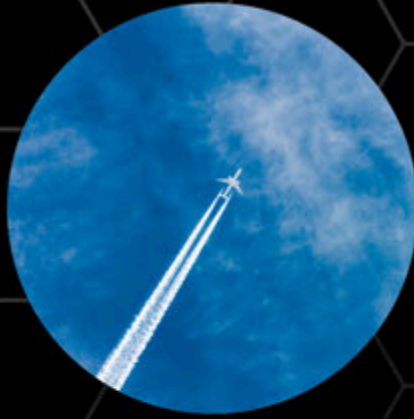




ZOTEFOAMS



# momentum

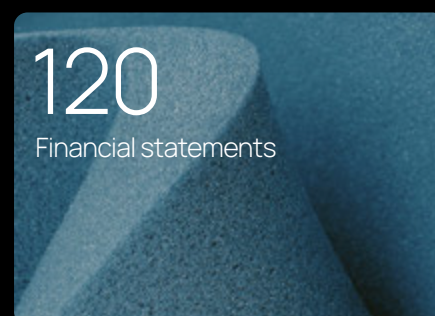
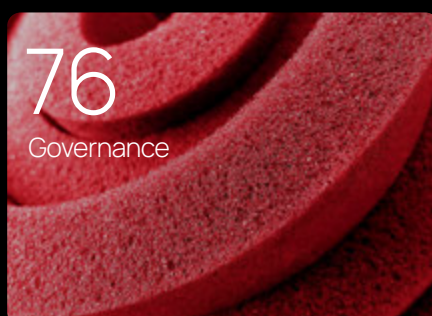
EXPANDING  
BEYOND  
THE CORE



Zotefoams plc  
Annual Report 2025

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## INTRODUCTION AND FINANCIAL KPIs



2025 was a year of **momentum** for Zotefoams, as our strategy to **Expand Beyond the Core** moved decisively from intent to execution.

We delivered another record performance, strengthened our platform through disciplined acquisition and took meaningful steps to extend our global footprint and deepen customer partnerships – while continuing to build a high-performing organisation.

Together, this progress reflects a business in motion, executing its strategy with focus and ambition as we continue to build sustainable growth.

**Ronan Cox**  
Group Chief Executive Officer

### FINANCIAL KPIs

#### Group revenue

£158.5m

Change +7%  
2024 £147.8m

#### Adjusted operating profit

£22.8m

Change +26%  
2024 £18.1m

#### Adjusted operating margin

14.4%

Change +220 bps  
2024 12.2%

#### Operating profit

£21.6m

Change +633%  
2024 £3.0m

#### Adjusted profit before tax

£21.2m

Change +38%  
2024 £15.3m

#### Profit before tax

£20.0m

Change NA  
2024 £0.2m

#### Adjusted earnings per share

38.00p

Change +46%  
2024 25.95p

#### Basic earnings / (loss) per share

46.37p

Change NA  
2024 (5.66)p

#### Total dividends for the year

7.85p

Change +5.0%  
2024 7.48p

#### Return on capital employed

13.9%

Change +220 bps  
2024 11.7%

## OUR INVESTMENT PROPOSITION

A differentiated materials business delivering sustainable growth across diverse global end markets, with disciplined capital allocation and attractive returns.

Zotefoams is a world leader in high-performance foams, serving demanding applications where performance, reliability and sustainability are critical. The Group's deep materials expertise, proprietary manufacturing processes and long-standing customer relationships underpin a resilient earnings base.

The Expanding Beyond the Core strategy builds on these foundations, enabling access to a significantly larger addressable market while maintaining a clear focus on returns and capital discipline.

### 1. Quality of earnings



The Group operates in specialist markets characterised by high barriers to entry, long product lifecycles and embedded customer relationships. As foam technology specialists with a deep heritage, Zotefoams serves applications where material performance, consistency and reliability are essential.

Increasing exposure to high-performance and engineered solutions supports resilient margins and strong cash generation. This evolution is being delivered from a position of financial strength, with growing revenues, attractive margins and robust cash flows providing the foundation to fund the next phase of the Group's development.

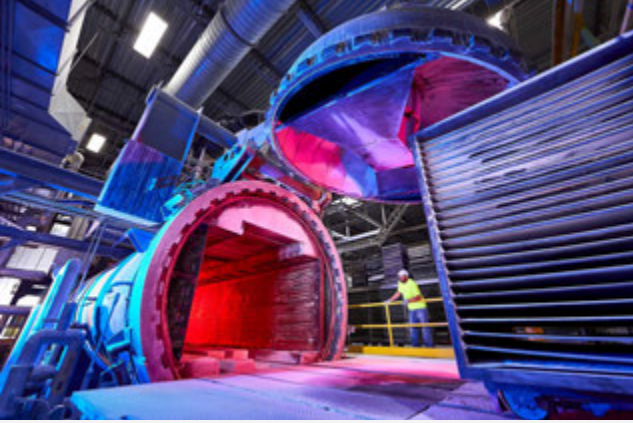
### 2. Structural growth drivers



Demand for Zotefoams materials is underpinned by global trends, including lightweighting, enhanced safety and regulatory requirements, sustainability, and increasing technical complexity across end markets.

The Group's diversification across geographies and applications strengthens portfolio resilience and reduces reliance on any single region or customer. Increasing proximity to customers – particularly in regions – positions the business to diversify further alongside customers as markets evolve.

### 3. Strategic differentiation



Zotefoams' world-class manufacturing processes deliver lightweight, durable and highly consistent materials, both providing performance and enabling more efficient material use. Foaming expertise developed over many decades continues to differentiate the Group in demanding, high-specification applications.

Customer-led innovation and expanding geographic reach support continued movement up the value chain. The establishment of a strategic manufacturing capability in Vietnam will demonstrate the Group's ability to partner with global customers, attract specialist talent and deploy a capital-efficient model that enhances competitiveness while managing execution risk.

### 4. Disciplined growth and returns



The Group prioritises organic growth through targeted investment in innovation, capacity and capability, supported by a flexible asset base. Ongoing optimisation of the European footprint is complemented by a clear focus on directing capital towards opportunities aligned with strategic priorities.

While organic growth remains the primary driver, the Group will consider selective acquisition opportunities where these align with strategic priorities and have the potential to enhance capabilities, market access and returns.

### 5. Experienced leadership



Delivery of the Group's strategy is underpinned by an experienced leadership team with deep sector, operational and functional expertise. A CEO-led group of specialists has been assembled to drive transformation, strengthen capability and accelerate execution across markets, geographies and functions.

Clear accountability, disciplined decision-making and a strong performance culture support effective execution as the Group continues to expand beyond the core.

## GROUP AT A GLANCE

Zotefoams manufactures foam materials used as critical components in a wide range of everyday and specialist applications across multiple industries. The Group operates a differentiated manufacturing and innovation platform, underpinned by proprietary technology and deep materials expertise.

### Manufacturing locations and capabilities

The Group operates seven manufacturing locations across three regions, supported by innovation and commercial teams positioned close to customers. During the year, the footprint was strengthened through the integration of OKC and continued progress in Asia.

● Under construction



#### North America

Manufacturing operations in Kentucky supporting block foam production, alongside a cutting operation in Oklahoma serving the construction market. Commercial and technical teams support customers across specialist applications, including technical insulation.

#### EMEA

##### United Kingdom

The Group's corporate headquarters are located in Moorgate, London. The UK manufacturing site in Croydon is the heart of the European supercritical fluid (SCF) block foam operation, producing materials for customers across Europe and beyond.

##### Continental Europe

A significant market for block foam, supported by manufacturing operations in Brzeg, Poland, and manufacturing sites in Spain following the acquisition of OKC.

#### Asia

Manufacturing of T-FIT® technical insulation products in China for global markets, alongside commercial and technical teams supporting block foam applications. Joint venture with INOAC Corporation supporting block foam sales in Asia, and a commercial operation in India serving the technical insulation market.

Revenue is generated across a diverse geographic and market base, providing resilience and reducing exposure to individual end-market cycles.

### Share of Group revenue by customer location

#### North America

19%


#### EMEA

30%

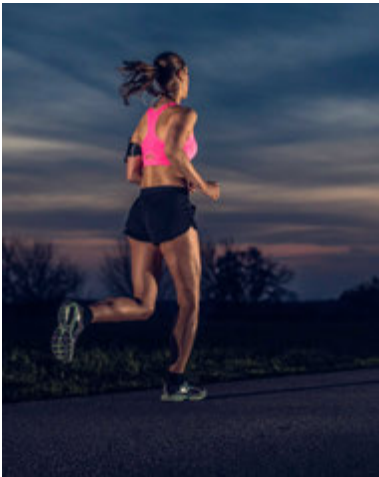
#### Asia


51%

Zotefoams' business is organised around three market verticals:





**Consumer & Lifestyle**



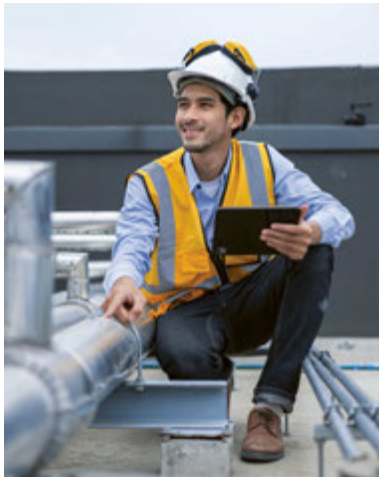


**Transport & Smart Technologies**



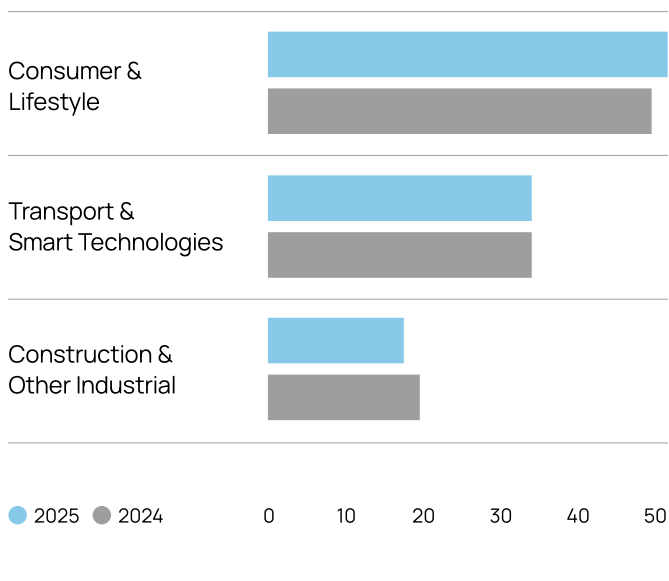


**Construction & Other Industrial**

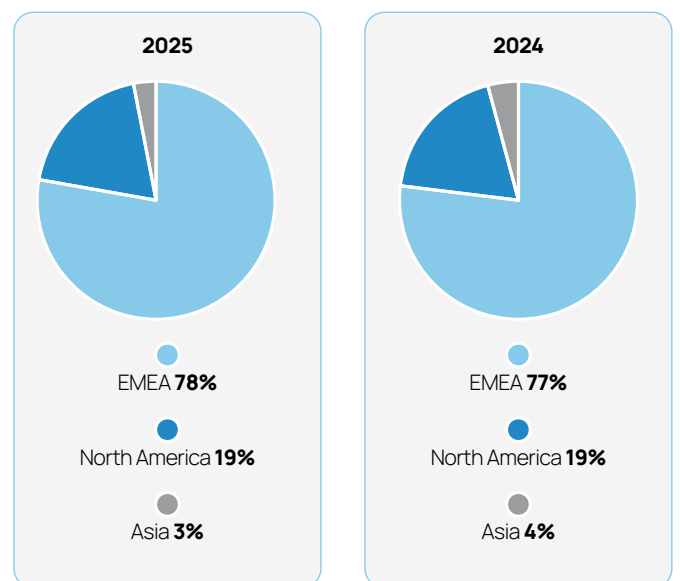


[Market verticals >](#)

**Revenue by vertical (%)**



**Revenue by operating region (%)**



## OUR EXTERNAL CONTEXT

Zotefoams operates across a broad range of industries and applications, each shaped by distinct market dynamics, regulatory requirements and customer expectations. As a result, the external environment in which the Group operates is diverse and continuously evolving.

Long-term demand for advanced foam materials is influenced by structural trends across multiple end markets, including the need for lightweighting, enhanced safety, improved energy efficiency and increasing technical complexity. These forces shape customer requirements and inform how markets develop over time.

Given the breadth of potential applications, it is not possible to track every end use for the Group's materials. New opportunities may emerge through customers, converters or adjacent industries. The Group therefore monitors market developments closely and maintains the flexibility to respond to a wide range of applications as requirements evolve.

While market conditions may fluctuate, the Group remains focused on understanding these external drivers and adjusting operational and investment decisions accordingly, while maintaining a clear strategic direction.



### Environment & sustainability



Across many end markets, customers are increasingly focused on reducing material use, improving durability and enhancing resource efficiency over the life of products. Lightweighting, energy efficiency and waste reduction are therefore becoming more prominent considerations in material selection.

Zotefoams' materials are used in applications where these requirements are important. Advances in materials science and processing technologies also continue to shape discussions around recyclability and circularity across the value chain, although the industrialisation of recycling solutions for certain foam types remains at an early stage.



## Regulation & safety



Evolving safety and regulatory standards in transport, medical, clean manufacturing and industrial applications continue to influence material specifications and qualification requirements. Compliance with these standards can increase the technical demands placed on materials and suppliers. Zotefoams' expertise in testing and certification supports participation in these high-specification markets.



## Demographic, societal & economic factors

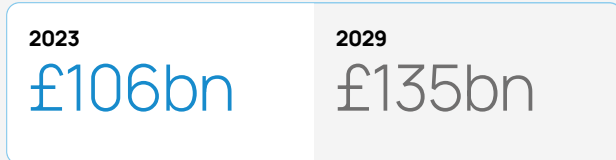


Demographic change, rising living standards and increasing expectations around performance and sustainability are influencing demand for advanced materials across many industries. Against a backdrop of ongoing macroeconomic uncertainty, the Group's diversified geographic footprint and industry exposure help to support resilience.

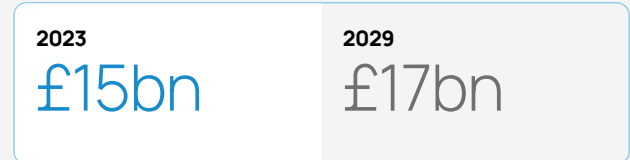
## OUR ADDRESSABLE MARKETS

We operate in a global and diverse market, serving a wide range of industries where high-value foam applications play a critical role and there is a large runway for growth.

### Global polymer foam market<sup>1</sup>



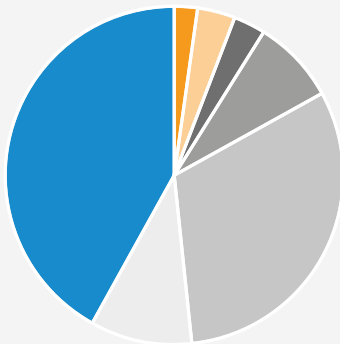
### High-value foam segment<sup>1</sup>



<sup>1</sup> Zotefoams proprietary market study, 2024.

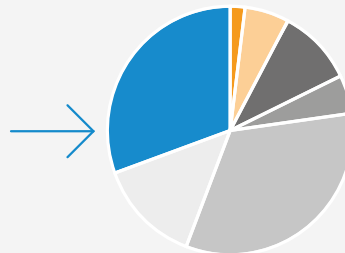
### Global polymer foam market<sup>1</sup>

**£106bn**



### Addressable market

**£15bn**



- Sports & Leisure
- Footwear
- Aerospace
- Auto & Other Transport
- Industrial Packaging
- Medical
- Construction & Insulation

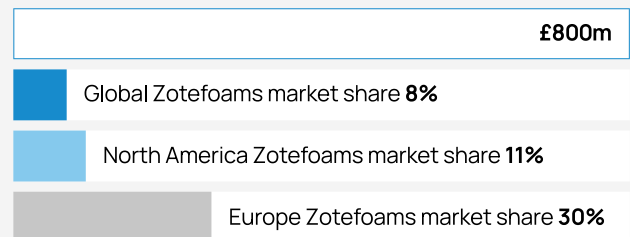
<sup>1</sup> Zotefoams proprietary market study, 2024.  
Source: Kline & Company.

### Our existing market share

Zotefoams' current core business focuses on a portion of the polyolefin foam market, with some participation in select high-performance engineered polymer foam applications.

Zotefoams' addressable market has historically been limited to £800m within these segments.

### Global PE, crosslinked block foam market size



# EXPANDING BEYOND THE CORE

## A FOCUSED STRATEGY TO UNLOCK THE NEXT PHASE OF GROWTH

### Strategy overview

In 2025, we held our first Capital Markets Day, where we unveiled our Expanding Beyond the Core strategy.

This strategy is designed to deliver sustainable growth, resilient margins and attractive returns by aligning more closely with the industries and applications where advanced foam materials play a critical role.



#### 1. INDUSTRY AND CUSTOMER FOCUS

From product to industry



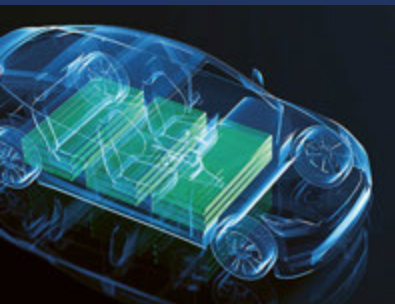
#### 2. CLOSER TO THE CUSTOMER

Expanding geographic reach



#### 3. INNOVATION AND SUSTAINABILITY

Sustainable innovation



#### 4. M&A BEYOND THE CORE

Extending capabilities and moving up the value chain



#### 5. HIGH-PERFORMING TEAMS

Executing the strategy

Together, the five strategic pillars guide investment, organisation design and execution across the Group.

**See our Strategy in Action > page 12**

## STRATEGY IN ACTION

Disciplined execution delivering momentum across our strategic priorities

2025 marked a year of focused delivery against the Expanding Beyond the Core strategy. Clear strategic priorities, disciplined capital allocation and strengthened organisational capability have positioned the Group to accelerate progress in 2026.



### Industry and customer focus

We embedded our priority market verticals across the commercial organisation and invested in the capability required to deepen customer engagement and convert opportunity into sustainable growth.



### 2025 highlights

- Completion of a comprehensive addressable markets study
- Definition of three market verticals and seven priority industries
- Investment in commercial and application engineering capability aligned to priority industries
- Development of a strengthened, higher-quality pipeline across target industries.

### 2026 focus

Further build specialist talent in target industries, with particular emphasis on Transport & Smart Technologies, and continue disciplined pipeline development and conversion.



**Closer to the customer**

We strengthened our regional footprint and enhanced proximity to customers, particularly in Asia and North America, aligning operational capability with identified market opportunity.



**2025 highlights**

- Announcement and mobilisation of strategic investments in Asia, including Vietnam manufacturing capability and the Footwear Innovation Centre in South Korea
- Establishment of a strategic partnership platform to support execution of Asia growth plans
- Completion of second North America Low Pressure Vessel
- Development of fully packaged finished products at ZMW for construction applications.

**2026 focus**

Execution and delivery of the Vietnam and South Korea programmes and continued strengthening of regional operating models.



**Innovation and sustainability**

We launched a hub-and-spoke innovation model, aligning development activity more closely with market need and reinforcing application-led innovation.



**2025 highlights**

- Leveraging long-established materials expertise as a foundation for future innovation
- Announcement of the Global Innovation Hub in the UK
- Announcement of the Footwear Innovation Centre in South Korea
- Targeted investment in innovation capability across both locations.

**2026 focus**

Delivery and activation of both innovation centres and continued strengthening of the Global Innovation Team.



### M&A beyond the core

We completed our first major acquisition, extending technical capability and value chain reach while building a disciplined corporate development framework.



#### 2025 highlights

- Establishment of enhanced corporate development capability
- Expansion of a structured acquisition pipeline
- Completion of the acquisition of Overseas Konstellation Company S.A. (OKC).

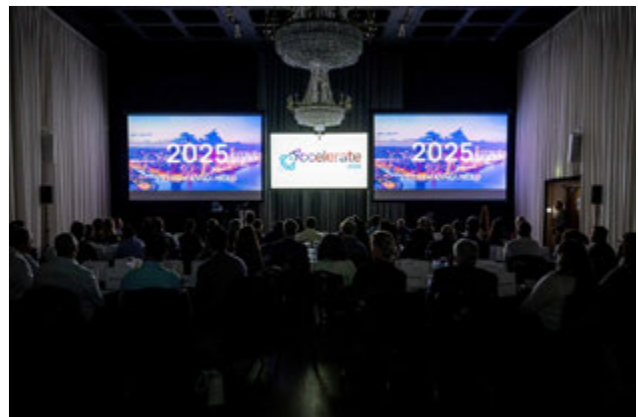
#### 2026 focus

Successful integration of OKC, continued refinement of the M&A framework and ongoing development of the acquisition pipeline.



### High-performing teams

We strengthened leadership capability, enhanced organisational alignment and improved employee engagement to support performance.



#### 2025 highlights

- Best Companies accreditation as a "One to Watch" organisation
- Appointment of Managing Director, Asia
- Appointment of Chief Strategy & Innovation Officer
- Appointment of new Chief Financial Officer
- Integration of North America and EMEA block foam manufacturing into a unified operating platform
- Delivery of Accelerate 2025, the Group's first global commercial conference.

#### 2026 focus

Targeted investment in systems excellence and adoption, cyber security, manufacturing execution systems and in-house AI capability; formation of a formal Senior Leadership Team; and delivery of the Group's first global leadership conference.

# MARKET VERTICALS



## Consumer & Lifestyle

Serving applications such as athletic footwear and premium consumer goods, where comfort, durability and performance are critical



### Consumer & Lifestyle 2025 sales

£79.5m

#### Addressable market

<b>Consumer &amp; Lifestyle</b>	<b>£1.1bn</b>
Premium & Performance Footwear	73%
Sports Surfaces	7%
Recreational/Sports Equipment	12%
High-impact Protective Gear	8%



## Transport & Smart Technologies

Supporting safety-critical and regulated applications across automotive, aviation and medical markets



### Transport & Smart Technologies 2025 sales

£52.5m

#### Addressable market

<b>Transport &amp; Smart Tech</b>	<b>£9.0bn</b>
Aerospace	6%
Automotive & Other Transport	8%
Industrial Packaging	53%
Medical Devices	23%
Other	10%



## Construction & Other Industrial

Delivering durable solutions for industrial, infrastructure and specialised built-environment applications



### Construction & Industrial 2025 sales

£26.5m

#### Addressable market

<b>Construction &amp; Other Industrial</b>	<b>£4.3bn</b>
Construction & Insulation	92%
Industrial Applications	8%

# OUR BUSINESS MODEL

## How Zotefoams creates, delivers and sustains value

Zotefoams' business model is built on deep foam materials expertise and an increasing focus on high-value applications where performance, reliability and sustainability are critical. Through the Expanding Beyond the Core strategy, the Group is evolving its business model to access a broader opportunity set while maintaining disciplined capital allocation and a clear focus on returns.

The model is designed to deliver value over the short, medium and long term by bringing together customer-led innovation, manufacturing capability and customer engagement, and directing them towards markets where Zotefoams' capabilities are most relevant.

## Our value proposition

Zotefoams provides advanced foam solutions that enable customers to meet demanding performance, safety and sustainability requirements. The Group's manufacturing processes produce lightweight, durable materials that support both technical performance and resource efficiency.

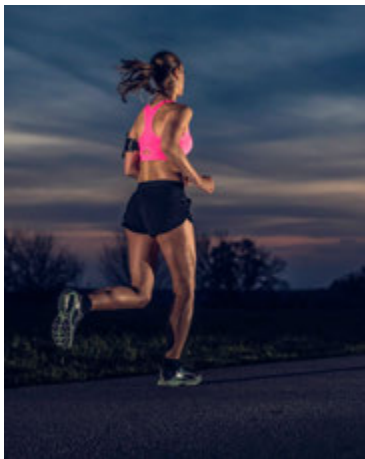
By combining material science expertise with application insight, Zotefoams increasingly supports customers not only as a material supplier, but also as a solutions partner, helping to optimise performance, efficiency and sustainability across applications.

## Our customers

Zotefoams serves a diverse global customer base across three market verticals:



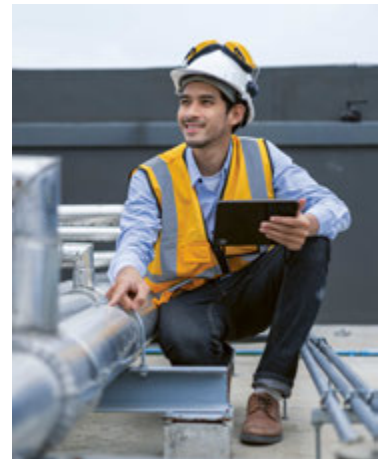
### Consumer & Lifestyle



### Transport & Smart Technologies



### Construction & Other Industrial



Customers range from global original equipment manufacturers to specialist converters and fabricators serving highly technical niche requirements, including industrial packaging, medical, defence and security applications. While end markets differ, customers are typically characterised by demanding technical requirements, long product lifecycles and a need for consistent performance at scale.

Customer needs increasingly shape how the Group innovates, invests and organises its capabilities. By engaging early in customer development programmes, Zotefoams works with customers from the initial design stage to understand requirements, test solutions and support product launch. This supports relationships, repeat business and more embedded roles within customer value chains.

## What we do and where we sit in the value chain

Zotefoams operates across multiple stages of the value chain, combining materials expertise, advanced manufacturing capability and close customer collaboration to deliver both stable products and more specialised, higher-value solutions:



### Customer-led innovation and material development

Zotefoams works closely with customers from the early stages of product development to understand application requirements such as weight reduction, durability, insulation, impact protection or chemical resistance. This activity is led by material scientists and application engineers, supported by commercial and technical teams with deep end-market knowledge.

Early engagement allows materials and formats to be tailored to specific applications, increasing the likelihood of adoption and supply.



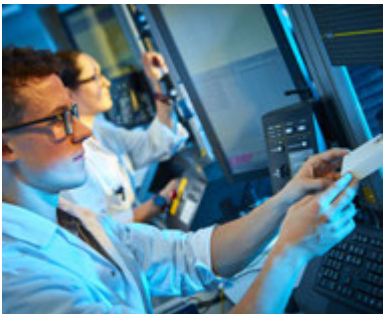
### Manufacturing of advanced foam materials

The Group manufactures advanced foam materials using a range of specialised processes designed to deliver consistent quality, scalability and reliability across different formats and specifications. Manufacturing capability is supported by significant capital investment, deep process expertise and operating discipline.



### Expansion into engineered formats and applications

Building on its core materials capability, Zotefoams increasingly supplies products in engineered formats such as moulded, laminated or fabricated solutions. These formats enable easier integration into customer processes, strengthen switching costs and deepen Zotefoams' position within customer value chains.



### Technical collaboration and support

Technical collaboration continues throughout the product lifecycle, with application engineers and customer support teams providing guidance on processing, integration and performance optimisation. This supports scale-up, regulatory compliance and ongoing optimisation over time.

Through Expanding Beyond the Core, the Group will selectively move further along the value chain where this enhances customer relevance, margin quality and strategic fit, while continuing to respect the role of partners and customers in downstream activities.

### Sources of cash and how we create value

The Group generates revenue primarily through the sale of advanced foam materials and engineered solutions. Value is created through:

- 1**

Differentiated performance supporting pricing discipline
- 2**

Customer programmes providing volume stability
- 3**

Increasing exposure to higher-value, application-specific solutions
- 4**

Disciplined management of cost, capital and working capital

Margin performance is influenced by product mix, manufacturing efficiency, pricing discipline and the level of content delivered. Lower-complexity products typically deliver stable margins through scale and efficient asset utilisation. More complex, application-specific solutions often require higher upfront investment and longer development cycles but can deliver stronger margins over extended product lifecycles once established. As the business continues to evolve beyond its historical core, margin profiles are increasingly shaped by application complexity and solution content rather than material volume alone.

### Sustainable competitive advantages

Zotefoams' business model is supported by a set of durable competitive advantages that are difficult to replicate and underpin long-term value creation.

- Deep materials expertise**  
built over many decades, enabling precise tailoring of material properties to application requirements
- High barriers to entry,**  
including capital intensity, process know-how and lengthy customer qualification cycles
- Long-standing customer relationships** embedded in extended product lifecycles and repeat programmes
- A geographically distributed manufacturing and innovation footprint,** supporting proximity, resilience and scalability
- Protection of intellectual property and trade secrets,** safeguarding investment in innovation and performance differentiation

### Typical uses of cash

Capital is deployed to support growth, resilience and returns, including:

- Maintenance of safe, efficient and sustainable operations**
- Investment in innovation capabilities and new technologies**
- Selective capacity expansion and geographic footprint optimisation**
- Targeted M&A activities aligned to strategic priorities**
- Returns to shareholders through a progressive dividend policy**

Capital allocation decisions are guided by strategic alignment, risk-adjusted returns and long-term value creation.

### The role of the Group

The Group provides strategic direction, capital allocation, governance and capability development that would be difficult to replicate at a local level.

Group-level coordination supports resilience, consistency and knowledge sharing across regions while preserving local responsiveness.

This includes stewardship of intellectual property, common operating standards, talent development, risk management and compliance frameworks, providing confidence to customers, partners and other stakeholders.

### Critical dependencies

The successful operation of the business model depends on several critical inputs and relationships, each of which is actively managed through targeted investment, diversification and risk management processes.



#### Skilled technical and operational talent

Access to specialist talent is managed through a combination of long-term workforce planning, investment in training and development, and the creation of technical and leadership career pathways. The Group places particular emphasis on developing deep process, materials and application expertise, recognising that much of this capability is built over time through experience and structured knowledge transfer. Succession planning and internal mobility further support resilience by reducing reliance on individual roles or locations.



#### Reliable access to polymer raw materials and energy

The Group manages raw material and energy dependencies through diversified supplier relationships, long-term sourcing arrangements and active procurement oversight. Where possible, alternative materials, formulations or supply routes are qualified in advance to reduce exposure to disruption. Energy efficiency initiatives and monitoring of consumption support both cost control and operational resilience in the face of volatile energy markets.



#### Specialist manufacturing equipment and infrastructure

Manufacturing capability is underpinned by significant ongoing capital investment in specialist equipment, facilities and maintenance programmes. Long asset lives and bespoke machinery require proactive lifecycle management, including planned upgrades, redundancy where appropriate and close relationships with equipment suppliers. This approach helps protect capacity, reliability and product quality over time.



#### Long-term customer and partner relationships

Customer and partner relationships are actively managed through early-stage collaboration, long qualification processes and ongoing technical support. These relationships are typically embedded through multi-year product lifecycles and supported by regular engagement between commercial, technical and operational teams. This depth of interaction helps improve demand visibility, supports joint problem-solving and strengthens mutual commitment over time.



#### Robust digital, data and systems capability

Digital and systems dependencies are managed through continued investment in core platforms, data governance and cybersecurity. The Group prioritises systems that support operational control, customer engagement and decision-making, while ensuring scalability and resilience across regions. Ongoing system upgrades and user adoption initiatives help maintain data quality and reduce operational risk.

