to taxation in the United Kingdom.

# Directors' Report

## Ethical standards and trading

The Group expect high ethical standards to be met in all areas of its operation and from all its employees and recognises the role of the Board in defining and meeting these standards. We have a published ethical code and supporting policies covering bribery and corruption, modern slavery and whistleblowing.

Churchill sources materials and products from a range of local, national and international suppliers. We have an ethical trading policy and take steps, including factory visits and audits, to ensure that our standards are implemented within our supply chain and that local legislation and regulations are complied with.

Churchill has developed a formal brand framework which highlights the values which we believe embody our business. Many of these values reflect our commitment to our stakeholders. This brand framework is used daily within our business to guide our operations.

## Employees

The Group recognise that well trained, engaged and motivated employees are central to the current and future success of our business. We involve our workforce through open communication including briefings and communication boards to encourage engagement with the strategy and goals of the business. The financial performance and forward plans of the business are shared on a bi-annual basis in order to build an awareness amongst employees of the financial and economic factors that may affect the performance of the Group. We work closely with the union representing our employees' interest to develop a relationship that will benefit our employees and meet our business needs.

Our employee training and development programme is an important part of our operations, and we have further invested in reviewing and identifying development needs and opportunities. We have continued to work with further educational colleges and training organisations to provide functional and vocational training for employees and our manufacturing and engineering based apprenticeship scheme targets the development of ceramic and other skills within our team. Our long-term commitment to the training and development of all our employees helps morale, motivation and labour retention. We remain committed to our graduate training programme helping local graduates into our industry. We also take an active role in supporting both the local ceramic industry and wider initiative within the hospitality sector and support a number of training programmes.

Disabled people applying for roles within the business are given full and fair consideration in relation to job vacancies. Employees who are disabled, or who become disabled during their employment enjoy the same career prospects and access to training and development programmes as other employees.

Our Continuous Improvement programme involves employees at all levels from across our Group and has proved valuable in unlocking the potential of our workforce. Each employee has access to training to develop their technical skills and their overall capabilities. This programme also helps to communicate important business issues to our workforce and helps to align their efforts with the overall business strategy. This initiative has been developed into a 'Train the Trainer' programme where employees are taught training skills such that they can pass their expertise on to less experienced staff.

The Board has clearly considered the interests of employees in relation to key decisions during the year. Important decisions are taken within a framework giving appropriate reference to the long-term sustainability of the business, the delivery of steady growth, investment and job security.

We operate a Profit Improvement Bonus scheme where employees with one year's service share in a bonus scheme linked to Group profitability. This scheme recognises our employee's efforts, encourages performance in line with value creation and allows them to share in the Group's success.

We remain fully committed to equal opportunities employment policy offering equality in recruitment, training and career development irrespective of gender, ethnic origin, age, marital status, religion, sexual orientation or disability. We actively work with employees who suffer ill-health during their employment with us to rehabilitate them back into the workforce wherever possible.

## Health and safety

The health and safety of our employees is central to our operations, and we invest significant effort and resource to target continuous improvement. Health and safety is a Board responsibility and receives constant management focus. The Board has access to appropriately trained and skilled assistance to meet its obligations. We have a published health and safety policy.

Our approach to health and safety is embedded in our working practices. We aim to identify and to reduce health and safety risks associated with our operations to the lowest practical levels. Training programmes are regularly undertaken to update safety skills for all our employees. Considerable progress has been made in the engagement of our workforce in relation to health and safety matters during the year.

## Environment

The Group considers and manages the impact of its actions on the environment and wider social and community issues. Churchill is aware that it has many stakeholders, including its customers, employees, suppliers and neighbours alongside our shareholders. We seek to operate over the long term in a sustainable manner which recognises the needs of all of these groups.

The principal impacts of the Group's operations on the environment are in relation to the energy we consume, and the waste products produced as part of our operations.

Whilst the Group manufactures a product which may be re-used many thousands of times, a significant amount of energy is consumed in its production. We have made progressive improvements in developing our energy management processes at both strategic and operational levels over many years. We are focused on investing in research to provide long term solutions to reduce our energy footprint and in improving the efficiency of our manufacturing processes. We have replaced older systems and machinery with more modern energy efficient processes. Additional details are given in our Strategic Report.

We have increased our focus on managing and minimising the production of waste from our processes. We have instituted a programme of continuous improvement in relation to waste reduction and recycling of waste products. Where possible we source our materials and services locally. A strong support industry is important to the long-term future of the Group.

## Community

We understand that we have an impact on our local community and consider the effect of our actions on our local area. We work to reduce any adverse effects of our operations, consistent with the needs of other stakeholders within our business. We actively engage within our community through contact with our neighbours and local schools and particularly through local charity initiatives. We encourage and support our employees to become involved in community and charitable work.

## Research and development

The introduction of new and innovative products, materials and process technologies remains a cornerstone of our future strategy. The Group's aim is to continue to identify future market trends and then to design and develop products that meet these needs. We have maintained our investment in the development of new products across the year to take advantage of new market opportunities. A significant effort is made to develop our materials and process technologies to allow the introduction of more complex product designs and to improve energy usage. New product development is controlled through regular meetings and the success of new launches is reviewed in the short term against individual targets and over the longer term as a function of our strategy.

## Insurance for Directors

The Group maintains liability insurance for the Directors in respect of their duties as Directors.

## Financing

The Group currently utilises equity and retained earnings to finance its operations in relation to short-, medium- and long-term requirements. The Group has historically enjoyed a good record of operating cash generation and forward investment and other cash requirements have been financed from this source.

During the year the Group generated £9.3m (2024: £5.1m) of cash flow from operations, paid corporate taxation of £1.8m (2024: £1.6m) and invested £5.5m (2024: £3.1m) in capital projects including right of use assets. Dividends of £3.7m (2024: £4.0m) were paid during the year. Net cash and deposits before lease liabilities at the 31 December 2025 were £10.8m (2024: £10.1m).

The Group reviews and maintains adequate levels of liquidity to meet short term operating commitments as part of its day-to-day treasury management. Longer term liquidity and cash requirements are reviewed as part of the Group's budgetary and strategic planning processes.

If additional financing is needed in the short term the Group has access to short term variable rate financing arrangements totalling £2.5m on an unsecured basis to provide finance for working capital requirements, should they be required. Additionally, forward capital expenditure may be supported using alternative sources of finance including lease purchase.

The Group currently has no net debt and holds substantial levels of unpledged assets including freehold property. These assets form an alternative source of secured medium- or long-term funding if this is required. Larger long term funding requirements may be met from debt and equity sources if necessary. There are no covenants in place relating to the Group's banking arrangements.

## Financial instruments

The Group uses its own cash resources and forward exchange contracts and foreign currency bank accounts to manage its exposure to exchange rate risk caused by trading activities in currencies other than sterling.

The risk management policy adopted is to regularly review forward foreign currency cash flows, identifying the currency effect of completed sale and purchase transactions, transactions which have been contracted for but not completed and an assessment of expected likely forward cash flows. The net currency exposure arising from this review is then managed using forward option contracts. A proportion of net currency exposures are generally covered up to twelve months forward at any point in time. The Group does not trade in financial instruments.

The Group has no material interest rate risk, the only interest rate exposure is in relation to returns on short term cash deposits and borrowings.

Note 1 to the financial statements includes financial management risk considerations.

## Going concern

The Board confirms that, having made enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of the financial statements.

The Board has considered alternative scenarios in relation to the effect of loss of revenues. This review has included consideration of the impact of different levels of reduction in revenue, different periods of effect, alternative operational responses and cost reduction plans, the high level of cash and deposits held by the Group and additional available financing.

These reviews indicate that it is reasonable for the business to expect to continue in operational existence for at least the next 12 months from the date of the approval of the Financial Statements.

## Land and buildings

The current value of land and buildings is, in the opinion of the Directors, in excess of the value included in these financial statements.

## Overseas operations

The Group operates trading subsidiaries in the United States of America, Romania, Germany, The Netherlands and Spain.

## Substantial shareholdings

The Directors have been advised of the following individual interests, or group of interests, other than those dealt with in the summary of Directors' interests in the Remuneration Report, held by persons acting together, which at 6 March 2026 exceeded 3% of the Company's issued share capital:

Shareholder	Number of ordinary shares	Percentage
Aberdeen plc	1,085,776	9.87%
Rathbone plc	1,015,604	9.23%
Mrs S Roper	886,600	8.06%
Phoenix Asset Management	877,360	7.98%
Charles Stanley Group	713,981	6.49%
Trinity Bridge	642,577	5.84%
Cannacord Genuity Group Inc.	508,093	4.62%
Hargreaves Lansdown PLC	486,568	4.42%
Invesco Ltd	356,878	3.25%

## Political contributions

The Group made no political contributions (2024: £nil) during the year.



# Directors' Report

## Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

## Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

## Independent auditors

The Board has undertaken a review of the external audit arrangements and is recommending the appointment of Forvis Mazars LLP as the Company's auditors. A resolution to appoint Forvis Mazars LLP will be proposed at the Annual General Meeting. PricewaterhouseCoopers LLP will therefore not be seeking re-appointment.

By order of the Board

**D M O'Connor**  
CEO  
10 April 2026



# Corporate Governance

## This statement is not audited.

The Company is quoted on the Alternative Investment Market of the London Stock Exchange and uses the Quoted Companies Alliances 'Corporate Governance' ('the Code') as a benchmark to define and review its governance procedures. The Company complies with the Code.

The Code establishes ten principles of Corporate Governance grouped into three areas; the encouragement to deliver sustainable growth, the responsibility to maintain a dynamic management framework and an aim to build trust with shareholders and other stakeholders.

The Board supports the aims of the Code and seeks to exceed rather than simply meet the requirements it sets out. Many of the requirements of the Code are addressed through this Annual Report and further information may be found on the Investor pages of the Company's website, [www.churchill1795.com](http://www.churchill1795.com).

## The Board of Directors

The Board is currently composed of three Executive and four Non-Executive Directors and meets at least eleven times per year. The Board is led by the Chairman, Robin Williams. It is felt that the current composition and operation of the Board is adequate to provide the necessary skills and experience to lead and manage the business and to ensure a balance of power and authority. A review of the effectiveness of the Board is carried out on a regular basis with the most recent being in 2025. The Non-Executive members of the Board take an active and influential part in Board procedures. A senior Non-Executive Director, Martin Payne, has been appointed.

The Board acknowledges its role in defining and promoting the culture of the business. This culture is defined within the Group's brand values. It encourages all our employees, including Board members, to bring innovation, commitment and integrity to their roles.

The Code recommends that the Boards of quoted companies include at least two independent Non-Executive Directors. The Board has fully reviewed the independence of Non-Executive Directors and four Board members, J M Moore, R G W Williams, C J Stephens and M K Payne are considered to be independent under the terms of the Code.

In addition to a formal agenda covering financial control, management and business development, there is appropriate debate addressing areas outside the regular agenda to ensure that all Directors are able to take an informed view of the progress of the business. The nature of the organisational structure of the Group allows Executive Directors to maintain a close involvement in all aspects of the Group's operations.

A schedule of matters 'Reserved for Board Decision' is maintained, and a procedure exists to allow Directors access to independent professional advice if required.

The following table shows the attendance of Directors at Board meetings through the year.

	Meetings held	Meetings attended
D M O' Connor	12	12
C Stephens	12	12
M Payne	12	12
J A Roper	12	12
M Cunningham	12	12
J M Moore	12	12
R G W Williams	12	12

The Directors consider that the Board of Directors include key management for all areas of the business and that there are no other key management which require disclosure.

There are three sub-committees of the Board:

The Remuneration Committee is wholly composed of Non-Executive Directors and is often attended by the Chief Executive Officer who takes no part in discussions on his own remuneration. The Remuneration Committee is chaired by J M Moore.

The Audit Committee, which is wholly composed of Non-Executive Directors, meets at least three times per year to receive reports from Executive management and external auditors and is normally attended by the Finance Director. The Audit Committee has been chaired by M Payne.

The Nomination Committee, which is wholly composed of Non-Executive Directors, meets at least twice per year to discuss forward Board succession. A formal process has been established to deal with succession planning across the business. The Committee also considers the training and development needs of Directors. The Nomination Committee is chaired by R G W Williams.

Terms of reference for all three Committees and a Remuneration Policy statement have been agreed by the Board.

## Shareholder engagement

The Company has a wide range of shareholders including major financial institutions and private investors. Regular contact is made with shareholders through presentations, direct contact and most importantly both formally and informally at the Company's Annual General Meeting. M Cunningham, Finance Director is the main point of contact for shareholders, and the Chairman, Senior Independent Director are also available. The Board considers feedback received from shareholders carefully.

## Internal control

The Board of Directors has overall responsibility for the Group's system of internal control and is responsible for reviewing its effectiveness. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss.

The Board has established a system for ongoing review of risk assessment and management procedures to ensure that the controls on which it places reliance are operating satisfactorily and those new risks to which the business becomes exposed through its activities are recognised and appropriate controls implemented. These procedures have been in operation throughout the year and in the period to the date of this report.

The risks to which the Group is exposed are formally reviewed by the Board on a regular basis. Individual reviews of risk areas are carried out and the results reported to the Board. Operational responsibility for each of the main risk areas has been clearly identified and are allocated to either Directors of the Company or of the Company's principal operating subsidiary Churchill China (UK) Limited, under the supervision of the Board as a whole. Individual managers and employees are also aware, where appropriate, of their responsibilities in both identifying and controlling risk.

The Group's systems in relation to risk assessment and control seek to ensure that as part of the normal process of business management material risks are identified and brought to the attention of the Board. Directors review risk as part of a regular programme of meetings covering both general business processes and specific risk areas, risk is assessed as part of the strategic process. A system of reporting is in place to provide control information on key risk areas within reports submitted to the Board and reviewed. In addition to this, Directors and managers are aware of their responsibility to monitor both changes in business activity and changes to the economical legislative environment in which the Group operates. Potential new risk areas have been identified and control procedures documented.