These dependencies are reviewed regularly as part of the Group's risk management and investment planning processes, ensuring that resources are allocated to areas most critical to performance, resilience and long-term value creation.

### Evolution of the business model

The Expanding Beyond the Core strategy represents an evolution rather than a departure from the Group's foundations. The business model continues to expand through:

-   
 Broader application coverage
-   
 Increased customer proximity
-   
 Greater involvement along the value chain
-   
 Selective use of digital and data-enabled tools

This evolution supports access to a larger addressable market and higher-value growth opportunities.

### SWOT overview

**S**

#### Strengths

Deep foam materials expertise; strong intellectual property and trade secrets; long-standing customer relationships embedded in extended product lifecycles; geographically diversified manufacturing and innovation footprint.

**W**

#### Weaknesses

Capital-intensive manufacturing processes; exposure to cyclical demand in certain end markets; operational and organisational complexity associated with operating across multiple regions.

**O**

#### Opportunities

Expansion into higher-value engineered formats and applications; increased customer proximity in growth regions, particularly Asia; selective M&A to extend capabilities and market access; alignment with customer-led sustainability and lifecycle performance requirements.

**T**

#### Threats

Macroeconomic volatility and shareholder concentration; fluctuations in input costs and energy prices; evolving regulatory and compliance requirements; competitive innovation and capacity expansion by existing and new entrants.

### Sustainability in a low-carbon economy

Zotefoams' materials are used in applications where lightweighting, durability and energy efficiency are increasingly important considerations over product lifecycles. In many end markets, these characteristics can support reduced material usage, extended service lives and improved energy efficiency in use.

The Group continues to invest in manufacturing processes and operational initiatives aimed at improving energy efficiency, reducing emissions and minimising waste.

Sustainability considerations are embedded within customer development activity, reflecting evolving regulatory requirements and customer expectations around lifecycle performance.

As customers increasingly prioritise decarbonisation and responsible material choices, the business model supports long-term value creation by aligning application performance requirements with environmental considerations, while maintaining a disciplined and credible approach to sustainability claims.

## OUR LEADERSHIP TEAM



### Ronan Cox

Group CEO

Leadership experience 24 years

Ronan leads the Group's strategic direction and overall performance, focusing on disciplined, sustainable growth. He aligns the organisation around priority markets, strengthens execution, and positions the Group to deliver long-term value through its Expanding Beyond the Core strategy.



### Nick Wright

Group CFO

Leadership experience 24 years

Nick leads the Group's global Finance and IT organisations, alongside responsibility for financial strategy, reporting and governance, supporting disciplined decision-making and long-term value creation. He is responsible for financial planning and analysis, capital allocation, risk management and investor engagement, ensuring strong financial control and performance across the Group.



### Simon Comer

Group Strategy & Innovation Officer

Leadership experience 33 years

Simon leads the development and execution of the Group's strategy, including market prioritisation, innovation direction and strategic delivery. He plays a central role in aligning strategy with execution, supporting disciplined growth and the continued evolution of the business model.



### Clare Farmer

Chief People Officer

Leadership experience 20 years

Clare leads the Group's people strategy, supporting the development of a high-performing organisation aligned to the Group's values and strategic priorities. Her focus includes talent development, organisational capability, leadership succession and employee engagement across the Group.



### Emma Woollard

General Counsel and Company Secretary

Leadership experience 4 years

Emma leads the Group's legal, governance and regulatory compliance activities, advising the Board and Group Executive Team and overseeing the management of legal and regulatory risk. Her role focuses on supporting effective decision-making and maintaining a robust legal and governance framework aligned with the Group's strategic priorities and long-term value creation.



### Simon Jones

Managing Director, EMEA & North America  
+ Global Supply Chain Director

Leadership experience 21 years

Simon leads the Group's operations across Europe, the Middle East and North America, with responsibility for operational performance, customer delivery and supply chain execution. He plays a key role in aligning manufacturing capability with market demand and supporting consistent execution across regions.



### Oliver Ridd

Group Commercial Director

Leadership experience 11 years

Oliver leads the Group's global commercial organisation, aligning sales, marketing and application engineering resources around priority markets. He is responsible for strengthening customer relationships, pipeline quality and commercial execution across regions.



### Brandon Thomas

Managing Director, Asia

Leadership experience 9 years

Brandon leads the Group's Asia strategy, supporting the development and scale-up of manufacturing, innovation and commercial capability in the region. He plays a central role in executing the Group's growth plans across Asia.

## CHAIR'S STATEMENT



A year of continued momentum and strategic progress, building a stronger and more diversified platform to deliver on our long-term ambition

**Lynn Drummond**  
Chair

### Dear shareholders

2025 was a year of momentum and strategic progress for Zotefoams. The Group delivered another year of record financial performance while making tangible progress against the refreshed strategy laid out by the Board in 2024. This combination of delivery and investment has reinforced the resilience of the business and strengthened the platform for sustainable long-term growth.

During the year, the Board has focused closely on the execution of the Group's strategy, including disciplined investment in expansion and innovation, alongside continued focus on operational performance, cash generation and balance sheet strength. The successful completion of Zotefoams' first acquisition in this new strategic phase, progress in establishing a manufacturing presence in Asia, and continued investment in our innovation capabilities reflect the Board's confidence in the Group's strategic direction and its ability to execute consistently and at pace. Importantly, these actions have been undertaken with a robust capital discipline and governance approach.

As we progress further, the Board remains committed to sustained execution of the strategy and management of the associated risks as the Group continues to upscale. We are confident that the governance, controls and oversight arrangements in place are appropriate for this next phase of development, and that the Group is well positioned to balance growth, returns and resilience.

The Board is encouraged by the progress made during the year. Zotefoams is now operating with greater customer proximity, broader market exposure and a more resilient global footprint. These developments support the Board's confidence that the strategy is beginning to deliver as intended and that the Group is well positioned for the next phase of growth.

### Board composition and governance

The Board oversaw several important leadership and governance changes during 2025, all of which were managed in a planned and orderly manner.

On 3 March 2025, we announced the planned retirement of Gary McGrath, Group CFO. Gary stepped down from the Board on 31 October 2025, following nine years of dedicated service, as part of a managed succession process. On behalf of the Board, I would like to thank Gary for his significant contribution to Zotefoams and wish him well in his retirement.

Nick Wright, an ACA-qualified Chartered Accountant with both manufacturing sector experience and listed company transformation expertise, was appointed Group CFO on 1 November 2025. We welcomed Nick to the Group as CFO-designate and Executive Director from September 2025, ensuring a smooth transition and continuity of financial leadership.

The Board was also strengthened with the appointment of Jack Clarke as an Independent Non-Executive Director in October 2025. Jack brings extensive experience from senior strategy and finance roles, most recently as CFO of Essentra plc. In December 2025, Doug Robertson retired from the Board after almost nine years of service, including as Chair of the Audit Committee. I would like to thank Doug for his leadership and commitment. Following Doug's retirement, Jack assumed the role of Chair of the Audit Committee, and Malcolm Swift became Senior Independent Director, continuing his role as Chair of the Remuneration Committee.

This was also the first full year with Ronan Cox as Group CEO. Under Ronan's leadership, the Group has continued to build momentum, and the Board is confident that the executive team has the capability, balance and experience required to deliver the next phase of the strategy.

### Dividend

The Board remains committed to a progressive dividend policy and to sharing the Group's

success with shareholders. We are proposing a 5% increase in the final dividend to 5.35 pence per share (2024: 5.10 pence), which, if approved, would result in a total dividend for 2025 of 7.85 pence (2024: 7.48 pence). This reflects the Board's confidence in the Group's future prospects and its continued focus on disciplined capital allocation.

Further detail on capital allocation is set out in the [Group CFO's review page 31](#).

### Sustainability and responsible business

The Board remains strongly focused on sustainability and responsible business practices. Zotefoams' purpose – delivering optimal material solutions for the benefit of society – continues to guide decision-making at Board level. During 2025, the Board oversaw continued investment in sustainable innovation and ensured that environmental considerations were integrated into major strategic and capital decisions.

The Board also maintained a strong focus on governance, integrity and risk management, remaining attentive to evolving best practice and the UK Corporate Governance Code. We continued to prioritise the safety and wellbeing of our people and to promote a culture of accountability, inclusion and respect across the Group.

### Looking ahead

Zotefoams has entered 2026 with good momentum, a stronger and more diversified platform and a clear strategic focus. The progress delivered during 2025 gives the Board confidence that the Group is well positioned to navigate ongoing macroeconomic and geopolitical uncertainties while continuing to deliver sustainable growth, improving returns and strong cash generation over the medium term.

On behalf of the Board, I would like to thank all our employees for their commitment and contribution during the year, and our shareholders for their continued support.

**L Drummond**  
Chair  
10 April 2026

## GROUP CEO'S REVIEW



A year of record performance and strategic momentum as we continued expanding beyond our historical core and strengthening the foundations for long-term growth.

**Ronan Cox**  
Group CEO

### Overview

2025 was a year of outstanding performance, building continued momentum for Zotefoams. We delivered record revenues and profits while executing major strategic initiatives against a challenging macroeconomic and geopolitical backdrop. Group revenue increased by 7% to £158.5m (2024: £147.8m), marking a new record for the Group. Adjusted profit before tax increased by 39% to a record £21.2m, reflecting strong operational delivery, disciplined cost management and the benefits of an increasingly differentiated product and market mix. Cash generation also improved materially to nearly £40m, enabling continued investment while maintaining a strong balance sheet and reducing leverage year on year.

This performance was underpinned by robust demand across key end markets, most notably the continued strength of our Consumer & Lifestyle activities, particularly athletic footwear, alongside solid progress in Transport & Smart Technologies. At the same time, we made tangible progress in expanding beyond our historical core markets and product focus, broadening our geographic footprint and deepening customer relationships across a wider range of applications. Despite inflationary pressures, ongoing supply-chain complexity and geopolitical uncertainty, we exceeded market expectations for the third consecutive year. This consistency of delivery reflects the resilience of our business model and the effectiveness of the strategic changes initiated over the past two years.

Importantly, 2025 was not simply a year of strong financial results; it was a year in which we took meaningful actions to accelerate key components of the strategy. We continued to reshape Zotefoams into a more market-led, customer-focused and globally integrated organisation. We invested in innovation and capacity, strengthened our leadership and operating cadence, and took decisive steps to position the Group for sustainable, long-term growth. The completion of our first acquisition,

Overseas Konstellation Company S.A. ("OKC"), the advancement of our manufacturing expansion in Asia, and the continued evolution of our high-performance, more customer-centric culture, all represent concrete progress against the strategic priorities we set out.

The Group's adjusted operating profit and cash generation improved substantially during the year, funding strategic investments and the acquisition of OKC while preserving financial flexibility. Net leverage at the end of the year was lower than in 2024, despite increased investment activity, reflecting the strength of our operating cash flow and disciplined approach to capital allocation.

Zotefoams continues in 2026 a stronger, more diversified and more resilient business. We are better balanced across markets, regions and customers, supported by a well-invested global manufacturing footprint and an increasingly market-driven organisation. With a clear strategy, an engaged and capable leadership team and a strong balance sheet, we are well positioned to continue delivering profitable growth and creating long-term value for all stakeholders.

### Strategic progress

We made strong strategic progress in 2025, delivering against key objectives within our refreshed strategy, Expanding Beyond the Core. Over the past two years, this strategy has focused on repositioning Zotefoams from a predominantly product-led organisation to a more market-driven, customer-centric and globally integrated business. In 2025, that shift moved decisively from intent to delivery.

Fundamentally, Expanding Beyond the Core is about broadening the markets we serve, deepening customer relationships and building a platform capable of delivering sustainable, high-quality growth. During the year, we advanced this across four interconnected priorities: market orientation, geographic expansion, innovation and technology, and people and culture.

### Market orientation

A central pillar of our strategy has been the move to an industry-led commercial model. At the start of 2025, we reorganised our global commercial organisation around three core market verticals: Consumer & Lifestyle, Transport & Smart Technologies, and Construction & Other Industrial. This represented a fundamental shift away from a product-centric view of the business and towards a clearer focus on customer needs, application-driven value propositions and end-market dynamics.

This new structure has sharpened customer focus, improved accountability and strengthened collaboration across regions. It has also enhanced our ability to identify and prioritise growth opportunities, allocate resources more effectively and develop solutions aligned to specific industry requirements. The benefits of this approach are already evident in improved commercial momentum, a stronger opportunity pipeline and deeper engagement with strategic customers across multiple markets.

### Geographic expansion

2025 was also a year of meaningful progress in expanding Zotefoams' geographic footprint, particularly in regions critical to our long-term growth. We completed our first acquisition, OKC, extending our presence in Southern and Central Europe and adding complementary capabilities and customer relationships. At the same time, we accelerated our manufacturing expansion in Asia, committing to a major new manufacturing investment in Vietnam to support our largest end market, athletic footwear.

These are targeted strategic actions: we are extending our footprint in ways that improve customer proximity, strengthen supply chain resilience and enhance returns over time. The combination of organic investment and selective M&A activities provides a flexible and disciplined route to geographic diversification.

## Innovation and technology

Innovation remains fundamental to our differentiation and long-term competitiveness. In 2025, we continued to invest in research and development while sharpening our focus on innovation that is closely aligned with our market verticals and customers. We advanced plans to establish a new Global Innovation Centre in the UK, consolidating and upgrading our R&D and testing capabilities, and signed a lease for a Footwear Innovation Centre in South Korea to support closer technical collaboration with key customers and partners in Asia.

At the same time, we took decisive action to reallocate resources away from initiatives that no longer met our strategic or return criteria. As a result of the decision to cease further investment in the ReZorce packaging initiative in 2024, we reallocated resources away from initiatives that no longer meet our strategic and return criteria, and refocused innovation effort on areas with clearer pathways to commercialisation, reflecting a more disciplined and execution-focused approach. This decision has already had a positive impact on profitability, allowing us to redeploy resources towards innovation programmes with clearer pathways to commercial success. As a result, innovation investment in 2025 was more tightly aligned to customer demand, operational efficiency and value creation.

## People and culture

Underpinning all of this progress is a continued evolution of our culture and organisation. 2025 was the first full year operating with a refreshed leadership team and a clearer operating rhythm. We introduced a defined set of values – Courage, Impact and Respect – with Health & Safety as our number one priority, to guide decision-making and behaviour across the Group.

We strengthened leadership capability, clarified accountability and launched initiatives to embed a higher-performance, more customer-centric culture. Learning from the highly responsive, customer-focused ethos of OKC has further reinforced our ambition to improve speed, flexibility and service levels across the Group. These cultural shifts are critical to sustaining strategic momentum and ensuring that execution quality keeps pace with our growth ambitions.

Collectively, the actions taken in 2025 represent a step change in how Zotefoams operates and competes. We are building a more diversified, market-led and resilient business, with a stronger platform for selective growth. While there is more to do, the progress made during the year gives us confidence that Expanding Beyond the Core is translating into tangible results and positioning the Group well for the next phase of its growth and development.

## Expanding Beyond the Core

A defining feature of our progress in 2025 was the acceleration of Zotefoams' expansion beyond its historical core. This expansion is not about moving away from our strengths; rather, it is about extending them into new markets, geographies and applications where our technology, know-how and customer relationships can deliver attractive, sustainable returns. During the year, this strategy was advanced through a combination of targeted acquisition, disciplined organic investment and a more focused approach to innovation.

### Targeted M&A: establishing a scalable playbook

A major milestone in November 2025 was the successful execution of Zotefoams' first significant acquisition. In November, we completed the acquisition of OKC, a Spanish foam manufacturer, for total consideration of up to €36m (an upfront cash consideration of €27.6m, plus a deferred element of up to €8.4m based on OKC's financial performance in 2026). This transaction represents the first tangible step in our strategy to expand selectively through M&A and is expected to be earnings accretive in 2026.

OKC brings complementary capabilities, products and routes to market that align closely with our strategic priorities. It extends our presence in key European markets including Spain, France, Germany and Italy, with minimal overlap with our existing customer base. Importantly, OKC also brings a highly customer-centric operating model and a strong reputation for responsiveness and service – attributes that we regard as critical differentiators and which we are actively seeking to embed more broadly across the Group.

We are taking a "best of both" approach to integration, preserving the entrepreneurial, customer-focused culture that has driven OKC's success, while leveraging Zotefoams' operational scale, technical depth and global footprint. Early integration work has progressed well, and we expect OKC to make a growing contribution to Group performance over the medium term while also strengthening our capability set.

From a strategic perspective, OKC provides a blueprint for how we intend to approach future M&A: disciplined, selective and focused on strategic fit and value creation.

### Organic expansion: building a platform in Asia

Alongside M&A, we continued to invest in organic growth opportunities that are central to our long-term strategy. Asia is a critical region for Zotefoams over the long term, and 2025 marked a decisive step forward in establishing a manufacturing presence closer to our largest and fastest-growing end-markets. To support this expansion, we created a new Managing Director – Asia role during the year, strengthening regional leadership and oversight as we build our platform in the region and execute our investment plans.

During the year, we advanced the development of a new production facility in Vietnam, which will specialise in producing advanced 3D foam preforms for athletic footwear. This investment has the potential to be transformational for the Group; it positions Zotefoams at the heart of a key global manufacturing hub, closer to the customer, expands our technological capability, aligns our capacity with the evolving geographic footprint of our largest customers, and creates a more resilient and cost-effective supply chain over time.

To manage execution risk and accelerate delivery, we entered into a strategic partnership with Seoheung Co. Ltd. ("Seoheung"), a long-established specialist in the footwear supply chain with extensive manufacturing experience in Vietnam and across Asia. Under the terms of the partnership, Seoheung will take a 17.5% equity stake in our Vietnam partnership in return for a \$10m investment, contributing to the approximate \$32m total project cost. This partnership brings valuable local expertise, strengthens customer relationships in the region and reinforces our disciplined approach to capital allocation.

Construction and commissioning of the leased Vietnam site is underway, ahead of planned completion later this year/early 2027. While the facility will initially support our Consumer & Lifestyle business, particularly athletic footwear, its strategic significance is broader. Over time, it will enable the transition of certain volumes currently produced in the UK, freeing up capacity in our European operations to support growth in other markets and applications. This is a clear example of how geographic expansion will support not only growth, but also flexibility, resilience and improved returns across the Group.

### Innovation: focus, discipline and customer alignment

Innovation remains central to Zotefoams' competitive advantage, but our approach in 2025 was characterised by greater focus and discipline. We continued to invest in R&D and innovation infrastructure, while sharpening alignment between innovation activity, customer needs and commercial outcomes.

We progressed plans to establish a new Global Innovation Centre at our UK headquarters, consolidating and upgrading our R&D and testing facilities to support product development and process innovation across the Group. In parallel, we signed a lease for a Footwear Innovation Centre in South Korea, enabling the showcasing of our technology, strengthening technical collaboration with major Asian customers and partners and supporting the ramp-up of our Asian manufacturing strategy.

The benefits of this more focused approach are becoming evident. Innovation investment is now more tightly aligned with our market verticals, supporting applications where performance, reliability and sustainability are critical. This discipline will remain a hallmark of our innovation strategy going forward.

#### A platform for sustainable growth

Taken together, our actions in 2025 represent a step change in how Zotefoams is expanding beyond its historical core. Through targeted M&A, disciplined organic investment and a more focused innovation agenda, we are building a broader, more resilient platform for growth. These initiatives are tightly aligned with our strategy, capital discipline and customer priorities, and they provide a strong foundation for continued progress in the years ahead.

#### Strategic focus – core market verticals

Building on our market-focused approach, our business is organised around three core market verticals: Consumer & Lifestyle, Transport & Smart Technologies, and Construction & Other Industrial.

**Consumer & Lifestyle** was again our largest vertical in 2025 and the primary driver of Group growth. Demand in athletic footwear remained strong through most of the year, supported by major customer programmes and performance-led product cycles. While volumes were exceptional, we always expected demand to normalise following this period of growth. Our focus is therefore on positioning the business to win sustainably through the next phase of development, supported by closer customer proximity and a more flexible global footprint.

Beyond footwear, Consumer & Lifestyle includes a range of smaller but attractive niches where advanced foam performance can command premium value. During 2025, we progressed opportunities selectively across consumer and leisure applications, building pipeline depth and focusing on areas with a clear right to win.

**Transport & Smart Technologies** delivered solid growth, supported by demand in aerospace and other high-specification applications. Success in this vertical depends on long qualification cycles, deep technical engagement and consistent delivery against

exacting standards – areas where Zotefoams' process capability and technical heritage provide a durable advantage. We continued to invest selectively in capability and customer engagement, prioritising opportunities with clear pathways to sustainable, high-quality revenue.

#### Construction & Other Industrial

performance was mixed, reflecting softer conditions in parts of the construction supply chain, offset by improved activity in selected industrial applications. This experience reinforces our emphasis on selectivity and margin discipline. Over time, this vertical continues to offer opportunity, supported by long-term drivers such as energy efficiency and safety requirements, and strengthened by the addition of OKC to our portfolio.

Across all three verticals, the benefit of this structure is increasing clarity – sharper prioritisation, stronger accountability and more effective allocation of talent, innovation effort and capital. While we are still early in this transition, 2025 demonstrated tangible progress in both performance and execution quality.

## Cultural transformation

Throughout 2025, we continued to evolve Zotefoams' culture to support the next phase of the Group's development, formally embedding our core values – Courage, Impact and Respect – with Health & Safety as our number one priority.

These values provide a shared framework for decision-making and behaviour across the Group, reinforcing what we expect from ourselves as leaders and colleagues, and how we engage with customers, partners and communities.



**Courage** is about making clear choices and acting decisively. In 2025, this was reflected in our willingness to challenge legacy ways of working, to reorient the business around market verticals, and to take deliberate strategic decisions – including exiting activities that no longer met our strategic or return criteria. We encouraged teams to focus on what matters most for customers and to take ownership for delivery, supported by clearer accountability and decision rights. This has improved pace, reduced complexity and strengthened customer engagement.



**Impact** underpins our focus on execution and outcomes. We strengthened cross-functional collaboration across regions and functions, aligning teams more closely to customers and end markets. This has supported faster problem-solving, improved prioritisation and more effective deployment of resources. We have seen increasing evidence of a results-oriented mindset, with teams responding proactively to changes in demand, reallocating capacity where required and maintaining momentum through the year.



**Respect** shapes how we treat people and how we operate as a global organisation and is reflected in our emphasis on open communication, transparency and collaboration across geographies, helping to break down silos and reinforce a "one Zotefoams" mindset. As part of this, our commitment to Health & Safety remains absolute, and it is the foundation for everything else we do. While any incident is one too many, our safety performance continues to compare favourably with industry benchmarks, and we remain focused on prevention, learning and continuous improvement.

We have also actively sought feedback from employees to ensure that our cultural initiatives are having a meaningful impact. In response, we have continued to invest in leadership capability, including the launch of our Living Brave leadership development programme and the establishment of a Senior Leadership Team to strengthen alignment and cascade strategic priorities more effectively through the organisation.

The integration of OKC during the year has provided further reinforcement of the importance of culture. Their strong customer-centric ethos and responsiveness have set a high bar and offer valuable lessons as we continue to raise service levels and customer focus across the wider Group.

These cultural changes are critical to sustaining our strategic progress. By fostering an engaged, accountable and customer-focused organisation, grounded in strong safety discipline and clear values, we are creating the conditions for consistent execution, innovation and long-term value creation.

## Sustainability

Sustainability is integral to Zotefoams' strategy and to how we operate the business. Our purpose, delivering optimal material solutions for the benefit of society, reflects our belief that advanced foams, when engineered responsibly and used in the right applications, can deliver meaningful environmental and societal benefits over their long service lives. In 2025, we continued to strengthen the foundations of our sustainability approach, embedding it more firmly into operational decision-making, innovation priorities and governance.

Our focus is practical and disciplined. We are prioritising areas where we can have the greatest impact: reducing the environmental footprint of our operations, improving the sustainability performance of our products, and ensuring strong governance and transparency. Sustainability considerations are increasingly integrated into investment decisions, product development and customer engagement.

### Operational environmental performance

During 2025, we made further progress in reducing the environmental intensity of our operations. Energy efficiency initiatives implemented in prior years continued to deliver benefits, supported by improved process control, yield improvements and targeted capital investment. We also increased the proportion of renewable electricity across parts of the Group, including new capacity, and progressed site-level initiatives such as solar installations and heat-recovery projects where appropriate. These actions helped to stabilise energy consumption, despite higher production volumes, and supported a continued reduction in specific energy usage.

Waste reduction remains a key focus. Through improved yields, better scrap segregation and increased internal recycling, we reduced waste sent to landfill year on year. While our processes are not water-intensive, we continue to optimise cooling and handling systems to minimise unnecessary consumption. These improvements reflect our emphasis on operational discipline and continuous improvement.

### Product sustainability and innovation

The sustainability impact of Zotefoams' products is often realised through their use. Lightweight foams contribute to energy efficiency in transport, durability reduces replacement cycles, and high-performance insulation supports lower energy consumption in buildings and industrial systems. In 2025, we continued to align innovation effort with these outcomes, focusing on applications where material performance and sustainability objectives reinforce each other.

We progressed development work on foams incorporating recycled polymer content and advanced trials in selected applications, while maintaining performance and quality standards. We also continued to explore opportunities to improve circularity, including recycling pathways for production scrap and end-of-life material where feasible. These

initiatives remain at an early stage, but they are guided by a clear focus on technical viability, customer demand and regulatory compliance.

### Governance and oversight

During the year, the Board strengthened its oversight of sustainability matters, reinforcing accountability and ensuring alignment between sustainability priorities, strategy and risk management. We continue to engage constructively with customers, investors and other stakeholders on sustainability topics, recognising the increasing importance of credible data, clear targets and delivery over time.

Sustainability is a long-term journey, and we recognise that there is more to do. Our approach is grounded in realism and responsibility: focusing on actions that are achievable, measurable and aligned with value creation. By embedding sustainability into how we operate and innovate, we believe Zotefoams can continue to grow responsibly while supporting customers in meeting their own environmental and performance goals.

### EMEA performance (Europe, Middle East & Africa)

EMEA delivered another strong year in 2025, building on a very high prior-year base and demonstrating the resilience and scale of the opportunity for the Group in this region. EMEA remains Zotefoams' largest region by a significant margin, encompassing manufacturing operations in the UK, Spain and Poland, supported by commercial teams across Europe, India and Hong Kong. The region continues to play a central role in the Group's value creation, technical capability and customer relationships.

Revenue in EMEA increased by 9.4% to £124.0m (2024: £113.4m), marking a further year of record sales. Growth was driven primarily by continued strength in Consumer & Lifestyle, particularly athletic footwear, alongside solid progress in Transport & Smart Technologies and a more mixed performance in construction-linked markets. Growth in the region also benefited from an initial contribution from OKC of £2m following completion of the acquisition late in the year, and work is underway to integrate OKC into a unified European commercial and operating model through 2026.

Footwear remained the dominant growth driver in EMEA during 2025. We supported major customer programmes and inventory build activity through significant shipments, and the region benefited from the ongoing geographic shift in global footwear manufacturing, which influenced sourcing patterns and demand for European production. Volumes reached exceptional levels during the year. While this level of growth will not continue indefinitely, our planning assumptions reflect a managed normalisation as customers adjust inventory positions following an unusually strong period.

Beyond footwear, Transport & Smart Technologies in EMEA continued to show momentum, with aerospace demand providing notable support. Our exposure to high-specification, technically demanding applications remains an important source of balance within the region. In Construction & Other Industrial, performance reflected more mixed conditions across construction supply chains, with softer distributor demand offset by stronger direct industrial sales and a recovery in insulation activity later in the year. Consistent with our strategy, we prioritised quality of revenue and margin discipline, including being prepared to step away from volume that did not meet our return criteria.

Operationally, EMEA executed well under challenging capacity conditions. Our UK and Poland sites performed strongly in meeting customer requirements through periods of high utilisation. The experience of operating close to capacity during peak footwear demand reinforces the strategic rationale for rebalancing the Group's manufacturing footprint over time. Importantly, EMEA's performance in 2025 highlights both the depth of customer demand and the importance of disciplined capacity management to protect service levels, operational stability and long-term value creation.

From a profitability perspective, EMEA's margin profile during 2025 reflected deliberate choices. Segment margin reduced from 21.5% to 20.5%, driven by a combination of reinvestment in commercial capability, the costs of organisational transition as we embed our market-vertical model, wage inflation and foreign exchange effects. These impacts were absorbed alongside strong revenue growth and are consistent with our approach of prioritising long-term value and resilience over short-term margin optimisation. We view this as an appropriate baseline from which margins can rebuild over time through continued growth, operational efficiency and the benefits of our increasingly market-focused commercial model.

Beyond its scale, EMEA remains strategically central to the Group. The region combines deep, long-standing customer relationships, broad exposure across all three market verticals and a concentration of technical capability that underpins much of the Group's innovation and application development. While footwear has been a dominant growth driver in recent years, EMEA also provides the industrial and aerospace depth that supports diversification as demand normalises.

EMEA has entered 2026 with a stronger portfolio and an expanded footprint. A fuller contribution from OKC, continued progress in non-footwear pipelines and the progressive rebalancing of capacity over time are expected to support improved resilience and a broader growth base. EMEA will remain a cornerstone of the Group's performance as Zotefoams transitions to a more balanced global footprint, with disciplined execution and long-term value creation firmly at the centre of our approach.

**EMEA****Revenue****£124.0m****Change 9.4%**  
**2024 £113.4m****North America****Revenue****£30.1m****Change 7.1%**  
**2024 £28.1m****North America performance**

Our North America region delivered a resilient performance in 2025, overcoming a more challenging start to the year in Construction & Other Industrial to achieve solid growth for the full year. Regional revenue increased by 7.1% to £30.1m (2024: £28.1m).

Performance was driven principally by continued momentum in Transport & Smart Technologies, which remains the largest market vertical in North America and includes high-value technical applications such as aerospace and speciality packaging. In the first half, this vertical delivered strong growth, supported by continued success in targeted key accounts and new customer project wins, and that momentum remained a positive feature through the year.

By contrast, Construction & Other Industrial in North America was more mixed, reflecting operational challenges at a key customer that constrained demand early in the year. As set out in our interim reporting, this impacted the performance of our converting operation in Tulsa (Zotefoams Midwest), where volumes declined in the period despite good underlying market conditions. A recovery plan was implemented to improve utilisation and reduce reliance on any single customer over time, including building a broader pipeline aligned with our strategy of moving further along the value chain.

Operationally, we continued to strengthen the region's platform for growth. The commissioning of our second low-pressure vessel in North America increased capacity and supports our ability to pursue additional opportunities in polyolefin foams and other technical applications, improving responsiveness to customers and creating headroom for growth.

From a financial perspective, North America's profitability improved materially, reflecting the benefit of stronger mix in Transport & Smart Technologies and improved operational discipline. The region delivered a clear improvement in performance, with segment profit improving to £3.5m and margin increasing to 11.6% (2024: 6.4%), supported by improved mix, cost control and lower raw material pricing. As we progress through 2026, our focus remains on sustaining this improvement through continued mix enrichment, disciplined cost management and execution of the recovery actions in Construction & Other Industrial.

Looking ahead, North America remains strategically important as a region where we see attractive structural drivers across our target verticals, and where our investments in capacity and commercial focus can translate into stronger growth and improved returns over time. We will continue to prioritise high-quality opportunities in technical end markets, strengthen customer engagement, and build a more resilient regional mix as we execute our strategy.