The Board and the Audit Committee have reviewed the effectiveness of the system of internal control during the year.

## Internal financial control

The Board of Directors has overall responsibility for the Group's systems of internal financial control which it exercises through an organisational structure with authorisation, monitoring and reporting procedures which are appropriate to the needs of the business. These systems have been designed to give the Board reasonable, but not absolute, assurance against material misstatement or loss. The principal features of the Group's system of internal financial control are: the maintenance of a control environment in which the need for the highest standards of behaviour and integrity are communicated to employees; the use of a detailed reporting system covering performance against comprehensive financial and other key operating indicators. The Board and the Audit Committee have reviewed the operation and effectiveness of the system of internal financial control during the year.

By order of the Board

**D M O'Connor**  
CEO  
10 April 2026

# Remuneration Report

For the year ended 31 December 2025

**This section of the financial statements is unaudited.**

Dear Shareholders

I am pleased to present the Remuneration Committee Report for 2025.

## Annual Statement

The role of the Committee is to determine and recommend to the Board the remuneration policy and to set Executive Director remuneration.

The Committee also adopts a wider oversight role with respect to the broader company leadership team's remuneration but does not set this.

With the aim of improving long term Company success, in setting executive pay, the Committee considers factors including wider workforce remuneration, structure and alignment of reward to personal and company performance.

Where the Committee feels it does not have the relevant knowledge or expertise it utilises external expert advice.

The Remuneration Committee's terms of reference are:

The Committee shall meet at least twice a year at which a quorum is required for all business and which is set at two members of the Committee.

Membership of the Committee comprises three Non-Executive Directors (not including the Chairman of the Board) and other people may attend if invited. The Chair of the Committee and other members are appointed for a three-year period which may be extended for a maximum of two further periods of three years.

All agenda items and supporting documents will be sent to Committee members ahead of the meeting. Minutes are kept and distributed to all members of the Board unless the Committee Chair and Chair of the Board deem it inappropriate.

The Committee has delegated responsibility for determining the remuneration and service contracts for all Executive Directors. It shall oversee but not set the remuneration of other senior managers as appropriate and ensure that suitable targets, both financial and non-financial, are in place for variable elements of pay. In addition, the Committee shall apply discretion and judgement to override formulaic outcomes where this would be deemed appropriate.

In designing variable pay elements the Committee shall utilise its experience skill and judgement to construct these appropriately considering sector and industry norms as well as standard practice within the AIM sector.

The Committee will ensure that no director or executive is involved in decisions regarding their own remuneration.

The Committee Chairman will engage with shareholders on matters related to the Committee's areas of responsibility if needed.

The Committee shall produce an annual report on remuneration and report to the Board after each Committee meeting.

The key areas of focus for the year were:

- Review of remuneration outcomes – assessing the progress of equity and variable remuneration elements to ensure that the current policies and remuneration levels are achieving the desired outcomes for all stakeholders.
- Executive salary increase. This was of particular importance this year with regard to the wider workforce and economic conditions.
- The Committee assessed the issue of share grants for the wider management team, implementing restricted share options for the first time allowing for a more secure incentive for managers, but at lower volumes than those previously awarded.
- Target setting – appropriate targets were set for variable remuneration. In addition to target setting the level of new grants of LTIPs was assessed by the Committee.
- LTIP targets – the Committee has determined that in order to better allow for phased achievement of these awards that there should be three criteria which still align with shareholders. The targets for LTIPs will now include 60% achievable on EPS targets, 20% on return of capital employed and finally 20% on achievement of cash generation targets.
- The Committee applied an underpin to Personal Objective bonuses for the first time.
- The Company adopts a long-term approach to the development of its business emphasising steady growth and risk management. The Remuneration Policy seeks to reflect this and to balance fixed and variable pay components accordingly. The design of variable pay does not encourage short term decision making and the Remuneration Committee believes that there is an appropriate balance between annual profit bonus targets, medium term development objectives and the promotion of longer-term growth.
- In each case the Committee was conscious of the need to clearly align Executive Directors' remuneration packages with shareholders' interests and with consideration of wider workforce remuneration.
- Details of the outcome of this work are set out below and later in the Annual Report on Remuneration.
- The Remuneration Committee has considered overall performance in the year to 31 December 2025 and is satisfied that the outcome of the remuneration policy in 2025 is consistent with both the results delivered in year and progress against longer term targets and other metrics. Profit before taxation decreased in the year by 29% due to continuing weak market conditions. Despite these performance issues the Group has made solid progress in many of its strategic objectives, continuing to deliver on improving factory performance, improving the energy footprint of the Group and cementing its position as the supplier of choice in the hospitality tableware sector.
- Whilst as an AIM listed Company, we are not required to satisfy the Directors Remuneration Report ('DRR') guidelines we continue to provide information on certain requirements of the Regulations to reflect good practice where this is in the interests of shareholders and where the cost and benefit of supplying this information is appropriate.
- The Remuneration Committee is composed of J M Moore, who acts as Chair, C J Stephens and M K Payne. All members of the Committee are Non-Executive Directors. D M O'Connor (Chief Executive Officer) attended some Remuneration Committee meetings but withdrew from any meeting where his remuneration was discussed. The Remuneration Committee has received advice from FIT Remuneration Consultants LLP during the year. The total fees paid to FIT Remuneration Consultants were £3,888.

## Directors' remuneration policy

This section sets out the Company's Directors' Remuneration policy. The Policy is determined by the Remuneration Committee of the Company and is subject to regular and detailed review in relation to market practice and alignment with the Group's strategy. This policy has applied from the date of the 2020 Annual General Meeting.

- The Remuneration Committee also reserves the right to make any remuneration payments and payments for loss of office notwithstanding that they are not in line with the Policy set out below where the terms of the payment were agreed:
- before the Policy came into effect or;
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a director of the Company.

For these purposes "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted. For the avoidance of doubt, the Remuneration Committee's discretion includes discretion to determine, in accordance with the rules of the LTIP, the extent to which awards under that plan may vest in the event of a change of control or in a "good leaver" circumstance.

The Remuneration Committee may make minor changes to this Policy, provided they do not materially advantage Directors, to aid in its operation or implementation.

## Future policy table

### Executive Directors

The table below describes each of the elements of the remuneration package for the Executive Directors.

This policy has been applied since June 2023.

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
<p><b>Basic pay</b> Core element of fixed remuneration to help recruit and retain employees of the appropriate calibre and experience</p>	<p>Basic pay for Executive Directors is normally reviewed annually (but may be reviewed more frequently if required).</p> <p>Consideration is given to the following when determining basic pay levels:</p> <ul style="list-style-type: none"> <li>Market conditions including typical pay levels for comparator companies taking into account the relative scale and complexity of the role and business</li> <li>Scale and scope of the role, experience and performance of the individual</li> <li>Average change in salary for the workforce as a whole</li> <li>The annual pay review is conducted on 1 April each year</li> </ul>	<p>There is no prescribed maximum annual increase. However, consideration is normally given to the average change in salary for the workforce as a whole.</p> <p>The Remuneration Committee considers any salary increases above the workforce average carefully.</p> <p>The Remuneration Committee may award salary increases above the workforce average in certain circumstances including, but not limited to:</p> <ul style="list-style-type: none"> <li>A Director assuming additional responsibilities</li> <li>Significant improvement in individual performance</li> <li>Significant change in the size or scope of a Directors' role</li> <li>Where salary is initially set below market levels for a newly appointed Director to allow for progress in their role</li> </ul>	<p>Not applicable, although overall performance of the individual and the Company is considered by the Remuneration Committee when setting and reviewing salaries.</p>
<p><b>Annual Bonus</b> Rewards the achievement of annual financial and strategic business targets as well as the delivery of personal objectives</p> <p>Clawback and malus applies in a number of circumstances to enable the Company to mitigate risk</p>	<p>Bonus payments are made in cash following the completion of the audit for the year in which bonuses are earned.</p> <p>The Remuneration Committee may adjust the bonus pay-out should the formulaic outcome be considered not to reflect underlying business performance.</p> <p>The Remuneration Committee has the right to operate both clawback and malus provisions in respect of bonus scheme awards in relation to circumstances of material misstatement of results, serious misconduct or reputational damage and corporate failure which may have occurred at any time before claw back is operated.</p> <p>Bonus payments are non-pensionable.</p>	<p>Executive Directors are entitled to earn up to 100% of basic pay as a bonus.</p>	<p>The bonus plan is based on the achievement of challenging performance targets. The financial measures, which account for the majority of the bonus, will generally include a measure of profitability and/or cash generation. Other targets may include the achievement of strategic objectives and specific personal objectives.</p>
<p><b>Benefits</b> Provide a market competitive benefits package to help recruit and retain employees of the appropriate calibre and experience</p>	<p>Executive Directors are entitled to receive benefits including healthcare benefits and a fully expensed company car (or cash allowance) where it is deemed necessary to their role.</p> <p>Executive Directors are entitled to receive repayment of costs deemed necessary for them to perform their duties.</p> <p>Other benefits may be provided based on individual circumstances including, but not limited to, housing or relocation expenses.</p>	<p>Set at a level which the Remuneration Committee considers to be appropriately positioned taking into account the scale and scope of the role and market conditions in comparator companies.</p>	<p>Not applicable.</p>

# Remuneration Report

For the year ended 31 December 2025

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
<p><b>Pensions</b> Provide market competitive post-employment benefits to help recruit and retain employees of the appropriate calibre and experience</p>	<p>Executive Directors are entitled to membership of Company pension schemes in operation from time to time.</p> <p>The Company currently operates a defined contribution scheme.</p> <p>The Company previously operated a defined benefit scheme, which was closed for future accrual in 2006. One Executive Director is a deferred member of this scheme.</p> <p>Executive Directors may choose to receive a salary supplement in lieu of pensions up to the value of the normal contribution level at no extra cost to the Company.</p> <p>Bonus and other benefits received by Executive Directors do not count towards pensionable pay.</p>	<p>Up to 10% of basic pay under the defined contribution scheme.</p>	<p>Not applicable.</p>
<p><b>Long term incentive schemes</b> Incentivises employees to achieve a higher and sustained level of return to shareholders over a longer period of time</p> <p>Supports retention and promotes share ownership</p> <p>Clawback and malus applies in a number of circumstances to enable the Company to mitigate risk</p>	<p>The Company operates an LTIP approved by shareholders on 22 June 2022.</p> <p>LTIP awards are made on an annual basis typically in the form of nil or nominal cost options with vesting dependent on the achievement of performance conditions, normally over a three year period. Vested LTIP options must be exercised within ten years of the date of grant. Once exercised the net shares remaining after the payment of associated tax charges must be retained for a further two years.</p> <p>The Remuneration Committee has the right to operate both clawback and malus provisions in respect of LTIP awards in relation to material misstatement of results, serious misconduct or reputational damage and corporate failure which may have occurred at any time before claw back is operated.</p> <p>LTIP payments are non-pensionable.</p>	<p>Executive Directors may normally be granted LTIP awards up to 100% of salary each year.</p> <p>For threshold performance, 25% of the award vests.</p> <p>For maximum performance, 100% of the award vests.</p> <p>Straight line vesting applies between threshold, and maximum vesting.</p> <p>In exceptional circumstances, such as recruitment where it may be necessary to grant a buy-out award, Executive Directors may be granted LTIP awards of up to 150% of salary each year.</p>	<p>Challenging performance targets are set each year reflecting the business priorities that underpin longer term Group strategy.</p> <p>At least 50% of the LTIP award will normally vest based on adjusted Basic Earnings Per Share performance targets.</p> <p>Other performance metrics will be used for future awards including Return on Capital Employed and Cash Generation.</p>

During the year there were no changes to the remuneration policy.

## Non-Executive Directors

The table below sets out an overview of the remuneration of Non-Executive Directors.

Purpose and link to strategy	Operation
<p><b>Chairman and Non-Executive Director fees</b> Provide an appropriate reward to help recruit and retain Non-Executive Directors of the appropriate calibre and experience</p>	<p>Fees for Non-Executive Directors are normally reviewed annually (but may be reviewed more frequently if required).</p> <p>Consideration is given to the following when determining fee levels:</p> <ul style="list-style-type: none"> <li>Market conditions including typical fee levels for comparator companies</li> <li>A Non-Executive Director's role and responsibilities</li> <li>Non-Executive Directors do not participate in any incentive scheme</li> </ul>

## Explanation of performance metrics chosen

The annual bonus is assessed against financial, strategic and personal performance conditions, as determined by the Remuneration Committee. This incentivises Executive Directors to focus on delivering the strategic and financial goals of the Group, wider Group performance and bespoke individual objectives for each Executive Director. We believe that this encourages behaviour that facilitates the future development of the business.

The LTIP is assessed against longer term financial performance conditions, including adjusted earnings per share, to provide a robust measurement of the Group's financial performance over the longer term and ability to deliver a higher and sustained level of return to shareholders.

The Remuneration Committee retains the discretion to adjust the performance conditions and targets where it considers it appropriate to do so.

## Pay policy for other employees

The Group values its wider workforce and aims to provide a remuneration package that is market competitive, complies with any statutory requirements and is applied fairly and consistently across the wider employee population. Where remuneration is not determined by statutory regulation, the key principles of the compensation philosophy are as follows:

- We remunerate people in a manner that allows for stability of the business and the opportunity for sustainable long term growth;
- We seek to remunerate fairly and consistently for each role with due regard to market conditions, internal consistency and the Group's ability to pay.

Total reward for Executive Directors will be set with sensitivity to subordinate staff within the Group with whom the packages will, as far as possible, be consistent and fair.

The Group takes into account the following when setting the remuneration policy for Executive Directors:

- Salary increases for the wider workforce;
- Company-wide benefit (including pension) offerings; and
- Overall spend and participation levels in the annual bonus and LTIP.

## Statement of consideration of shareholder views

The Remuneration Committee considers a pro-active and transparent dialogue with its shareholders to be important. The Remuneration Committee will consult with major shareholders when it proposes to make any major changes to the remuneration policy for Directors.

## Annual report on remuneration

This section of the Remuneration Report is audited.

Emoluments of the Directors were as follows:

	Salary £	Pension £	Benefits £	Pay in lieu of pension £	Annual bonus £	Total remuneration £
<b>2025</b>						
<b>Executive</b>						
D M O'Connor	353,833	–	2,196	31,346	–	387,375
M Cunningham	228,010	–	915	14,400	–	243,325
J A Roper	279,355	–	1,144	24,313	–	304,812
<b>Non-Executive</b>						
J M Moore	54,582	–	–	–	–	54,582
M Payne	54,582	–	–	–	–	54,582
C Stephens	54,582	–	–	–	–	54,582
R G W Williams	99,184	–	–	–	–	99,184
	1,124,128	–	4,255	70,059	–	1,198,442
<b>2024</b>						
<b>Executive</b>						
D M O'Connor	345,921	–	1,978	31,044	83,021	461,964
M Cunningham	223,813	–	824	14,774	53,715	293,126
J A Roper	283,314	–	1,030	20,080	64,395	368,819
<b>Non-Executive</b>						
B M Hynes* <sup>1</sup>	26,371	–	–	–	–	26,371
J M Moore	53,258	–	–	–	–	53,258
M Payne* <sup>2</sup>	49,785	–	–	–	–	49,785
C Stephens	53,258	–	–	–	–	53,258
R G W Williams	96,779	–	–	–	–	96,779
	1,132,499	–	3,832	65,898	201,131	1,403,360

B M Hynes\*<sup>1</sup> Until date of resignation 4 June 2024

M Payne \*<sup>2</sup> From date of appointment 16 January 2024

# Remuneration Report

For the year ended 31 December 2025

**This section of the Remuneration Report is not audited.**

All Directors received an increase in base salary of 1.9% during the year.

There were no contracts of significance during or at the end of the financial year in which a Director of the Company was materially interested. Pension costs above represent contributions made by the Group to defined contribution schemes or payments in lieu of such contributions.

## Performance bonuses

Performance bonuses are awarded for the achievement of growth in Operating Profit before exceptional items substantially above target levels and also in relation to the achievement of personal objectives.

During 2025, Executive Directors were able to earn a maximum of 100% of salary as a performance bonus. Of this figure 14% of salary was payable for achievement of threshold profit levels, 28% for on target performance, 56% for maximum profit objectives and 76% for the achievement of super-maximum profit objectives. A further 24% of salary could be earned against specified personal objectives. Straight line vesting applied between threshold, target and maximum performance levels.

In 2025, threshold profit bonus levels were payable on the achievement of an operating profit before exceptional items of £8,975,000, on target profit levels were payable on the achievement of operating profits before exceptional items of £9,447,000, maximum target profit levels were operating profits before exceptional items of £10,392,000 and super-maximum target profit levels were operating profits before exceptional items of £10,684,000.

As a result of performance during the year no profit bonus was achieved by the Executive Directors, in addition due to the low level of profitability and the bonus underpin, no personal bonus was paid during the year.

## Long term incentive plan

**This section of the Remuneration Report is audited.**

Details of share options granted under the Long Term Incentive Plan are as follows. Each option has an exercise price of 10p per ordinary share.

	Number of options 1 January 2025	Options granted	Options lapsed	Number of options 31 December 2025	Date from which exercisable	Expiry date
<b>D M O'Connor</b>						
2022 grant	21,977	–	21,977	–	June 2025	June 2032
2023 grant	24,425	–	–	24,425	June 2026	June 2033
2024 grant	32,191	–	–	32,191	June 2027	June 2034
2025 grant	–	55,666	–	55,666	June 2028	June 2035
<b>M Cunningham</b>						
2023 grant	14,545	–	–	14,545	June 2026	June 2033
2024 grant	20,704	–	–	20,704	June 2027	June 2034
2025 grant	–	35,802	–	35,802	June 2028	June 2035
<b>J A Roper</b>						
2022 grant	17,046	–	17,046	–	June 2025	June 2032
2023 grant	18,945	–	–	18,945	June 2026	June 2033
2024 grant	24,969	–	–	24,969	June 2027	June 2034
2025 grant	–	43,177	–	43,177	June 2028	June 2035

Exercise of the above options is subject to the achievement of performance conditions as specified by the Remuneration Committee and they are also subject to clawback and malus provisions which may be enacted in certain circumstances. The above number of options represent the amount that will vest based on the achievement of maximum performance targets. A lower percentage of the above options will vest given the achievement of lower than maximum performance. At target performance levels 40% of the above options would be expected to vest. Below threshold performance no options will vest.

Notional pension fund interest has been excluded from both the base and target EPS levels.

## Share price movements during the year

The market price of the Company's shares at the end of the financial year was 340p (2024: 700p). The range of prices for the year to 31 December 2025 was 725p to 340p (2024: 1,450p to 652.5p) per ordinary share.

## Pensions

This section of the Remuneration Report is audited.

M Cunningham, D M O'Connor and J A Roper were not active members of a Company pension scheme during the year. Directors are allowed to exchange pension benefits for additional salary. Pension contributions and payments in lieu of contributions made by the Group were as shown on page 33 and were at an equivalent rate of 10% of basic salary for D M O'Connor, 7% for J A Roper and 5% for M Cunningham.

All scheme members have the opportunity to pay Additional Voluntary Contributions. Neither the contributions nor the resulting benefits are included in the above table.

## Directors' service contracts

Executive Directors are not appointed on contracts for a fixed duration. All Executive Directors have contracts of service which can be terminated with a notice period of twelve months from the Company or six months from the Director.

Non-Executive Directors are generally initially appointed on fixed term contracts for a period of three years before moving to renewal every twelve months, but may normally be terminated with a notice period of three months.

There are no defined contractual payments in the event of termination of a Directors' service contract other than the specified notice period.

	Date of signature	Unexpired term at 31 December 2025
<b>Executive</b>		
M Cunningham	1 June 2023	12 months
D M O'Connor	15 May 2012	12 months
J A Roper	3 November 2015	12 months
<b>Non-Executive</b>		
J M Moore	25 January 2021	12 months
R G W Williams	29 September 2022	12 months
C J Stephens	1 February 2023	11 months
M Payne*	16 January 2024	1 years 1 month

## Directors' interests

This section of the Remuneration Report is audited.

The interests of the Directors and their immediate families and family trusts at 31 December 2025 in the 10p ordinary shares of the Company were as follows:

	2025	2024
D M O'Connor	23,655	23,655
J A Roper	1,024,035	1,024,035
J M Moore	1,000	270
C Stephens	819	819
M Payne	1,000	1,000
M Cunningham	2,033	2,033
R G W Williams	2,000	2,000
	<b>1,054,542</b>	<b>1,053,812</b>

J A Roper's interest in the 10p ordinary shares of the Company at 31 December 2025 represented 9.3% (2024: 9.3%) of the Company's issued share capital.

There has been no change in the interests set out above between 31 December 2025 and 10 April 2026.

# Remuneration Report

For the year ended 31 December 2025

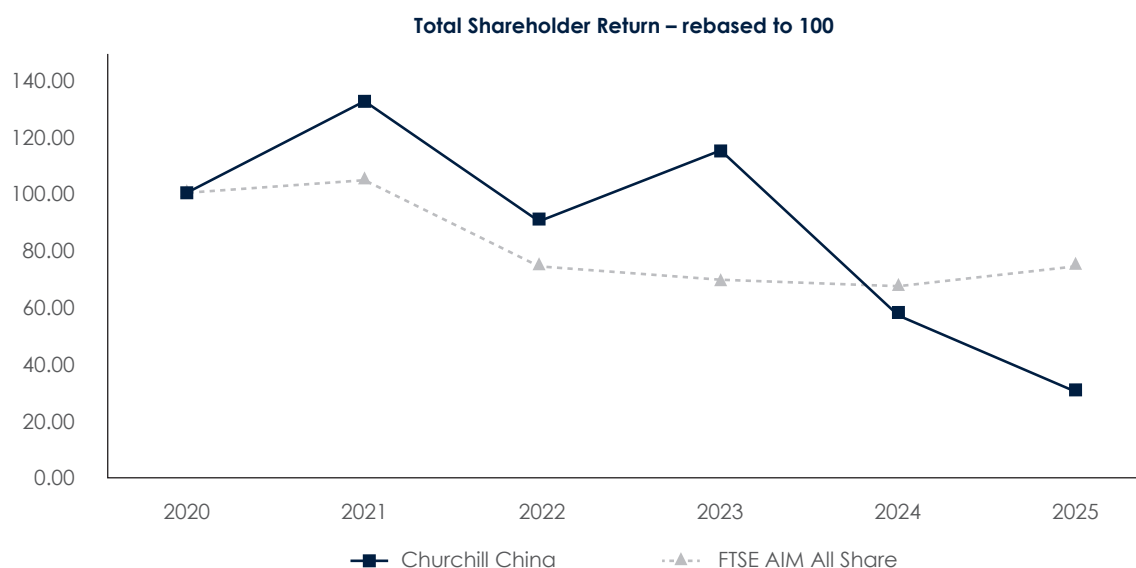
## Director shareholding requirements

Directors are expected to hold shares in the Company in order to align their interests with those of shareholders. In the longer-term Executive Directors are encouraged to hold the equivalent of 100% of annual base salary as shares in the Company and it is expected that this target level will be achieved by the retention of shares vesting under the Long-Term Incentive Plan after the payment of associated tax.

## Shareholder consultation

The Remuneration Committee will consult with major shareholders in relation to its operation and particularly in relation to any major changes in remuneration policy. During the year, with the exception of the standard resolution at the Annual General Meeting, the Remuneration Committee did not believe there was any requirement to make any approach to shareholders on remuneration issues. No significant comments have been received from shareholders in relation to remuneration matters.

At the 2024 Annual General Meeting, the standard resolution in relation to the approval of the Report of the Remuneration Committee contained in the Annual Report for 2024 was passed. 99.6% of votes were cast in favour of the resolution, 0.1% against, with abstentions of 0.3%.



(Source: Investec Bank plc)

Over a five year period the Group's total return to shareholders has been below that generated by the AIM All Share index. Total returns from the Company in the year have decreased as a result of a fall in our share price. The Group has increased dividend payments to shareholders during the year.

Our overall five-year return has decreased to an average compound rate of -21.72% (AIM: -6.42%). Over the five year period total shareholder return from the Group has been -70.61% whilst that achieved by the AIM index as a whole was -28.22%. In the year to 31 December 2025 the overall return from the Group was -48.26%, (AIM: 8.53%).

In the opinion of the Directors the above index is the most appropriate against which to measure the total shareholder return of Churchill China plc.

Over the same period the Chief Executive Officer's remuneration has been as follows:

	2020	2021	2022	2023	2024	2025
Single figure of remuneration (£'000)	293	605	543	555	462	387
Bonus payout (of base salary)	0%	99%	68%	60%	24%	0%
LTIP vesting (of maximum)	0%	0%	0%	0%	0%	0%
Profit before exceptional items and income tax (£'000)	848	5,963	9,054	10,788	8,536	6,027
Share price at 31 December	1,340p	1,762.5p	1,175p	1,450p	700p	340p

On behalf of the Board

**J M Moore**

Chair of the Remuneration Committee  
10 April 2026

# Nomination Committee Report

For the year ended 31 December 2025

## Annual Statement

Following the relatively busy past few years, 2025 was a quieter year for the Nominations Committee. The Committee continued to review the succession plan within the business. As a result of this the Committee continued its oversight over the recruitment of Mark Revill our (non-Board) Chief Operating Officer. This appointment strengthens the senior management team significantly for the future.

The Nomination Committee considered a number of matters during the year as part of its remit:

- We continued to assess the size structure and depth of talent of the Board and the depth of talent within the first and second levels of management. Members of the Nomination Committee meet with senior managers on a regular basis to keep well informed on the business but to also assess the talent within the business.
- The continuing development and formalisation of the Group's succession plans, particularly in areas of the business where the necessary skills and knowledge are dependent on a small cohort of employees.

The Board recognises the need for independence within its Non-Executive Directors and has a Board with four independent members. Alongside this desire to maintain an appropriate level of independence the Board also recognises the benefit that experience and knowledge of the business and its values bring to the Group. Our succession planning and nomination processes will always attempt to balance these two objectives.

The Nomination Committee operates under Terms of Reference agreed by the Board.

On behalf of the Board

**R G W Williams**

Chair of the Nomination Committee  
10 April 2026

# Audit Committee Report

For the year ended 31 December 2025

## Dear Shareholders

I am pleased to present the Audit Committee Report for 2025.

The primary role of the Audit Committee is to oversee the controls and processes within the business and assess the suitability of the management framework. In addition, the Committee is responsible for assessing the independence, objectivity and quality of the external auditor and in assessing the suitability of the fee levels being charged.

During the year the Committee met three times in line with the agreed schedule, the Committee reviewed the terms of reference and determined that these were still relevant. They were subsequently approved by the full Board.

The Audit Committee has considered a number of matters since the beginning of 2025 including:

- Review of the annual and interim financial results and the Annual Report;
- Consideration of the Report of the External Auditors, PricewaterhouseCoopers LLP, to the Audit Committee;
- Agreement of the Audit Plan of the External Auditors for the year to 31 December 2025 including the scope of work to be carried out;
- Review of the independence, effectiveness and level of fees to be paid to the External Auditors;
- A review of the Group's risk management process and the resulting key risks which are highlighted in the principal risks section of the Strategic Report. Also assessed is how these risks are impacted by the wider business environment;
- Reviewed the dividends payable and their compliance with legislation;
- Reviewed whether the Group was a going concern prior to the publishing of the final and interim accounts and recommended acceptance to the full Board; and
- Initiated a tender process for the provision of audit services.

## Financial reporting and significant financial issues

The Audit Committee assesses whether suitable accounting policies have been adopted, whether management have made appropriate estimates and judgements and reviews reports prepared by management in relation to major judgements.