**Asia performance**

Asia currently remains a relatively small contributor to Group revenue, but is strategically critical to Zotefoams' long-term growth. In 2025, performance reflected softer near-term trading conditions and our prioritisation of capacity for other regions, alongside deliberate investment to build a larger platform for the future.

Revenue was driven primarily by Construction & Other Industrial activity through T-FIT® insulation operations in China and India. The competitive environment in China was more challenging during the year, which led us to be more selective in pursuing opportunities to protect margins. As a result, regional profitability declined to break even, reflecting both lower volumes and early-stage investment costs associated with Vietnam and South Korea.

Importantly, Asia is in a transition phase. During 2025, we made substantial progress on the development of our new footwear manufacturing facility in Vietnam, supported by our partnership with Seoheung, and on establishing a Footwear Innovation Centre in South Korea. Together, these investments create an integrated innovation-to-production platform aligned with customers' future supply chains.

Initial production in Vietnam is expected from late 2026 into 2027, at which point Asia's contribution to Group revenues will increase materially. In the near term, our focus remains on disciplined execution and delivery of these programmes within approved investment parameters.

### Capacity and investment

During 2025, we continued to invest selectively in capacity, capability and operational resilience to support the delivery of our strategy and to position the Group for sustainable growth. These investments are the result of deliberate, long-term planning rather than reactive responses to short-term demand, and they are guided by clear criteria: strategic alignment, disciplined capital allocation and attractive returns.

Over the past several years, Zotefoams has undertaken a significant programme of investment across its global manufacturing footprint. 2025 marked the culmination of several of these projects, alongside continued progress on our next major phase of expansion.

A key milestone during the year was the commissioning of our second low-pressure expansion autoclave in Kentucky, USA. This investment effectively doubled low-pressure capacity in North America and was fully operational by the end of the fourth quarter of 2025. The project was delivered on schedule and within budget, immediately enhancing our ability to serve growing demand in Transport & Smart Technologies and improving responsiveness to customers across the region. By increasing throughput and reducing lead times, this additional capacity provides meaningful headroom for growth and strengthens the resilience of our North American operations.

In parallel with adding physical capacity, we continued to focus on optimising and debottlenecking existing assets across the Group. Through targeted efficiency initiatives, improved scheduling, yield improvements and modest equipment upgrades, we were able to increase effective output without significant incremental capital expenditure. For example, in the UK and Poland we achieved productivity gains through improved uptime and process optimisation, effectively creating "virtual capacity" that supported record volumes during the year. These actions demonstrate the importance of operational discipline alongside capital investment.

The most strategically significant investment underway is the development of our new footwear manufacturing facility in Vietnam, which represents a transformational expansion of our footprint. This project will establish Zotefoams' first major manufacturing base in Asia and is central to our long-term strategy, particularly in Consumer & Lifestyle. During 2025, we made substantial progress, including site selection, permitting, detailed design and the ordering of long-lead equipment. The project is being executed through a partnership with Seoheung, which brings deep local expertise and de-risks both execution and ramp-up.

The Vietnam facility is designed to support advanced foam preform manufacturing for athletic footwear and will enable a progressive transition of certain volumes currently supplied from Europe. Importantly, this is not simply a capacity addition; it is a rebalancing of the Group's manufacturing network. Over time, as Asian production comes onstream, capacity in the UK will be freed up to support growth in other markets and applications, improving overall network flexibility, service levels and returns.

From a capital allocation perspective, we maintained a disciplined approach throughout the year. Capital expenditure was focused on a small number of high-priority projects aligned to strategy, including North America capacity, the Vietnam programme and investment in innovation capability. These investments were funded comfortably through operating cash flow, supported by improved cash generation and tight working-capital management. Despite completing our first acquisition and advancing major organic investment, the Group exited the year with a strong balance sheet and lower leverage well within covenant limits.

In early 2026, we further strengthened our financial flexibility by refinancing and upsizing our revolving credit facility (to £90m with a £30m accordion), providing additional headroom to support ongoing investment and selective M&A activity. This ensures that Zotefoams has both the capacity and the financial resilience to execute its strategy through the next phase of growth.

With major investments completed or underway in the UK, Spain, Poland, North America and Vietnam, Zotefoams now has a well-invested and geographically diversified manufacturing platform. As we look ahead, the emphasis will increasingly shift from large-scale capital projects to ramping up utilisation, improving returns and extracting value from the assets we have built. We remain confident that our capital investments will deliver attractive long-term returns and support sustainable growth, underpinned by disciplined execution and a strong balance sheet.

## Measuring strategic progress

To ensure that our strategy translates into sustained value creation, we track a small number of clear, outcome-focused metrics that reflect the quality of growth, capital discipline and execution. These measures provide a consistent framework for assessing progress over time and for holding ourselves accountable as we expand beyond our historical core. In 2025, we made progress across all five dimensions.

### 1. Product and mix quality

A central objective of our strategy is to grow through higher-value applications rather than volume alone. In 2025, we delivered a further improvement in product and mix quality, with adjusted average selling prices increasing by 2.0% year on year, following a 2.8% improvement in 2024. This reflects continued progress in shifting the portfolio towards more technically demanding, higher-value applications across Consumer & Lifestyle and Transport & Smart Technologies, alongside disciplined pricing where justified. The result has been improved margin quality and greater resilience through market cycles.

### 2. Asset utilisation and operational efficiency

We continue to focus on extracting more value from our asset base through operational discipline, rather than relying solely on incremental capital investment. In 2025, overall asset utilisation improved by approximately 4%, building on the progress achieved in 2024. Through debottlenecking, yield improvement and more effective scheduling, we increased effective capacity across the network without significant

additional capital expenditure. These gains supported record production volumes and helped manage periods of high demand, particularly in EMEA.

### 3. Margin development

Profitability improved materially in 2025, reflecting both mix enrichment and operational execution. Adjusted operating margin increased by approximately 220 basis points to 14.4%, up from 12.2% in 2024. This improvement was supported by a richer sales mix, manufacturing efficiency gains and the elimination of losses associated with activities exited in prior periods. While margins vary by region and market, the overall trend demonstrates the effectiveness of our strategy in improving the quality of earnings. Our medium-term ambition remains to exceed 18% operating margin on a sustainable basis.

### 4. Capital efficiency and cash discipline

Improving returns on capital is a core strategic priority. In 2025, return on capital employed (ROCE) increased to approximately 13.9%, up from 11.7% in 2024, reflecting higher profitability and better utilisation of invested

assets. We also strengthened working-capital discipline, reducing net working capital as a percentage of sales and improving cash conversion despite higher activity levels. This supported strong operating cash flow, funded strategic investment and maintained balance-sheet strength. Our medium-term objective is to achieve ROCE above 20%.

### 5. Sustainability and long-term resilience

Sustainability is integral to our definition of long-term value creation. In 2025, we continued to reduce the environmental intensity of our operations through improved energy efficiency, waste reduction and better process control. We also progressed development of more sustainable product solutions, including materials incorporating recycled content, while maintaining performance standards. These actions support customer requirements, regulatory readiness and the long-term resilience of the business, and they reinforce our belief that disciplined sustainability and strong financial performance go hand in hand.

## People

Our people are central to the delivery of Zotefoams' strategy. As the business continues to expand beyond its historical core and operate across a more complex global footprint, the capability, engagement and safety of our colleagues remain fundamental to performance and long-term value creation.

Health & Safety is our number one priority and underpins everything we do. The Board retains ultimate responsibility for health and safety performance and operates with a very low risk appetite in this area. During 2025, we continued to strengthen governance, leadership accountability and frontline engagement to support a more consistent and proactive safety culture across the Group.

We reinforced Board-level oversight through structured quarterly reporting and further embedded leadership ownership by formalising the Global Health, Safety & Wellbeing Leadership Team, bringing together members of the Group Executive Team, operational leadership, OHSE and HR. This forum provides alignment across regions, supports consistent standards and ensures that learning from incidents and near-misses is shared openly across the organisation.

Where incidents occurred during the year, they were investigated rigorously and transparently, with corrective actions identified and lessons cascaded across sites. While any incident is one too many, our approach is focused on prevention, learning and continuous improvement rather than compliance alone. To better understand the lived experience of safety across the Group, we also conducted a Group-wide Safety Culture Survey in 2025. The findings provided valuable insight into leadership visibility, accountability and employee involvement, and are informing our ongoing safety culture improvement programme.

### Leadership, capability and engagement

During 2025 we moved to operating with a refreshed leadership structure and a clearer operating cadence. As Zotefoams has become more global, more market-led and more complex to operate, the demands on leadership have increased. During the year, we focused on strengthening leadership capability at all levels, improving clarity of roles and expectations, and building greater consistency in leadership behaviours across regions.

We strengthened alignment across regions and functions through a more structured senior leadership forum, improving the flow of information, clarity of priorities and accountability for execution. This has supported better cross-functional collaboration and more effective decision-making as the Group upscales. Alongside this, we continued to invest in leadership development, reinforcing performance expectations and supporting succession depth in critical roles.

Employee engagement remains a priority. We actively sought feedback from colleagues during the year, including through engagement and safety-focused surveys, to better understand where we are making progress and where further attention is required. These insights are being used to shape leadership development, communication and ways of working, with a clear emphasis on building an organisation that is accountable, inclusive and focused on delivery.

### Building a sustainable organisation

As we invest in new capacity, enter new geographies and integrate acquisitions, we remain focused on building a sustainable organisation with the skills, leadership capability and operating discipline required to execute at pace, without compromising safety or standards. This includes ensuring appropriate resourcing, developing internal capability and maintaining a strong focus on wellbeing alongside performance.

We are clear that sustained success depends on maintaining a culture where people feel safe, respected and empowered to contribute. By continuing to invest in our people, reinforcing clear leadership accountability and keeping Health, Safety & Wellbeing at the centre of everything we do, we are building an organisation that can upscale sustainably and deliver consistently for customers and shareholders alike.

### Forward-looking statements

Forward-looking statements have been made by the Directors in good faith, based on information available up to the date of approving this Annual Report.

### Current trading and outlook

We have entered 2026 with good momentum. Trading in the early part of the year has been in line with our expectations, supported by continued demand in Transport & Smart Technologies and improving order books across several markets. We are also benefiting from the initial contribution of OKC, where the integration into our European operating model is progressing well.

As anticipated, demand patterns across our markets are becoming more balanced following a period of exceptional growth in Consumer & Lifestyle. In footwear, we expect volumes to moderate from the unusually high levels experienced in 2024 and 2025 as customers normalise inventory positions, this is an expected transition, and our operating plans reflect this shift. Importantly, our exposure across other market verticals continues to strengthen, with healthy pipelines in aerospace, industrial and other technical applications providing a broader base for growth.

Operationally, our focus in 2026 is on execution and delivery. This includes building and maintaining strong service levels, managing capacity carefully across the network, and continuing to improve operational efficiency and margins. We will also progress our major strategic investments, particularly in Asia, ensuring that new capacity and innovation capability are delivered safely, on time and within approved investment parameters.

Looking further ahead, we are increasingly confident that the Group's medium-term prospects are in line with our stated ambitions. The strategic progress made over the past two years – transitioning to a market-led organisation, expanding our geographic footprint, investing in innovation and building a disciplined M&A capability – has materially strengthened the business. Zotefoams is now more diversified by market, geography and customer, with a clearer right to win in high-value applications and a more resilient operating platform.

Our medium-term objectives remain unchanged. We continue to target sustained revenue growth, backed by strong margins and ROCE, with cash generation supporting a disciplined capital allocation strategy focused on value creation. We have made good progress down this path in 2025, executing well in the business and identifying opportunities to accelerate strategically. The acquisition of OKC enhances both our growth profile and our strategic optionality, while our investments in Asia and innovation position the Group for the next phase of development.

While we remain mindful of ongoing macroeconomic and geopolitical uncertainties, we are confident that Zotefoams is well positioned to navigate these challenges. We have a clear strategy, a strengthened leadership team, well-invested assets and a strong financial position. The progress delivered in 2025 provides confidence that we have both the capability and the discipline to continue delivering sustainable growth and long-term value for all stakeholders.

**R Cox**  
Group CEO  
10 April 2026

## GROUP CFO'S REVIEW



A year of momentum with a significant increase in revenue and profitability within the core foams business, with growth in our key markets and our first acquisition, which is anticipated to be earnings accretive in 2026. Revenue and profit before tax were at record levels, with a strong uplift in margins and effective cost control, along with good cash generation, a strong balance sheet and recent refinancing, meaning we are well positioned for future profitable growth.

**Nick Wright**  
Group CFO

### Overview

Group revenue increased by 7.2% to £158.5m (2024: £147.8m), with an 8% increase at constant currency. Key areas of growth were our largest regions of EMEA and North America. EMEA grew 9.3% to £124.0m (2024: £113.4m), including contribution from OKC of £2m, but with a healthy underlying c. 7.5% growth rate, largely driven by another year of exceptional growth in Consumer and Lifestyle, driven by our footwear customer.

North America saw revenue increase 71% to £30.1m (2024: £28.1m), driven by strong growth in Transport & Smart Technologies. We saw robust orders in automotive and transit applications and, encouragingly, demand in Construction improved towards the end of the year after a slow start. Asia saw revenue fall to £4.2m (2024: £5.1m) due to a shift in our China

insulation business following changes in local government support on pharmaceutical construction, but we expect Asia to be a very significant growth driver going forwards once our new manufacturing facility in Vietnam is fully operational later this year/early 2027.

Adjusted operating profit for the year grew 26% to £22.8m (2024: £18.1m) and adjusted profit before tax (PBT) increased 39% to a Group record of £21.2m (2024: £15.3m), after margin improvement and lower interest charges. Some additional costs, largely relating to one of the MEL leases and other closure costs, have led to an exceptional charge of £0.9m being recorded in the consolidated income statement along with £0.2m of intangible amortisation relating to the acquisition of OKC which is being treated as exceptional. Currency movements had £0.1m positive effect on PBT.

Adjusted basic earnings per share (EPS), which excludes the exceptional item, amortisation of acquired intangible assets and a recognition of deferred tax assets in EMEA and North America, increased 46% to 38.00p (2024: 25.95p). Return on capital employed (ROCE, see section "Return on capital employed" for definition) increased to 13.9% (2024: 11.7%).

The Group's balance sheet at 31 December 2025 is strong, with the leverage multiple (calculated as a multiple of net debt to EBITDA using definitions under the bank facility agreement, see the [Debt facility section page 37](#)) improving to 0.8x (31 December 2024: 0.9x) and financial headroom of £18.5m (31 December 2024: £25.7m) after completing the OKC acquisition, which shows the benefits of the strong cash generation of the Group.

### Summary P&L

Zotefoams Group	2025	2024	Change (%)	Excluding MEL and OKC		
				2025	2024	Change (%)
<b>Net revenue</b>	<b>158.5</b>	147.8	7.2	<b>156.2</b>	146.6	6.5
<b>Gross profit</b>	<b>52.9</b>	46.1	14.8	<b>52.9</b>	48.1	10.0
Distribution and administrative costs	<b>(30.3)</b>	(28.0)	(8.2)	<b>(30.0)</b>	(25.0)	(20.0)
Adjusted operating profit	<b>22.8</b>	18.1	26.0	<b>22.9</b>	23.1	(0.9)
Exceptional items & amortisation of acquired intangibles	<b>(1.2)</b>	(15.2)	-	-	-	-
Operating profit	<b>21.6</b>	3.0	620	<b>22.9</b>	23.1	(0.9)
Finance costs and profit from joint venture	<b>(1.7)</b>	(2.8)	39	<b>(1.7)</b>	(2.8)	39
Adjusted profit before tax	<b>21.2</b>	15.3	39	<b>21.2</b>	20.3	4.4
Profit before tax	<b>20.0</b>	0.2	-	<b>21.2</b>	20.3	4.4
Taxation	<b>2.7</b>	(2.9)	-			
Adjusted basic EPS	<b>38.00</b>	25.95	46			
Basic EPS/ (LPS)	<b>46.37</b>	(5.66)	-			

### Revenue performance

EMEA sales increased 9% to £124.0m (2024: £113.4m), and by 9% to £124.4m at constant currency. The robust performance was driven by another exceptional year in our Consumer & Lifestyle market, reflecting continued high demand for footwear products. We benefited both from new product launches and the ongoing migration of athletic footwear from China to Vietnam, which boosted sales to our flagship customer. After several years of rapid growth in footwear, we anticipate demand to

moderate as inventory levels normalise. EMEA revenues also include an initial £2.0m from the acquired OKC business since mid-November. Excluding this acquisition, underlying organic growth in EMEA was 8%, reflecting healthy demand after a record footwear year in 2025.

North America sales increased 7% to £30.1m (2024: £28.1m) and 10% to £30.9m at constant currency. This was driven by strong growth in Transport & Smart Technologies. We saw robust orders in automotive and transit

applications and, encouragingly, demand in Construction strengthened in the final quarter after a subdued first half. We continue to focus on operational efficiencies and commercial initiatives in this region, which helped maintain sales despite some macroeconomic headwinds earlier in the year. MEL sales reduced to £0.2m (2024: £1.2m), following the pausing and subsequent closure of the ReZorce business.

### Revenue by region (£m)

	2025 Reported	2025 Adjusted <sup>1</sup>	2024 Reported	Net change %	
				Reported	Adjusted
<b>EMEA</b>	<b>124.0</b>	<b>124.4</b>	113.4	9.3	9.7
<b>North America</b>	<b>30.1</b>	<b>30.9</b>	28.1	7.1	10.0
<b>Asia</b>	<b>4.2</b>	<b>4.4</b>	5.1	(17.6)	(13.7)
<b>Group excluding MEL</b>	<b>158.3</b>	<b>159.7</b>	146.6	8.0	8.9
<b>MEL</b>	<b>0.2</b>	<b>0.2</b>	1.2	(83)	(83)
<b>Group</b>	<b>158.5</b>	<b>159.9</b>	147.8	7.2	8.2

<sup>1</sup> Constant currency, adjusting 2025 values to 2024 exchange rates. See exchange rates table.

### Revenue by vertical (%)

	2025 £m	2024 £m
Consumer & Lifestyle	<b>50</b>	48
Transport & Smart Technologies	<b>33</b>	33
Construction & Other Industrial	<b>17</b>	19

### Gross profit

Gross profit increased £6.8m to £52.9m (2024: £46.1m), while gross margin increased to 33.4% (2024: 31.2%), reflecting a more favourable product mix and operational efficiencies, with pricing and mix management successfully offsetting input cost pressures. The uplift also reflects successful price increases implemented in certain markets in 2025, which helped offset cost inflation. EMEA gross profit increased 9.9% to £44.2m (2024: £40.2m), driven primarily by higher revenue in the Consumer & Lifestyle market, notably stronger

footwear sales. North America recorded the highest percentage growth in gross profit, up 27% to £7.7m (2024: £6.1m), largely due to growth in the Transport & Smart Technologies vertical. Additionally, we selectively built inventory of key foam grades during 2024 (especially in H2 2024) ahead of capacity constraints expected in 2025. We entered 2025 well stocked, which enabled us to meet demand without incurring additional costs related to overtime or external processing, again supporting our gross margin.

The Group has continued to pursue its refreshed strategy, Expanding Beyond the Core, investing in innovation and geographic expansion and completing our first significant acquisition. We have continued to invest in, and prioritise, our talent, leadership, technical expertise, sales and the resources needed to deliver our investment, execute our strategy and focus on our customers.

## Distribution and administrative costs

	2025	2024	Change (%)
<b>Distribution costs</b>	<b>8.2</b>	8.5	(3.5)
<b>Administrative costs excluding hedging movements</b>	<b>21.7</b>	20.3	6.9
Foreign Exchange losses/(gains)	<b>0.4</b>	(0.8)	-
<b>Administrative costs</b>	<b>22.1</b>	19.5	13.3
<b>Distribution and administrative costs</b>	<b>30.3</b>	28.0	8.2

Included within distribution costs are sales, marketing and warehousing expenses. These costs reduced by £0.3m, or 4%, to £8.2m (2024: £8.5m) during the year as we optimised logistics and warehouse usage, reducing reliance on external overflow storage that had been needed previously.

Included within administrative costs are technical development, finance and information systems as well as the impact of foreign exchange hedges maturing in the period and the revaluation of non-cash assets denominated in foreign currencies. These costs increased in 2025 by £2.6m, or 13%, to £22.1m (2024: £19.5m). However, after stripping out foreign exchange effects, which generated a loss of £0.4m (2024: gain of £0.8m), these administrative costs increased by 7%, or £1.4m, to £21.7m (2024: £20.3m). See "Currency review", below, for further information and context around foreign exchange movements.

This increase of £1.4m reflects our investment in our teams; we added key roles in R&D and management to support our key strategic projects, including the regional expansion in Asia and our innovation centres, and annual pay rises were above historical norms due to the ongoing inflationary environment.

These cost increases were largely offset by reductions in one-time and non-core spend, in particular MEL ReZorce development spend that we incurred in prior years. The pausing of investment in MEL resulted in a £4.9m reduction in non-recurring operating costs in 2025, which has been redeployed into our core innovation and commercial activities, the net effect of which was a significant reduction in our overhead base.

The specific business unit results and margins that we report, (see "Group CEO's review") do not include central plc costs, which are not considered to be market-specific. Neither do they include hedging movements. In 2025, central plc costs increased 41% to £6.5m (2024: £4.6m) and mainly comprise the

additional Executive team costs, reflecting a strengthening of management, and £0.5m in respect of amortisation charges of Shincell fees payable under the licence agreement, which are not allocatable to a specific market.

### Acquisition of Overseas Konstellation Company S.A. (OKC)

On 18 November 2025, Zotefoams completed the acquisition of OKC, a business based in Spain that specialises in advanced foam conversion and distribution in niche markets. OKC was acquired to strengthen our value chain integration and market reach in EMEA, particularly in high-performance technical foams for industries like automotive and sustainable packaging. The transaction aligns with our strategy of expanding into complementary markets.

The purchase consideration comprised a €27.6m initial cash payment (funded from our existing debt facilities and cash on hand) and a further deferred €6.9m cash payment and contingent payments, of which €1.5m is tied to OKC's future performance.

Integration is proceeding smoothly: OKC's management team and 99 employees have joined Zotefoams, and their operations are being integrated with our existing European business. We have formulated a detailed integration plan, focusing on cross-selling opportunities, operational synergies (for example, leveraging Zotefoams' extrusion capacity to supply OKC's conversion processes), and sharing technical expertise.

OKC brings us closer to certain end-customers with its direct relationships with automotive and industrial clients that complement our own, along with providing downstream fabrication capabilities that broaden our offering. Rather than selling foam blocks/sheets, we can now supply more value-added foam components and assemblies, capturing a greater share of the value chain. The acquisition is expected to be earnings accretive in 2026.

Looking ahead, OKC will be fully integrated into our EMEA operations. We expect to see revenue growth (through combined sales efforts and a broader product range) and the benefit of OKC's excellent reputation for customer service and its proprietary recycling technology.

### Exceptional item: MEL

In 2024 we recognised a substantial exceptional item of £15.2m related to the impairment and closure of the MuCell Extrusion ("MEL") business (principally the ReZorce packaging project). During 2025, the Group incurred a charge of £0.9m relating to additional costs of closing these activities down.

### Operating profit

Adjusted operating profit was £22.8m, 26% above 2024 (£18.1m) and the operating margin increased to 14.4% from 12.2%. Operating profit was £21.6m, up substantially on 2024 (£3.0m) and the operating margin increased to 13.6%.

### Finance costs

Gross finance costs for the year decreased 32% to £2.1m (2024: £3.1m) and include £0.1m (2024: £0.1m) of interest on the Defined Benefit Pension Scheme obligation. This decrease arose from a lower average debt balance throughout the year that reflects the Group's strong cash generation. Net finance costs, after finance income, decreased 41% to £1.7m (2024: £2.9m).

### Profit before tax

Adjusted profit before tax increased 39% to £21.2m (2024: £15.3m). PBT increased to £20.0m (2024: £0.2m).

### Currency review

#### Exchange rates

Zotefoams transacts significantly in US dollars and euros. The exchange rates used to translate the key flows and balances were:

	2025		2024	
	Average	Closing	Average	Closing
Euro/sterling	<b>1.173</b>	<b>1.146</b>	1.177	1.210
US dollar/sterling	<b>1.312</b>	<b>1.345</b>	1.278	1.252

Movements in foreign exchange rates can have a significant impact on Group results, and while the Group seeks to mitigate this risk, as outlined in more detail below, the impact was an increase in profits of £0.1m on a constant currency basis (2024: £1.0m reduction). During the year, the sterling average exchange rate year-on-year against the US dollar strengthened by 2.7% and the sterling average exchange rate against the euro weakened by 0.4%. The sterling spot rate against the US dollar from 31 December 2024 to 31 December 2025 strengthened by 7.4%, while the sterling spot rate against the euro weakened by 5.3% over the same period.

Zotefoams is a predominantly UK-based exporter which invoices in local currency, with the exception of Asia where all business is invoiced in US dollars. In 2025, approximately 91% of sales (2024: approximately 92%) were denominated in currencies other than sterling, mostly US dollars or euros. Operating costs at the Croydon, UK, site are incurred in sterling, and the main raw materials for polyolefin foams used for production in the UK are euro-denominated. US subsidiary production and operating costs, most other subsidiaries' staff and operating costs and some HPP raw materials are US dollar-denominated, while Poland operating costs are incurred in zloty. The Group uses forward exchange contracts to hedge up to 80% of its forecast net cash flows over the following twelve months that are subject to US dollar and euro transaction risk.

The Group recorded a gain on forward exchange contracts in the year of £1.3m (2024: gain £1.0m).

Zotefoams also faces translation risk. Zotefoams plc, the parent company, holds the Group's multi-currency borrowings facility and has provided intercompany loans and intercompany trading facilities to the USA and Poland to support Group expansion. This translation exposure is mitigated, where possible, through an offset with same-currency liabilities, primarily through borrowing in the relevant currency. Every month, these foreign currency-denominated intercompany net positions, despite being cash neutral, are required to be translated by Zotefoams plc on a mark to market basis and the movement taken to the Company income statement. The Group also has a fast-growing footwear business, which is mostly invoiced from the UK in US dollars, which adds to its exposure to foreign currency-denominated net assets and is accounted for in the same way as above. While FX exposure is partly mitigated by the forward currency contracts, residual risk remains based on the amount of forecast exposure not hedged, in line with Group policy, and the fact that there is a timing difference between the recording of accounts receivable and cash received. This timing difference is managed by further hedging activities, but their effectiveness is subject to the accuracy of forecasting cash receipts.

Currency movements during the year negatively impacted Group revenue by £2.6m (2024: £4.0m negative impact). They positively impacted operating costs by £1.4m (2024: £2.2m positive impact), resulting in a net negative impact of £1.2m (2024: negative impact £1.8m) before hedging. After deducting the net hedging gain of £1.3m (2024: gain of £0.8m), the currency net positive impact on profit before tax for the year was £0.1m (2024: negative impact £1.0m).

We recognise that one of our principal risks is our exposure to foreign currency fluctuations, particularly the US dollar, which we will aim to manage through hedging strategies. Based on 2025 and with respect to transaction risk, it is estimated that for every one percentage point movement in the US dollar/sterling rate, profit moves by £0.0m hedged and £0.6m unhedged. Unhedged this consists of £1.0m relating to sales, offset by £0.4m relating to costs. In the year, the transaction risk from euro/sterling movements continues to be substantially naturally hedged, with the risk arising on sales revenues offset by the opportunity on costs, primarily related to raw material purchases and certain further processing costs.

The Group does not currently hedge for the translation of its foreign subsidiaries' assets or liabilities. The foreign currency hedging policy is kept under regular review and is formally approved by the Board on an annual basis.

## Profit before tax by region (£m)

	2025 Reported	2025 Adjusted <sup>1</sup>	2024 Reported	Net change %	
				Reported	Adjusted
EMEA	24.1	24.8	23.6	21	51
North America	3.5	4.0	1.8	94	122
Asia	0.2	0.3	1.4	(86)	(79)
MEL before exceptional item	0.2	0.2	(5.0)	-	-
<b>Subtotal before exceptional item</b>	<b>28.0</b>	<b>29.3</b>	21.8	28	34
Exceptional items & amortisation of acquired intangibles	(1.2)	(1.2)	(15.2)	(92)	(92)
<b>Subtotal after exceptional item</b>	<b>26.8</b>	<b>28.1</b>	6.6	306	326
Central costs	(6.4)	(6.6)	(4.4)	45	50
Hedging	1.3	NA	0.8	63	(100)
Finance costs	(1.7)	(1.6)	(2.8)	(39)	(43)
<b>Subtotal other</b>	<b>(6.8)</b>	<b>(8.2)</b>	(6.4)	6.3	28
<b>Adjusted Group Profit before tax</b>	<b>21.2</b>	<b>21.1</b>	15.3	39	38
<b>Group Profit before tax</b>	<b>20.0</b>	<b>19.9</b>	0.2	-	-

<sup>1</sup> Constant currency, adjusting 2025 values to 2024 rates. See exchange rates table above.

### Taxation charge and earnings per share

The tax credit for the year is £2.7m (2024: charge £2.9m). In the year, we have recognised two deferred tax assets, one relating to our Poland business and the other relating to our North America business. In Poland, our factory is situated in the special economic zone which enables cumulative profits of c.£6.7m up until 2034 to be treated on a tax-free basis. Our Poland plant has been profitable and this profitability is now anticipated to be sustainable into the future, given the refreshed strategy and ongoing utilisation of this facility, therefore it is now appropriate to recognise a £3.6m deferred tax asset in Poland.

The pausing of investment in MEL in 2024 means that we have profitable operations in the US going forwards. After considering the brought forward loss position in detail, management believes recognition of a deferred tax asset of £1.5m is appropriate, given the certainty that now exists following the complete wind down of the ReZorce business during the year.

The effective tax rate for the year was (13.4%) (2024: >100%). This reflects the tax credit recognised in 2025 in respect of the first-time recognition of deferred tax assets in Poland and the US. The effective tax rate using adjusted PBT and tax charge for the year is 12.3% (2024: 19.0%). The lower tax charge reflects the benefits of R&D and two years of patent box claims made in 2025, reducing the effective tax rate considerably on the UK business.

Adjusted basic earnings per share was 38.00p (2024: 25.95p), an increase of 46%. Adjusted diluted earnings per share was 36.77p (2024: 25.24p). Basic earnings per share was 46.37p, and diluted earnings per share was 44.87p.

### Capital allocation

Disciplined capital allocation is a key driver of sustainable growth and long-term financial returns, and is a principal focus area for the Board. Zotefoams prioritises achievable, sustainable profit growth by directing investment into the areas that support the development and long-term strength of the business.

### Capital expenditure in foam manufacturing

The autoclave-based manufacturing processes operated in the UK, USA and Poland are capital-intensive, with certain key equipment requiring long lead times. Investment decisions are therefore planned carefully and assessed against strategic fit, risk and risk appetite, sustainability considerations and expected returns. Confidence in the Group's developing portfolio of HPP opportunities influences the timing of specific investments, while the strategic importance of sustaining growth in the profitable Polyolefin Foams business, the Group's largest-volume product range, supports decisions to expand total Group capacity rather than relying solely on mix enrichment.