The Audit Committee have assessed the judgements made around stock valuation and provisioning. The Committee is comfortable that stock has been valued appropriately, and that adequate provision has been made against obsolete and slow moving stock. Whilst we appreciate that the stock being held is unlikely to degrade, the changing marketplace does indicate a need for more varied lines and as a result we believe that the Group is still exposed to an element of obsolescence due to changing trends within our end users. The provision is therefore deemed to be appropriate and reasonable.

The Audit Committee has considered the position of the Group's Defined Benefit Pension Scheme and believes that it is appropriate to recognise the surplus of £7.7m as calculated under IAS 19 as an asset within the Financial Statements.

## Auditors

Following the tender process initiated in 2025 the Board, on the recommendation of the Audit Committee, is recommending the appointment of Forvis Mazars LLP as the Company's auditors for the 2026 audit, and a resolution to appoint them will be proposed at the Annual General Meeting. The Committee took note of the FCA best practice guidelines during the process, ensuring the selection of 4 firms to respond to the initial tender document. These were assessed by a sub-Committee comprising myself and M Cunningham. Following a detailed weighted scoring process and communication with significant shareholders the top two firms were taken forward to the plc Board for a final decision to be made.

## Internal audit

The Group does not use an internal audit department and currently does not believe that, given the size and structure of the business, the geographic proximity of its major operations and the close control effected by the involvement of Executive Directors in the day to day running of the business, such a department would provide an effective means of gaining significant improvements in internal control. The requirement for an internal audit function is reviewed annually by the Committee.

On behalf of the Board

**M Payne**

Chair of the Audit Committee  
10 April 2026

---

# Independent Auditors' Report to the Members of Churchill China plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Churchill China plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2025 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2025 (the "Annual Report"), which comprise:

- the Consolidated Statement of Financial Position as at 31 December 2025;
- the Company Statement of Financial Position as at 31 December 2025;
- the Consolidated Income Statement for the year then ended;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Our audit approach

### Overview

Audit scope

- We conducted a full scope audit of Churchill China (UK) Limited and Churchill China plc, as well as targeted procedures on the cash and cash equivalents balance in Furlong Mills Limited
- The consolidation adjustments included within the consolidated results of the group have been audited to overall group performance materiality

Key audit matters

- Inventory provision for slow moving or obsolete items (group)
- Valuation of defined benefit pension liability (group)
- Valuation of the investments in subsidiaries (parent)

Materiality

- Overall group materiality: £763,000 based on 1% of total revenue.
- Overall company materiality: £87,000 based on 1% of total assets.
- Performance materiality: £572,000 (group) and £65,000 (company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

# Independent Auditors' Report to the Members of Churchill China plc

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b>Inventory provision for slow moving or obsolete items (group)</b></p> <p>Refer to the summary of significant accounting policies in note 1 to the financial statements, and note 14 (Inventories). Inventory represents a significant asset on the group's balance sheet and is carried at the lower of cost and net realisable value ("NRV"). The group's accounting policy is to determine a provision based upon obsolete, slow moving or defective inventories, taking into account historical sales volumes, agreed stock levels and expected scrap values. There is a risk that the provision is materially misstated given the quantum and inherent levels of estimation uncertainty in its determination.</p>	<p>We assessed management's policy for providing for obsolete and slow moving stock. For a sample we validated the quantities on hand to the quantities stated within the provision calculation. We have computed the excess quantities above the agreed stock level and for this excess stock we validated the provision rate applied with reference to historical actual sales below cost and other supporting evidence. For inventory categorised as clearance stock, we analysed the ageing of this stock and the provision rate applied.</p> <p>We tested the integrity of the provision calculation model to assess whether it was mathematically accurate.</p> <p>In order to assess the level of inventory provision held at year end, we have performed several lookback assessments and other analytical procedures which include considering: the inventory SKU's where total contribution in the year was negative, any damaged stock that has had to be written down and any SKUs which have not been sold for a period of time and hence would be classified as clearance stock.</p> <p>We found the inventory valuation provisions to be materially appropriate and consistent with the audit evidence obtained. We also tested the sensitivity disclosures provided in note 1 to the financial statements and found them to be consistent with the conclusions reached.</p>
<p><b>Valuation of defined benefit pension liability (group)</b></p> <p>Refer to the summary of significant accounting policies in note 1 to the financial statements and note 19 (Retirement benefit asset). The valuation of the defined benefit obligation requires estimation in determining appropriate assumptions such as mortality rates, discount rates and inflation levels. Movement in these assumptions can have a material impact on the determination of the liability. Management uses external actuaries to assist in determining these assumptions, and this is considered to be the significant audit risk.</p>	<p>We used our actuarial experts to assess whether the assumptions used in the calculation of the defined benefit liability were reasonable and in line with accounting standards. We assessed the reasonableness of those assumptions by comparing to our own independently determined benchmarks considering the potential impact if these assumptions are to be changed within a reasonable range.</p> <p>We ensured the disclosures in note 19, and sensitivity analysis disclosed in the financial statements was consistent with the actuarial report.</p> <p>We found that the final assumptions utilised were reasonable and within our expected ranges and supported by available evidence.</p>
<p><b>Valuation of the investments in subsidiaries (parent)</b></p> <p>Refer to the summary of significant accounting policies in note 1 to the financial statements, and note 13 (Investments in subsidiaries). Investments in subsidiary companies are stated at cost less any provisions for impairment. Where an event has occurred that gives rise to doubt about the recovery of the carrying value an impairment assessment is made. The impairment is calculated by comparing the investments carrying value to the recoverable amount as required by FRS 101. This balance remains the largest single balance in the Company's accounts and so has been the principal focus of our audit effort.</p>	<p>We evaluated whether there were any indicators of an impairment trigger in relation to the parent company's investments balance, with specific consideration given to the following:</p> <ul style="list-style-type: none"> <li>the trading results of the subsidiaries, forecasts results and market capitalisation of the Group;</li> <li>any significant changes with an adverse impact in relation to the market in which the subsidiaries operates, noting that there were no such changes.</li> </ul> <p>We consider management's conclusion that there are no indicators of impairment to be appropriate.</p>
<p><b>How we tailored the audit scope</b></p> <p>We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.</p> <p>The group financial statements are predominantly a consolidation of three UK statutory entities, comprising the group's main trading entity, Churchill China (UK) Limited, the Churchill China plc company and Furlong Mills Limited. In establishing the overall approach to the group audit strategy, we concluded that Churchill China (UK) Limited and Churchill China plc are full scope components. The cash balance in Furlong Mills Limited is in excess of group performance materiality and was also subject to audit procedures. For the two full scope components, we have allocated materiality to these components and designed our audit testing for each financial statement line item based on the size and nature of the transactions and balances for that line item and our assessment of the risk of material misstatement. We used our professional judgement to determine the nature and extent of testing required over each line item in the company financial statements.</p>	<p><b>The impact of climate risk on our audit</b></p> <p>As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.</p> <p><b>Materiality</b></p> <p>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 in aggregate on the financial statements as a whole.</p>

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
<b>Overall materiality</b>	£763,000.	£87,000.
<b>How we determined it</b>	1% of total revenue	1% of total assets
<b>Rationale for benchmark applied</b>	The group's profit as a percentage of total revenue has declined over recent years and is considered to be low, hence total revenues have been used as more appropriate benchmark to determine materiality. This is a generally accepted auditing benchmark.	The Company is not a profit oriented entity and is a holding company. As such it is considered that total assets is the most appropriate basis upon which to determine materiality and this is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £87,000 and £685,800.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £572,000 for the group financial statements and £65,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £38,100 (group audit) and £4,400 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's detailed cash flow forecasts and liquidity headroom under both a base case and stress test scenario;
- Testing that the cash flows are consistent with board approved forecasts;
- Assessing management's track record of forecasting accuracy;
- Testing the integrity of management's cash flow models; and
- Assessing whether any mitigating actions are within the control of management.

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditors' Report to the Members of Churchill China plc

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries that increase profit and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Made enquiries as to whether there was any correspondence with legal advisors;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Testing of journals posted that credit revenue and expenses and that have unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Sarah Phillips (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
10 April 2026

# Consolidated Income Statement

for the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Revenue</b>	2	<b>76,277</b>	78,279
<b>Operating profit</b>	3	<b>5,643</b>	7,995
Finance income	6	<b>559</b>	631
Finance costs	6	<b>(175)</b>	(90)
<b>Profit before income tax</b>		<b>6,027</b>	8,536
Income tax expense	8	<b>(1,666)</b>	(2,171)
<b>Profit for the year</b>		<b>4,361</b>	6,365
Basic earnings per ordinary share	9	<b>39.7p</b>	57.9p
Diluted earnings per ordinary share	9	<b>39.7p</b>	57.9p

All of the above figures relate to continuing operations.

The notes on pages 51 to 71 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Profit for the year		4,361	6,365
<b>Other comprehensive (expense)/income</b>			
<i>Items that will not be reclassified to profit and loss:</i>			
Remeasurements of post-employment benefit obligations net of tax	19	(445)	(835)
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Currency translation differences		(11)	4
<b>Other comprehensive expense for the year</b>		<b>(456)</b>	<b>(831)</b>
<b>Total comprehensive income for the year</b>		<b>3,905</b>	<b>5,534</b>

Amounts in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 18.

# Consolidated Statement of Financial Position

as at 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	26,467	24,578
Intangible assets	12	454	616
Deferred tax assets	18	177	131
Retirement benefit assets	19	7,651	8,179
		<b>34,749</b>	<b>33,504</b>
<b>Current assets</b>			
Inventories	14	21,328	23,318
Trade and other receivables	15	13,445	12,191
Cash and cash equivalents		10,808	10,100
		<b>45,581</b>	<b>45,609</b>
<b>Total assets</b>		<b>80,330</b>	<b>79,113</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	(10,495)	(11,508)
		<b>(10,495)</b>	<b>(11,508)</b>
<b>Non-current liabilities</b>			
Lease liabilities	17	(2,477)	(550)
Deferred tax liabilities	18	(5,819)	(5,792)
<b>Non-current liabilities</b>		<b>(8,296)</b>	<b>(6,342)</b>
<b>Total liabilities</b>		<b>(18,791)</b>	<b>(17,850)</b>
<b>Net assets</b>		<b>61,539</b>	<b>61,263</b>
<b>Equity attributable to owners of the Company</b>			
Issued share capital	20	1,103	1,103
Share premium account	20	2,348	2,348
Treasury shares	21	(431)	(431)
Other reserves		1,195	1,160
Retained earnings		57,324	57,083
<b>Total equity</b>		<b>61,539</b>	<b>61,263</b>

The notes on pages 51 to 71 are an integral part of these consolidated financial statements. The financial statements on pages 43 to 71 were approved by the Board of Directors on 10 April 2026 and were signed on its behalf by:

**D M O'Connor**  
Director

**M Cunningham**  
Director

Company number 02709505

# Company Statement of Financial Position

as at 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Fixed assets</b>			
Intangible assets	12	303	399
Deferred tax assets	18	14	–
Investments	13	6,895	7,032
		<b>7,212</b>	<b>7,431</b>
<b>Current assets</b>			
Debtors: non-current	15	1,423	487
Debtors: current	15	–	860
Cash at bank and in hand		88	79
		<b>1,511</b>	<b>1,426</b>
<b>Total assets</b>		<b>8,723</b>	<b>8,857</b>
<b>Creditors: amounts falling due within one year</b>			
Creditors	16	(40)	(32)
<b>Net assets</b>		<b>8,683</b>	<b>8,825</b>
<b>Equity attributable to owners of the Company</b>			
Called up share capital	20	1,103	1,103
Share premium account	20	2,348	2,348
Treasury shares	21	(431)	(431)
Other reserves		55	–
Retained earnings		5,608	5,805
<b>Total equity</b>		<b>8,683</b>	<b>8,825</b>

The notes on pages 51 to 71 are an integral part of these financial statements.

The financial statements on pages 43 to 71 were approved by the Board of Directors on 10 April 2026 and were signed on its behalf by:

**D M O'Connor**  
Director

**M Cunningham**  
Director

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The profit of the Company for the year was £3,487,000 (2024: £2,949,000).

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2025

	Note	Retained earnings £'000	Issued share capital £'000	Share premium account £'000	Treasury shares £'000	Other reserves £'000	Total equity £'000
<b>Balance at 1 January 2024</b>		<b>55,558</b>	<b>1,103</b>	<b>2,348</b>	<b>(431)</b>	<b>1,363</b>	<b>59,941</b>
<b>Comprehensive Income/(expense):</b>							
Profit for the year		6,365	–	–	–	–	6,365
<i>Other comprehensive income/(expense):</i>							
Depreciation transfer – gross		12	–	–	–	(12)	–
Depreciation transfer – tax		(3)	–	–	–	3	–
Re-measurement of post-employment benefit obligations – net of tax		(835)	–	–	–	–	(835)
Currency translation		–	–	–	–	4	4
<b>Total comprehensive income</b>		<b>5,539</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(5)</b>	<b>5,534</b>
<b>Transactions with owners</b>							
Dividends	10	(4,014)	–	–	–	–	(4,014)
Share based payments	20	–	–	–	–	(198)	(198)
<b>Total transactions with owners</b>		<b>(4,014)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(198)</b>	<b>(4,212)</b>
<b>Balance at 31 December 2024</b>		<b>57,083</b>	<b>1,103</b>	<b>2,348</b>	<b>(431)</b>	<b>1,160</b>	<b>61,263</b>
<b>Comprehensive Income/(expense):</b>							
Profit for the year		4,361	–	–	–	–	4,361
<i>Other comprehensive income/(expense):</i>							
Depreciation transfer – gross		12	–	–	–	(12)	–
Depreciation transfer – tax		(3)	–	–	–	3	–
Re-measurement of post-employment benefit obligations – net of tax		(445)	–	–	–	–	(445)
Currency translation		–	–	–	–	(11)	(11)
<b>Total comprehensive income</b>		<b>3,925</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(20)</b>	<b>3,905</b>
<b>Transactions with owners</b>							
Dividends	10	(3,684)	–	–	–	–	(3,684)
Share based payments	20	–	–	–	–	55	55
<b>Total transactions with owners</b>		<b>(3,684)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>55</b>	<b>(3,629)</b>
<b>Balance at 31 December 2025</b>		<b>57,324</b>	<b>1,103</b>	<b>2,348</b>	<b>(431)</b>	<b>1,195</b>	<b>61,539</b>

## Other Reserves

Included within other reserves are the revaluation, currency reserve and share based payment reserves.