The Group continues to invest in its manufacturing footprint in the UK, USA and Poland, and is now extending this investment to Vietnam to support the Footwear business segment. In parallel, ongoing investment in Innovation and R&D centres in the UK and Korea underpins future product development and long-term growth. Supported by increased investment in innovation and partnerships, the Group aims to reduce capital intensity and lead times, enabling faster and more flexible deployment of capital. The first representation of this strategy is the expansion of our geographic reach into Asia and closer collaboration with Nike and its Tier 1 partners, with significant investment committed in 2025 to both the Korea and Vietnam operations, scheduled for completion in 2026/early 2027.

Beyond major capacity-related projects, the Group also invests to maintain and enhance its existing assets, with a focus on minimising operational disruption, improving energy efficiency and further reducing health and safety risks. Annual and five-year capital planning outcomes, along with progress against them, are reviewed by the Board, and individual projects above defined expenditure thresholds require specific Board approval in addition to the annual budget cycle.

Zotefoams targets improvements in the Group's return on capital over the investment cycle, while recognising the short-term impact of large capital projects during construction and early operation, when utilisation and mix optimisation may initially be lower.

The transition to smaller modular production in Asia is expected to deliver improved returns and lower capital intensity compared with the Group's traditional large-scale extruders and autoclaves in the UK and USA.

### Investment in sustainable innovation

Zotefoams is an innovator in advanced technical foams and pursues a strategy to continuously develop a portfolio of products that leverages its unique technology. As part of our refreshed strategy, we intend to adopt a hub and spoke model for innovation and will invest in an Innovation Centre of Excellence (the hub), and smaller Innovation Centres (spokes) that are focused on, and embedded within, specific markets. Investing more in dedicated teams, we will protect our intellectual property and build on 100+ years of supercritical fluid foam experience. We will expand our capability into foam and plastic fabrication to move along the value chain by providing solutions beyond a raw material to customers. We will evolve our current technology and invest in new technologies to reduce energy consumed in manufacture, while developing products that significantly reduce waste and emissions along the value chain, and will harness AI to reduce the number of iterative development cycles and time required.

During 2026, the Group will site its innovation centre in Croydon, to ensure that the greatest synergies are obtained with its manufacturing operation and to further enhance innovation,

and will staff the location with qualified resource. It has also commissioned the first Innovation spoke in South Korea to support closer technical collaboration with key customers and partners, who are all based in the region.

### Working capital

The Group continues to require investment in working capital to support high customer service levels and targeted margins. Customer payment terms reflect competitive market conditions, while inventory levels are driven by raw material values, supply-chain length and the stock needed to meet service expectations. Growth beyond the capacity-restricted UK site, together with the faster expansion of HPP relative to Polyolefin Foams, is increasing inventory requirements, given HPP's longer supply chains, additional technical testing, more strategic customer relationships and higher raw material costs. Supplier terms remain consistent with those typically offered by large multinational polymer and energy companies. The Group progressed initiatives to optimise working capital through 2025, including improvements to supplier payment terms, with performance monitored monthly by the Board. The transition of manufacturing for the Footwear business segment from the UK to Vietnam in 2026–2027 will temporarily increase inventory to support the move and maintain customer service, after which shorter supply chains and reduced in-transit inventory are expected to deliver a structural working-capital benefit.

### Non-organic growth

The Group's refreshed strategy explicitly identifies acquisitions as a new lever to complement organic growth that will help us expand market access, acquire new capability and expertise, and diversify into adjacent markets. Our first acquisition of OKC is in line with this strategy and expands our geographic reach and adds complementary products to the Group, as well as diversifying the customer base with its long-standing range of customers.

### Return on capital employed

Zotefoams defines the return on capital employed (ROCE), which is a non-IFRS measure, as adjusted operating profit divided by the average sum of its equity, net debt and other non-current liabilities. This measure excludes acquired intangible assets and their amortisation costs. It also excludes significant capacity investments under construction until they enter production. We do not attempt to adjust for first phase inefficiencies.

In 2025, the Group's ROCE increased to 13.9% (2024: 11.7%), mostly reflecting improved profitability in the year as the Group increased utilisation of its assets and improved the product mix. In line with the definition, we have removed capitalised costs to date in Vietnam and costs related to investment in our second low-pressure vessel in the USA, which was commissioned in H2 2025 and will add to ROCE on a time-apportioned basis.

## Dividend

The Board has a progressive dividend policy, recognising the importance to our shareholders of the dividend as part of their overall return while ensuring sufficient capital and liquidity to pursue its growth ambition. Minimum earnings cover of 2 times is targeted. The Board regularly reviews this policy as the Group grows and capital expenditure demands a lower share of the cash generated.

The Directors are proposing a final dividend of 5.35p (2024: 5.10p), which would be payable on 3 June 2026 to shareholders on the Company register at the close of business on 1 May 2026. The ex-dividend date will be 30 April 2026.

Taken with the interim dividend of 2.50p (2024: 2.38p), this would bring the total dividend for the year to 7.85p (2024: 7.48p) and would represent a dividend cover of 5.1 times based on an adjusted PAT number (2024: 3.4 times).

## Cash flow

The Group is by its nature highly cash generative and this year, cash generated from operations has significantly increased by £9.3m (31%) to £39.7m (2024: £30.4m). Within this, there was a £7.4m net working capital inflow (2024: £2.5m). Trade and other receivables

increased £1.6m (2024: decreased £1.5m), slightly lower than revenue growth thanks to strong collections and some large end-of-year receipts. Inventory decreased £4.5m (2024: decreased £1.9m), reflecting the reversal of a 2024 stock build to maximise use of available capacity at that time in anticipation of high levels of demand in 2025, together with focused management action to bring down inventory levels. Trade and other payables increased £4.5m (2024: decreased £0.8m), reflecting a concerted effort by our management and procurement teams to agree more favourable supplier payment terms and to pay in line with the agreed terms. Free cash flow before M&A was £23.1m (2024: £13.9m), which represents cash conversion of 101% (2024: 77%).

During the year, the Group paid interest on its borrowings of £1.6m (2024: £2.5m), reflecting both lower interest rates and lower average debt levels across much of the year. Net taxation paid during the year, net of refunds, amounted to £3.0m (2024: £2.9m), reflecting higher profits at the Company offset by expected savings from the patent box.

Zotefoams' property, plant and equipment capital expenditure amounted to £14.0m (2024: £10.3m, £9.1m excluding ReZorce). Capital deployment in the current year increased relative to the prior year, primarily driven by strategic investments to expand beyond the core business. This included the ramp-up of the second low-pressure autoclave in North America (46%) and expansion initiatives within the Footwear business in Asia (28%). Geographically, expenditure was predominantly concentrated in North America, which accounted for 60% (2024: 55%) of total spend, with Footwear Asia representing 34% (2024: 0%) due to the ongoing investment in Vietnam and Korea, and with EMEA accounting for the remaining 6% (2024: 22%) and MEL 0% (2024: 33%). While capital expenditure at established plants has been moderated, this reflects the fact that they are well invested. These sites continue to receive sufficient funding to preserve asset integrity, ensure operational reliability and maintain a safe working environment for operators.

## Summary cash flow

	2025	2024
Profit before tax	20.0	0.2
Depreciation and amortisation	8.9	9.0
Exceptional non-cash costs of closure of business	0.9	15.2
Other	3.4	4.3
<b>Net cash from operations before provisions and investment in working capital</b>	<b>33.2</b>	<b>28.8</b>
Receivables	(1.6)	1.5
Inventory	4.5	1.9
Payables	4.5	(0.8)
Employee defined benefit contributions	(0.9)	(0.9)
<b>Cash generated from operations</b>	<b>39.7</b>	<b>30.4</b>
Net interest paid	(1.2)	(2.2)
Taxation paid	(3.0)	(2.9)
Investments in intangible assets	(0.3)	(3.3)
Investments in tangible assets	(14.0)	(10.3)
Acquisition of business, net of cash acquired	(23.4)	-
Proceeds on disposal of fixed assets	0.7	-
Net movement in borrowings	11.3	(1.6)
Lease payments	(2.6)	(2.3)
Dividends	(3.7)	(3.5)
<b>Movement in cash and cash equivalents</b>	<b>3.5</b>	<b>4.3</b>

The net effect of working capital movements was an inflow of £7.4m (2024: £2.5m). Lease payments increased to £2.6m (2024: £2.3m), with £1.8m of these payments related to the Shincell agreement (2024: £1.3m). Closing net debt (as defined under the bank facility definition) increased £7.4m (31%) to £31.5m

(2024: £24.1m), while on an IFRS basis, closing net debt rose to £43.0m (2024: £33.0m) as a result of IFRS 16 leases, with the increase on last year arising from the OKC acquisition.

At the year end, the Group remains comfortably within its bank facility covenants, with a multiple of EBITDA to net finance charges of 23.1 (2024: 10.8), against a covenant minimum of 4 (2024: 4), and net debt to EBITDA (leverage) multiple of 0.8x (2024: 0.9x), against a covenant of 3.5x (2024: 3.5x).

### Debt facility

The Group's gross finance facilities with Handelsbanken, NatWest and HSBC were renewed in January 2026 and comprise a £90.0m multi-currency revolving credit facility, a £30.0m accordion with a renewal date of January 2029, and an interest rate ratchet. The facility has two covenants: a finance cost covenant with a multiple of 4.0x and a leverage covenant with a multiple of 3.5x.

At 31 December 2025, headroom, which we define as the combination of amount undrawn on the facility and cash and cash equivalents disclosed on the statement of financial position, amounted to £18.5m (2024: £25.7m).

Zotefoams defines EBITDA as profit for the year before tax, adjusted for depreciation and amortisation, net finance costs, the share of profit/loss from its joint venture, equity-settled share-based payments (IFRS 2) and exceptional costs.

Net debt comprises short- and long-term loans less cash and cash equivalents and is adjusted from IFRS by the impacts of IFRS 16 under the bank facility definition.

## Group banking covenants definition

### Net debt to EBITDA ratio (Leverage)

£m	2025	2024	£m	2025	2024
Profit after tax	<b>25.8</b>	(2.8)	Net debt per IFRS	<b>43.0</b>	33.1
Adjusted to:			IFRS 16 leases	<b>(11.5)</b>	(9.0)
Depreciation and amortisation	<b>9.6</b>	9.0			
Finance costs	<b>2.1</b>	3.1	Net debt per bank	<b>31.5</b>	24.1
Finance income	<b>(0.4)</b>	(0.2)	Leverage per bank	<b>0.8</b>	0.9
Share of result from joint venture	<b>0.0</b>	(0.1)			
Equity-settled share-based payments	<b>1.7</b>	1.1			
Exceptional costs of closure of business	<b>0.9</b>	15.2			
Taxation	<b>(1.9)</b>	2.9			
EBITDA	<b>37.8</b>	28.2			

### EBITDA to net finance charges ratio

£m	2025	2024	£m	2025	2024
<b>EBITDA, as above</b>	<b>37.8</b>	28.2	Finance costs	<b>1.9</b>	2.7
			Finance income	<b>(0.2)</b>	(0.1)
EBITDA to net finance charges	<b>23.1</b>	10.8	Net finance charges	<b>1.7</b>	2.6

### Post-employment benefits

The Company operates a UK-registered trust-based Defined Benefit Pension Scheme (the "DB Scheme").

The net IAS 19 deficit on the DB Scheme decreased by £1.6m to zero as at 31 December 2025 (31 December 2024: £1.6m). The present value of the defined benefit obligation at the year-end decreased by £1.2m from £24.7m in 2023 to £23.5m in 2024 which was offset by the actual investment return achieved on the assets, which increased by £0.3m, from £23.2m in 2024 to £23.5m in 2025. Mitigation of further risk is expected to come from the continued focus by the Trustees on a lower-risk strategy to lock in this improved funding position. Annual payments into the scheme will continue at £0.8m per annum.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the [Strategic Report page 3](#) and the section "[Risk management and principal risks page 38](#)". These also describe the financial position of the Group, its cash flows and liquidity position. In addition, [Note 22 page 161](#) to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, its borrowing facilities and its exposure to credit risk and liquidity risk.

The Directors believe that the Group is well placed to manage its business risks and, after making enquiries including a review of forecasts and predictions, taking account of reasonably possible changes in trading performance and its available debt facilities, have a reasonable expectation that the

Group has adequate resources to continue in operational existence for the next twelve months following the date of approval of the Annual Report. The Directors have also continued to draw on the Group's success in reacting to the challenges of COVID-19 through its safety protocols and cost and cash management, all of which could be replicated in a similar scenario.

After due consideration of the range and likelihood of potential outcomes, the Directors continue to adopt the going concern basis of accounting in preparing this Annual Report.

### Financial risk management

The main financial risks of the Group relate to funding and liquidity, credit, interest rate fluctuations and currency exposures.

The management of these risks is documented in [Note 22 page 161](#).

### N Wright

Group CFO  
10 April 2026

## RISK MANAGEMENT AND PRINCIPAL RISKS

Zotefoams' risk management process supports delivery of the Group's strategy by improving the likelihood of achieving strategic objectives, keeping employees safe, protecting the interests of shareholders and other key stakeholders, and supporting effective decision-making.

### Governance and oversight

The Board has overall responsibility for risk management and internal control, including oversight of the Group's principal and emerging risks and the nature and extent of the risks it is willing to take in achieving strategic objectives. The Audit Committee supports the Board by reviewing the effectiveness of the risk management framework and the system of internal control, monitoring the quality of financial reporting and considering findings reported by the External Auditor in relation to the Group's control environment and financial reporting procedures.

Day-to-day ownership of risk sits with management, led by the Group Executive Team (GET). Management reviews principal and emerging risks through structured internal control and risk governance arrangements at least twice a year, with actions tracked and escalated as appropriate.

### Framework enhancements

In December 2025, the Board approved a new Risk Management Policy and a programme to simplify the Group's existing risk framework. Work to develop and embed the updated framework will continue during 2026, with progress reported in the 2026 Annual Report.

### Risk management process

The Group's risk management process operates on a continuous cycle:

- **Identify:** principal and emerging risks are identified through strategic, operational and functional reviews.
- **Assess:** risks are assessed for likelihood, impact and trend, with clear ownership assigned.
- **Manage:** mitigating actions and controls are defined, implemented and monitored.
- **Monitor:** risks and mitigations are reviewed regularly by management and reported to the Audit Committee and Board.

The Board confirms that it has completed a robust assessment of the Company's and Group's principal and emerging risks and uncertainties, and the procedures for managing these are set out below.

### Risk appetite

Zotefoams plans over five years, reflecting the capital intensity of its technology and the importance of aligning capacity with demand expectations. The Group accepts appropriate levels of risk where the potential reward is commensurate with the likelihood of success, within clear boundaries recommended by management and approved by the Board. The health and safety of employees remains paramount, with very low tolerance for risk in this area.

### Developments during the year

Key developments relevant to the Group's risk profile included:

- Footwear continued to grow (up 11.5% year-on-year), representing 47% of Group sales (2024: 45%).
- Progress in international expansion, including investment in Vietnam (with the expectation of being operational in early 2027) and continued progress on an Innovation Centre in South Korea.
- Continued progress under the Group's alliance with Suzhou Shincell New Materials Co., Ltd (Shincell) (agreement entered into in 2024).
- Changes in leadership during 2025, including the appointment of a new Group CFO (September 2025) and a new Chair of the Audit Committee (December 2025).
- Continued strengthening of internal controls documentation and testing, with the expectation of being in a position to comply with Provision 29 for financial periods starting 1 January 2026.
- Internal audit activity (Poland business controls review and Croydon inventory controls review), with outcomes and improvement plans presented to the Audit Committee.
- Cyber security certifications and ongoing awareness activity; there were no known or reported material cyber security incidents during 2025.
- Monitoring of Board-approved sustainability targets linked to financing arrangements (refer to the [ESG report page 49](#)).

## Principal risks and uncertainties

The Group discloses those risks and uncertainties considered most likely to affect the achievement of strategic objectives. The risk management framework enables the Group to monitor changes in risk profile and assess the adequacy of mitigating actions.

Following this year's assessment, the Group identified three new risk categories: Legal and regulatory, Cyber, Data and IT Security, and Human capital. Other emerging risks continue to be captured within the existing risk groupings.

### Principal risks at a glance

- Operational disruption**
- Environmental sustainability and climate change (including PFAS)**
- Global capacity management**
- Technology displacement**
- Scaling-up international operations**
- Customer concentration**
- External (macro, geopolitical, foreign exchange and tariffs)**
- Legal and regulatory**
- Cyber, Data and IT Security**
- Human capital**

### Strategy links used in this section

- 1** Deliver an improved mix of products
- 2** Run at high capacity-utilisation
- 3** Increase our operating margins
- 4** Improve our return on capital (over our investment cycle)
- 5** Clarify and improve the Group approach to sustainability and climate change

**Operational disruption**

Strategy

1 2 3 4

Risk trend

**Description**

A major disruption at a key manufacturing site, failure of critical equipment or IT systems, or disruption to critical supplies could reduce capacity, delay deliveries and adversely affect financial performance, given the Group's operational gearing and customer commitments.

**Key drivers**

- High utilisation at core sites, particularly Croydon, which manufactures the majority of polyolefin foams and almost all high-performance products.
- Potential disruption from safety, health and environmental incidents (including fire), high absenteeism (including pandemic-related), failure of critical equipment, or an IT systems failure.
- Reliance on specialist raw materials and components, including single-source arrangements in some cases.
- Energy availability and pricing volatility, particularly affecting UK and Poland manufacturing facilities.

**Key mitigations**

- Safety, health and environmental policies and procedures; mandatory reporting of incidents and near misses; internal and external audits; Board reporting.
- Preventive maintenance and asset management; inspections; planned shutdowns; contingency plans for critical equipment.
- Supplier monitoring and dual sourcing where practicable; safety stock where appropriate; ongoing search, testing and approval of alternative suppliers.
- IT resilience and cyber security controls; ISO 27001:2022 accreditation and Cyber Essentials Plus certification; employee training and awareness.
- Insurance programme covering reinstatement and loss of profit; ongoing review of fire protection measures.
- Increased resilience through manufacturing diversification (USA, Poland and Spain) and planned Vietnam investment.

**Change during the year**

Continued investment in manufacturing diversification and in IT resilience and cyber security measures.

**Forward focus**

Maintain asset integrity, continuity planning and resilience, recognising the continued importance of asset reliability at core manufacturing sites as the Group's footprint expands.

**Environmental sustainability and climate change (including PFAS)**

Strategy

1 2 3 4 5

Risk trend

**Description**

Evolving regulatory requirements and stakeholder expectations related to climate change, plastics and chemical substances could increase compliance costs, affect customer requirements and demand, and impact reputation and access to capital.

**Key drivers**

- Changes in climate-related regulation and disclosure requirements.
- Increasing restrictions and scrutiny of substances that may be hazardous to the environment, including PFAS.
- Stakeholder and consumer perceptions relating to plastics in certain applications.

**Key mitigations**

- ESG reporting and disclosures aligned to SASB and TCFD (refer to our [ESG report page 54](#) and website disclosures).
- Monitoring of Board-approved sustainability targets linked to financing arrangements (refer to our [ESG report page 49](#)).
- Operational initiatives focused on improving efficiency and reducing energy consumption, aligned to ESG targets.
- Regulatory monitoring and product stewardship processes; engagement with advisers and industry bodies where appropriate.
- Zotefoams also provides disclosures in line with the requirements of UKLR 6.6.6R, by including climate-related financial disclosures that are consistent with the four TCFD pillars and the eleven recommended disclosures that are set out in the recommendations. See the [TCFD section page 57](#).

**Change during the year**

Continued monitoring of regulatory developments and ongoing enhancement of ESG data quality and disclosures.

**Forward focus**

Continue strengthening disclosures and readiness for regulatory change, and evaluate technical alternatives where feasible.

**PFAS (subset of risk)**

We recognise the increasing regulatory focus on PFAS globally. While polymeric PFAS differ in structure and behaviour from other PFAS substances, they remain subject to significant regulatory scrutiny. We continue to sell a limited number of polymeric PFAS-based products for specialised applications and are actively engaging with customers and other stakeholders, monitoring regulatory developments closely and evaluating potential alternatives. To date, we have not identified substitutes that meet required performance standards, and timelines for viable replacement remain uncertain.

**Global capacity management**

Strategy

- 1
- 2
- 3
- 4
- 5

Risk trend



**Description**

Failure to create capacity in the right geographies and at the right time could constrain growth, reduce service levels and adversely affect financial performance, particularly given long lead times and capital intensity.

**Key drivers**

- Uncertainty in medium- to long-term demand and timing of growth opportunities.
- Long lead times and high capital costs for capacity expansion.
- Execution risk on major projects and the ability to finance investments.
- Space limitations in the UK site, increasing reliance on overseas investments.

**Key mitigations**

- Monthly Sales and Operations Planning and regular cross-functional capacity reviews; quarterly management reviews focused on planning and capacity.
- Rigorous Board review and challenge of the five-year strategic plan and major investments.
- Leveraging experience from recent investments in the UK, USA and Poland and insights from the Shincell alliance.
- Planned capacity in Vietnam to support Footwear demand and reduce supply-chain complexity.
- Maintaining financing headroom and covenant compliance; refinancing completed in January 2026 (read our [Group CFO's review page 31](#)).

**Change during the year**

Continued progress on international capacity diversification and financing headroom.

**Forward focus**

Maintain disciplined project execution and align investment phasing with demand and customer requirements.

**Technology displacement**

Strategy

- 1
- 2
- 3
- 4
- 5

Risk trend



**Description**

Loss of technological advantage could increase competition and adversely affect growth and margins, including through competitors adopting alternative processes or acquiring know-how more quickly.

**Key drivers**

- Changing competitive landscape in Footwear and increased innovation by new entrants.
- Potential for alternative processes to develop attractive market opportunities.
- Increasing use of AI across industry, which may accelerate competitor learning and increase the risk of inadvertent disclosure of sensitive information.

**Key mitigations**

- Protecting know-how and intellectual property, including patents where appropriate and confidentiality protections.
- Continued investment in innovation capability (including UK and South Korea innovation facilities) and technical expertise.
- Active monitoring of competitor activity and close engagement with customers and end-users.
- AI governance and practical controls to reduce the risk of inadvertent disclosure of sensitive information.

**Change during the year**

Ongoing development activity, supported by alliance arrangements and continued investment in innovation.

**Forward focus**

Continue to protect know-how and focus on differentiated product and process innovation.

**Scaling-up international operations**

Strategy

1 2 3 4

Risk trend

**Description**

International expansion, including the integration of recently expanded or acquired operations, increases operational and compliance risk due to unfamiliar legal environments and cultures, wider supply chains, and the need to build local capability while maintaining consistent governance and controls.

**Key drivers**

- Expansion in Asia and Europe and increased reliance on overseas assets and teams.
- Integration of acquisitions and new sites into Group systems, processes and culture.
- Challenges in recruiting and retaining the right talent in unfamiliar markets and managing span of control from the UK base.

**Key mitigations**

- Regular engagement with overseas sites (in-person and virtual), including management oversight and cross-site collaboration.
- Strengthening leadership capability through targeted recruitment and structured onboarding.
- Deployment of Group IT systems, policies and controls across locations; training and translation, where required.
- Focus on embedding culture, ethics and compliance expectations across regions.

**Change during the year**

Increased scale and complexity of the footprint (including Spain acquisition, Vietnam and Korea investments).

**Forward focus**

Embed consistent governance, controls and reporting across regions as the footprint expands.

**Customer concentration**

Strategy

1 2 3 4

Risk trend

**Description**

Group performance could be impacted by loss, insolvency or divergence of interest with a key customer, particularly given the proportion of revenue represented by Footwear.

**Key drivers**

- Footwear represents 47% of Group sales (2024: 45%), under an exclusive partnership with Nike (exclusivity to 31 December 2029).
- High operational gearing increases the importance of maintaining volume through the asset base.

**Key mitigations**

- Maintaining and developing the Footwear relationship, supported by supply-chain and innovation investments in Asia.
- Portfolio rebalancing through a market-vertical approach and development of growth opportunities beyond Footwear.
- Robust commercial contracting and senior oversight for key customer relationships.

**Change during the year**

Footwear continued to grow as a proportion of Group revenue alongside diversification actions.

**Forward focus**

Continue to diversify the portfolio and customer base over time.

**External (macro, geopolitical, foreign exchange and tariffs)**

Strategy



Risk trend



**Description**

Macroeconomic conditions, geopolitical events, foreign exchange movements and tariff changes could increase costs, disrupt supply chains, affect demand and create volatility in returns.

**Key drivers**

- FX exposure from revenue in US dollar/euro and cost base in sterling/euro, particularly in Footwear.
- Geopolitical conflicts affecting utilities and shipping costs and wider market confidence.
- Ongoing uncertainty regarding tariffs and protectionist measures.

**Key mitigations**

- Geographic and segment diversification; ongoing monitoring of demand and costs.
- Pricing discipline and internal efficiency measures to manage margin pressure.
- Scenario planning for tariffs and supply chain impacts, including regional manufacturing investments.
- FX policy and hedging of a proportion of transactional exposures; natural hedges where available.
- Maintaining liquidity and covenant headroom; ongoing engagement with lenders.

**Change during the year**

Continued geopolitical uncertainty and tariff volatility, with increased financing headroom following January 2026 refinancing.

**Forward focus**

Maintain resilience through scenario planning, liquidity headroom and continued monitoring of geopolitical and tariff developments.

**Legal and regulatory**

Strategy



Risk trend



**Description**

The Group faces increasing legal and regulatory complexity across jurisdictions, including chemicals regulation (including PFAS), ESG disclosure regimes, workplace standards, product compliance, competition law and corporate governance requirements. Non-compliance could lead to fines, business interruption or reputational damage.

**Key drivers**

- Expansion of the Group's operational footprint increases the number and complexity of applicable legal regimes.
- Increased scrutiny and reporting requirements related to ESG and chemicals regulation.
- Higher focus on competition law and commercial practices in global relationships.

**Key mitigations**

- Strengthening global compliance frameworks, policies and reporting cycles.
- Building internal capability and using specialist external advisers for horizon scanning and local requirements.
- Embedding compliance into operations through training and oversight, including in product development processes.

**Change during the year**

Increased complexity due to international expansion and evolving regulatory expectations.

**Forward focus**

Continue developing consistent multi-jurisdiction compliance capability and oversight.

**Cyber, Data and IT Security**

Strategy



Risk trend



**Description**

Cyber threats, data breaches and IT failures could disrupt operations, compromise sensitive information, expose personal data and trigger regulatory breaches.

**Key drivers**

- Increased digitisation and external integrations, including third-party connections.
- Rising sophistication of phishing, ransomware and social engineering attacks.
- Increasing regulatory requirements for cyber security, privacy and breach reporting.

**Key mitigations**

- ISO 27001:2022 accreditation (renewed Q1 2025) and Cyber Essentials Plus certification.
- Ongoing training and awareness activity, including phishing simulations; specialist external support for testing and vulnerability management.
- IT modernisation programme to reduce legacy risk and improve recovery capability.
- Strengthened governance, incident response and supplier/third-party controls.

**Change during the year**

Continued maturity of certifications, monitoring and training.

**Forward focus**

Continue to strengthen resilience as data flows and the international footprint expand.

**Incident experience**

There were no known or reported material cyber security incidents during 2025.

**Human capital**

Strategy



Risk trend



**Description**

The Group's ability to attract, retain and develop leadership, technical and operational talent is critical to delivery of strategy. Failure could constrain growth, increase cost and weaken culture, governance or safety outcomes.

**Key drivers**

- International expansion and integration of new sites increases leadership and capability requirements.
- Competition for specialist engineering and manufacturing talent.
- Need to maintain consistent culture and safety standards across diverse regions and operating environments.

**Key mitigations**

- Targeted recruitment and leadership development, supported by structured onboarding.
- Programmes to embed the Group's purpose, values and governance expectations across sites.
- Training and development programmes (technical, professional and compliance), with systems to support consistent delivery.
- Continued focus on health and safety performance supported by ISO 45001 accreditation.

**Change during the year**

Expanded footprint and leadership changes increased the focus on talent, culture and capability.

**Forward focus**

Strengthen succession planning and retain critical technical capability as operations scale up.

## VIABILITY STATEMENT

### The viability period

In accordance with Provision 30 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than twelve months. The Directors consider five years to be appropriate, reflecting the Group's five-year planning horizon, reasonable visibility over its opportunity portfolio and the lead times and capital intensity of certain investments. A longer period introduces greater uncertainty, while a shorter period would not reflect the timing of capacity and investment decisions.

#### Assessing viability

The Group is considered viable if it maintains interest cover and net borrowings to EBITDA ratios in line with its financial covenants (refer to the [Group CFO's review page 37](#) under "Debt facility") and has sufficient debt headroom to fund operations.

The Directors' assessment considered the Group's strategy, risk appetite, principal risks and the effectiveness of mitigations, including stress testing under severe but plausible scenarios. The five-year plan is reviewed at least twice annually by the Directors. The assessment considered both individual downside scenarios and combinations of scenarios.

The Directors consider that the Group has a range of mitigating actions available, including measures used successfully during the COVID-19 period (cost and capital expenditure management and working capital actions), together with appropriate insurance coverage.

#### Scenarios tested

##### Base case

The Group's five-year plan is prepared annually and presented, challenged and approved by the Board.

#### Downside scenarios

1. Pandemic disruption: stress testing based on experience from 2020.
2. Prolonged cost inflation with limited ability to adjust prices, including margin stress.
3. Business performance risks: growth below plan.
4. Loss of a key customer: stress scenario reflecting loss of the Footwear business.
5. Sterling strengthening materially against the US dollar; euro impact considered less significant due to natural hedging.

#### Confirmation of longer-term viability

Based on the assessment explained above, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, over the next five years.

## NON-FINANCIAL INFORMATION STATEMENT

This table outlines how Zotefoams met the non-financial reporting requirements contained within Sections 414CA and 414CB of the Companies Act 2006 during the financial year ending 31 December 2025.

### Reporting requirement

#### Environmental matters

### Relevant Group policies →

Group-wide policies on environment

### Due diligence processes

Governance by the Environmental Steering Committee and Group Sustainability Steering Committee

SASB disclosures

Sustainability targets

Climate-related financial disclosures in accordance with the UK Listing Rule LR 6.6

### Information relating to policies

See our [Risk Management page 38](#) and our [Environment page 49](#) and our website, [www.zotefoams.com](http://www.zotefoams.com)

### Reporting requirement

#### Employees

### Relevant Group policies →

Group-wide policies on equality, diversity and inclusion, ethics and whistleblowing

Group health and safety policies

### Due diligence processes

Social initiatives and policies

Health and Safety Steering Committee

Joint Consultative Committee

Comprehensive Group-wide health and safety and compliance training programme

Board Diversity Policy

### Information relating to policies

See our [Social section page 49](#), our [Directors' report page 116](#) and our website, [www.zotefoams.com](http://www.zotefoams.com)

### Reporting requirement

#### Social matters

### Relevant Group policies →

Group-wide policies on ethics and whistleblowing

### Due diligence processes

S172 disclosures relating to stakeholders, including suppliers

Environmental Policy and Sustainability Statement

Community engagement

### Information relating to policies

See our [S172\(1\) statement page 47](#) and our website, [www.zotefoams.com](http://www.zotefoams.com)

### Reporting requirement

#### Anti-bribery and corruption

### Relevant Group policies →

Group-wide policies on anti-bribery and corruption, fraud and whistleblowing

### Due diligence processes

Training and compliance with anti-bribery and corruption, fraud and whistleblowing modules

Supplier onboarding and review programme incorporating adherence to Zotefoams' ethics, modern slavery, anti-fraud and anti-bribery and corruption requirements

Audit Committee and Internal Controls Committee reports

### Information relating to policies

See our [Social section page 49](#) and our [S172\(1\) statement page 47](#)

### Reporting requirement

#### Human rights

### Relevant Group policies →

Group-wide policies on ethics and dignity at work

### Due diligence processes

Compliance with section 54(1) of the Modern Slavery Act 2015

### Information relating to policies

See our modern slavery disclosures on our website, [www.zotefoams.com](http://www.zotefoams.com)

# S172(1) STATEMENT

## OUR SHAREHOLDERS AND STAKEHOLDERS

The Companies (Miscellaneous Reporting) Regulations 2018 (2018 MRR) require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 (S172) when performing their duty to promote the success of the Company under S172.