# Company Statement of Changes in Equity

for the year ended 31 December 2025

	Note	Retained earnings £'000	Issued share capital £'000	Share premium account £'000	Treasury shares £'000	Other reserves £'000	Total equity £'000
<b>Balance at 1 January 2024</b>		<b>6,870</b>	<b>1,103</b>	<b>2,348</b>	<b>(431)</b>	<b>198</b>	<b>10,088</b>
Comprehensive income:							
Profit for the year		2,949	–	–	–	–	2,949
<b>Total comprehensive income</b>		<b>2,949</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,949</b>
<b>Transactions with owners</b>							
Dividends	10	(4,014)	–	–	–	–	(4,014)
Share based payments	20	–	–	–	–	(198)	(198)
<b>Total transactions with owners</b>		<b>(4,014)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(198)</b>	<b>(4,212)</b>
<b>Balance at 31 December 2024</b>		<b>5,805</b>	<b>1,103</b>	<b>2,348</b>	<b>(431)</b>	<b>–</b>	<b>8,825</b>
Comprehensive income:							
Profit for the year		3,487	–	–	–	–	3,487
<b>Total comprehensive income</b>		<b>3,487</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,487</b>
<b>Transactions with owners</b>							
Dividends	10	(3,684)	–	–	–	–	(3,684)
Share based payments	20	–	–	–	–	55	55
<b>Total transactions with owners</b>		<b>(3,684)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>55</b>	<b>(3,629)</b>
<b>Balance at 31 December 2025</b>		<b>5,608</b>	<b>1,103</b>	<b>2,348</b>	<b>(431)</b>	<b>55</b>	<b>8,683</b>

## Other Reserves

Included within other reserves are the revaluation, currency and share based payment reserves.

# Consolidated Statement of Cash Flows

for the year ended 31 December 2025

	2025 £'000	2024 £'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	9,282	5,085
Interest received	111	227
Interest paid	(175)	(90)
Income taxes paid	(1,773)	(1,574)
<b>Net cash generated from operating activities</b>	<b>7,445</b>	<b>3,648</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(2,451)	(3,003)
Proceeds on disposal of property, plant and equipment	32	39
Purchases of intangible assets	(2)	(135)
<b>Net cash used in investing activities</b>	<b>(2,421)</b>	<b>(3,099)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(3,684)	(4,014)
Principal elements of leases	(632)	(368)
<b>Net cash generated used in financing activities</b>	<b>(4,316)</b>	<b>(4,382)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>708</b>	<b>(3,833)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,100</b>	<b>13,933</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,808</b>	<b>10,100</b>

# Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

for the year ended 31 December 2025

	2025 £'000	2024 £'000
<b>Continuing operating activities</b>		
<b>Operating profit</b>	<b>5,643</b>	7,995
<i>Adjustments for:</i>		
Depreciation and amortisation	<b>3,806</b>	3,666
Gain on disposal of property, plant and equipment	<b>(24)</b>	(13)
Charge/(reversal) for share-based payments	<b>55</b>	(198)
Defined benefit pension cash contribution (see note 19)	<b>–</b>	(1,167)
Pension administrative costs	<b>382</b>	94
Other income	<b>(309)</b>	–
<i>Changes in working capital:</i>		
Inventory	<b>1,990</b>	(1,422)
Trade and other receivables	<b>(1,254)</b>	(1,150)
Trade and other payables	<b>(1,007)</b>	(2,720)
<b>Net cash inflow from operations</b>	<b>9,282</b>	5,085

# Notes to the Financial Statements

for the year ended 31 December 2025

## 1. Summary of significant accounting policies

Churchill China plc is a public company limited by shares that is incorporated and domiciled in the United Kingdom. The address of its registered office is No.1 Marlborough Way, Tunstall, Stoke-on-Trent, Staffordshire, ST6 5NZ, England. The Company's ordinary shares are publicly traded on AIM and it is not under the control of any single shareholder.

### Group significant accounting policies

#### Basis of Preparation

The consolidated financial statements of Churchill China plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared under the historical cost convention, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and defined benefit pension plan measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain key sources of estimation uncertainty. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Going concern

The Board confirms that, having made enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of the financial statements.

The Board has considered alternative scenarios in relation to the effect of loss of revenues. This review has included consideration of the impact of different levels of reduction in revenue, different periods of effect, alternative operational responses and cost reduction plans, the high level of cash and deposits held by the Group and additional available financing.

These reviews indicate that it is reasonable for the business to expect to continue in operational existence for at least the twelve months from the signing of the financial statements.

### New standards and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

### Basis of consolidation

The consolidated financial statements of Churchill China plc include the results of the Company and its subsidiaries.

The financial statements of each undertaking in the Group are prepared to the balance sheet date under FRS 101. Subsidiary accounting policies are amended, where necessary, to ensure consistency with the Group accounting policies under IFRS.

#### Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the purchase of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

### Segment reporting

Segmental information is reported in a way consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Churchill China plc. Income arising directly from a business segment is identified to that segment. Transactions between reportable segments are at arm's length.

### Revenue

The group manufactures and sells a range of ceramic tableware and raw materials to the ceramics industry. Revenue and a corresponding receivable are recognised when title and control of the products has transferred, since at this point in time the consideration is unconditional because only the passage of time is required before payment is due. Sales of ceramic tableware are made on an ex works basis, with revenue being recognised at the point of despatch. Sales of raw materials are made on a delivered basis, with revenue recognised following delivery to the relevant customer site.

Products are sometimes sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts percentage contractually agreed. Actual experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No significant element of financing is deemed present, because the sales are made with a standard credit term, consistent with market practice. The group's obligation to replace faulty products under the quality and edge chip warranty terms is recognised in other creditors.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies continued

Interest income is recognised on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income is recognised when the Company's right to receive payment has been established.

### Leases

New leases are reviewed and classified in accordance with IFRS 16 based on their length and value. Right of use assets are recognised within Property, Plant and Equipment. Current lease liabilities are recognised in trade and other payables and non-current lease liabilities are presented on a separate line on the statement of financial position as there are no other non-current trade and other payables.

### Operating profit and exceptional items

Operating profit is stated both before and after the effect of exceptional items but before the Group's finance income and costs and taxation.

The Group has adopted an income statement format which seeks to highlight significant items within the Group results for the period. Such items are considered by the Directors to be exceptional in size and nature rather than being representative of the underlying trading of the Group, and may include such items as restructuring costs, non-trading related income, material impairments of non-current assets, material profits and losses on the disposal of assets, material increases or reductions in pension scheme charges and material increases or decreases in taxation costs as a result of changes in legislation. The Directors apply judgement in assessing the particular items, which by virtue of their size and nature are separately disclosed in the income statement and notes to the financial statements as "Exceptional items". The Directors believe that the separate disclosure of these items is relevant in understanding the Group's financial performance.

### Dividends

Dividends to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are paid, following approval by the Company's shareholders.

### Interest received/paid

Interest received and paid is treated in the statement of cash flows as a cash flow from operating activities as this reflects the nature of the Group's business.

### Retirement benefit costs

The Group operates a defined benefit pension scheme and defined contribution pension schemes.

The defined benefit scheme is valued every three years by a professionally qualified independent Actuary. In intervening years, the Actuary reviews the continuing appropriateness of the valuation. Scheme liabilities are measured using the projected unit method and the amount recognised in the statement of financial position is the present value of these liabilities at the balance sheet date. The discount rate used to calculate the present value of liabilities is the interest rate attaching to high quality corporate bonds. The assets of the scheme are held separately from those of the Group and are measured at fair value. The net obligation/asset presented in the statement of financial position is calculated on an actuarial basis at the reporting date. An asset position is recognised where the assets of scheme exceed the present value of the liabilities, if in accordance with the scheme rules and accounting standards, the Group believes any surplus recognised would be recoverable. The accrual of further benefits under the scheme ceased on 31 March 2006.

The regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service and any benefits arising from curtailments, is charged or credited to operating profit in the year. These costs are included within staff costs.

A net interest income or cost on defined benefit plans is included within finance income or cost, based on the discount rate on the net post-employment obligation measured at the beginning of the year. The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the statement of financial position.

Remeasurements of post-employment benefit obligations are recognised in the statement of comprehensive income in the year, together with differences arising from changes in actuarial assumptions.

Costs associated with defined contribution schemes represent contributions payable by the Group during the year and are charged to the income statement as they fall due.

### Share based payments

Where equity settled share options have been issued to employees, the fair value of options at the date of grant is charged to the Income Statement over the period over which the options are expected to vest. The number of ordinary shares expected to vest at each balance sheet date are adjusted to reflect non market vesting conditions such that the total charge recognised over the vesting period reflects the number of options that ultimately vest. Market vesting conditions are reflected within the fair value of the options granted. If the terms and conditions attaching to options are amended before the options vest any change in the fair value of the options is charged to the Income Statement over the remaining period to the vesting date.

National insurance contributions payable by the Company in relation to unapproved share option schemes are provided for on the difference between the share price at the balance sheet date and the exercise price of the option where the share price is higher than the exercise price.

### Foreign currencies

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

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 average exchange rates for the period. Exchange differences arising, if any, are accounted for in other comprehensive income.

In order to manage its exposure to certain foreign exchange risks, the Group enters into forward currency contracts (see "Derivative financial instruments" below).

## 1. Summary of significant accounting policies continued

### Derivative financial instruments

The Group's operations expose it to the financial risks of changes in exchange rates. The Group uses forward currency contracts to mitigate this exposure. The Group does not use derivative financial instruments for speculative purposes. Changes in the fair value of derivative financial instruments are recognised immediately in the income statement as soon as they arise. Contracts are initially recognised at fair value, gains and losses on all derivatives held at fair value outstanding at a balance sheet date are recognised in the income statement.

Hedge accounting is not considered to be appropriate to the above currency risk management techniques and has not been applied.

### Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax is based on the taxable profit for the year. 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 is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for, if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction there is no effect on either accounting or taxable profit or loss. The Group's liability for deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date or are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities may be set off against each other provided there is a legal right to do so and it is managements' intention to do so.

### Property, plant and equipment

Property, plant and equipment is shown at cost, net of accumulated depreciation, as adjusted for the revaluation of certain land and buildings.

Depreciation is calculated so as to write off the cost, less any provision for impairment, of plant, property and equipment, less their estimated residual values over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	2 on cost
Plant and machinery	10–25 on cost
Motor vehicles	25 on reducing net book value
Fixtures and fittings	25–33 on cost

Freehold land and assets in the course of construction is not depreciated.

Right of use assets are depreciated on a straight line basis over the remaining life of the lease in accordance with IFRS 16.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### Intangible assets

Intangible assets, which comprise computer software, are shown at cost net of accumulated amortisation. Amortisation is calculated so as to write off the cost, less any provision for impairment, of intangible assets, less their estimated residual values over the expected useful economic lives of the assets concerned. The principal annual rate used for this purpose is:

	%
Computer software	33 on cost
Trademarks acquired	10–20 on cost

Neither the Group nor the Company holds any goodwill.

### Impairment of non-financial assets

At each reporting date the Directors assess whether there is any indication that an asset may be impaired. If any such indicator exists, the Group tests for impairment by estimating the recoverable amount of the asset. If the recoverable amount is less than the carrying value of an asset an impairment loss is required. In addition to this, assets with indefinite lives are tested for impairment at least annually. The recoverable amount is measured as the higher of net realisable value or value in use. Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies continued

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes, where appropriate, direct materials, direct labour, overheads incurred in bringing inventories to their present location and condition and transport and handling costs. Net realisable value is the estimated selling cost less all further costs to sell. Provision is made where necessary for obsolete, slow moving and defective inventories.

### Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A large proportion of the Group's outstanding Trade Receivables are covered by credit insurance, however where this is not in place the Group applies the IFRS 9 expected credit loss model when reviewing the provision against Trade Receivables. Industry and sector information is reviewed to ensure any factors that would affect the future ability of these receivables to be collected is recognised.

### Other financial assets

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Cash and cash equivalents are as defined under IAS 7.

### Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation and (iii) the amount has been reliably estimated. The Directors estimate the amount of provisions required to settle any obligation at the balance sheet date. Provisions are discounted to their present value where the effect would be material.

### Financial risk management

#### Financial risk factors

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk, price risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage certain risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

#### (a) Market risk

##### (i) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in relation to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Details of the year end receivables in their respective currency can be found in note 15.

The Group's treasury risk management policy is to secure all of the contractually certain cash flows (mainly export sales and the purchase of inventory) and to review likely forward exposures in each major currency. Contractual certainty is considered to be where the Group has received a firm sales order or placed a firm purchase order.

At 31 December 2025, if Sterling had weakened by 5% against the US dollar with all other variables held constant, post-tax profit for the year would have been £270,000 (2024: £234,000) higher, mainly as a result of foreign exchange gains on translation of US dollar denominated trade receivables, payables and cash balances. Equity would have been a further £29,000 (2024: £26,000) higher mainly as a result of differences in the translation of US dollar investments in subsidiary undertakings. If Sterling had weakened by 5% against the Euro with all other variables held constant, post tax profit for the year would have been £843,000 (2024: £812,000) higher, mainly as a result of foreign exchange gains on translation of Euro denominated trade receivables and cash balances. There would have been no substantial other changes in Equity.

##### (ii) Cash flow and fair value interest rate risk

The Group holds significant interest bearing assets and its finance income and operating cash flows are linked to changes in market interest rates. The Group has no significant short or long term borrowings.

The Group identifies cash balances in excess of short and medium term working capital requirements (see liquidity risk) and invests these balances in short and medium term money market deposits.