### Decision-making

The Board delegates day-to-day management and decision-making to the Group Executive Team (GET) but maintains oversight of the Group's performance and reserves to itself specific matters for approval, including significant new business initiatives. It monitors that management is acting in accordance with, and making progress on, the agreed Group strategy through regular Board meetings (supported by information packs received in advance to enable effective preparation and consequent discussion), monthly reporting of business performance, direct engagement with the GET and employee groups, and attendance by a Board member at the Joint Consultative Committee representing UK workforce views. Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions in support of the Group's long-term success.

The Board has regard to the following matters in its decision-making:

- the likely consequences of any decision on the long term
- the need to act fairly between members of the Company
- its environmental impact
- key stakeholders (including shareholders, customers, suppliers, communities and employees, with further details being provided in our [Social section page 61](#))
- maintaining a reputation for high standards of business conduct.

### Decision

#### Context

### Accelerate innovation capability

To support Zotefoams' Expanding Beyond the Core growth strategy and strengthen the Group's competitive position, £6.8m will be invested over the next three years in the following sites to develop innovation capability:

- A Global Innovation Hub in the UK providing state-of-the-art innovation facilities to serve as the global centre for breakthrough technologies and next-generation product development
- A Footwear Innovation Centre in South Korea to develop breakthrough foam technologies and place Zotefoams closer to key Asian customers and partners.

S Comer has been appointed as Zotefoams' first Chief Strategy & Innovation Officer, expanding on his previous role as Group Strategy & Delivery Director. He will oversee the Innovation & Development team, the Results Delivery Office and corporate development, ensuring innovation is aligned with disciplined execution in support of the Group's strategic priorities.

### Decision

#### Stakeholder considerations

### Accelerate innovation capability

#### Customers

The customer will be better served by enhanced global innovation capability. A Footwear Innovation Centre located in one of the world's largest footwear innovation hubs will reduce the development cycles for key Asian customers and partners.

#### Employees

The new facilities will offer new career development opportunities for Zotefoams' staff.

#### Shareholders

The investments position the Group strongly for the next phase of profitable growth.

### Decision

#### Strategic actions supported by the Board

### Accelerate innovation capability

Approval of a £6.8m investment.

Appointment of Chief Strategy & Innovation Officer.

### Decision

#### Impact of these actions on the long-term success of the Company

### Accelerate innovation capability

These investments support the development of differentiated, higher-value technologies, shorten innovation cycles for key customers and strengthen Zotefoams' competitive positioning in structurally attractive growth markets. By aligning innovation capability with disciplined execution and strategic oversight, the Board believes this decision will enhance sustainable returns and long-term shareholder value.

**Decision****Context****Strategic partnership with Seoheung Co. Ltd. (“Seoheung”)**

Following the decision to invest in a manufacturing facility in Vietnam, the Board approved the establishment of a strategic partnership in August 2025 with Seoheung, a footwear supply chain specialist with operations across Korea, Vietnam, Indonesia and China. The strategic partnership supports the construction and commissioning of the facility and provides access to deep regional manufacturing expertise.

**Decision****Stakeholder considerations****Strategic partnership with Seoheung Co. Ltd. (“Seoheung”)****Factory partners**

Collaborating with an experienced local footwear manufacturing partner with the support of dedicated leadership in Asia will help provide excellent quality, service and value to all our Tier 1 factory partners in the region.

**Local community**

As an experienced local manufacturer, Seoheung has over 30 years of market-specific expertise and a unique insight into working in Korea, Vietnam, Indonesia and China, offering business and cultural insights which will benefit Zotefoams' interaction with the local community.

**Decision****Strategic actions supported by the Board****Strategic partnership with Seoheung Co. Ltd. (“Seoheung”)**

Strategic partnership

**Decision****Impact of these actions on the long-term success of the Company****Strategic partnership with Seoheung Co. Ltd. (“Seoheung”)**

The strategic partnership significantly derisks the Vietnam investment from both a financial and operational perspective and is expected to accelerate ramp-up, improve execution certainty and support high-quality service to customers as volumes scale.

**Decision****Context****Acquisition of Overseas Konstellation Company S.A. (“OKC”)**

In November 2025, Zotefoams acquired the entire share capital of OKC, a leading producer of high-quality technical foams, headquartered in Anglesola, Spain for a total cash consideration of up to €36.0m. This strategic acquisition enhances Zotefoams' manufacturing footprint in continental Europe, broadens its product offering, and supports the company's long-term growth strategy: Expanding Beyond the Core.

**Decision****Stakeholder considerations****Acquisition of Overseas Konstellation Company S.A. (“OKC”)****Shareholders**

At its Capital Markets Day in March 2025, Zotefoams outlined a strategy to expand beyond its core by moving up the value chain through organic growth and selective mergers and acquisitions, in addition to setting ambitious targets to exceed £300m in revenue and £60m in operating profit over the medium term. The acquisition of OKC directly supports the Group's strategic priorities and enables potential future growth.

**Customers**

Zotefoams aims to evolve from a raw material supplier to a solutions provider by expanding its finishing and machining capabilities. OKC's finishing and fabrication capabilities, including die-cutting, precision forming and multi-layer lamination, enable Zotefoams to offer higher-value, customer-specific foam solutions rather than raw material supply alone.

**Environment**

OKC has developed early-stage technical capabilities and know-how in the recycling of cross-linked foam materials. While these technologies are not yet industrialised, they represent a promising development pathway that aligns with the Group's long-term sustainability ambitions.

The Board considered the potential for these capabilities, over time, to support increased recycled content across a range of Zotefoams' products, subject to further technical development, economic viability and regulatory acceptance. The acquisition provides Zotefoams with additional expertise and optionality to explore circular solutions in foam materials as part of its broader environmental strategy.

**Decision****Strategic actions supported by the Board****Acquisition of Overseas Konstellation Company S.A. (“OKC”)**

Approval of the acquisition of OKC's entire share capital.

**Decision****Impact of these actions on the long-term success of the Company****Acquisition of Overseas Konstellation Company S.A. (“OKC”)**

The acquisition of OKC aligns closely with our growth ambitions, by adding differentiated capabilities, strengthening customer relationships and establishing a broader European manufacturing footprint, supporting sustainable and profitable growth.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT



Zotefoams' ambition is guided by its purpose: providing optimal material solutions for the benefit of society. In 2025, we strengthened the foundations of our sustainability approach - improving environmental data quality, expanding our emissions reporting boundary and continuing to reduce operational impacts while supporting customers with material solutions that improve resource efficiency.

**Ronan Cox**  
Group CEO

## Our strategy

Our purpose, underpinned by our values of Courage, Impact and Respect, guides decision-making across the Group and shapes our strategic priorities. Effective management of ESG matters is integral to long-term value creation, strengthening resilience and supporting sustainable growth. We also recognise the role that materials play in enabling sustainable outcomes. When designed and applied responsibly, plastics can provide efficient, durable solutions that may reduce life cycle impacts in long-life applications where performance, lightweighting and insulation are critical.

### Environment

#### At Group level:

- Reduced global Scope 1 and 2 emissions by 2% while supporting higher production volumes
- Reduced total waste generated by 10% compared with 2024
- Sourced 100% renewable electricity at Croydon (UK), Brzeg (Poland) and Walton (USA), representing over 99% of Group global electricity consumption
- Completed our first Scope 3 assessment, establishing a baseline and informing future reduction priorities.

#### In Croydon, UK

- Improved Specific Energy Consumption by 7.7%.

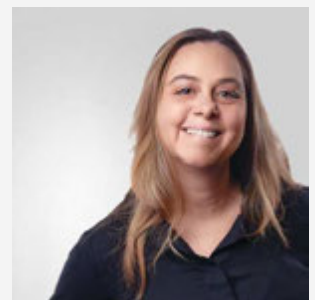
### Social

- Group gender pay gap of 11%, compared with the UK gender pay gap of 12.8%
- Living Wage is paid in the UK; above minimum wage is paid in all other geographies we operate in
- 20,090 safety engagements completed across the Group
- Global Health, Safety and Wellbeing Day delivered across all global facilities
- "One to Watch" accreditation granted by Best Companies following an extensive engagement survey.

### Governance

- Ran a baseline assessment against the Task Force on Nature-related Financial Disclosures (TNFD), establishing a 2024 baseline.

In 2025, Zotefoams took an important step forward in its sustainability journey, strengthening the integrity of environmental data and expanding our reporting boundary through the establishment of Scope 3 emissions. We also deepened our understanding of sustainability impacts, including nature-related considerations, and reinforced our commitment to employee wellbeing. These foundations support our long-term ambition to build a sustainable and profitable business that contributes to the circular economy and delivers positive outcomes for stakeholders.



**Tamara Thomas**  
Group Sustainability & ESG Manager

**Environment**

**Areas of focus**

- Environmental Steering Committee
- ISO certification<sup>1</sup> including ISO 14001:2015 Environmental Management Systems certification in the UK and Poland
- Energy Management Systems certification in the UK and Poland
- 100% renewable electricity in the Croydon, UK, Brzeg, Poland and Walton, USA sites (representing over 99% of Group global electricity consumption)
- Good progress on energy and water consumption and waste reduction
- Targets in place for waste reduction, sustainable product development and energy consumption reduction
- Annual disclosures to the Carbon Disclosure Project (CDP).

**Sustainable Development Goals (SDGs)**



**Social**

**Areas of focus**

- Health and Safety Steering Committee
- ISO45001 (Occupational Health and Safety Management Systems) certification in the UK and Poland
- Graduate Scheme
- Comprehensive HR policies
- Living Wage employer (UK)
- Gender pay gap of 11% (UK gender pay gap: 12.8%)
- Thorough modern slavery monitoring.

**Sustainable Development Goals (SDGs)**



**Governance**

**Areas of focus**

- ESG considerations embedded within our risk and opportunity management process through alignment with the Sustainability Accounting Standards Board (SASB)
- ISO certification including ISO 9001:2015 (Quality Management Systems) in the UK, Poland, Walton, USA and China and ISO 27001:2022 (Information Security Management Systems) in the UK, all sites in the USA and Poland

**Sustainable Development Goals (SDGs)**



<sup>1</sup> ISO certification is focused on the three main sites (Croydon, UK, Brzeg, Poland, and Walton, USA) unless required locally for operational or financial reasons. For smaller sites, the costs arising from some ISO certifications outweigh the operational benefits and are therefore not sought. Structures sufficient to manage processes to a good standard are replicated from the larger sites. We follow the guidance provided by ISO 14021:2016 when making environmental claims. Where appropriate, we have products certified by independent organisations when making environmental claims, such as for recycled content.

## Zotefoams Green Revenue Index

Product	Green revenue definition	Region £m					
		EU	FE	NA	ROW	UK	All
<b>Polyolefin Foams</b>	Applies to: <ul style="list-style-type: none"> <li>products typically manufactured using 30–50% less raw material than comparably performing foams</li> <li>products used for thermal insulation in construction, aviation, railway and road vehicles to replace heavier materials, enabling benefits in fuel economy</li> <li>products providing durable protection, designed for multiple reuse.</li> </ul>	23.0	1.7	15.9	0.3	10.1	51.0
<b>High-Performance Products (HPP)</b>	Applies to: <ul style="list-style-type: none"> <li>foams that allow for considerable increases in the efficiency of resource usage</li> <li>products used for thermal insulation (predominantly building and construction, but also aviation) and to replace much heavier materials, enabling benefits in fuel economy (aviation systems where foam replaces heavier materials)</li> <li>footwear components designed with the intent to use less material.</li> </ul>	3.9	74.5	7.9	2.9	2.1	91.3
<b>MuCell Extrusion LLC (MEL)</b>	Applies to: <ul style="list-style-type: none"> <li>microcellular foam technology licences and related machinery designed to allow considerable increases in the efficiency of resource usage by reducing the raw material used in components by 15–20%.</li> </ul>	-	-	0.2	-	-	0.2
<b>Total green revenue</b>		26.9	76.2	24.0	3.2	12.2	142.5
<b>Total Group revenue</b>		31.7	77.6	29.8	3.5	15.9	158.5
<b>Percentage green revenues</b>		<b>84.9%</b>	<b>98.2%</b>	<b>80.5%</b>	<b>91.1%</b>	<b>76.6%</b>	<b>89.9%</b>

\* All figures after rounding.

### Green revenues

Our green revenue methodology identifies products that, through manufacture and/or end use, improve resource efficiency. Given the breadth of applications served, we apply a consistent approach by market segment, using a standardised set of criteria to assess resource-efficiency characteristics across typical applications within that segment.

In Transportation markets, green revenue is primarily derived from lightweight solutions that reduce overall material usage and contribute to improved fuel efficiency. Within our Product Protection and Sports & Leisure markets, products are engineered to achieve equal or enhanced performance while using less material through lightweight design. In our Building & Construction markets, our solutions are designed to improve energy efficiency by sealing and insulating buildings and pipework, thereby reducing energy consumption over the asset lifecycle.

Revenue generated from Industrial and Medica markets has been excluded from our green revenue classification. While certain applications within these markets may contribute to resource efficiency, many utilise our products for alternative performance characteristics, such as purity or technical specification, which fall outside our defined criteria.

### Environmental governance

Zotefoams has embedded ESG considerations within its risk management framework, as described [here page 39](#) aligning its approach with the requirements of the Sustainability Accounting Standards Board (SASB) and the Financial Conduct Authority (FCA) Listing Rule LR 6.6, which confirms that our financial disclosures are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The risk management process is designed to support the delivery of the Group's strategic

objectives through the systematic identification, assessment and management of risks that could affect its long-term prospects.

Corporate ESG objectives are integrated across the business and cascaded throughout operations, reflecting both near-term priorities and long-term ambitions. These objectives are subject to regular review to ensure continued relevance and effectiveness.

The Board retains ultimate responsibility for environmental governance and performance, overseeing a comprehensive system of Group-wide policies, practices and procedures to support the achievement of the Company's environmental goals. The Group Chief Executive Officer is directly accountable to the Board for environmental performance.

### Our approach to environmental sustainability

The environmental sustainability approach adopted by Zotefoams is centred on the following principles:

- i) improving operational efficiency to minimise resource use and reduce our carbon footprint
- ii) prioritising markets and applications where our products enable use-phase resource efficiency (e.g. energy efficiency, lower emissions, reduced raw material use, longer product life)
- iii) innovating our portfolio to improve circularity, reduce life cycle impacts and minimise substances of concern.

In 2025, we completed Scope 3 calculations using the GHG Protocol framework and a methodology informed by science-based target-setting guidance. This established a 2024 baseline and informed our long-term decarbonisation ambition to meet net zero by 2050.

During the year, 100% of electricity consumed at our Croydon, Poland and Walton sites was sourced through renewable energy contracts, such as REGO (Renewable Energy Guarantees of Origin) backed electricity supply at our Croydon facility. Globally, this represents over 99% of the Group's global electricity consumption.

The Group also maintains robust processes to monitor the substances used in its manufacturing operations. An ongoing compliance monitoring service is employed to identify whether any materials are currently, or may potentially be, classified under the Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Categories 1 or 2 for health or environmental hazards, or under equivalent jurisdictional regulations governing chemicals of concern.

The Group's product development approach prioritises the avoidance of such substances and the design of safer alternatives. Active programmes are in place, working collaboratively with customers and suppliers, to identify and transition away from materials of concern. Where certain additives remain necessary, these are typically incorporated in masterbatch form and bound within the polymer matrix, reducing potential exposure during normal use.

## ENVIRONMENT

While the amount of material gassed in our two main manufacturing sites, Croydon, UK, and Walton, USA, increased by 5%, our energy usage for these sites increased by only 1.5%.

Productivity improvements were achieved through the application of Overall Equipment Effectiveness (OEE) methodologies, with targeted initiatives to reduce cycle times and optimise reload sequences. Best practices and operational learnings were systematically

shared across all sites to drive consistent performance improvements. Notwithstanding higher levels of activity during the year, further efficiencies were realised in both water consumption and waste management, reflecting continued progress in operational

sustainability. These improvements reflect our continued focus on operational excellence and disciplined investment to support growth while reducing environmental intensity.

### Key metrics

	2025	2024
<b>Internally recorded environmental incidents:</b>		
<b>Level 1</b>	<b>0</b>	0
<b>Level 2</b>	<b>0</b>	0
<b>Company metrics (UK only)</b>		
Energy usage (MWh)	<b>44,710</b>	44,448
Specific Energy Consumption (kWh/kg)	<b>6.48</b>	7.02
Calculation shown as mix-neutral assessment of energy usage per kg of polymer processed.		
<b>Group metrics</b>		
Energy usage (MWh)	<b>69,328</b>	68,128
Energy usage (GJ)	<b>249,581</b>	245,259
Proportion of energy from grid electricity (%)	<b>43</b>	45
Proportion of energy from renewable sources (%)		
UK site	<b>44</b>	45
USA sites	<b>42</b>	42
Poland site	<b>45</b>	47
China site	<b>28</b>	28
Group	<b>43</b>	44

There were no significant environmental incidents in 2025 (2024: none). Previous years have been analysed against an internal categorisation introduced in 2018, guided by the environmental reporting guidelines.

Environmental incidents are categorised as follows:

**Level 1** – Reported to Environment Agency (e.g. polluting incident)

**Level 2** – Reported to local authority (e.g. waste concerns)

**Level 3** – Internal report only (e.g. small granule spills)

The Company is committed to ensuring that all environmental incidents are reported promptly, thoroughly investigated and addressed in a manner proportionate to their actual or potential impact, with appropriate corrective actions implemented where necessary. Eight internally reported Level 3 incidents (2024: 11) relating to minor machine oil spills and plastic granule spills were recorded during the year, all of which were contained. The incidents are captured by daily inspections and actioned as required. The continued yearly decrease is attributed to ongoing high levels of safety observations, employee education and ongoing implementation of the 5S method to reduce waste and increase productivity.

**Key targets**

Our sustainability targets, set in 2022, support the reduction of Scope 1, 2 and use-phase carbon emissions, as well as reducing raw material consumption and polymer waste.

Objective	Key performance indicator (KPI)	Target	Achievement	Score	
1 Achieve a 10% reduction in the energy used to manufacture our products by 2026	Reduce the energy used per unit of revenue from a baseline of 0.74 kWh/£ in December 2021	2022	0.73 kWh/£	0.66 kWh/£	●
		2023	0.72 kWh/£	0.56 kWh/£	●
		2024	0.70 kWh/£	0.51 kWh/£	●
		<b>2025</b>	<b>0.68 kWh/£</b>	<b>0.45 kWh/£</b>	●
		2026	0.66 kWh/£		
2 Further develop our product portfolio by designing and developing new products which offer our customers more sustainable solutions such that, by 2026, they will account for 5% of revenue	Share of sales from products introduced from 2021 which are designed for use-phase efficiency (% of revenue)	2022	0.5%	1.2%	●
		2023	2.0%	1.1%	●
		2024	3.0%	0.5%	●
		<b>2025</b>	<b>4.0%</b>	1.2%	●
		2026	5.0%		
3 Halve the polymer purchased that is not used in the end product (through internal waste and/or oversized materials) by the end of 2026 <sup>1</sup>	Reduction in the mass of excess polymer purchased to that sold (% reduction) from a baseline at the end of 2021	2022	2.5%	4.7%	●
		2023	7.5%	10.8%	●
		2024	15.0%	12.8%	●
		<b>2025</b>	<b>30.0%</b>	<b>18.5%</b>	●
		2026	40.0%		

1 The objective to halve the polymer purchased that is not used in the end product is calculated on a running rate at the end of 2026, whereas the KPI provides intermediate targets for the full year.

**Specific Energy Consumption (SEC) – UK**

In October 2009, the Company entered into a Climate Change Levy (CCL) agreement, which involves meeting specific voluntary targets to increase energy efficiency and reduce carbon dioxide (CO<sub>2</sub>) emissions. We re-signed the CCL agreement in 2025, continuing to receive a rebate on electricity bills and also be exempt from the Carbon Reduction Commitment Scheme for the plastics sector; the scheme is run by BPF Energy Limited, to which unadjusted SEC figures are reported quarterly.

The Company measures energy efficiency by taking energy consumption and dividing it by the amount of material (in kg) that passes through high-pressure autoclaves. The increase in production of our HPP foams, which generally require more processing energy than polyolefin foams, prompted us to update these metrics to be product-mix neutral in 2018. In 2025, our adjusted energy efficiency measure, Specific Energy Consumption (SEC), decreased 7.7% to 6.48 kWh/kg (2024: 7.02 kWh/kg), continuing a downward trend initiated in 2015. In 2025, the Company continued with Phase Three of the Energy Saving Opportunity Scheme (ESOS).

The SEC value has been reported in the Annual Report as a mix-adjusted value since 2018. This allows a product-mix-neutral assessment of energy efficiency improvements made.

### Global carbon emissions

Zotefoams' products are utilised globally across a wide range of applications that enhance quality of life and contribute to reduced energy consumption, most notably through insulation performance and weight reduction. The Group's proprietary manufacturing processes enable the use of less raw material and the production of lighter foams compared with alternative technologies, supporting improved resource efficiency and lower life-cycle carbon impacts.

Energy consumption, comprising both gas and electricity, represents the principal source of operational carbon emissions across the Group's manufacturing facilities, and therefore remains a key focus area for ongoing efficiency and decarbonisation initiatives.

The methodology we have used is in accordance with the guidance published by the Department for Environment, Food and Rural Affairs in June 2013. In 2025, we implemented a dedicated carbon accounting platform, marking a significant step forward in the maturity of our environmental data management. This transition enabled us to enhance the quality and accuracy of our data collection processes across the organisation. As a result of this continuous improvement process, our 2024 emissions data have been revised to establish a robust and comparable baseline against which 2025 performance can be measured.

During 2025, we also further advanced our carbon management approach by conducting a thorough assessment of our Scope 3 emissions for the first time. This represents a significant expansion of our reporting

boundary, providing a more comprehensive view of emissions across our value chain. These calculations were completed using 2024 data to establish a baseline to measure progress against moving forwards. The inclusion of Scope 3 emissions enhances transparency and strengthens our understanding of indirect impacts associated with our operations, including upstream and downstream activities. Establishing this broader inventory enables more informed decision-making and supports the identification of targeted reduction opportunities.

As with our overall carbon reporting framework, we will continue to refine data quality, methodologies, and supplier engagement processes to improve the accuracy and completeness of Scope 3 reporting over time.



Scan the QR code to see the environmental reporting guidelines [zote.info/36LLN69](https://zote.info/36LLN69)

### Task Force on Nature-related Financial Disclosures (TNFD) response

In 2025 we ran our TNFD study, establishing a 2024 baseline. Through this process, Zotefoams is strengthening its understanding of nature-related risks and opportunities to inform decision-making, enhance resilience, and support the transformation of business activities towards a more nature-positive future. This approach builds on our existing ESG data management process and internal controls framework, which embed TCFD, the SASB Chemical Framework and other disclosure standards across our operations.

### Double Materiality Assessment

In 2025, Zotefoams conducted a Double Materiality Assessment (DMA), a structured process used to identify and prioritise the sustainability topics that are most significant, in terms of both the Company's impact on society and the environment, and the external risks and opportunities that could affect the business. The DMA combined a stakeholder survey with in-depth interviews involving key groups including customers, suppliers and employees to gather a broad range of perspectives. This approach enabled the company to better understand how its

operations influence nature and communities, while also assessing how external factors such as climate change, geopolitics and economic conditions may impact long-term business performance and resilience.

### Group: carbon emissions (tonnes CO<sub>2</sub>e)

	2025	2024
<b>Group: carbon emissions (CO<sub>2</sub> tonnes)</b>		
<b>Scope 1 emissions (direct emissions from our operations, which includes fuel)<sup>1</sup></b>	<b>7,458</b>	7,189
<b>Scope 2 emissions (indirect emissions from purchased energy, primarily electricity)</b>	<b>8,740</b>	9,327
<b>Total Scope 1 &amp; 2 emissions (tonnes CO<sub>2</sub>e)*</b>	<b>16,198</b>	16,516
<b>Scope 1 &amp; 2 Carbon emissions (kg CO<sub>2</sub>e) per material gassed (kg)</b>	<b>1.6</b>	1.7
<b>Scope 3 emissions (indirect emissions from all other sources in our value chain)**</b>	<b>-</b>	63,401

<sup>1</sup> We do not generate our own energy.

\* 2024 emissions data revised due to improved data quality.

\*\* 2025 Scope 3 emissions will be published at a later date.

## Global pollutant emissions (tonnes)

	2025	2024
NO <sub>x</sub> (excluding N <sub>2</sub> O)	2.5	2.4
SO <sub>x</sub>	0.0	0.0
VOCs	1.1	1.0
HAPs	0.0	0.0

NO<sub>x</sub> and SO<sub>x</sub> calculated from fuel consumption data.

Volatile Organic Compounds (VOCs) and Hazardous Air Pollutants (HAPs) measured on several typical production days at factory emission points and scaled for total annual production volumes.

## Water consumption

While none of our sites are located in regions where water is scarce, we recognise that water usage is a key environmental metric which supports our sustainability proposition. Our water consumption is metered and we have specific programmes to improve efficiency and reduce water usage. Our overall water consumption has not changed despite an increase in productivity in Croydon, resulting in greater water consumption in that area. Work continues to monitor and improve water usage.

Water consumption (000m <sup>3</sup> )	2025	2024	2023
UK site	41.0	39.6	48.4
<b>USA sites</b>	<b>5.0</b>	6.3	7.9
<b>Other sites</b>	<b>4.8</b>	5.0	2.5
<b>Global consumption</b>	<b>50.8</b>	50.9	58.8

Percentage in regions with Baseline Water Stress <sup>1</sup>	2025	2024
High	81%	78%
Extremely High	0%	0%

<sup>1</sup> Our Croydon, UK plant represents 81% of the water used by the Group. Although Croydon is identified as an area of high Baseline Water Stress by the Water Resource Institute, our plant is not at high risk of water scarcity or of impacting local communities' water supply. No water was withdrawn and not consumed.

## Waste

In 2021, Zotefoams put in place a Group-wide waste hierarchy framework to support decision-making on waste management. The waste hierarchy ranks options on the basis of environmental outcomes and seeks to encourage the alignment of operating improvements with minimising the impact of waste on the environment. The Group has made sustained progress through the waste hierarchy framework. Waste recycled or reused has increased from 27% in 2021 to 49% in 2025. Of the waste we were unable to recycle, 67% now goes to an energy recovery facility, compared to 20% in 2021. This has significantly reduced the waste we send to landfill, to 16% in 2025. Targeted recycling training through staff briefings has greatly helped gain traction and engagement at all levels.

Hazardous waste constituted 1.2% of the total Group waste in 2025.

## Group waste metrics<sup>1</sup>

	2025	2024	2023
Waste recycled or reused (tonnes)	1,367	1,725	1,387
Waste not recycled or reused (tonnes)	1,418	1,386	1,413
Total waste (tonnes)	2,785	3,111	2,800
Total hazardous waste (tonnes)	34	15	13
Percentage of hazardous waste recycled	0%	0%	0%

<sup>1</sup> Excludes India, where waste generated is not material.

### Sustainability Accounting Standards Board (SASB) disclosures

SASB standards identify the subset of ESG issues that are reasonably likely to have a material impact on the financial performance of the typical company in an industry. The following table summarises our response to the sector-specific standards for chemicals companies.

<b>Topic</b> <b>Greenhouse gas emissions</b>	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	Quantitative	Metric tonnes (t) CO <sub>2</sub> Percentage (%)	RT-CH-110a.1	Refer to our <a href="#">Group carbon emissions table page 54</a> . 0% of Scope 1 emissions were covered under emissions-limiting regulations
	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	n/a	RT-CH-110a.2	Refer to our <a href="#">Group carbon emissions table page 54</a> and <a href="#">Key targets section page 53</a>
<b>Topic</b> <b>Air quality</b>	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) volatile organic compounds (VOCs) and (4) hazardous air pollutants (HAPs)	Quantitative	Metric tonnes (t)	RT-CH-120a.1	Refer to our <a href="#">Group carbon emissions table page 54</a>
<b>Topic</b> <b>Energy management</b>	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable (4) Total self-generated energy	Quantitative	Gigajoules (GJ) Percentage (%)	RT-CH-130a.1	Refer to our <a href="#">Key metrics page 52</a>  We do not generate our own energy
<b>Topic</b> <b>Water management</b>	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	(1) Total water withdrawn (2) Total water consumed (3) Percentage of each in regions with high or extremely high baseline water stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ) Percentage (%)	RT-CH-140a.1	Refer to our <a href="#">Water consumption table page 55</a>
	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	Number of incidents of non-compliance associated with water quality permits, standards and regulation	Quantitative	Number	RT-CH-140a.2	None
	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and analysis	n/a	RT-CH-140a.3	Refer to our <a href="#">Water consumption table page 55</a> and <a href="#">TCFD response page 57</a>
<b>Topic</b> <b>Hazardous waste management</b>	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	Amount of hazardous waste generated and percentage recycled	Quantitative	Metric tonnes (t) Percentage (%)	RT-CH-150a.1	Refer to our <a href="#">Waste data table page 55</a>
<b>Topic</b> <b>Product design for use-phase efficiency</b>	<b>Accounting metric</b>	<b>Category</b>	<b>Unit of measure</b>	<b>Code</b>	<b>Supporting disclosure</b>
	Revenue from products designed for use-phase resource efficiency	Quantitative	Reporting currency	RT-CH-410a.1	Refer to our <a href="#">Key targets section page 53</a>

Topic	Accounting metric	Category	Unit of measure	Code	Supporting disclosure
<b>Safety and environmental stewardship of chemicals</b>	(1) Percentage of products that contain Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and Category 1 and 2 Health and Environmental Hazardous Substances	Quantitative	Percentage (%) by revenue	RT-CH-410b.1	Less than 5% of revenue is generated from substances that are regulated <sup>1</sup> or are considered to be of international concern <sup>2</sup> . 100% of goods purchased and sold undergo hazard assessments. The hazardous substances, such as flame retardants and low levels of stabilisers, are non-hazardous in the finished products as they are bound into the polymer matrix
	(2) Percentage of such products that have undergone a hazard assessment			Percentage (%)	
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion and analysis	n/a	RT-CH-410b.2	Refer to <a href="#">Our approach to environmental sustainability section page 52</a>

1 Substances of very high concern under REACH and the EU's Restriction of Hazardous Substances Directive or substances listed under California Prop 65.

2 Substances controlled by the Montreal Protocol, Stockholm and Rotterdam Conventions, GHS category 1 and category 2 health hazards.

**Task Force on Climate-related Financial Disclosures (TCFD) response**

We have complied with the requirements of UKLR 6.6.6R by including climate-related financial disclosures that are consistent with the four TCFD pillars and the eleven recommended disclosures that are set out here. Our climate-related financial disclosures additionally comply with the requirements of the Companies Act 2006, as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

**Governance**

**a. Describe the Board's oversight of climate-related risks and opportunities**

**b. Describe management's role in assessing and managing climate-related risks and opportunities**

The Board sets the strategic aims of the Group, ensures that the necessary resources are in place to achieve the Group's objectives and reviews management performance. The Board has oversight of climate-related matters (which include risks and opportunities) and is updated on these matters as necessary through:

- the Audit Committee, which is responsible for keeping under review the adequacy and effectiveness of the Group's internal control and risk management systems, which consider climate-related risks by the appropriate [Control Committees page 83](#); and
- bi-annual business unit presentations, which consider both the physical and transition risks of climate change and opportunities arising from climate change and are made by the executive function head to the Board.

The sustainability targets linked to climate change that we have set were incorporated into the 2024 corporate objectives. The Executive team reviewed and discussed progress towards the objectives throughout 2025. Further work carried out by the Company on sustainability is disclosed in this [section page 52](#) of the 2025 Annual Report.

**Strategy**

**a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term**

**b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning**

**c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario**

**Risks**

Our risk exposure to climate change is partly mitigated through operating foam manufacturing facilities in countries with high regulatory standards and through the implementation of well-established environmental management systems in all locations. [The risk management framework page 39](#) aims to assess the Group's principal risks and ensure these are effectively managed across the entire business. Climate change is considered in our risk section as a principal risk. The financial impact of key climate change scenarios is reviewed below.

**Risk**

Physical risk such as adverse weather event disrupting manufacturing or our supply chain

**Mitigation**

Zotefoams sites are not located in areas under physical threat from climate change over and above an increased number of severe weather incidents. The likelihood of a severe weather impact is increasing, which in turn generates a higher expectation of supply disruption, including transportation. Most key suppliers are dual sourced, thereby mitigating this risk. As we invest in new, and update our existing, infrastructure, new designs accommodate more frequent extreme weather events arising from global warming.

**Risk**

A significant increase in the cost of energy would increase manufacturing, raw material and transportation costs and create inflationary pressures

**Mitigation**

Energy prices are a significant direct cost to our business and also to our suppliers. We have set objectives to reduce our direct energy consumption across our manufacturing sites and to reduce consumption of raw materials.

As well as reducing the consumption of energy and raw materials, we also have recourse to increasing prices to our customers. To ensure we understand the market response to such price increases, which are often implemented with a lag compared with cost inflation and after consultation with our customers, we monitor demand through our Controls Framework and Sales & Operational Planning processes. Over time, we seek to invest closer to markets which are expected to account for most of our sales volume and to improve our mix so that it includes more higher-value products, both of which mitigate the risk of higher transport costs.

**Risk**

A significant increase in taxation to drive behaviour, such as a carbon, plastic or waste tax

**Mitigation**

Environmental taxes are a relatively low proportion of tax revenues. They have been used to change consumer behaviour (plastic bag tax, Climate Change Levy, landfill tax) and offer opportunity as well as risk.

It is likely that taxes will be used to incentivise and force quicker change as emissions reduction targets are accelerated. Passing on increased tax costs through pricing would be more difficult to achieve than for increases in the cost of energy and materials. Our Controls Framework monitors taxation trends related to climate change and plans accordingly, whether through energy efficiency initiatives, investments or product developments to accommodate changing demand patterns.

**Risk**

A significant shift in market demand pattern, such as a move away from plastics or only sourcing circular plastic products. An increased demand for thermal insulation and lighter-weight products. Increasing energy costs increase transport cost

**Mitigation**

Our technology produces foams with better performance and a clean foaming agent that can be used in applications which directly and indirectly save energy. This is aligned with a low-carbon economy. We have low exposure to single-use plastic markets. We have proven benefits in markets where weight saving is beneficial and where society values performance. Our product offering, managed through our Controls Framework, is evolving to meet the needs of a circular lower-carbon economy. The main challenge comes from faster transitions which reduce the time to react. In 2021, we added a Group Sustainability Steering Committee with a remit that includes monitoring and reacting to customer and market trends. A Group Sustainability Manager was also appointed in 2024.

**Risk**

Significant increase in water costs, directly or indirectly through taxation or levy

**Mitigation**

Compared with other manufacturers, Zotefoams is not a big user of water and the relative cost is small. Any change in the cost of water will have a small impact. An environmental management system is in place to monitor water usage and identify improvement opportunities.

**Opportunities**

Short-term: Our business model is centred around sustainability. The opportunities available to Zotefoams are detailed in [here page 10](#). Details of our strategic objectives, including those relating to sustainability and climate change, are provided in [here page 12](#). Progress has been made against the sustainability targets previously set in [here page 49](#).

Medium- and long-term: We believe the benefits of plastics will be recognised and scarce resources will be managed to ensure optimal use and a circular economy. The processing of polymers uses less energy compared with many other materials which, with our technology benefit of producing lighter, longer-lasting products using less material and which have inherent thermal insulating performance, represents a significant opportunity as sustainability increases in importance.

**Risk management**

- a. Describe the organisation's processes for identifying and assessing climate-related risks
- b. Describe the organisation's processes for managing climate-related risks
- c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Refer to our [Risk management framework page 39](#) and [Environmental sustainability and climate change risk page 39](#)

**Metrics and targets**

- a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks
- c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The SASB framework provides performance metrics for our functional steering committees to implement. See further details below.

Our Scope 1 and 2 emissions are disclosed in [here page 54](#). In 2025, we commenced work on our Scope 3 emission and formed a 2024 baseline. In 2025 we commenced work on our Scope 3 emissions and formed a baseline. The risks are managed through our risk management framework detailed in [here page 49](#).

Progress against our sustainability targets is detailed in [here page 52](#).

In the table below, we list the principal risks most likely to be materially impacted by climate change. We also set out examples of events that could cause financial losses or impact our strategy.

**Methodology**

A risk assessment, looking at impact and likelihood, was conducted reviewing three climate change scenarios and five risk events. The assessment was first undertaken by the Executive team and later revised following review with the entire Senior Management team. The following methodology has been used to assess the potential risk impact and the likelihood of the risk event.

Potential risk Impact <sup>1</sup>	Negligible (1)	Minor (2)	Moderate (3)	High (4)	Major (5)
Business disruption/asset damage and other consequential loss	<1% Operating profit (ca. <£0.1m)	1-5% Operating profit (ca.£0.1m-£0.5m)	5-10% Operating profit (ca.£0.5m-£1m)	10-20% Operating profit (ca.£1m-£2m)	>20% Operating profit (ca. >£2m)
Politico-economic impact	Minimal financial impact	Material financial impact	Serious financial impact	Major financial impact	Extreme financial impact
Technology impact	No need to change existing technologies	Insignificant technology update required	Significant technology update required	New technology needs to be implemented in the medium term	New technology needs to be implemented urgently
Social impact	Public awareness may exist but no public concern	Local social issue or public concern	Regional social issue or public concern	National social issue or public concern	International social issue or public concern
Physical impact of climate change	Minimal impact	Material impact	Serious impact	Major impact	Extreme impact

<sup>1</sup> As calculated in FY2022.

Risk rating		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost certain
Impact	Major	▲▲	▲▲▲	▲▲▲▲	▲▲▲▲▲	▲▲▲▲▲▲
	High	▲	▲▲	▲▲▲	▲▲▲▲	▲▲▲▲▲
	Moderate	▲	▲▲	▲▲	▲▲▲	▲▲▲▲
	Minor	▲	▲	▲▲	▲▲	▲▲▲
	Negligible	▲	▲	▲	▲	▲▲

▲ Very low ▲▲ Low ▲▲▲ Medium ▲▲▲▲ High ▲▲▲▲▲ Very high

**Likelihood of the risk event**

Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Never occurred or is highly unlikely to occur in the next 20 years	Occurred several times or could happen within the next 20 years	Occurred at some point within the last ten years and may reoccur within the next ten years	Occurred infrequently: less than once per year and is likely to reoccur within the next five years	Occurred frequently: one or more times per year and is likely to reoccur within the next year

**The following risk events arising from climate change or the transition to a low-carbon economy were considered:**

- physical risk: adverse weather event disrupts manufacturing or supply chain
  - significant increase in energy costs during transition: manufacturing costs, raw material costs, transport costs, inflationary pressures
  - significant taxation increase during transition: carbon tax, plastics tax, waste tax
  - significant shift in market demand pattern during transition: move from plastics or to circular plastic products only; increased demand for thermal insulation and lighter weight
  - significant increase in water costs: directly or indirectly through taxation or levy.
- The ongoing transition to a low-carbon economy was considered through the prism of achieving global net zero carbon emissions to limit global warming. Three scenarios were considered: no target, net zero by 2070 and net zero by 2050. The transition at the global and national levels brings about political, legal, economic, technological and other changes which produce transitional risks. Transitional risks primarily affect economic performance, which we have considered in terms of our planning cycles of one year, one to five years and more than five years.

	Climate change impact	Business as usual	Paris Agreement scenario	Sustainable development scenario	Adaptions
		Unlimited global warming (>2°C) No global net zero target	Limited global warming to >2°C Global net zero by 2070	Limited global warming to >1.5°C Global net zero by 2050	
<b>Short term (&gt; 1 year)</b>	Physical risk	▲	▲	▲	Mitigate supply chain.
	Energy costs	▲	▲	▲	
	Taxation	▲	▲	▲	
	Demand Shift	▲	▲	▲	
	Water costs	▲	▲	▲	
<b>Medium term (1-5 years)</b>	Physical risk	▲▲	▲▲	▲▲	Mitigate supply chain. Develop environmentally sustainable products that are part of the circular economy in markets which the products benefit or are less likely to be impacted. Better use of water as we update equipment and processes.
	Energy costs	▲	▲▲	▲▲▲	
	Taxation	▲	▲▲	▲▲▲	
	Demand Shift	▲	▲▲	▲▲▲	
	Water costs	▲	▲▲	▲▲▲	
<b>Long term (&gt; 5 years)</b>	Physical risk	▲▲▲	▲▲	▲▲	Modify existing and new infrastructure to accommodate changing climate. Business interruption insurances. Product range and pricing evolves to address taxes.
	Energy costs	▲▲	▲▲	▲▲	
	Taxation	▲	▲	▲	
	Demand shift	▲	▲▲	▲▲	
	Water costs	▲	▲	▲	

▲ Very low ▲▲ Low ▲▲▲ Medium ▲▲▲▲ High ▲▲▲▲▲ Very high

There are significant risks from climate change and the impact increases with faster transition to a low-carbon economy. The impacts of climate change and the transition to a low-carbon economy are no greater than other risks faced by the business, such as energy pricing and currency fluctuations. Our core products present opportunities in a low-carbon economy and the mitigations already in place for the current, slower transition rate will help if the rate of transition increases.

## SOCIAL

Zotefoams continues to progress in our mission to be a great place to work, while delivering progress in executing our Expanding Beyond the Core strategy.



Executing our Expanding Beyond the Core strategy depends on the strength of our people and culture. In 2025, we strengthened the foundations of an engaged, high-performing organisation – recognised through our Ones to Watch accreditation in the Best Companies programme – alongside continued focus on several high-impact people initiatives across the Group.

**Clare Farmer**  
Chief People Officer

Our people and the communities we are part of are central to the success of Zotefoams. We believe that a strong, inclusive culture – rooted in Courage, Impact and Respect, and where health, safety and wellbeing always come first – creates the conditions for individuals to perform at their best and underpins the long-term sustainability of our business.

During 2025, we continued to invest in creating a positive working environment in which everyone feels valued, supported and empowered to contribute. This included a strong and consistent focus on health and safety, learning and development, employee engagement, and wellbeing across all our locations.

We are committed to attracting, developing and retaining talented people, while promoting fairness, diversity and inclusion throughout the Group. By actively listening to our colleagues and encouraging open and constructive dialogue, we strengthen collaboration and foster a culture of continuous improvement.

Beyond our own operations, we recognise our responsibility to the wider communities in which we operate. Through responsible employment practices, community engagement and ethical business conduct, we aim to make a positive and lasting contribution.

Our social commitments are integral to how we operate and how we grow, ensuring that Zotefoams remains a responsible employer, a trusted partner and a business that creates long-term value for people as well as performance.

### Diversity, equity, inclusion and belonging

#### Building an inclusive global culture

Zotefoams understands the essential role played by culture in supporting our strategy and elevating performance. Our Board supports the continued embedding of a strong culture reflecting our values. Further details in that respect may be found in our [Governance section page 76](#).

As a global employer, Zotefoams brings together colleagues from diverse backgrounds, genders, ethnicities, cultures, religions and beliefs. This diversity is a strength of our business and central to our ambition to be a responsible and inclusive global organisation.

Zotefoams is committed to providing equal opportunity, fair treatment and a genuine sense of belonging throughout the employee lifecycle, from attraction and onboarding through to engagement and long-term retention. We believe that everyone should feel respected, valued and supported to contribute fully and succeed.

#### Embedding our values

Following the launch of our Company values in 2024, we have continued to strengthen the cultural and behavioural clarity that underpins how we work together.

In 2025, we took a further step by refreshing the values' visual identity and implementing the updated designs consistently across our workplaces. Our values have also been embedded into the recruitment and induction process, ensuring that colleagues and other stakeholders are introduced to them from their very first interaction with Zotefoams.

This clear, consistent and visible approach reinforces shared expectations and behaviours, supports an inclusive culture in which everyone can thrive, and helps unlock potential across the organisation – progressing our ambition to become a global employer of choice.

**Our values**

**COURAGE**

THE COURAGE TO TAKE BOLD ACTION TO ENSURE THAT WE SUCCEED IN TACKLING OUR CHALLENGES

**IMPACT**

DEDICATED TO MAKING A SIGNIFICANT AND POSITIVE IMPACT IN EVERYTHING WE DO

**RESPECT**

CULTIVATE A RESPECTFUL AND INCLUSIVE ENVIRONMENT WHERE EVERYONE IS VALUED AND COLLABORATION IS ENCOURAGED

**Listening and engagement**

In July 2025, we launched the Global Engagement Champions Forum to support inclusion and engagement across the Group. The forum brings together 23 Engagement Champions from across our global business, representing a broad range of roles, functions and locations. Working collaboratively, the Champions provide a structured platform for diverse voices to be heard and focus on identifying and progressing actions that help make Zotefoams an even better place to work.

This global approach has also enabled the Human Resources team to develop deeper insight into local cultures, traditions, best practices and workplace expectations across our locations. This understanding strengthens our ability to attract, develop and retain people from diverse backgrounds, while ensuring our policies and practices remain inclusive, relevant and effective.

We continue to view diversity, equity, inclusion and belonging as fundamental to building a high-performing organisation – supporting innovation and creating a workplace where everyone feels they belong and can achieve their full potential.

**Engagement Champions** are colleagues who represent local perspectives, promote inclusion and engagement, and help ensure colleague feedback informs meaningful action across the Group

**Gender diversity**

**Driving balance and opportunity**

We recognise that gender diversity remains an ongoing opportunity for improvement within our industry, and we are committed to improving gender balance across all areas of the business. Creating an environment that supports women to join, develop and progress is an important part of our wider commitment to diversity, equity, inclusion and belonging.

Across 2024 and 2025, the Zotefoams gender pay gap remained lower than both UK and industry averages and continued to show a gradual improving trend. Differences in average pay are largely driven by the distribution of men and women across roles and levels, with senior positions remaining predominantly male and a higher proportion of women represented in middle-level roles. To support continued

progress, we are reviewing our reward framework to promote fair, consistent and market-aligned pay practices, alongside a continued focus on attraction, development and progression.

Flexible and blended working opportunities further support the attraction and retention of female talent, while increased female representation through recruitment and promotion into more senior roles during 2025 is expected to contribute to further improvement over time.

**Transparency and data-led insight**

We continue to actively review our gender pay gap data to support informed decision-making and strengthen our ability to attract, develop and retain female talent. This analysis provides valuable transparency and reinforces our commitment to fairness and equality.

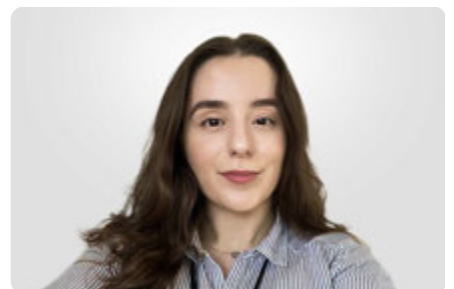
By understanding variations in representation and reward across job levels, functions and career progression, we can identify targeted areas for action, support equitable and competitive pay for new female hires, and refine our promotion and succession planning processes. Ongoing review also allows us to assess the effectiveness of key policies and initiatives, supporting continuous improvement and building trust in Zotefoams as a fair and inclusive employer.

**Developing female talent**

Developing female talent remains a key focus across early careers, technical roles and leadership pathways. Our current graduate cohort is 80% female, reflecting the impact of our attraction and recruitment efforts.

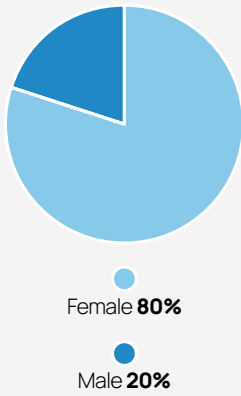


**Temi Ken-Afolabi** NPI Portfolio Coordinator



**Kaltrina Rahmani** Business Analyst

**Graduate Cohort gender split**



During 2025, two female graduates successfully transitioned from the graduate scheme into permanent roles – one as NPI Portfolio Coordinator within New Product Introduction and the other as a Business Analyst within Information Technology. In addition, a female graduate who completed the scheme in 2022 was promoted in July 2025 to the role of Application Engineer, demonstrating the long-term impact of early career development and progression opportunities.

In the UK, several female colleagues were promoted during the year, strengthening female representation at more senior levels.

We also continued to support the future pipeline of female talent through outreach activity. Female Science, Technology, Engineering and Mathematics (STEM) graduates engaged with local schools to share their experiences and showcase the work of Zotefoams, helping to inspire and encourage young people to consider careers in STEM. Students were also welcomed into the business, providing first-hand insight into STEM careers and our working environment.

**Leadership and representation**

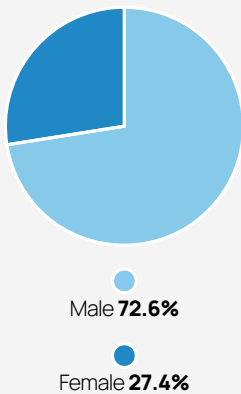
Visible leadership commitment remains essential to driving sustainable progress. During the year, we held several events and initiatives, including continued recognition of International Women's Day as a platform to amplify female voices, celebrate achievements and encourage diversity of thought.

We have also redefined our Senior Leadership Team (SLT) community to become a more integral part of executing our strategy. This group of senior leaders now acts as an extension of the Group Executive Team, strengthening alignment with organisational purpose and strategy. Through increased collaboration and accountability, the SLT plays an important role in supporting inclusive leadership and ensuring progress on gender balance is embedded into how the business operates.

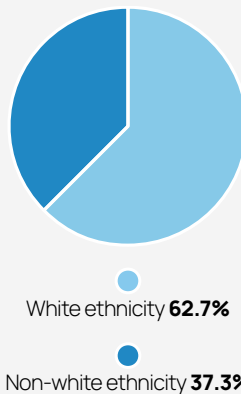
We recognise that progress requires sustained focus and commitment. By combining data-led insight, targeted development opportunities and visible leadership ownership, we continue to work towards a more balanced and inclusive workplace – where women can build long-term, rewarding careers at Zotefoams.

**Workforce diversity profile**

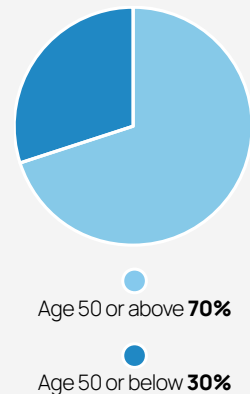
**Gender**



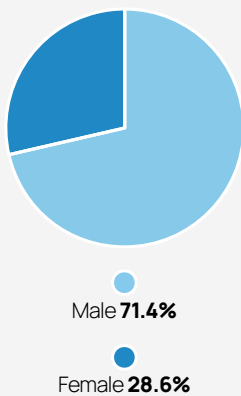
**Ethnicity**



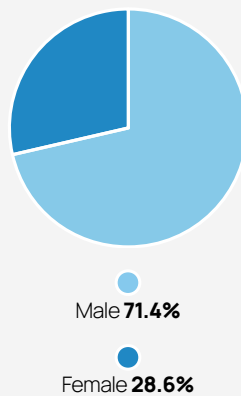
**Age profile**



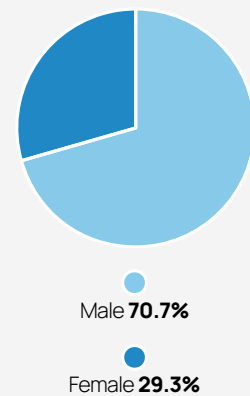
**Director**



**Group Executive Team**



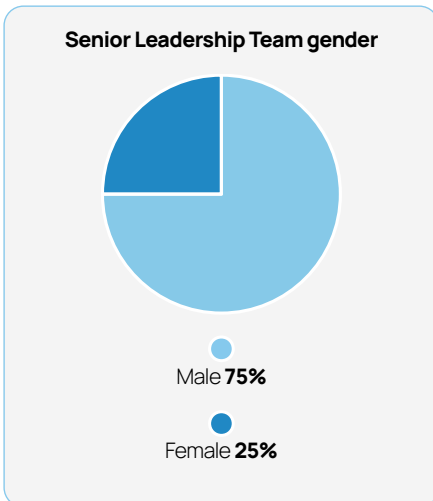
**Direct report to Group Executive Team**



	2025						2024					
	Female	%	Male	%	Prefer not to say	%	Female	%	Male	%	Prefer not to say	%
<b>Director</b>	2	28.6	5	71.4	0	0	2	29.0	5	71.0	0	0
Board Fellow	0	0	0	0	0	0	1	100	0	0	0	0
Group Executive Team	2	28.6	5	71.4	0	0	3	37.5	5	62.5	0	0
Direct report to Group Executive Team	12	29.3	29	70.7	0	0	9	20.0	35	80.0	0	0
Other staff	170	27.2	454	72.8	0	0	163	31.0	368	69.0	0	0
<b>Total</b>	<b>186</b>	<b>27.4</b>	<b>493</b>	<b>72.6</b>	<b>0</b>	<b>0</b>	<b>178</b>	<b>30.0</b>	<b>413</b>	<b>70.0</b>	<b>0</b>	<b>0</b>
Number of senior positions (CEO, CFO, SID or Chair)	1	-	3	-	0	-	1	-	3	-	0	-



Iona Williams Application Engineer



**Inclusive recruitment practices**

In support of our ambition to improve gender balance, we continue to strengthen our inclusive recruitment practices to attract a broader and more diverse range of candidates. This includes the consistent use of gender-neutral language in vacancy advertising and, where possible, the involvement of diverse interview panels. Together, these measures help reduce unconscious bias and support fair, consistent and objective recruitment decisions.

**Colleague engagement and inclusion**

During 2025, we further strengthened colleague engagement and inclusion through the launch of the Global Engagement Champions Forum. This initiative brings together colleagues from across the business to collaborate on actions that enhance the employee experience and ensure diverse perspectives are heard.

The forum provides a structured platform for colleague-led input and insight, supporting a more inclusive and consistent approach to listening, engagement and continuous improvement across the Group.

**Sustained focus and continuous improvement**

We recognise that improving gender diversity requires sustained commitment and deliberate action over time. By embedding inclusive recruitment practices, encouraging colleague involvement and maintaining visibility and accountability for gender balance at senior levels, we continue to progress towards a more balanced and inclusive workplace – where everyone has the opportunity to succeed and build a long-term career at Zotefoams.

**Ethnicity distribution of Group workforce\***

	Director	Number of senior positions (CEO, CFO, SID or Chair)	Group Executive Team	UK	USA	China	Poland	Spain	India	Other	Group-wide
<b>White ethnicity</b>	7	4	7	189	75	0	57	96	0	2	<b>426</b>
Non-white ethnicity	0	0	0	145	67	28	0	5	6	2	<b>253</b>
<b>Total</b>	<b>7</b>	<b>4</b>	<b>7</b>	<b>334</b>	<b>142</b>	<b>28</b>	<b>57</b>	<b>101</b>	<b>6</b>	<b>4</b>	<b>679</b>
<b>Non-white ethnicity</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>43%</b>	<b>47%</b>	<b>100%</b>	<b>0%</b>	<b>5%</b>	<b>100%</b>	<b>50%</b>	<b>37%</b>

\* This data depicts ethnicity make-up across the Group, noting that there are legislative differences across the globe.

Zotefoams is a global business operating across multiple regions, and our workforce reflects a broad range of ethnicities, cultures and backgrounds. We value the diversity this brings and recognise the important role it plays in strengthening collaboration, broadening perspectives and supporting innovation across the Group.



**Sunil Achtar** Internal Communications and Engagement Manager



**Governance and accountability**

The Board and Group Executive Team remain committed, as part of the ongoing cultural transformation of the business, to investing in learning and development to collectively harness the full potential of diversity, equity, inclusion and belonging. While progress has been made in building awareness and establishing clear governance and policies, we recognise that there is still work to be done.

During 2025, investment in dedicated Diversity, Equity, Inclusion and Belonging (DEIB) programmes was limited as the business prioritised the implementation of core people systems and foundational capabilities. With a global HR Information System now in place across the Group, we are better positioned to use consistent, high-quality people data to monitor representation, identify trends and inform future decision-making.

Looking further ahead, we intend to increase focus and investment in targeted DEIB initiatives, using data-led insight to support more effective interventions, track progress and strengthen accountability at leadership level. This approach will help ensure that future actions are proportionate, evidence-based and aligned with the needs of our diverse global workforce.

We continue to monitor the ethnicity profile of our workforce to deepen our understanding of representation across locations, job levels and functions. This insight supports informed decision-making and helps identify opportunities to strengthen fair and inclusive employment practices, while recognising that ethnicity profiles vary by geography and reflect local labour markets and communities.

**Inclusive communication and cultural awareness**

To strengthen connection and inclusion across our global workforce, we appointed a Group Internal Communications and Engagement Manager during the year. This role supports consistent and inclusive communication across the Group, ensuring that key messages are accessible, available in a range of languages, and reflective of the ethnic diversity of our workforce. This approach helps remove barriers to understanding and ensures colleagues across all locations feel informed, connected and included.

We have also introduced a Group-wide communications, development, engagement and wellbeing calendar that recognises local events, cultural celebrations and awareness days across our regions, alongside moments where we come together as one business. This has supported greater cultural awareness and shared experiences and has been brought to life through internal campaigns such as

the Twelve Days of Festivities in the lead-up to the end of 2025.

In addition, we continue to use video content to amplify colleague voices across the Group. Where colleagues share messages in their native language, content is subtitled to ensure accessibility for all, while also recognising and valuing the languages spoken across our workforce.

Robust Group policies and internal controls are in place covering areas including health and safety, modern slavery, ethics, anti-bribery and corruption, anti-fraud, whistleblowing and dignity at work. The Group also maintains clear mechanisms for colleagues and other stakeholders to raise issues of concern.

To support awareness and consistent application of these standards, training is delivered globally to relevant colleagues, with materials provided in local languages where required. Looking ahead, we recognise the opportunity to further strengthen capability through cultural awareness training, and this is an area of focus for development during 2026.

By combining strong governance, inclusive communication and a continued focus on cultural awareness, we aim to create a workplace where colleagues from all ethnic backgrounds feel respected, supported and able to achieve their full potential.

## Employee wellbeing

### Supporting physical, mental and emotional health

The health, safety and wellbeing of our colleagues are fundamental to the way Zotefoams operates. We believe that supporting physical, mental and emotional wellbeing enables our people to perform at their best and contributes to a positive, resilient and high-performing workplace.

### Global wellbeing initiatives

During 2025, we continued to strengthen our approach to wellbeing through a combination of Group-wide and local initiatives, supported by visible leadership commitment and active colleague involvement. In the United Kingdom, we launched the Westfield Health Cash Plan, providing colleagues with access to a broad range of health and wellbeing benefits and supporting early intervention and preventative care.

The Health Cash Plan enables members to claim cashback on everyday healthcare costs, including prescriptions, private consultations, physiotherapy and sports massage, subject to set limits. Colleagues also have access to a range of health and wellbeing services, including unlimited telephone or video consultations with a practising UK GP. The plan is designed to make healthcare more accessible and affordable, supporting colleagues to take proactive steps to manage their health.

A key milestone during the year was the delivery of our first Global Health, Safety and Wellbeing Day on 5 November. This Group-wide event brought colleagues together across locations to reinforce the importance of health, safety and wellbeing. Activities focused on building personal resilience, improving sleep quality, managing stress and promoting safe working practices. Colleagues participated in workshops, interactive sessions and practical demonstrations, including stress management

toolkits, sleep clinics, manual handling guidance, and fire safety and defibrillator awareness sessions. Informal engagement opportunities throughout the day helped create a positive and inclusive wellbeing experience across sites.

The Global Engagement Champions played an important role in supporting wellbeing activities during the year. Acting as local advocates, they helped promote initiatives, encourage participation and gather feedback, ensuring that wellbeing support reflects the needs of colleagues across different locations and roles.

### Mental health and early intervention

Supporting mental health remains a key priority across the Group. Colleagues have access to Employee Assistance Programmes, providing confidential support through a 24-hour helpline. These services offer counselling, bereavement support, and legal and financial advice, alongside a strong emphasis on early intervention through employee wellness plans, supporting effective returns to work and helping to mitigate the risk of long-term absence.

Wellbeing support is reinforced through targeted communications and posters, visible identification of Global Mental Health First Aiders, onsite occupational health support and health surveillance, and initiatives such as the Cycle to Work scheme.

During 2025, 28 colleagues in the United Kingdom completed Mental Health First Aid training. This capability was also extended internationally, with three colleagues in China, two in Poland and a further cohort in the United States undertaking Mental Health First Aid training during the year, strengthening local awareness and support across our global footprint.

### Connection, environment and belonging

Connection and a sense of belonging are recognised as important contributors to wellbeing. During 2025, we launched ZoteMail, our new global internal newsletter, to improve consistency of communication, share positive stories and strengthen engagement across the business. We also enhanced working environments across several facilities through refreshed office branding, helping to create welcoming and engaging spaces for colleagues.

Team-building activities took place across the Group throughout the year, supporting collaboration and strengthening relationships. In China, colleagues from operations, production, sales, finance and HR came together in August for a team-building event that included shared meals, games, karaoke and traditional activities, helping colleagues feel connected, refreshed and energised. Similar local activities took place across other regions, tailored to local teams and cultures.

At Group level, the Group Executive Team launched the Living Brave – High Performance Teams programme during 2025, supporting leadership development and stronger team dynamics. This programme will continue into 2026.