At 31 December 2025, had the interest rates achieved been 5% higher with all other variables held constant then post tax profit for the year would have been £6,000 (2024: £11,000). Other components of equity would have been unchanged.

## 1. Summary of significant accounting policies continued

### (b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, other financial assets and credit exposures including outstanding trade receivables and committed transactions.

Cash and cash equivalents are as follows:

	2025 £'000	2024 £'000
A1/A+ institutions	10,808	10,100

Other financial assets are as follows:

Risk attached to the receipt of UK trade receivables is largely controlled through the assessment of the credit quality of each customer, taking into account its financial position, past experience and third party credit information. Risks attaching to export trade receivables are controlled through the use of export credit insurance and confirmed letters of credit. Where these cannot be obtained the credit control department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group manages its debtor position and considers it is in a position of having limited credit risk (see note 15).

### (c) Price risk

As explained in the Strategic report, the Group results are affected by changes in market prices. The risk attached to this is managed by close relationships with suppliers and ongoing product development.

### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through committed credit facilities. Liquidity risk is managed on a Group basis with expected cash flows being monitored against current cash and cash equivalents and committed borrowing facilities.

The Group has no long term borrowing and funds its operations from its own cash reserves and the Directors do not consider there to be significant liquidity risk. All liabilities are generally due within 3 months with the exception of lease liabilities for which the maturity profile is set out in note 22.

## Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide finance for the long term development of the business and to generate returns for shareholders and benefits for other stakeholders in the business.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group currently has no external debt.

## Fair value estimation

The carrying value of trade and other receivables and trade and other payables are assumed to approximate their fair values.

## Key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

### (a) Net realisable value of excess inventories (estimate):

The Group identifies inventory where it is believed that the quantity held is in excess of that which may be realised at normal price levels. The realisable value of this inventory is assessed taking into account the estimated sales price less further costs to sell. If the net realisable value of excess inventories were to be 10% higher than management's estimates the value of this provision would reduce by £373,000 (2024: £371,000). If the net realisable value of excess inventories were to be 10% lower than management's estimates the value of this provision would increase by £373,000 (2024: £371,000).

### (b) Pension benefits assumptions (estimate):

The present value depends on several factors on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 19.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies continued

### (c) Pension surplus (judgement):

The retirement benefit asset / obligations recognised on the statement of financial position represents the surplus or deficit in the Group's defined benefit pension scheme calculated on an IAS19 basis at the end of the reporting period. The Group has assessed the recoverability of any net asset arising from a surplus position as applicable under IFRIC 14. The Group considers that based on the Trust Deed and Scheme rules, that any surplus would be recoverable on cessation of the scheme.

It is not considered that any items meet the definition of a key source of estimation uncertainty for the Company.

### Parent Company significant accounting policies

#### Basis of preparation

The Company financial statements are prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements have been prepared under the historical cost convention. The principal accounting policies applied in the preparation of the Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Disclosure exemptions

The Company has adopted the disclosure exemptions covering the following standards as permissible by Financial Reporting Standard 101 'Reduced Disclosure Framework':

- (a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment
- (b) The requirements of IFRS 3 Business Combinations
- (c) The requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- (d) The requirements of IFRS 7 Financial Instruments: Disclosures
- (e) The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- (f) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information
- (g) The requirements of IAS 7 Statement of Cash Flows
- (h) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- (i) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- (j) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

### Fixed asset investments

Fixed asset investments, comprising investment in subsidiaries are stated at cost less any provisions for impairment.

Where an event has occurred that gives rise to doubt about the recovery of the carrying value an impairment assessment is made. The impairment is calculated by comparing the investments carrying value to the recoverable amount as required by FRS 101.

### Other

Policies in relation to dividends and share based payments are the same as the Group accounting policies.

There are no significant estimates or judgements relating to the parent company.

## 2. Segmental Analysis

The Group reports to the Chief Operating Decision Maker, the Board, on two distinct segments of revenue. The Group's reportable segments are as follows; Ceramics, the sale of ceramic tableware and complementary items and; Materials, the sale of materials for the production of ceramics, predominantly to the tableware industry.

	2025 £'000	2024 £'000
<b>Market segment – Revenue</b>		
Ceramics	70,171	71,097
Materials	12,485	13,059
	<b>82,656</b>	84,156
Intra group revenue	<b>(6,379)</b>	(5,877)
	<b>76,277</b>	78,279

	2025 £'000	2024 £'000
<b>Geographical segment – Revenue</b>		
United Kingdom	31,459	32,790
Rest of Europe	30,520	30,790
USA	8,558	7,232
Rest of the World	5,740	7,467
	<b>76,277</b>	78,279

The profits of the business are allocated as follows:

	2025 £'000	2024 £'000
<b>Operating profit</b>		
Ceramics	3,133	6,999
Materials	2,510	996
	<b>5,643</b>	7,995

	2025 £'000	2024 £'000
<b>Unallocated items</b>		
Finance Income	559	631
Finance costs	(175)	(90)
Profit before income tax	<b>6,027</b>	8,536

	2025 £'000	2024 £'000
<b>Segmental Assets</b>		
Ceramics	69,659	69,791
Materials	10,671	9,322
	<b>80,330</b>	79,113

	2025 £'000	2024 £'000
<b>Segmental Liabilities</b>		
Ceramics	16,320	15,601
Materials	2,471	2,249
	<b>18,791</b>	17,850

Capital expenditure on tangible and intangibles assets was made as follows:

Ceramics £5,315,000 (2024: £2,788,000), Materials £232,000 (2024: £350,000).

# Notes to the Financial Statements

continued

## 3. Operating profit

	2025 £'000	2024 £'000
<b>Expenses / (Income) by nature</b>		
Changes in inventories of finished goods and work in progress	1,948	(1,857)
Raw materials used	5,886	8,371
Purchase of goods for resale	4,011	4,383
Employee benefit expense (note 5)	29,074	30,066
Other external charges	25,766	26,123
Depreciation and amortisation charges	3,806	3,666
Profit on disposal of property, plant and equipment	(24)	(13)
Foreign exchange loss / (gain)	167	(455)
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>70,634</b>	<b>70,284</b>

## 4. Average number of people employed

The average monthly number of persons (including Executive Directors) employed by the Group during the year was:

	2025 Number	2024 Number
<b>By activity</b>		
Production and warehousing	488	515
Sales and administration	199	208
	<b>687</b>	<b>723</b>

The Company had no employees other than Directors (2024: none).

## 5. Employee benefit expense

	2025 £'000	2024 £'000
Staff costs (for the employees shown in note 4)		
Wages and salaries	24,525	26,296
Social security costs	3,230	2,939
Defined contribution pension cost (note 19)	1,254	972
Other pension costs	10	57
Share options granted to directors and employees (note 20)	55	(198)
	<b>29,074</b>	<b>30,066</b>

### Directors' emoluments

The statutory disclosures for Directors' emoluments, being the aggregate emoluments, the aggregate amount of gains made by Directors on the exercise of share options and the amount of money receivable by Directors under long term incentive plans in respect of qualifying services have been included within the Remuneration Report. In addition, statutory disclosures in respect of the number of Directors to whom retirement benefits are accruing is disclosed. There are no 'non-directors' that are considered to be key management personnel.

### Company

The Company did not make any payments to employees (2024: nil). Directors' emoluments disclosed within the Remuneration Report include fees for services provided for the Company.

## 6. Finance income and costs

	2025 £'000	2024 £'000
Interest income on cash and cash equivalents	111	227
Interest on defined benefit schemes (note 19)	448	404
<b>Finance income</b>	<b>559</b>	<b>631</b>
Interest on lease liabilities	(139)	(74)
Other interest	(36)	(16)
<b>Finance costs</b>	<b>(175)</b>	<b>(90)</b>
<b>Net finance income</b>	<b>384</b>	<b>541</b>

## 7. Auditors' remuneration

	2025 £'000	2024 £'000
During the year the Group obtained the following services from the Company's auditors:		
Fees payable to the Company's auditors for the audit of the Company and consolidated financial statements (Company £6,000, 2024: £6,000)	324	318
<b>Total fees payable to the Group's auditors</b>	<b>324</b>	<b>318</b>

## 8. Income tax expense

<b>Group</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
Current tax – current year	1,566	1,679
Current tax – adjustment in respect of prior periods	(30)	9
<b>Current tax</b>	<b>1,536</b>	<b>1,688</b>
Deferred tax (note 18)		
Current year	49	489
Current year – adjustment in respect of prior periods	81	(6)
<b>Deferred tax</b>	<b>130</b>	<b>483</b>
<b>Income tax expense</b>	<b>1,666</b>	<b>2,171</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated entities as follows:

	2025 £'000	2024 £'000
<b>Profit before income tax</b>	<b>6,027</b>	<b>8,536</b>
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,507	2,134
Expenses not deductible for tax purposes	100	84
Income not subject to tax	–	(58)
Adjustment in respect of prior periods	51	3
Other	8	8
<b>Tax charge</b>	<b>1,666</b>	<b>2,171</b>

The weighted average tax rate for the year was 25% (2024: 25%).

## 9. Earnings per ordinary share

Basic earnings per ordinary share is based on the profit after income tax and on 10,997,835 (2024: 10,997,835) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

	2025 Pence per share	2024 Pence per share
<b>Basic earnings per share</b>		
(Based on earnings £4,361,000 (2024: £6,365,000))	39.7	57.9

Basic and diluted earnings per share are the same for the period as the Group had no dilutive potential ordinary shares.

# Notes to the Financial Statements

continued

## 10. Dividends

The dividends paid in the year were as follows:

### Group and Company

	2025 £'000	2024 £'000
<b>Ordinary</b>		
Final dividend 2024 26.5p (2023: 25.0p) per 10p ordinary share	2,914	2,749
Interim 2025 7.0p (2024: 11.5p) per 10p ordinary share paid	770	1,265
	<b>3,684</b>	<b>4,014</b>

### The Directors now recommend payment of the following dividend:

Ordinary dividend:

Final dividend 2025 14.0p (2024: 26.5p) per 10p ordinary share	1,540	2,914
--	-------	-------

Dividends on treasury shares held by the Company are waived.

## 11. Property, plant and equipment

The Company has no property, plant and equipment (2024: none). Details of property, plant and equipment relating to the Group are as follows:

Group	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<b>At 1 January 2024</b>					
Cost	19,063	45,362	829	2,786	68,040
Accumulated depreciation	(6,993)	(32,962)	(428)	(2,572)	(42,955)
<b>Net book amount</b>	<b>12,070</b>	<b>12,400</b>	<b>401</b>	<b>214</b>	<b>25,085</b>
<b>Year ended 31 December 2024</b>					
Opening net book amount	12,070	12,400	401	214	25,085
Additions	198	2,211	298	296	3,003
Disposals	–	–	(26)	–	(26)
Depreciation charge	(428)	(2,694)	(226)	(136)	(3,484)
<b>Closing net book amount</b>	<b>11,840</b>	<b>11,917</b>	<b>447</b>	<b>374</b>	<b>24,578</b>
<b>At 31 December 2024</b>					
Cost	19,261	47,338	955	3,082	70,636
Accumulated depreciation	(7,421)	(35,421)	(508)	(2,708)	(46,058)
<b>Net book amount</b>	<b>11,840</b>	<b>11,917</b>	<b>447</b>	<b>374</b>	<b>24,578</b>
<b>Year ended 31 December 2025</b>					
Opening net book amount	11,840	11,917	447	374	24,578
Additions	3,112	2,154	174	106	5,546
Disposals	–	–	(8)	–	(8)
Foreign exchange adjustment	(7)	–	–	–	(7)
Depreciation charge	(717)	(2,554)	(235)	(136)	(3,642)
<b>Closing net book amount</b>	<b>14,228</b>	<b>11,517</b>	<b>378</b>	<b>344</b>	<b>26,467</b>
<b>At 31 December 2025</b>					
Cost	22,372	49,453	1,021	3,188	76,034
Accumulated depreciation	(8,144)	(37,936)	(643)	(2,844)	(49,567)
<b>Net book amount</b>	<b>14,228</b>	<b>11,517</b>	<b>378</b>	<b>344</b>	<b>26,467</b>

### Net book value of Right-of-Use-assets included within Property, Plant and Equipment

	Note					
<b>At 31 December 2025</b>	<b>22</b>	<b>2,839</b>	<b>37</b>	<b>394</b>	<b>26</b>	<b>3,296</b>
At 31 December 2024	22	348	56	428	36	868

Included within Property, plant and equipment is £707,000 (2024: £2,151,000) classified as plant and machinery and £nil (2024: £139,000) classified as fixtures and fittings which meet the classification of Assets In the Course of Construction.

## 12. Intangible assets

The Company holds intangible assets with a cost of £1,500,000 (2024: £1,500,000) and a net book value of £303,000 (2024: £399,000) relation to Dudson trademarks. These are the only intangible assets the Company holds and it is the only individually material intangible asset to the group. The remaining weighted average amortisation period of the Dudson trademark is 3.2 years (2024: 4.2 years).

Details of intangible assets relating to the Group are as follows:

Group	Computer software £'000	Trademarks £'000	Total £'000
<b>At 1 January 2024</b>			
Cost	1,424	1,500	2,924
Accumulated amortisation	(1,292)	(969)	(2,261)
<b>Net book amount</b>	<b>132</b>	<b>531</b>	<b>663</b>
<b>Year ended 31 December 2024</b>			
Opening net book amount	132	531	663
Additions	135	–	135
Amortisation charge	(50)	(132)	(182)
<b>Closing net book amount</b>	<b>217</b>	<b>399</b>	<b>616</b>
<b>At 31 December 2024</b>			
Cost	1,559	1,500	3,059
Accumulated amortisation	(1,342)	(1,101)	(2,443)
<b>Net book amount</b>	<b>217</b>	<b>399</b>	<b>616</b>
<b>Year ended 31 December 2025</b>			
Opening net book amount	217	399	616
Additions	2	–	2
Amortisation charge	(68)	(96)	(164)
<b>Closing net book amount</b>	<b>151</b>	<b>303</b>	<b>454</b>
<b>At 31 December 2025</b>			
Cost	1,561	1,500	3,061
Accumulated amortisation	(1,410)	(1,197)	(2,607)
<b>Net book amount</b>	<b>151</b>	<b>303</b>	<b>454</b>

## 13. Investments in subsidiaries

### Company

	2025 £'000	2024 £'000
<b>Cost</b>		
At 1 January	7,464	7,440
Addition – Incorporation of subsidiary	–	24
<b>At 31 December</b>	<b>7,464</b>	<b>7,464</b>
<b>Impairment</b>		
At 1 January	(432)	(432)
Impairment during the year	(137)	–
<b>At 31 December</b>	<b>(569)</b>	<b>(432)</b>
<b>Net book value</b>		
At 1 January	7,032	7,008
Addition – Incorporation of subsidiary	–	24
Impairment during the year	(137)	–
<b>At 31 December</b>	<b>6,895</b>	<b>7,032</b>

The impairment in the year reduces the Company's investment in Churchill Fine Bone China (Holdings) Limited and its subsidiaries to maintain the underlying net asset value of the subsidiaries concerned.

# Notes to the Financial Statements

continued

## 13. Investments in subsidiaries continued

### Interests in Group undertakings

Interests in Group undertakings comprise the cost of investments in subsidiary undertakings. The principal operating subsidiaries of the Group are as follows:

Name of company	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held and voting rights	Principal activity
Churchill China (UK) Limited*	England and Wales	Ordinary	100%	Manufacture and sale of ceramic and related products
Furlong Mills Ltd*	England and Wales	Ordinary	100%	Manufacture and sales of raw material for the ceramics industry
Churchill China, Inc.**	USA	Ordinary	100%	Sale of ceramic and related products
Churchill Ceramica Iberia, S.L.***	Spain	Ordinary	100%	Provision of sales and management services within the Group
Churchill China RM S.R.L.****	Romania	Ordinary	100%	Provision of management services
Churchill China (Deutschland) GmbH*****	Germany	Ordinary	100%	Provision of management services
Churchill China NL BV*****	Netherlands	Ordinary	100%	Distribution of manufactured products
Churchill Housewares Limited*	England and Wales	Ordinary	100%	Dormant
Churchill Ceramics (UK) Ltd.*	England and Wales	Ordinary	100%	Dormant
James Broadhurst & Sons Ltd.*	England and Wales	Ordinary	100%	Dormant
Churchill Tableware Limited*	England and Wales	Ordinary	100%	Dormant
Churchill Fine Bone China Holdings* Limited	England and Wales	Ordinary	100%	Dormant
Churchill Fine Bone China Limited*	England and Wales	Ordinary	100%	Dormant
Crown Clarence Limited*	England and Wales	Ordinary	100%	Dormant
Elizabethan Fine Bone China Limited*	England and Wales	Ordinary	100%	Dormant

The Directors believe the carrying value of subsidiaries is supported by their recoverable amounts. All subsidiaries are directly held with exception of Churchill Tableware Limited, Churchill Fine Bone China Limited and Elizabethan Fine Bone China Limited.

The consolidated financial statements include the results of each of the subsidiaries listed in the table above. Churchill China (UK) Limited and Furlong Mills Ltd have taken an exemption from audit for the year ended 31 December 2025 by virtue of s479A of the Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, Churchill China plc has provided a guarantee to these subsidiaries, in accordance with s479C of the Companies Act 2006. This guarantees that Churchill China plc will support these subsidiaries in full going forward, will not recall any loans and will provide financial support should it be required.

The dormant subsidiaries have taken advantage of the exemption from preparing and filing individual accounts under s394A of the Companies Act 2006, as Churchill China plc has provided guarantees under s394C. This guarantees that Churchill China plc will support these subsidiaries in full going forward, will not recall any loans and will provide financial support should it be required. In addition, subsidiaries that were dormant throughout the year have claimed exemption from under s480 of the Companies Act 2006.

\* Registered address: No.1, Marlborough Way, Tunstall, Stoke on Trent, ST6 5NZ, United Kingdom

\*\* Registered address: 2043, Corporate Lane, Suite 115, Naperville, Illinois 60563, USA

\*\*\* Registered address: Ortega y Gasset, 22-24, Planta 3ª 28006 Madrid

\*\*\*\* Registered address: 32 Dorobanti Way, 1st District, Bucharest, Romania

\*\*\*\*\* Registered address: Rankestraße 8, 10789 Berlin

\*\*\*\*\* Registered address: Schiphol Boulevard 359, Schiphol, 1118BJ, Nederland

## 14. Inventories

The Company has no inventory (2024: none).

Details of inventory relating to the Group are as follows:

	2025 £'000	2024 £'000
Raw materials	2,699	2,741
Work in progress	3,081	3,533
Finished goods	15,548	17,044
	<b>21,328</b>	23,318

The Directors do not consider there is a material difference between the carrying value and replacement cost of inventories. The potential impact of changes in the net realisable value of inventories is shown in note 1.

The cost of inventories recognised as an expense and included in the income statements amounted to £48,912,000 (2024: £49,479,000). The movement in impairment provisions against the value of inventory in relation to slow moving and obsolete items during the year was a decrease for the Group of £295,000 (2024: increase £54,000).

## 15. Trade and other receivables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Trade receivables</b>	<b>11,986</b>	11,343	–	–
Less: provision for impairment of trade receivables	(71)	(54)	–	–
<b>Trade receivables – net</b>	<b>11,915</b>	11,289	–	–
Prepayments and other debtors	1,530	902	–	–
Receivables from group undertakings	–	–	1,423	1,347
	<b>13,445</b>	12,191	<b>1,423</b>	1,347
Less non-current portion: loans to group undertakings	–	–	(1,423)	(487)
<b>Current portion</b>	<b>13,445</b>	12,191	–	860

All non-current receivables are due within five years from the balance sheet date, are not interest bearing and are unsecured.

As of 31 December 2025, trade receivables of £11,168,000 (2024: £9,692,000) were fully performing.

As of 31 December 2025, trade receivables with a gross value of £86,000 (2024: £358,000) were impaired and provided for. The amount of provision for 31 December 2025 was £71,000 (2024: £54,000). The individually impaired receivables relate to customers which are in unexpectedly difficult economic conditions. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2025 £'000	2024 £'000
Up to 3 months	–	350
3 to 6 months	2	8
Over 6 months	84	–
	<b>86</b>	358

The Directors consider that the carrying value of trade and other receivables is approximate to their fair value.

Movements on the Group provision for impairment of trade receivables are as follows:

	2025 £'000	2024 £'000
At 1 January	54	219
Increase / (decrease) in provision for receivables impairment	17	(150)
Written back during the year	–	(15)
At 31 December	<b>71</b>	54

The creation and release of provision for impaired receivables have been included in 'other external charges' in the income statement (note 3). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

# Notes to the Financial Statements

continued

## 15. Trade and other receivables continued

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2025 £'000	2024 £'000
Pounds	9,207	7,065
Euros	3,328	3,545
US dollar	910	1,581
	<b>13,445</b>	<b>12,191</b>

During the year the Group realised loss of £60,000 (2024: gain £290,000) on settled forward option contracts that have been recognised in the Income Statement and as at 31 December 2025 held foreign currency exchange contracts for the sale of Euro of £10,030,000 (2024: £13,140,000) and the sale of US dollars of £2,865,000 (2024: £4,736,000). These contracts are held at their fair value with a gain of £38,000 (2024: loss £277,000) recognised in relation to the contracts outstanding at the year end.

### Company

As of 31 December 2025, all Company trade receivables were fully performing. Amounts receivable are repayable in accordance with agreed terms. No interest is chargeable.

The carrying amounts of the Company's receivables are denominated in the following currencies:

	2025 £'000	2024 £'000
Pounds	1,267	1,191
US dollar	156	156
	<b>1,423</b>	<b>1,347</b>

We have assessed amounts receivable from Group undertakings in accordance with the expected credit loss model prescribed by IFRS 9. The provision for impairment against these balances is considered to be immaterial.

## 16. Trade and other payables

	Note	Group		Company	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade payables		3,061	2,605	–	–
Social security and other taxes		680	760	–	–
Accrued expenses		5,707	6,993	27	19
Lease liabilities	17	907	368	–	–
Corporation tax		140	782	–	–
Payable to group companies		–	–	13	13
		<b>10,495</b>	<b>11,508</b>	<b>40</b>	<b>32</b>

All the above liabilities mature within twelve months from the year end.

## 17. Lease liabilities

	Group	
	2025 £'000	2024 £'000
Lease liabilities – current	907	368
Lease liabilities – non-current	2,477	550
	<b>3,384</b>	<b>918</b>

Further analysis relating to the lease liabilities acquired is included in Note 22.

## 18. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

Group	2025 £'000	2024 £'000
<b>Deferred tax assets:</b>		
– Deferred tax asset to be recovered within 12 months	177	131
	<b>177</b>	<b>131</b>
<b>Deferred tax liabilities:</b>		
– Deferred tax liabilities to be recovered after more than 12 months	(5,476)	(3,701)
– Deferred tax liabilities to be recovered within 12 months	(343)	(2,091)
	<b>(5,819)</b>	<b>(5,792)</b>
<b>Deferred tax liability</b>	<b>(5,642)</b>	<b>(5,661)</b>

The net movement on the deferred tax account is as follows:

	2025 £'000	2024 £'000
<b>At 1 January</b>	<b>(5,661)</b>	<b>(5,495)</b>
Income statement charge (note 8)	(130)	(483)
Tax credits relating to components of comprehensive income and expenses	149	314
Tax credits directly to equity	–	3
<b>At 31 December</b>	<b>(5,642)</b>	<b>(5,661)</b>

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation £'000	Land and building revaluation £'000	Retirement Benefit £'000	Other £'000	Total £'000
<b>Deferred tax liabilities</b>					
At 1 January 2024	3,316	268	1,964	29	5,577
Charged to the income statement	160	3	369	–	532
Tax credits relating to components of equity	–	–	–	(3)	(3)
Tax credits relating to components of comprehensive income and expenses	–	–	(314)	–	(314)
<b>At 31 December 2024</b>	<b>3,476</b>	<b>271</b>	<b>2,019</b>	<b>26</b>	<b>5,792</b>
Charged / (credited) to the income statement	168	(9)	42	(25)	176
Tax credits relating to components of comprehensive income	–	–	(149)	–	(149)
<b>At 31 December 2025</b>	<b>3,644</b>	<b>262</b>	<b>1,912</b>	<b>1</b>	<b>5,819</b>

<b>Deferred tax assets</b>	<b>Total £'000</b>
<b>At 1 January 2024</b>	<b>82</b>
Credited to the income statement	49
<b>At 31 December 2024</b>	<b>131</b>
Credited to the income statement	46
<b>At 31 December 2025</b>	<b>177</b>

The deferred tax asset relates entirely to unrealised profit on stock from inter group sales.

Deferred tax of £3,000 (2024: £3,000) was transferred from other reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group and Company has not recognised deferred tax assets of £1,226,000 (2024: £1,226,000) in respect of capital losses amounting to £4,906,000 (2024: £4,906,000) that can be carried forward against future capital gains.

The Company has a deferred tax asset of £14,000 (2024: £nil) in respect of short term timing differences.

# Notes to the Financial Statements

continued

## 19. Retirement benefit assets

	2025 £'000	2024 £'000
<b>Statement of financial position asset</b>		
Pension benefits	7,651	8,179
<b>Income statement charge / (income)</b>		
Pension benefits	1,264	1,029
Administrative costs	382	94
Finance costs	(448)	(404)

The Group has operated four principal pension schemes during the year. The cost of these schemes is as follows:

Scheme	2025	2024	Nature
Churchill Group Retirement Benefit Scheme	–	–	Final salary defined benefit plan. Closed to new entrants in 1999 and to which the accrual of future benefits ceased in 2006
Churchill China 2019 Pension Scheme	£1,223,000	£933,000	Defined contribution (Master Trust)
Furlong Mills Ltd. Pension Plan	£4,000	£7,000	Defined contribution plan
Furlong Mills Ltd. section of the Now Pension scheme	£27,000	£32,000	Defined contribution auto enrolment scheme

The assets of the schemes are held separately from those of the Group. The total pension cost for the Group was £1,254,000 (2024: £1,029,000). The balance of cost was incurred in respect of overseas and other pension arrangements.

At the year-end amounts due to pension funds in respect of Company contributions were £4,000 (2024: £110,000).

No contributions have been made to the Churchill Group Retirement Benefit Scheme ('the RBS') in relation to current service since the date of cessation of the future accrual of benefits on 31 March 2006. A contribution of £nil (2024: £1,167,000) was made in respect of the amortisation of past service liabilities during the year.

The Board of Trustees of the Churchill RBS are responsible for the administration and governance of the scheme. The forward funding rate of the Scheme was agreed with the Scheme Trustees and Actuary following the completion of the 31 May 2023 triennial actuarial valuation in August 2024. The Group has agreed to make the following payments in respect of the amortisation of past service deficits:

- £ nil per annum for the period from 1 September 2024 to 31 August 2026
- £1.75m per annum from 1 September 2026 to 30 June 2029.

Any deficit in the RBS is a liability of the Group as Scheme employer and the deficit amortisation payments aimed at removing this deficit may vary dependant on changes in the assumptions underlying the calculation of liabilities and actual experience. The Group takes into account the level of present and future payments into the RBS along with capital expenditure and other investments, when considering the allocation of available cash flow and setting dividend policy.

The amounts recognised in the statement of financial position are determined as follows:

	2025 £'000	2024 £'000
Present value of funded obligations	(36,932)	(37,144)
Fair value of plan assets	44,583	45,323
<b>Asset in statement of financial position</b>	<b>7,651</b>	<b>8,179</b>

The funding level of the RBS has improved substantially during the last two years as a result of an increase in discount rates applied to scheme liabilities following higher general interest rates. The scheme's investment strategy has been adjusted to reflect revised market conditions.