We also introduced the Global Giving Something Back Day, providing colleagues with one paid day each year to volunteer individually or as part of a team in support of causes that matter to them. The initiative has seen strong engagement globally, with the Group Executive Team leading by example and local teams using volunteering as an opportunity to build connections while supporting their communities.

By taking a holistic, proactive and inclusive approach to wellbeing, Zotefoams continues to support the long-term health of its colleagues and create a workplace where people feel safe, supported and able to thrive.



Giving Something Back Days provide colleagues with dedicated time to support charities, community groups and causes that matter most to them.



Wellbeing support is reinforced through targeted communications and posters, and through visible identification of Global Mental Health First Aiders.

## Communication and engagement

### Strengthening global communication

Clear, consistent and inclusive communication is essential to engaging our colleagues, supporting our culture and enabling Zotefoams to operate effectively as a global business. Our approach focuses on ensuring information is accessible, timely and relevant, helping colleagues feel informed, connected and aligned with our strategy and values.

During 2025, we strengthened our internal communication capability through the appointment of a Group Internal Communications and Engagement Manager, providing dedicated ownership and coordination of Group-wide communication. This role supports consistency of messaging while recognising local context, with a strong focus on accessibility and inclusion. Key communications are delivered in multiple languages, reflecting the ethnic and cultural diversity of our workforce and supporting understanding across our global operations.

To support planning and coordination, we also introduced a Group-wide communications, engagement and wellbeing calendar. This enables alignment of activities across regions, recognition of local events and cultural celebrations, and the creation of shared moments of Group-wide engagement. The calendar also incorporates key development activity, including performance management

milestones, helping to provide clarity, consistency and structure across the Group while strengthening connections between teams and locations.

### Channels and accessibility

To support structured and effective communication, we launched ZoteMail, our global internal newsletter, providing a consistent platform for business updates, colleague stories and engagement activity. Internal distribution lists were restructured to ensure colleagues receive communications relevant to their role, location and function, improving clarity while reducing information overload.

We continue to use a range of channels to reach colleagues across different working environments. Communications, Development & Wellbeing Calendar 2026 screens are in place across office locations globally to share key updates and messages, while in China a new bulletin wall provides a dedicated and visible space for local communication and engagement.

For production teams, daily face-to-face briefings remain a critical communication channel. These sessions provide regular opportunities to engage directly with leaders and colleagues on health and safety, site-specific updates, performance from the previous shift and plans for the day ahead. This routine supports alignment, reinforces

safety and encourages open dialogue on the shop floor.

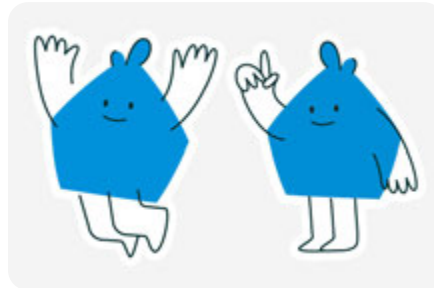
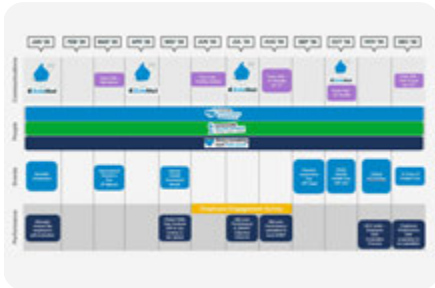
To strengthen familiarity and engagement, we introduced a Group mascot, Zote, which is used across internal communications to help bring messages to life and create a more approachable and consistent communication style. This has been supported by internal brand guidelines, ensuring a clear and recognisable visual identity across communication materials.

### Two-way dialogue and engagement

Two-way communication remains a priority. Global town halls and local village halls provide opportunities for colleagues to hear directly from leaders, ask questions and engage in open dialogue, ensuring communication remains transparent, relevant and responsive at both Group and local levels.

The Global Engagement Champions also support effective communication by acting as local advocates, helping to cascade messages and providing feedback that informs how communications are developed and delivered.

By continuing to invest in inclusive communication channels, clear structure and accessibility, Zotefoams is building a communication approach that strengthens connection, supports alignment and ensures colleagues feel informed and included.



We enhanced working environments across several facilities through refreshed office branding.

During 2025, we launched ZoteMail, our new global internal newsletter.

## Employee engagement

### Listening, recognising and connecting

Employee engagement is central to the success of Zotefoams. We believe that engaged colleagues are more connected to our purpose, more committed to our values and better able to contribute to strong performance, innovation and continuous improvement across the business.

### Engagement Champions

During 2025, we strengthened engagement through a range of initiatives designed to encourage involvement, recognise contribution and build connection across teams and locations. A key development was the launch of the Global Engagement Champions Forum. Made up of colleagues from across the business and representing a wide range of roles and functions, the forum provides a structured platform for sharing ideas, raising opportunities and collaborating on actions that enhance the employee experience.

The Engagement Champions play an important role in encouraging two-way dialogue, supporting local engagement activity and ensuring insights from across the Group help inform wider people initiatives. Their involvement strengthens ownership and helps ensure engagement remains relevant and meaningful at all levels of the organisation.

### Recognition and reward

Recognition continues to play an important role in driving engagement. In 2025, we introduced the Zotefoams Values Awards, a global reward and recognition scheme designed to celebrate colleagues who demonstrate our core values of Courage, Impact and Respect. The programme empowers colleagues at all levels to recognise peers who go above and beyond, reinforcing the behaviours that support our culture and long-term success.

### Employee feedback

Listening to employee feedback remains a priority. During the year, Zotefoams carried out its Global Colleague Engagement Survey in partnership with Best Companies, an independent organisation that measures and recognises employee engagement and workplace culture through its "b-heard" survey.

Engagement levels were strong, with a 78.8% response rate across the Group. Zotefoams achieved "One to Watch" accreditation, recognising strong foundations of employee engagement and a clear commitment to creating a positive workplace culture. In addition, pockets of the business achieved One Star and Two Star accreditation, reflecting very good and outstanding levels of engagement and wellbeing respectively.

# 78.8%

Engagement Survey completion rate




Zotefoams carried out its Global Colleague Engagement Survey in partnership with Best Companies.

Following the survey, structured action planning has taken place across the business, using colleague feedback to identify priorities and areas for improvement. A follow-up pulse survey will be conducted six months after the initial survey, with a further survey planned later in 2026. These insights will help track progress, inform future people initiatives and support continuous improvement.

### Building connection and pride

Engagement is further supported through opportunities for connection and involvement across the Group. Global and local engagement activities, including Giving Something Back Day, encourage participation, teamwork and pride in being part of Zotefoams, while strengthening links with the communities in which we operate.

By investing in meaningful engagement, recognising contribution and listening to colleague feedback, Zotefoams continues to build a connected, inclusive and motivated workforce that supports long-term success.



## COURAGE

The courage to take bold action to ensure that we succeed in tackling our challenges and opportunities.

What that looks like

We reach beyond our comfort zone to challenge the status quo, embracing a dynamic environment where creativity and initiative are valued.

Why this is important?

Leads to employees of all levels having the ability to face challenges and opportunities head-on with confidence and determination, even when it involves risks or stepping outside our comfort zones.

VALUES - PRINCIPLES, BEHAVIOURS & ACTIONS			
Principle	Seniority		
	All Employees	Managers, Supervisors & Senior Technical	Senior Managers & Leadership
<b>Proactive</b>	Speaking up with ideas for improving production efficiency, safety, or quality, even if it challenges existing practices.  Providing clear guidance and support for team members to step outside their comfort zones while maintaining accountability.  Encourage the freedom to operate by proactively identifying potential problems in workflow or equipment and taking action to address them before escalation.  Supporting colleagues by sharing knowledge or helping to help when problems collaboratively.	Empowering team members to progress and resolve new issues that enhance operational effectiveness.  Encourage the freedom to operate by taking calculated risks to resolve allocation of resources, changes in process, or address emerging strategic opportunities.  Providing clear guidance and support for team members to step outside their comfort zones while maintaining accountability.	Demonstrating courage by setting ambitious goals that challenge the expectation to increase and grow.  Being ownership of high impact decisions, even when faced with uncertainty, and modeling others to follow suit.  Actively creating a culture embraced by psychological safety where team members embrace the freedom to operate in which they feel empowered to speak up, experiment, take calculated risks, and learn from failure.
<b>Innovative</b>	Actively seeking and implementing new ideas to improve operational excellence.  Encouraging new technologies or processes with a willingness to learn and adapt.  Being vocal, on the ground feedback with managers to influence improvements in systems and workflows.  Being vocal, on the ground feedback with management to influence improvements in systems and workflows.	Promoting a mindset of continuous improvement by encouraging team members to identify inefficiencies and suggest solutions.  Using functional improvements to drive efficiency and create functional opportunities.  Recognizing and rewarding team members for innovative solutions that advance processes or deliver superior results.	Championing long-term strategic initiatives that position the company ahead of industry needs, even when immediate results are uncertain.  Identifying and addressing barriers to innovation, such as silos, and encouraging thinking and action teams.  Advocating for investments in new technologies, processes, or talent to drive competitive advantage.
<b>Resilient</b>	Maintaining focus and a positive attitude during high-pressure periods, such as tight production deadlines.  Adapting to unexpected challenges, such as equipment breakdowns, with a calm attitude and resourcefulness.  Learning from errors or setbacks to improve personal performance and contribute more effectively to team success.	Supporting team members through challenges by maintaining a positive, solution-focused attitude.  Guiding the team in reflecting on lessons learned from unsuccessful outcomes and setting targets to future efforts.  Fostering work-life balance by encouraging team members to step back when needed, while still delivering results.	Leading the organization through challenging times with optimism and confidence, maintaining focus on key priorities.  Using setbacks as learning opportunities to refine strategies and begin confidence in the way forward.  Communicating transparency and honesty about challenges, while fostering trust and shared determination across the company.

Our performance management framework is built on our values and is designed to encourage colleagues to live them.

## Performance management

### A consistent global approach

Effective performance management is central to supporting individual development, driving high performance and aligning colleague contribution with executing our strategy. Our approach is designed to be fair, consistent and focused on continuous improvement, while reinforcing accountability and alignment with our values.

The Group Executive Team remains strongly committed to building high-performing teams across the business. As part of this commitment, Zotefoams has continued to invest in strengthening people processes, systems and leadership capability.

### Enabling performance through systems

During the year, we introduced our new Group Human Resources Information System, UKG. Performance management is now delivered through this platform, providing a more consistent and user-friendly approach across the Group. The system enables colleagues and managers to capture objectives, document performance discussions and refer back to previous conversations, supporting greater clarity, continuity and accountability over time.

Objective-setting and progress-tracking are managed within the platform, enabling clearer alignment between individual goals and business priorities and supporting more meaningful, forward-looking performance conversations.

To support effective adoption, a range of resources has been introduced, including guidance notes, workshops and video content. These materials are designed to build confidence – particularly for new people managers – and to encourage high-quality, constructive performance discussions.

### Fairness, development and succession

The performance management process includes calibration to support consistency and reduce bias in performance assessment. Outcomes are aligned to Company values, reinforcing the importance of how results are achieved as well as what is delivered.

The process also supports the identification of high-potential colleagues and informs succession planning, helping to build future leadership capability and organisational resilience.

By continuing to develop a balanced, values-led and globally aligned approach to performance management, Zotefoams aims to support individual growth, strengthen leadership capability and build a high-performing organisation for the future.

### Remuneration and benefits

#### Fair and competitive reward

The Group's approach to remuneration and benefits is designed to align financial reward with Zotefoams' purpose and values, supporting performance while promoting fairness, consistency and accountability. Our reward practices seek to recognise contribution, encourage the right behaviours and support the attraction and retention of talent across the business.

While some locations currently use market data to inform pay decisions, we recognise that further work is required to develop a more consistent global reward framework. Strengthening the overall construct, governance and alignment of reward practices across the Group is a key area of focus for 2026.

### Pay and incentives

Zotefoams adheres to minimum wage requirements across all locations. In the United Kingdom, pay for entry-level roles considers the London Living Wage, while remuneration in the United States reflects recognised liveable wage standards. In Poland, India and China, pay levels are maintained above local minimum wage requirements. This approach supports responsible, compliant and competitive pay practices across our global footprint.

Bonus arrangements vary by location in line with local market practice and legislative requirements. However, they are consistently structured to promote performance, accountability and alignment with business objectives and Company values.

In response to ongoing inflationary pressures, salary reviews were implemented across several regions during the year to help ensure pay remains competitive and reflective of market conditions.

In the United Kingdom, employee remuneration matters are discussed through the Joint Consultative Committee (JCC), which provides a formal forum for dialogue between management and employee representatives. The JCC supports transparency, trust and constructive engagement. There is no union representation in Poland or the United States, with local consultation arrangements in place where appropriate.

### Total reward and benefits

Alongside pay, pension provision forms an important part of the Group's overall benefits offering. In the United Kingdom, Zotefoams encourages pension participation through competitive employer contributions, while in other locations colleagues are enrolled in government-backed pension arrangements in line with local legislation.

During the year, Global Human Resources completed a comprehensive review of the Group's rewards and benefits offering. This review provided valuable insight into how benefits are structured across regions and where enhancements could deliver the greatest impact. As a result, benefit provision has been strengthened in locations where immediate needs were identified, and certain benefits have been broadened to support a wider group of colleagues.

At present, the primary focus of the Group's reward approach remains on salary and bonus arrangements, ensuring pay is fair, competitive and aligned with performance. As we continue to develop our remuneration and benefits strategy, we will also review standard benefit offerings in each country relative to industry practice, supporting the development of a more consistent and competitive total reward proposition over time.

As this work progresses, our focus remains on creating a more aligned Group-wide approach, while retaining appropriate flexibility to reflect local market conditions and colleague needs. Through this balanced approach, we aim to ensure our rewards offering remains meaningful, sustainable and supportive of both colleague wellbeing and long-term business success.

## Talent

### Building capability for the future

2025 marked a year of meaningful progress in developing capability across the Zotefoams Group as we continue to build a globally aligned, high-performing organisation. Investment in our people remains fundamental to supporting operational performance, innovation and future leadership capability across all regions.

To support this focus, we appointed a dedicated Global Talent Acquisition Manager during the year, providing clear ownership of recruitment, workforce planning and talent development activity at Group level. This role has strengthened coordination across regions and helped drive a more consistent, data-led and strategic approach to building capability.

A key achievement during the year was strengthening our global workforce through effective recruitment and internal development. Since January 2025, we have made 157 job offers worldwide, including 33 internal moves and promotions. This reflects our commitment to developing talent from within and supporting colleagues to progress their careers at Zotefoams. Internal mobility has supported capability building across Operations, Engineering, Commercial, Innovation and Corporate functions, with colleagues stepping into more senior or specialised roles.

### Enabling talent through systems and process

During 2025, we modernised our recruitment and talent processes through the global rollout of Teamtailor, our applicant tracking system. This replaced legacy and manual processes with a single, consistent and fully auditable platform used across all regions.

The system has improved the experience for candidates and hiring managers, strengthened compliance and significantly enhanced our data capability. Real-time insight into applications, sourcing performance, diversity, conversion rates and time-to-hire now supports more informed decision-making and improved workforce planning.

As part of this rollout, we introduced standardised, gender-inclusive job adverts using gender coding principles, ensuring recruitment language is neutral, accessible and aligned with best practice. We also refreshed the Foam a Friend global employee referral scheme, strengthening direct sourcing, increasing colleague engagement and encouraging employees to play an active role in attracting high-quality talent through their networks.

### Early careers and emerging talent

Early career employees continue to play an important role in building future capability across the Group. Our Graduate Scheme provides structured rotational placements, offering exposure to multiple functions and sites and supporting the development of broad commercial and technical understanding.

During the year, graduates completed a dedicated leadership development journey designed to accelerate capability and prepare them for broader responsibilities within the organisation. In parallel, we continued to expand apprenticeship, internship and work experience opportunities across regions, supporting skills development across manufacturing, engineering, commercial and corporate disciplines.

We continue to leverage government-supported initiatives, including the UK Apprenticeship Levy, to facilitate accredited training. Looking ahead, there is opportunity to expand the use of these schemes beyond early careers to support the development and upskilling of colleagues across the wider workforce.

### Learning, development and capability building

Personal Development Plans remain embedded across the organisation, providing a structured framework to support performance conversations, career progression and succession planning.



Jade Orvis Talent Acquisition Manager



### Key training & learning initiatives

# 720hrs

of on-the-job training and assessment through Operator Cross-training

These initiatives support both technical capability and broader professional development across regions.

### Employer brand and engagement

During the year, we made purposeful progress in strengthening Zotefoams' employer brand across global markets. Through improved storytelling, more engaging content and increased presence on professional networking platforms, we have enhanced

# 1,135hrs

of e-learning completed across the Group

visibility and reinforced our position as a values-led, international organisation.

This has supported both attraction and retention by clearly communicating our culture, career opportunities and growth ambitions.

### Our approach

Across every region, our focus is on attracting, developing and retaining talented people who can contribute to Zotefoams' continued

# 12mths

English language development programme for Finance colleagues in China, blending video-based learning and online tutorials with English-speaking tutors

success. The progress made in 2025 reflects a more integrated, people-centred and data-enabled approach to talent.

Through modern systems, strengthened processes, targeted development and a growing global talent pipeline, we are building the capability required to support future growth – while creating rewarding and sustainable careers for our colleagues.

## Communities & Social Review

### Making a positive impact

Zotefoams is committed to making a positive contribution to the communities in which we operate. Our approach focuses on encouraging colleague involvement, supporting meaningful causes and creating opportunities for our global workforce to give back in ways that reflect both local priorities and our shared values.

### Global initiatives & partnerships

A key focus during 2025 was the continued rollout of Giving Something Back Days. This Group-wide initiative provides colleagues with dedicated time to support charities, community groups and causes that matter most to them. Global Engagement Champions play an important role in promoting the initiative locally, encouraging participation and helping teams identify opportunities to volunteer together. These activities strengthen community connections while also supporting team-building and colleague engagement across the business.

During the year, Zotefoams appointed UNICEF as its global charity partner following a Group-wide colleague vote. A range of charities were put forward for consideration, with UNICEF receiving the highest level of support – reflecting a shared commitment to supporting the wellbeing, safety and development of children and young people around the world.

To support the partnership, colleagues across regions took part in a wide range of fundraising activities throughout the year.

### Local community engagement

Alongside global initiatives, local teams continued to lead community engagement activities aligned to regional needs and priorities.

In the United Kingdom, colleagues once again supported the Macmillan Coffee Morning, raising funds and awareness for people affected by cancer. The UK team also continued its support of the Giving Tree initiative in partnership with KidsOut, helping to provide gifts to children who have escaped domestic abuse or are living in refuge. This

initiative has become an important part of the festive period, offering colleagues a meaningful way to support vulnerable children within the local community.

In the United States, teams delivered several locally led initiatives during the year, including seasonal donation drives to support families and individuals in need. Activities included gift collections for community programmes and pet food donations for local animal welfare organisations, reflecting a strong commitment to supporting both people and animals at a local level.

Across the Group, these activities demonstrate the positive impact that can be achieved when colleagues are empowered to support their communities. By combining global alignment with local ownership, Zotefoams continues to strengthen its social impact while fostering pride, connection and a shared sense of purpose among its people.



Our Giving Tree initiative, in partnership with KidsOut, provides gifts to children who have escaped domestic abuse or are living in refuge.



## HEALTH AND SAFETY



The safety of our people underpins everything we do. During 2025, we took important steps to strengthen leadership accountability, improve how we measure safety performance, and deepen frontline engagement. Where incidents occurred, we responded with rigour and openness, ensuring lessons were shared across the Group as we continue to build a stronger, more proactive safety culture that supports sustainable growth and operational excellence across the Group.

**Ronan Cox**  
Group CEO

### Board-level accountability and governance

Health and safety remain a fundamental priority for Zotefoams, shaping our culture, guiding leadership behaviours and informing operational decision-making across the Group. The Board retains ultimate responsibility for health and safety performance and operates with a low risk appetite in this regard. Progress is reviewed quarterly through structured Group-level reporting, including detailed assessments of incidents, legislative developments and performance trends.

In 2025, health and safety governance was further strengthened through the formalisation of the Group Health, Safety & Wellbeing Leadership Team, comprising members of the Group Executive Team, OHSE, HR and operational leadership. This forum provides consistent global leadership focus, cultural alignment and strategic prioritisation across all regions. The wider Senior Leadership Team plays a central role in embedding our ambition to achieve and sustain industry-leading safety performance, supported by globally aligned KPIs, enhanced reporting transparency and unified OHSE systems.

The Board also reviewed the root-cause analysis of all RIDDOR and high-risk potential incidents, ensuring both immediate and longer-term corrective actions were identified and implemented.

### Executive accountability

Health and safety performance forms a core component of executive accountability, with leadership behaviours, incident response quality and cultural maturity explicitly considered in performance assessment and Board oversight processes.

### Leading indicators and learning culture

Alongside recordable injury metrics, the Group places increasing emphasis on near-miss reporting, potential high-risk incidents and proactive safety observations as leading indicators to strengthen prevention and organisational learning.

### Third-party safety

Third-party safety remains a key focus, particularly during periods of expansion and capital investment, with defined standards, structured induction requirements and ongoing performance oversight aligned to Group OHSE policy.

### Process safety intent

Given the nature of our manufacturing processes, process safety remains a critical risk focus, with continued emphasis on controls, maintenance discipline, change management and incident learning to prevent low-probability, high-impact events.

### Regulatory horizon scanning

The Group actively monitors evolving health and safety regulations and best practice across all jurisdictions it operates in to ensure continued compliance and alignment.

### Performance in 2025

In 2025, we transitioned to Total Recordable Incident Rate (TRIR) as our primary safety KPI, aligning with global industry standards to improve comparability and sharpen management focus on safety performance.

During the year, the Group recorded nine recordable incidents, resulting in a TRIR of 1.4. Two of these incidents met the criteria for reportable injuries under RIDDOR, occurring at the MEL Leominster, USA site and the Walton, USA facility. All incidents were subject to

thorough investigation, with corrective actions implemented and learnings shared across the Group to reduce the risk of recurrence.

Alongside this, meaningful progress was made in strengthening proactive safety behaviours across multiple sites. For example, Croydon achieved more than 30% growth in safety engagement participation across key periods compared with 2024, reflecting increased frontline involvement and ownership of safety outcomes.

Across all sites, we continued to invest in education, behavioural safety and early hazard identification. Employees receive role-specific training at onboarding and through ongoing refresher sessions, supported by behavioural safety programmes including Safety Engagements, daily safety moments, enhanced Gemba walk routines and structured toolbox talks

### Global Health, Safety and Wellbeing Day 2025

In November 2025, the Group held its first Global Health, Safety and Wellbeing Day, bringing together colleagues across all regions for hands-on learning and engagement activities. Events included fire safety demonstrations, mental health and wellbeing sessions, manual handling workshops and live-streamed safety modules. Feedback was positive, and structured reflection sessions have been incorporated into the 2026 improvement cycle to ensure the initiative continues to evolve and deliver impact.



In 2026, we are focused on strengthening leadership, aligning global standards and embedding a consistently high-performing safety culture across every site. Our ambition is clear: to deliver sustained improvement and make world-class safety performance the norm.

**Simon Jones**  
Managing Director, EMEA & North America  
+ Global Supply Chain Director

### Looking ahead to 2026

Building on the foundations established in 2025, our focus for 2026 is on accelerating cultural maturity, strengthening leadership capability and further embedding global OHSE consistency.



In November 2025, the Group held its first Global Health, Safety & Wellbeing Day

**Key priorities include:**

1

**Appointment of a Global OHSE & Sustainability Director**

A new executive role reporting to the Global Supply Chain Director will unify the safety, environmental and sustainability strategy under a single global leadership structure. This will support integrated governance, aligned systems, and consistent performance expectations across the Group. The role will play a key part in advancing our safety culture and providing the strategic oversight required to support long-term transformation.

2

**Culture and Leadership Programme**

We have begun a programme of engagement with leading consultancy firm BB&A, focused on cultural leadership and behaviour change. In 2025, a safety culture survey was completed, highlighting areas of strong performance, including awareness of reporting processes, clarity on safe working practices and a shared belief that safety is the top operational priority.

The survey also identified opportunities for improvement, particularly in relation to employee involvement, leadership consistency and communication effectiveness. These insights are now directly informing our 2026 cultural development roadmap. During 2026, structured programmes will be rolled out across all regions to strengthen accountability, enhance the quality of safety-related communication and support leaders in consistently reinforcing a positive and proactive safety culture.

3

**Continuing TRIR Reduction Pathway**

Our targets include a TRIR of 1.0 in 2026 and a high-performing level of 0.5 by 2028. Progress will be supported by the recent introduction of global Life Saving Rules, enhanced corrective action processes, predictive safety initiatives and broader use of insights derived from Gemba walks and engagement data.

4

**Expanding the Role of the Health, Safety and Wellbeing Leadership Team**

The Leadership Team will continue to refine global standards, develop a unified OHSE management system and improve the visibility of performance at site, regional and Group levels.

5

**Strengthening Reporting, Transparency and Communication**

Further improvements will be made to reporting and communication through the introduction of more consistent dashboards, enhanced local committee effectiveness and expanded employee involvement channels, responding directly to feedback from the Safety Culture Survey.

	2025	2024	2023	Industry
<b>RIDDOR</b>	<b>2</b>	4	1	n/a
<b>DAFW</b>	<b>0.5</b>	1.0	0.7	1.2
<b>DART</b>	<b>0.7</b>	1.3	0.9	2.3
		2025	2024	2023
<b>Total Recordable Incident Rate (TRIR)</b>				
Direct employees		<b>1.4</b>	2.0	1.0
Contract employees		<b>0.0</b>	0.0	0.0
Process Safety Incidents Count <sup>1</sup>		<b>2.0</b>	2.0	2.0
Process Safety Incident Rate <sup>1</sup>		<b>0.3</b>	0.3	0.3
Process Safety Incident Severity Rate <sup>1</sup>		<b>1.0</b>	1.0	1.0
Number of transport incidents <sup>1</sup>		<b>0.0</b>	0.0	0.0
<b>Fatality rate</b>				
Direct employees		<b>0.0</b>	0.0	0.0
Contract employees		<b>0.0</b>	0.0	0.0

<sup>1</sup> Tier 1 level incidents.

### Sustainability Accounting Standards Board (SASB) disclosures

Topic	Accounting metric	Category	Unit of measure	Code	Supporting disclosure
<b>Workforce health and safety</b>	(1) Total Recordable Incident Rate (TRIR)	Quantitative	Rate	RT-CH-320a.1	Refer to our Health and safety performance table above
	(2) Fatality rate for: (a) direct employees and (b) contract employees				

Accounting metric	Category	Unit of measure	Code	Supporting disclosure
Description of efforts to assess, monitor and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and analysis	n/a	RT-CH-320a.2	We assess all hazards within all roles and have a health surveillance programme based on higher-risk hazards. We continuously work to eliminate or mitigate all risks that could lead to long-term health risk

Topic	Accounting metric	Category	Unit of measure	Code	Supporting disclosure
<b>Operational safety, emergency preparedness and response</b>	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR) and Process Safety Incident Severity Rate (PSISR)	Quantitative	Number, rate	RT-CH-540a.1	Refer to our Health and safety performance table above
	Number of transport incidents	Quantitative	Number	RT-CH-540a.2	Zotefoams had no reportable transport incidents

Accounting metric	Category	Unit of measure	Code	Supporting disclosure
Number of transport incidents	Quantitative	Number	RT-CH-540a.2	Zotefoams had no reportable transport incidents

# GOVERNANCE

**This section includes the Board report, Committee reports, Directors' report and Remuneration report.**

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## BOARD OF DIRECTORS

The Zotefoams Board leads an ongoing programme to ensure the highest standards of corporate governance and integrity across the Group.



Chair of Committee



Member of the Audit Committee



Member of the Remuneration Committee



Member of the Nomination Committee



**Lynn Drummond**  
Non-Executive Chair

**N** **R**

### Appointed

January 2023

### Skills

Experienced Chair and Non-Executive Director, with significant expertise in banking and the healthcare sector.

### Experience

Lynn has had a distinguished career in the pharmaceutical and life sciences sectors. She spent 16 years as a Managing Director within Investment Banking for Rothschild & Co. Prior to Rothschild & Co, Lynn worked in the Cabinet Office in London as Private Secretary to the Chief Scientific Advisor. She has held additional Non-Executive Directorships at Venture Life Group plc, RPC Group plc, Infirst Healthcare, Shield Holdings AG, Allocate Software plc, Consort Medical

plc and Alimentary Health Ireland. Lynn was also Chair of the Board of Governors at the University of Hertfordshire from 2019 to 2025. She has also been Chair of Trustees for Breast Cancer Haven, and was on the University of Cambridge Centre for Science and Policy Development Group. Lynn holds a Bachelor of Science Degree in Chemistry from the University of Glasgow and a PhD in Biochemistry from the University of London. She is a Fellow of the Royal Society of Chemistry, and a Fellow of the Royal Society of Edinburgh.

### External appointments

Non-Executive Director of Stevenage Bioscience Catalyst. Non-Executive Director of Puma AIM VCT plc. Board mentor for Criticaleye.



**Ronan Cox**  
Group CEO

### Appointed

April 2024

### Skills

Extensive international leadership expertise with a strong focus on driving disciplined, sustainable transformation and growth within the industrial sector. Proven track record in leading M&A programmes, implementing impactful sustainability initiatives, and advancing innovation to deliver market-leading solutions.

### Experience

During his nearly three-decade tenure at Coats Group plc, the FTSE 250 global leader in industrial thread and footwear components manufacturing, Ronan held several pivotal leadership positions. These included Managing Director of Coats North Africa, Chief Transformation Officer, and Regional CEO roles for both EMEA & Americas and South

East Asia regions. As head of Coats Group's Performance Materials division, Ronan spearheaded the company's innovation initiatives, with a particular focus on sustainable and circular product solutions. He successfully led cross-functional teams in integrating cutting-edge technologies and implementing environmentally conscious strategies, aligning with emerging market demands. Under his leadership, the division executed strategic M&A activities that significantly expanded the company's market presence and technological capabilities. He has a Bachelor's Degree in Information Management and Economics from Queens University, Belfast and has completed an International Executive Business Programme with INSEAD in France and Singapore.

### External appointments

None



**Nick Wright**  
Group CFO

### Appointed

September 2025

### Skills

ACA-qualified Chartered Accountant with extensive experience in financial management, transformation and business leadership. Nick brings deep technical expertise, a sharp analytical mindset and a collaborative leadership style, with a strong track record in delivering operational improvements, financial discipline and investor engagement across listed and private businesses.

### Experience

Nick began his career at KPMG, spending twelve years in audit and advisory roles before moving into industry. At e2v plc (later acquired by Teledyne), he served as Senior Director of Finance and Control, leading major restructuring and integration projects, driving margin improvement and working capital reduction and strengthening investor communications. He later joined S4 Capital, a listed digital advertising business, as Group Financial Controller, where he played a key role in transforming the finance function, rebuilding its financial infrastructure and controls. Nick holds a BA from St Anne's College, Oxford.