The movement in the present value of defined benefit obligation over the year is as follows:

	2025 £'000	2024 £'000
<b>At 1 January</b>	<b>37,144</b>	40,741
Interest cost	2,021	1,911
Administrative costs	382	94
Experience loss/(gains) on liabilities	203	(19)
Re-measurements from change in demographic assumptions	188	(67)
Re-measurements from change in financial assumptions	(490)	(3,535)
Disbursements from plan assets	(2,516)	(1,981)
<b>At 31 December</b>	<b>36,932</b>	37,144

Included within net scheme liabilities is a liability of £662,000 (2024: £682,000) offset by a matching insurance policy asset of £662,000 (2024: £682,000) in respect of annuitised member benefits.

## 19. Retirement benefit assets continued

The movement in the fair value of plan assets over the year is as follows:

	2025 £'000	2024 £'000
<b>At 1 January</b>	<b>45,323</b>	48,596
Expected return on plan assets	<b>2,469</b>	2,315
Return on plan assets excluding amounts included in interest income	<b>(693)</b>	(4,774)
Employer contributions	–	1,167
Disbursements from plan assets	<b>(2,516)</b>	(1,981)
<b>At 31 December</b>	<b>44,583</b>	45,323

Plan assets are comprised as follows:

	2025 £'000		2024 £'000	
LDI Cashflow-Matching Credit Investments	10,977	25%	21,924	48%
Bonds – Government Index Linked	19,977	45%	20,136	44%
Bonds – Government Nominal	7,231	16%	–	–
Cash and cash equivalents	5,736	13%	2,581	6%
Insurance policy asset	662	1%	682	2%
	<b>44,583</b>		45,323	

There are no assets (2024: £nil) which have an active quoted market.

The expected return on plan assets under IAS 19 (revised) is calculated at the same rate used to discount scheme liabilities.

The amounts recognised in the income statement are as follows:

	2025 £'000	2024 £'000
Interest income on defined benefit plans	<b>(448)</b>	(404)
Administrative costs	<b>382</b>	94

The actual return on plan assets was a gain of £1,776,000 (2024: loss of £2,459,000).

Re-measurement loss of £594,000 (2024: £1,153,000) gross of tax were recognised in the Statement of Other Comprehensive Income during the year. The cumulative amount of actuarial losses recognised in the Statement of Other Comprehensive Income is £11,685,000 (2024: £11,091,000).

The principal actuarial assumptions used were as follows:

### Pension benefits

	2025 % per annum	2024 % per annum
Discount rate	<b>5.5%</b>	5.6%
Inflation rate – RPI	<b>2.9%</b>	3.3%
– CPI	<b>2.6%</b>	2.9%
Duration used to set discount rates	<b>11 years</b>	12 years
Rate of increase of pensions in payment	<b>2.6%</b>	2.8%
Rate of increase of deferred pensions	<b>2.6%</b>	2.9%
Post retirement mortality assumptions	<b>111% (males) and 107% females of the standard tables S3PMA/S3PFA_M, Year of birth, no age rating projected using CMI 2024 converging to 1.25% p.a.</b>	111% (males) and 107% females of the standard tables S3PMA/S3PFA_M, Year of birth, no age rating projected using CMI 2023 converging to 1.25% p.a.

The average life expectancy in years of a pensioner retiring now at age 65 at the balance sheet date is as follows:

	2025 Years	2024 Years
Male	<b>20.9</b>	20.6
Female	<b>23.0</b>	22.8

# Notes to the Financial Statements

continued

## 19. Retirement benefit assets continued

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:

	2025 Years	2024 Years
Male	22.2	21.8
Female	24.4	24.3

### Risks

Through its defined benefit pension plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

#### Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds an allocation of investments which are not solely corporate bonds and so volatility on the statement of financial position is expected in the short-term.

The Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, the current investment strategy is appropriate for the group's long term strategy to manage the plans efficiently and to mitigate the impact of interest rate movements. The Trustees investment aim is to meet pension liabilities as they fall due.

#### Changes in bond yields which impact discount rate

A decrease in corporate bond yields will decrease the discount rate, which in turn will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

#### Inflation risk

The Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plan's bond holdings are index linked and provides some protection against this.

#### Life expectancy

The plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

#### Other

The Virgin Media Limited v NTL Pension Trustees II Limited decision, handed down by the High Court on 16 June 2023 considered the implications of Section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. Following an appeal on 25 July 2024, the Court of Appeal upheld the High Court's decision, that the statutory actuarial confirmation was required, and without this, alterations to schemes were void. In June 2025, the Department for Work and Pensions announced that the Government will introduce legislation to allow affected pension schemes to retrospectively obtain the required actuarial confirmation, providing greater clarity on the implications of the Virgin Media judgement and addressing the uncertainty highlighted in the prior year.

The Company and Trustees have carried out an initial review of the Scheme's deeds. They are currently liaising with their advisers to consider next steps in light of the appeal. It is not possible at present for the Company or Trustees to estimate the potential impact, if any, on the Scheme.

### Sensitivity

A sensitivity analysis has been carried out on effect of varying certain assumptions within the calculation of retirement benefit obligations. These sensitivities show the estimated impact of changes in each assumption in isolation. They do not take account of multiple potential assumptions, and the combined effect of simultaneous changes in multiple assumptions may differ significantly from the sum of the individual sensitivities disclosed.

The effect of a 0.5% increase in the discount rate to 6.0% would be to decrease scheme liabilities by £1,914,000 (5.18%).

The effect of a 0.25% increase in RPI inflation to 3.15%, and the subsequent increase in CPI that this causes, would increase scheme liabilities by £682,000 (1.85%).

The effect of a 1-year increase to life expectancy would increase scheme liabilities by £1,218,000 (3.3%).

The amount of net deficit on retirement benefit schemes is also dependant on the valuation and investment performance of scheme assets.

## 20. Called up share capital and share premium account

Group and Company	Number of shares '000s	Ordinary shares £'000	Share premium £'000
At 1 January 2025 and 31 December 2025	11,030	1,103	2,348

The total authorised number of ordinary shares is 14,300,000 (2024: 14,300,000) with a par value of 10p (2024: 10p) per share. All issued shares are fully paid.

## 20. Called up share capital and share premium account continued

### Share option schemes

The Long-Term Incentive Plan (LTIP) was introduced in May 2012. Options under this scheme are equity settled and are granted with a fixed exercise price at a discount to the market price of the share at the date of issue. Options vest after three years from the date of grant and expire ten years from the date of grant. Options granted will be exercisable on a pro rata basis based on performance against threshold, target and maximum performance levels. Performance targets are set at the date of each grant by the Remuneration Committee. Payment of the exercise price of options is received in cash. A charge to the Income Statement is made to reflect the fair value of options granted. Options have been valued using the Black Scholes option pricing model. No market-based performance conditions were used in the fair value calculations.

The fair value per option granted and the assumptions used in the calculation were as follows:

### Long term incentive plan

Grant date	20 June 2025	24 May 2024
Share price at grant date	640p	1,085p
Exercise price	10p	10p
Number of employees	12	13
Shares under option	200,007	133,645
Vesting period (years)	3	3
Expected volatility	38.0%	38.0%
Option life (years)	10	10
Expected life (years)	3	3
Risk free rate	4.3%	4.3%
Expected dividends expressed as a dividend yield	3.1%	3.1%
Fair value per option	504p	861p

The following options exercisable over ordinary shares were outstanding at 31 December 2025 under the Long Term Incentive Plan:

Number of shares	2025	2024	Exercise price	Date from which exercisable	Expiry date
June 2023 Grant	–	–	10p	June 2026	June 2033
May 2024 Grant	–	–	10p	May 2027	May 2034
June 2025 Grant	200,007	–	10p	June 2028	June 2035
	<b>200,007</b>	–			

Expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life. A reconciliation of option movements for the year to 31 December 2025 is set out below.

	2025 Number '000	2025 Weighted average exercise price	2024 Number '000	2024 Weighted average exercise price
Outstanding at 1 January	–	10.0p	178,067	10.0p
Granted	200,007	10.0p	133,645	10.0p
Lapsed	–	–	(311,712)	10.0p
<b>Outstanding at 31 December</b>	<b>200,007</b>	<b>10.0p</b>	–	10.0p
<b>Exercisable at 31 December</b>	–	–	–	–

There were 200,007 share options granted during the year (2024: 133,645).

	2025 Weighted average exercise price	2025 Number '000	2025 Weighted average remaining life (expected)	2025 Weighted average remaining life (contractual)	2024 Weighted average exercise price	2024 Number '000	2024 Weighted average remaining life (expected)	2024 Weighted average remaining life (contractual)
0 – 50p	10p	200,007	2.5	9.5	–	–	–	–

The weighted average price for options exercised in the year was £nil (2024: £nil). The total charge during the year for employee share-based payment plans was £55,000 (2024: credit £232,000) before tax, which related to equity settled share based payment transactions.

# Notes to the Financial Statements

continued

## 21. Treasury shares

Group and Company	2025 £'000	2024 £'000
As at 1 January and 31 December	431	431

The Group currently holds 32,337 (2024: 32,337) shares in Treasury.

## 22. Leases

The Group has recognised assets and financial commitments in respect of non-cancellable leases for Buildings, Plant and Machinery and Motor Vehicles as below:

	2025 £'000	2024 £'000
<b>Right of Use Assets – Net Book Value</b>		
Land and Buildings	2,839	348
Plant & Equipment	63	92
Motor Vehicles	394	428
	<b>3,296</b>	<b>868</b>

The Group has recognised amounts in the Income Statement for Right of Use Assets included within Fixed Assets

	2025 £'000	2024 £'000
<b>Depreciation charge on Right of Use Assets</b>		
Land and Buildings	426	140
Plant & Equipment	29	53
Motor Vehicles	205	185
	<b>660</b>	<b>378</b>

	Land and Buildings £'000	Plant & Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Lease Liability</b>				
<b>Opening at 1 January 2024</b>	509	158	347	1,014
Additions	–	–	272	272
Payments	(172)	(67)	(203)	(442)
Interest	42	7	25	74
<b>At 31 December 2024</b>	<b>379</b>	<b>98</b>	<b>441</b>	<b>918</b>
Additions	2,924	–	171	3,095
Payments	(509)	(35)	(227)	(771)
Foreign exchange adjustment	3	–	–	3
Interest	107	5	27	139
<b>At 31 December 2025</b>	<b>2,904</b>	<b>68</b>	<b>412</b>	<b>3,384</b>

The maturity of lease liabilities is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2025 £'000	2024 £'000
Within 1 year	1,082	413
Between 1 and 5 years	3,127	606
	<b>4,209</b>	<b>1,019</b>

The total cash outflow for leases in the year was £771,000 (2024: £442,000).

## 23. Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Property, plant and equipment	244	348	-	-
	<b>244</b>	<b>348</b>	<b>-</b>	<b>-</b>

## 24. Related party transactions

All subsidiaries within the group are wholly owned and therefore the Group has taken the exemption from disclosing the related party transactions.

## 25. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items in the financial statements. All financial assets including cash and cash equivalents, and trade and other receivables are classified as amortised cost, with the exception of derivative financial instruments classified as fair value through profit and loss, in both 2025 and 2024, as disclosed in note 15. Derivative financial instruments disclosed in note 15 are classified as level 2 in the fair value hierarchy given this is the fair value of financial instrument not traded in an active market and is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs required to fair value an instrument are observable and therefore the instrument is included in level 2.

The trade payables, accrued expenses and lease liabilities as shown in notes 16 and 17 are financial liabilities measured at amortised cost.

The carrying value and fair value of all financial instruments is considered to be materially consistent.

# Five-Year Financial Record

(unaudited)

	2021 £'000	2022 £'000	2023 £'000	2024 £'000	2025 £'000
<b>Revenue</b>	60,839	82,528	82,339	78,279	<b>76,277</b>
<b>Operating profit before exceptional item</b>	6,122	9,142	10,252	7,995	<b>5,643</b>
Exceptional items	–	547	–	–	–
<b>Operating profit</b>	6,122	9,689	10,252	7,995	<b>5,643</b>
Net Finance (costs)/income	(159)	(88)	536	541	<b>384</b>
<b>Profit before exceptional item and income tax</b>	5,963	9,054	10,788	8,536	<b>6,027</b>
Exceptional items	–	547	–	–	–
<b>Profit before income tax</b>	5,963	9,601	10,788	8,536	<b>6,027</b>
Income tax expense	(1,797)	(1,706)	(3,071)	(2,171)	<b>(1,666)</b>
<b>Profit for the year</b>	4,166	7,895	7,717	6,365	<b>4,361</b>
<b>Dividends paid</b>	739	3,062	3,519	4,014	<b>3,684</b>
<b>Net assets employed</b>	42,683	56,648	60,316	61,263	<b>61,539</b>
<b>Ratios</b>					
Operating margin before exceptional items	10.1%	11.1%	12.4%	10.2%	<b>7.4%</b>
Earnings before exceptional items, interest, tax, depreciation and amortisation (£'000)	8,960	12,125	13,762	11,661	<b>9,449</b>
Basic earnings per share (p)	37.8	71.7	70.2	57.9	<b>39.7</b>
Adjusted basic earnings per share (p)	37.8	66.9	70.2	57.9	<b>39.7</b>



The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

---



**CHURCHILL**

[churchill1795.com](http://churchill1795.com)

**f** Churchill1795

**X** @churchill1795

**@** Churchill\_1795

**Tel: +44 (0) 1782 577566**

**email: [info@churchill1795.com](mailto:info@churchill1795.com)**

---

**HEAD OFFICE  
& STOKE SHOWROOM**

No. 1 Marlborough Way  
Tunstall  
Stoke-on-Trent  
ST6 5NZ

**BERLIN SHOWROOM**

Rankestr. 8  
10789  
Berlin  
Germany

**LONDON SHOWROOM**

Business Design Centre  
Suite 102  
52 Upper Street  
Islington  
London  
N1 0QH

**MADRID SHOWROOM**

Calle Princesa No 2  
7ta Planta  
Puertas 4 y 5  
Madrid 28008  
España  
Tel: 910 004 929