### External appointments

None



**Malcolm Swift**  
Senior Independent Director



#### Appointed

September 2023

#### Skills

Experienced Non-Executive Director with significant expertise in global consumer and B2B markets and international joint venture boards.

#### Experience

Malcolm brings a global business perspective acquired over a 30-year career. He was an Executive Committee member of McCormick & Co Inc, where his executive positions included President, Global Flavour Solutions, and Chief Administration Officer. From 2017 to 2023, he was a Non-Executive Director and, from 2019, Chair of the Remuneration Committee of Devro plc, and prior to this a Non-Executive Director of Stolt Sea Farm Holdings plc.

#### External appointments

Non-Executive Director of NovaTaste Group, Board adviser to Nactarome S.p.a., Chair of Governors at Caldicott School, Buckinghamshire.



**Jonathan Carling**  
Non-Executive Director



#### Appointed

January 2018

#### Skills

Extensive engineering, manufacturing, operational and business experience at board level, having led the development and production of a number of luxury cars and aero engines.

#### Experience

Jonathan was previously the CEO of Tokamak Energy Limited (a technology business developing a faster route to fusion power), COO for Civil Large Engines at Rolls-Royce plc, COO at Aston Martin Lagonda Limited, and Chief Engineer with Jaguar Land Rover Limited. Jonathan has extensive engineering, operational and business experience. He was also a Non-Executive Director of Aga Rangemaster Group plc between 2011 and 2015. He is a Fellow of the Royal Academy of Engineering.

#### External appointments

None



**Catherine Wall**  
Non-Executive Director



#### Appointed

May 2020

#### Skills

Skilled independent Chair and Non-Executive Director for private equity-owned, quoted and family companies. Sectors: industrials, business services, consumer.

#### Experience

Catherine has 30 years' experience in the private equity industry, primarily with Equistone Partners Europe, where she led numerous management buy-outs and later became UK Portfolio Partner supervising the management of all the business's UK investments. Catherine also has extensive industrial markets and Non-Executive Director experience, working with and helping develop many management teams to deliver ambitious growth plans.

#### External appointments

Trustee of the City of Birmingham Symphony Orchestra.



**Jack Clarke**  
Audit Committee Chair



#### Appointed

October 2025

#### Skills

Chartered Accountant (FCA) with extensive experience in finance, strategy and governance across international industrial and manufacturing sectors. Jack has a strong record of financial leadership, transformation and operational improvement within listed companies, bringing deep insight into risk management and business performance.

#### Experience

Jack was Chief Financial Officer of Essentra plc, a FTSE-listed global manufacturer of plastic and metal industrial components, until 2024. Prior to this, he served as Chief Financial Officer of Marshalls plc from 2014 to 2021, having previously held senior roles at AMEC (E&I), including Strategy Director and Chief Financial Officer. Jack began his career in professional services and is a Chartered Accountant.

#### External appointments

Non-Executive Director and Chair of the Audit & Risk Committee, Capita plc. Audit Chair and Board Trustee of the BWCA Trust, an academy trust for senior and junior schools in North and West Yorkshire.

## CORPORATE GOVERNANCE

### COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE



The Board recognises that being a well-managed business is important to our shareholders and stakeholders. Sound governance principles must permeate the entire organisation, providing a fundamental underpin to the process of value creation, value protection and value preservation. Governance drives the quality of decision-making that will help Zotefoams achieve its strategic objectives more efficiently and effectively and support long-term sustainable growth.

#### Dear Shareholder

Throughout the year, the Board has remained committed to its purpose of providing optimal material solutions for the benefit of society. Zotefoams continues to pursue a strategy of 'Expanding Beyond the Core', enabling access to a larger addressable market while maintaining disciplined capital allocation and a clear focus on investment returns.

The Board has a detailed programme of activities, ensuring that operational and financial performance, risk, governance, strategy, culture and stakeholder matters are discussed frequently, and supporting Directors' oversight and understanding. This ensures that the Board's discussions and decisions are appropriate for the business, our stakeholders and the markets in which we operate.

Strategy sessions are held annually and, in addition, business unit reviews led by the relevant Group Executive Team (GET) member are presented to the Board to enable Directors to better understand market trends, technology developments, our place in the lower-carbon economy, and people strategies. The culture, diversity and inclusion supporting the long-term planning and strategic direction of the Group are also explored during these sessions.

Key areas covered by the Board in 2025 included:

- the appointment of Simon Comer as the first Chief Strategy and Innovation Officer to lead innovation and strategic projects
- approving a Global Innovation Hub in the UK and a Footwear Innovation Centre in South Korea to develop breakthrough foam technologies
- the approval of a strategic partnership with Seoheung to support Zotefoams' investment in Asia
- the acquisition of Overseas Konstellation Company S.A., a leading producer of high-quality technical foams, to strengthen the Group's European presence.

→ **Further details may be found in our [S172\(1\) Statement page 47](#) and in our [Strategic Report page 3](#)**

I am pleased to present the report on corporate governance on behalf of the Board.

#### Our governance framework Governance

The business is managed in line with our [risk management framework page 39](#). The Company has due regard to best practice in governance matters.

#### Statement of compliance with the 2024 UK Corporate Governance Code

Throughout the financial year ended 31 December 2025, the Board has considered the contents and requirements of the Code and confirms that the Group has been compliant with the provisions of the Code in force throughout the year.

→ **The Code can be downloaded from the FRC website [www.frc.org.uk](http://www.frc.org.uk)**

→ **Further details are provided in this report, the [Board Committee reports page 83](#) and the [Directors' report page 116](#)**

The disclosures required by Disclosure and Transparency Rules DTR 7.2.6R have been provided in the Directors' report.

During 2025, the Board has assessed reporting requirements under the UK Corporate Governance Code 2024 (2024 Code) and is compliant with all relevant provisions dictated in the 2024 Code.

#### Accreditations

The Company is certified to ISO 14001:2015 (Environmental Management), ISO 45001:2018 (Occupational Health and Safety), ISO 9001:2015 (Quality Management) and ISO 27001:2022 (Information Security Management).

We follow ISO 14021:2016 when making environmental claims and have taken steps to gain independent accreditation for these. Further details are provided in our [Environment section page 52](#). The Cyber Essentials Plus certification, an in-depth and thorough independent assessment of our IT systems, was re-awarded in 2024 and we gained certification for the first time to ISO 27001 (Information Security Management Systems).

#### Policies

The Company has in place a wide range of ethical and control policies. Further details are provided in our [Social section page 61](#) and our [Environment section page 52](#).

## Roles and responsibilities

The Board's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls that enable risk to be assessed and managed. The Board sets the strategic aims of the Group, ensures that the necessary resources are in place to achieve the Group's objectives, and reviews management performance. The Board acts as the representative of the shareholders and other stakeholders and focuses on the governance of the Group. Management is delegated to the Executive Directors and GET.

As part of their role as members of a unitary Board, the Non-Executive Directors constructively challenge and develop proposals on strategy. The Non-Executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration for the Executive Directors and have a prime role in appointing and, where necessary, removing Executive Directors and in succession planning.

Three principal Committees report into the Board, functioning within defined Terms of Reference. These are the Audit, Remuneration and Nomination Committees.

→ **The Terms of Reference for these Committees are available on the Group's website [www.zotefoams.com](http://www.zotefoams.com)**

The Board has put in place a schedule of matters that are reserved for its determination or which need to be reported to the Board. This schedule is reviewed regularly and was last reviewed in May 2025.

The Chair is responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Chair is also responsible for ensuring that the Directors receive accurate, timely and clear information. The Chair facilitates the effective contribution of the Non-Executive Directors and ensures constructive engagement between Executive and Non-Executive Directors.

The Board considers that Lynn Drummond has sufficient time to devote to her role as Chair of the Company. Lynn Drummond is currently a Non-Executive Director of Stevenage Bioscience Catalyst and Puma AIM VCT plc.

The Group CEO is responsible for the running of the Group's business. He is supported by the Group CFO and the GET.

## Composition and diversity

The Board and its Committees acknowledge the benefits of diversity, including that of gender and ethnicity, and are committed to setting an appropriate "tone from the top" in such matters. Further details about the Board's approach to diversity may be found in our [Nomination Committee report page 88](#).

The structure, diversity and composition of the Board remain under review to ensure that we have the appropriate mix of skills and experience to best serve a dynamic, growing international company.

As at 31 December 2025, the Board comprised two Executive Directors, four independent Non-Executive Directors and the independent Non-Executive Chair. L Drummond was appointed to the Board on 17 January 2023 as Non-Executive Director and Chair Designate and became Chair on 24 May 2023.

D Robertson, who was appointed Senior Independent Director at the AGM held on 16 May 2018, retired on 31 December 2025.

M Swift was appointed Senior Independent Director with effect from 1 January 2026.

The Board considers both D Robertson and M Swift to be independent.

L Drummond is also Chair of the Nomination Committee and a member of the Remuneration Committee. Only the respective Committee Chairs and members are entitled to be present at meetings of the Remuneration, Audit and Nomination Committees, but others may attend at the invitation of the Committee Chair. During the year, the Chair met with the Non-Executive Directors regularly without the Executive Directors present and the Non-Executive Directors met without the Chair present to carry out a review of the Chair's performance, in line with the principles of the Code.

The Directors' tenures are as follows:

Director	Tenure at 31 December 2025
L Drummond	3 years and 0 months
R Cox	1 year and 7 months
N Wright	0 years and 3 months
M Swift	2 years and 3 months
J Carling	8 years and 0 months
C Wall	5 years and 7 months
J Clarke	0 years and 2 months

## Evaluation and development

A formal review of the performance of the Board and its Committees is carried out each year. The review of the Chair's performance is led by the Senior Independent Director, together with the other Non-Executive Directors in consultation with the Executive Directors.

The other Non-Executive Directors' performance is evaluated by the Chair in consultation with the Executive Directors. The GET's performance is evaluated by the Remuneration Committee in conjunction with the Group CEO (except in the case of the Group CEO, when the Group CEO is not present).

Having considered the merits of retaining the services of an external facilitator, the Board concluded that, given the Group's size, the Board's needs and recent Board changes, more benefit would be derived from carrying out a fully facilitated Board evaluation at a later date.

→ **Further details of the 2025 Board evaluation may be found in our [Nomination Committee report page 88](#).**

The review confirmed that the Board and its Committees remained effective and continued to fulfil their remit, that the matters reserved for the Board were up to date and that appropriate Committees' Terms of Reference were in place. All Directors contributed effectively and provided appropriate commitment to their role.

The Board considers that it is functioning well and that its current composition contains an appropriate balance and the diversity of views, qualifications, skills, experience and personal attributes necessary to carry out its duties and responsibilities.

Each month, all Directors receive management reports and briefing papers in relation to Board matters in a timely manner to ensure that they have due time to consider the information and act accordingly. New appointments to the Board receive an induction and, where appropriate, training. The Directors have access to the Company Secretary and independent professional advisers, at the Group's expense, if required for the furtherance of their duties.

The Directors also undertake continuing professional development activities through the year to support development areas identified through the Board evaluation process, as well as to keep themselves up to date with evolving rules, regulations and guidance.

The Directors' attendance at meetings of the Board and Committees is as follows:

Attendance at meeting	Board meetings		Audit Committee meetings		Rem. Committee meetings		Nomination Committee meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
J Carling	9	8	3	3	4	4	3	3
J Clarke <sup>1</sup>	2	2	1	1	1	1	0	0
R Cox	9	9	-	-	-	-	-	-
L Drummond	9	9	-	-	4	4	3	3
G McGrath <sup>2</sup>	8	8	-	-	-	-	-	-
D Robertson	9	9	3	3	4	4	3	3
M Swift	9	9	3	3	4	4	3	3
C Wall	9	9	3	3	4	4	3	3
N Wright <sup>3</sup>	2	2	-	-	-	-	-	-

1 J Clarke joined the Board on 28 October 2025.

2 G McGrath, who joined the Board on 1 December 2015, resigned on 31 October 2025.

3 N Wright joined the Board on 22 September 2025.

### Zotefoams' culture

The Board understands its role in overseeing Zotefoams' culture and ensuring that it aligns with strategy, values and stakeholder expectations. As tone-setter, the Board strives to reflect the Group's culture through its decisions and behaviour. In order to better inform its decision-making, the Board employs a variety of methods to assess, understand and oversee the Group's culture.

Led by a purpose of providing optimal material solutions for the benefit of society, Zotefoams has developed a set of values aimed at shaping the Group's cultural identity and influencing its culture: Courage, Impact and Respect. Further details are provided in our [CEO's review page 23](#) and our [Social section page 61](#). The Board places strong emphasis on embedding these values in the business and ensuring they are reflected in decision-making by staff throughout the Group.

The Board monitors how Zotefoams' culture has been embedded through regular updates from the Group CEO and Group Chief People Officer on social matters. In 2025, the Board noted a number of initiatives aimed at further embedding the Group's culture, including a comprehensive leadership programme, regular cross-regional forums, the appointment of Global Engagement Champions to support inclusion and feedback on culture throughout the Group, and global town hall events held throughout the year to allow all staff members to express their views on a wide range of topics, including culture. Board members also personally interact with staff members at regular intervals, including through site visits internationally. With the assistance of its Committees, the Board oversees the effectiveness of a number of Company policies in relation to Health and Safety, Modern Slavery, Whistleblowing, Diversity, Equity, Inclusion and Belonging, and other relevant matters.

The Board has concluded that satisfactory progress continues to be made towards embedding the appropriate culture in the Group in 2025 and has no concerns.

Details of the Company's approach to investing in and rewarding its workforce are provided in the [Directors' Remuneration report page 91](#).

### Relations with shareholders

Our communication strategy with shareholders is guided by the principle of effective and transparent engagement. To ensure that the Board, particularly the Non-Executive Directors, understands the views of the shareholders, the Group's corporate brokers provide summary feedback from the investor meetings, in particular from the meetings held following the interim and preliminary results announcements. Meetings between the Executive Directors and institutional shareholders are usually held twice a year following the announcement of the Group's interim and preliminary results, in August and March respectively. Other meetings are held at the request of institutional shareholders. In 2025, investors were invited to join the Company Chair and the Group CEO at a Capital Markets Day held in March. The Board also recognises the importance of engaging with individual shareholders, and the Executive Directors continue to hold presentations through the Investor Meet Company digital platform at least twice per year. The platform provides individual investors with the same opportunity for two-way engagement as institutional investors through live, interactive presentations as part of the investor roadshows. The Chair and the Senior Independent Director, as well as the other Non-Executive Directors, are available to meet institutional shareholders if requested. The Company also continued to keep shareholders abreast of developments within the business through Regulatory News Services announcements, including the Group CFO succession, a new strategic partnership with Seoheung Co. Ltd., an Executive appointment to support the Group's Asia investment, the acquisition of Overseas Constellation Company S.A. and Board changes.

Shareholder consultations on the proposals for the Directors' Remuneration Policy to be adopted at the 2026 AGM were held in 2025 and early 2026. These included an outline of the proposals being sent to the top 13 shareholders of the business, who at the time accounted for 58.4% of the shareholder base, and subsequent engagement by telephone or through online meetings, with feedback being taken into account to ensure the proposals were fully aligned with shareholders' expectations. Further details are provided in the [Directors' Remuneration report page 91](#).

The Annual Report, the AGM, the Group's website [www.zotefoams.com](http://www.zotefoams.com) and social media channels also support communication with investors. The Chairs of the Board Committees will normally be available at the AGM to answer questions.

### Internal control

#### Internal controls framework

In compliance with the UK Corporate Governance Code, the Board monitors the Group's risk management and internal control systems and, at least annually, reviews their effectiveness. The Board's monitoring covers all controls, including financial, operational and compliance controls. Bi-annually, the effectiveness and outputs of the risk management framework, as documented on the [Risk management and principal risks section page 38](#) of this Annual Report, are reviewed.

This is based principally on reviewing reports from management to consider whether significant and emerging risks are identified, evaluated, managed and controlled, and whether any significant weaknesses are promptly remedied. The Board, via the Audit Committee, also sets a rolling three-year, risk-based, internal audit plan and reviews the actions and closure of report findings. Annually, the Board receives a report from management on the key financial policies, processes and controls in place for the purpose of preparing the consolidated financial statements and reviews their effectiveness.

The Audit Committee assists the Board in discharging its review responsibilities.

During the course of its review of the internal control framework and the principal risks facing the Group, the Board did not identify, nor was it advised of, any failings or weaknesses it determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

Key elements of the Group's internal controls framework are listed below. In addition, the Board is aware of the requirements of Provision 29 of the Code and provides further details of the work done to date in this respect in the [Audit Committee report page 83](#).

#### Control environment

The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives. Overall business objectives are set by the Board and communicated through the organisation. Lines of responsibility and delegations of authority are clearly documented. The Group's ERP IT system is fit for purpose, well maintained and used whenever possible to automate controls, including the effective application of segregation of duties.

#### Control procedures

The Group has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and financial authority levels, and reviews by management, the Internal Auditor and the External Auditor. The effectiveness of these control procedures is tested by management, the Audit Committee and the Board.

A process of control self-assessment and hierarchical reporting has been established, which provides for a documented and auditable trail of accountability. These procedures are relevant across the Group and provide for successive assurances to be given at increasingly higher levels of management and, finally, to the Board. Planned corrective actions are independently monitored for timely completion.

#### Risk management

Management is responsible for the identification and evaluation of key risks applicable to its areas of business. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources.

The Group's risk management framework is detailed [here page 39](#).

#### Monitoring and corrective action

There are clear and consistent procedures in place for monitoring the system of internal financial and non-financial controls. The Audit Committee normally meets not less than three times a year and, within its remit, reviews the effectiveness of the Group's system of internal financial controls. The Committee receives reports from the External Auditor, Internal Auditor and management.

Non-financial controls are reviewed regularly in line with the risk management framework. Corrective actions are taken by the risk committees, and exceptions are reported to the Audit Committee.

#### Information and communication with the Board

The annual budget and quarterly forecast updates are a key part of the planning and performance management process and the Board reviews performance against these. In addition, the Board receives monthly management reports, which highlight financial results, performance against key performance indicators and significant activities and matters of note during the month under review.

Through these mechanisms, the performance of the Group is regularly monitored, risks are identified in a timely manner, their financial implications assessed, control procedures evaluated, and corrective actions agreed and implemented.

#### Accountability

The Board acknowledges its responsibility to give a fair, balanced and understandable view of the financial position and future prospects of the business. On behalf of the Board, and at the recommendation of the Audit Committee, I confirm we believe that the 2025 Annual Report presents a fair, balanced and understandable assessment of the Group's position, its performance and its prospects, as well as of its business model and strategy.

#### Annual General Meeting

Our AGM will be held at our UK foam manufacturing facility. Attendees will have the opportunity to meet the Board informally and ask questions. Further information is provided in our Notice of the 2026 AGM.

The Directors and I look forward to welcoming shareholders to the AGM.

**L Drummond**  
Chair

10 April 2026

# AUDIT COMMITTEE REPORT

## SUPPORTING GROWTH THROUGH A PERIOD OF CHANGE



During the year, the Audit Committee continued to assist the Board in fulfilling its oversight responsibilities by monitoring and robustly challenging the integrity of the Company's financial reporting.

### Dear Shareholder

As Chair of the Zotefoams plc Audit Committee, I am pleased to present my report for the year ended 31 December 2025.

During the year, the Audit Committee continued to assist the Board in fulfilling its oversight responsibilities by monitoring and robustly challenging the integrity of the Company's financial reporting, its risk management framework and the supporting systems of internal control. This report gives an overview of the activities undertaken and overseen during the year and explains how the Audit Committee has met the requirements placed on audit committees by the 2024 Code and applicable guidance, laws and regulations. In carrying out its duties, the Audit Committee also operated in accordance with recommendations set out in the FRC Guidance on Audit Committees which was published in

April 2016 and remains cognisant of updated FRC guidance, letters and reports that are relevant to the work of the Audit Committee. The Audit Committee's activities comprise a structured programme of work, much of which is recurring.

The three-year internal audit plan was reviewed and updated by the Committee during the year to reflect business priorities. Two internal audits on Croydon, UK and Brzeg, Poland, were carried out in 2025 and the review concluded that the control environment in both cases was effective, reflecting the local finance and operations teams' strong commitment and diligence in strengthening internal controls. Appropriate management actions have been implemented during the year to mitigate the issues identified, none of which were material.

Our work on Provision 29 of the Code is ongoing, and material controls have been identified, documented and categorised. The

population of material controls is dynamic and will be reviewed on a regular basis to reflect changes in principal and emerging risks, risk appetite, business activities and the regulatory environment.

The Audit Committee continued to act as a stable review influence across the accounting spectrum and reviewed several key executive management accounting decisions, while providing support and advice across compliance, cybersecurity and other emerging risk areas.

Finally, as Chair of the Audit Committee, I am pleased to engage with shareholders and continue to be available to meet if asked.

**J Clarke**  
Chair of the Audit Committee  
10 April 2026

### Roles and responsibilities of the Committee

The main responsibilities of the Audit Committee are:

- Ensuring the interests of shareholders are properly protected in relation to financial reporting, risk management and internal controls
- Monitoring the integrity of the financial statements and any formal announcements relating to financial performance
- Reviewing and challenging the accounting policies presented to the Board for approval
- Reviewing the internal control and risk management systems for effectiveness
- Monitoring and reviewing the effectiveness of the internal audit function
- Reviewing and making recommendations to the Board in relation to the appointment, terms of engagement and remuneration, independence and effectiveness of the External Auditor
- Challenging significant accounting judgements
- Agreeing the annual Risk Assurance internal audit plan and monitoring its delivery
- Monitoring the effectiveness of the compliance function and delivery of the compliance plan
- Monitoring and approving the engagement policy of the External Auditor to supply non-audit services
- Reviewing and discussing reports presented by the external auditor at each meeting.

### Membership and attendance

In line with the UK Corporate Governance Code 2024, the Committee comprises the four independent Non-Executive Directors and excludes the Company Chair. The members of the Audit Committee as at the date of signing this report are J Clarke (Chair), J Carling, M Swift and C Wall. D Robertson was the Chair of the Committee during 2025 until his retirement on 10 December 2025. The biographies of Directors in post as at the date of signing this report can be found in the [Board of Directors section page 77](#).

The Audit Committee has a planned calendar, linked to events in the Group's financial calendar. The Audit Committee met three times in 2025. Further details may be found in the [Corporate Governance section page 79](#).

### Other attendees

The External Auditor, Chair of the Board, other Non-Executive Directors, Group CEO, Group CFO, Group Financial Controller, Internal Control Manager and members of the Group Executive Team (GET) attended meetings by invitation, as appropriate.

During the year, the Audit Committee met the External Auditor without the Executive Directors being present.

The Audit Committee received presentations from the Group CEO, the Group CFO, Group Financial Controller, Internal Control Manager and Company Secretary.

The Company Secretary attended all meetings.

### Terms of Reference

The Terms of Reference provide a framework for the Audit Committee's work to review and oversee the quality, integrity, appropriateness and effectiveness of the activities listed below:

- Financial statements and external financial reporting
- Internal controls
- Significant financial judgements
- The compliance programme
- The efficacy of the internal audit function
- The risk management process and practice
- The relationship with, and performance of, the External Auditor.

### Governance

All the Audit Committee members are independent Non-Executive Directors and have financial, risk management or related business experience gained in senior positions at other large, diverse organisations.

D Robertson was Chair of the Audit Committee from his appointment in April 2018 until his retirement in December 2025, and the Board was satisfied that he had recent and relevant financial, risk management and control experience. J Clarke was appointed as the new Chair of the Audit Committee in December 2025 and brings considerable experience from executive CFO roles at Essentra plc and Marshalls plc, along with appropriate Audit Committee experience from chairing the Capita plc Audit Committee.

Other Audit Committee members also have relevant experience. Biographies of the Audit Committee members as at 31 December 2025 can be found in the [Board of Directors section page 77](#). The Board believes that the members of the Audit Committee are competent in the business sector within which Zotefoams operates. The Audit Committee supports the Board and reports to it following each of its meetings. No member of the Audit Committee has a connection with the current External Auditor.

The Audit Committee has independent access to the External Auditors and may obtain outside professional advice if required. The External Auditor has direct access to the Chair of the Audit Committee, and the Chair of the Audit Committee also liaises with the Group CFO, and other senior members of the finance function, as well as the Company Secretary as necessary, to ensure there is robust oversight and challenge in relation to financial control, risk management and compliance.

The Audit Committee agenda covers an annual cycle of items that addresses the requirements of the external audit and any other relevant matters, as detailed in the Audit Committee's Terms of Reference. The agenda cycle is reviewed annually to ensure that the Audit Committee remains proactive and relevant. Ensuring the integrity of the financial statements and associated announcements is a fundamental responsibility of the Audit Committee.

In recommending to the Board the approval of the 31 December 2024 Annual Report and the 30 June 2025 Half Year Report, the Audit Committee reviewed, examined and challenged the Group CFO and External Auditor on their respective assessments on such items as:

- the estimate and disclosure of acquisition consideration for the business of the Overseas Konstellation Company S.A.
- the adequacy and appropriateness of deferred tax recognition
- the presentation of revenue in the MEL business unit on closure of the business
- the appropriateness of disclosures to ensure the financial statements are fair, balanced and understandable.

The Audit Committee also challenged the External Auditor on the appropriateness of their audit coverage and their measure of materiality. As part of the process for the year ended 31 December 2025, the Audit Committee reported on its assessment of the financial statements so that the Remuneration Committee could consider

whether it needed to exercise its discretion when considering the out-turns for 2025.

During the year, the Audit Committee also considered Zotefoams' going concern assumptions and challenged the risk scenarios, the range of sensitivities applied and the potential impacts considered, in line with FRC guidance. The risk scenarios used for the year ended 31 December 2025 reflected the need to deliver complex strategic initiatives and sustainability improvements in the challenging global macroeconomic environment in which the Company operates, alongside areas regularly monitored by the business, such as operational and supply chain disruption, which remained common concerns. Following consideration of these assessments, the Audit Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate.

### Application of accounting policies

During the year, the Audit Committee reviewed the application of the Company's accounting policies, with particular focus on areas requiring significant judgement. The Committee assessed how key policies were applied in practice, including those involving estimation techniques, alternatives permitted under IFRS, and areas subject to management judgement, consistent with expectations under the Audit Committee Minimum Standard.

Specific attention was given to policies where choices existed, such as IAS12 "Income Taxes" and IFRS 3 "Business Combinations"; to ensure the rationale for selected treatments remained appropriate to the Company's operations and circumstances.

### Internal audit

The three-year internal audit plan was reviewed and updated by the Committee during the year to reflect business priorities. The Internal Auditor carried out a review of Zotefoams Poland in H1 2025, including the design and operational effectiveness of key business controls. The review concluded that the control environment was effective, reflecting the local finance team's strong commitment and diligence in strengthening internal controls. Appropriate management actions have been implemented during the year to mitigate the issues identified, none of which were material. These results demonstrate Zotefoams continued commitment to robust controls and process improvements.

A comprehensive review of inventory controls was conducted by the Internal Auditor in H2 2025, assessing both the design and operating effectiveness of controls. The review confirmed that the controls were effective and highlighted that the operational team demonstrated strong process knowledge and performed detailed and diligent daily inventory counts. A robust standard inventory costing and provisioning process was in place, and management is implementing scanners to reduce manual handling, with deployment planned for early 2026.

### Internal controls

A global programme of internal controls documentation and testing, led by the Internal Controls Manager, continued throughout the year. Building on significant progress achieved in previous years, the programme was further extended across the Group. Documentation of the control environment was completed for Zotefoams North America, Zotefoams Poland and the Group Functions. Control testing was carried out for the Group's largest entity, Zotefoams plc, supported by the robust process and control reviews completed by the internal audit for Zotefoams Poland. As a result of controls testing, processes continue to be enhanced to strengthen controls and improve operational efficiency, while maintaining an effective internal control system.

### Provision 29 of the UK Corporate Governance Code 2024

In response to the publication of the UK Corporate Governance Code 2024, the Company has made substantial progress in preparing for compliance with the requirements of Provision 29 for the financial year ending 31 December 2026.

The Audit Committee oversees the Group's risk management and internal control framework and reviews the principal risks and uncertainties disclosed in the Annual Report, which are aligned to the Group's strategic objectives. These risks reflect management's ongoing identification and assessment of

emerging risks across the Group, together with the mechanisms established to manage or mitigate them. Management provides regular updates to the Audit Committee on the effectiveness of the Group's risk management and internal control framework. This established governance structure, together with a top-down, risk-based approach, supports the identification of material controls and the effective management of key risks across the Group.

For the purposes of Provision 29, Zotefoams defines material controls as those controls that are critical to managing principal risks and which have a significant impact on the reliability of financial information or on the Group's ability to achieve its strategic objectives, considering the Group's risk appetite. Material controls have been identified, documented and categorised into operational, financial, reporting and compliance controls. They comprise a combination of entity-level controls, including Board and Committee oversight, delegated authority, and key policies and procedures, together with relevant transactional-level controls. The population of material controls is dynamic and is reviewed on a regular basis to reflect changes in principal and emerging risks, risk appetite, business activities and the regulatory environment.

During 2026, the Board, supported by the Audit Committee, will agree the nature and extent of testing and assurance required to support its assessment of the effectiveness of the Group's material controls. In forming this assessment, the Board will consider the assurance obtained from internal audit, the internal controls function and management self-assessment. This approach ensures that the Board's conclusion on the effectiveness of material controls is based on a robust combination of independent review, functional oversight and management evaluation.

### Other significant matters

The Audit Committee also considered the following significant matters during the year:

- reviewed the progress of the HR internal audit recommendations carried out in 2024 and ensured outstanding items were addressed
- ensured that sales and business development staff were reminded of the requirements of declaring gifts in line with the anti-bribery and corruption policy
- reviewed and agreed the scope of the audit work to be undertaken by the External Auditor
- agreed the fees to be paid to the External Auditor for its audit and work on the Annual Report and Interim Report
- undertook an evaluation of the independence, objectivity and effectiveness of the External Auditor, including ensuring auditor independence

and objectivity are safeguarded by the External Auditor in the provision of Interim review services, requiring pre-approval by the Committee

- reviewed a report relating to the potential misappropriation of goods in China; the case was dismissed due to other evidence
- reviewed company progress with regards to Provision 29, noting the strong progress made in reviewing the effectiveness of material control across all aspects of the control framework
- received updates from executive management on the separation of the UK operating company from the holding company, reviewing key highlights and decisions
- discussed with executive management the evaluation of their engagement with the External Auditor on the FY 2024 audit
- considered the views of both the External and Internal Auditor on the effectiveness of the Group's internal financial controls
- reviewed a fraud of low value within the business, relating to promotional items given by suppliers; the individual involved was dismissed from the business and reported to police
- considered the provisions of the 2018 UK Corporate Governance Code and the FRC Guidance on Audit Committees with respect to the 2025 Annual Report
- ensured that the 2025 Annual Report included disclosures in line with the FCA listing rule LR 6.6 which implements the recommendations of the TCFD
- satisfied itself that the Sustainability Accounting Standards Board (SASB) framework, implemented through the risk management framework, ensured that all business risks relating to sustainability, including climate change risks, were identified, assessed and treated at each of the appropriate Control Committees within the Group. Further details about Zotefoams' ESG framework may be found [here page 49](#)
- reviewed a paper on the accounting treatment of key accounting issues anticipated in the 2025 Annual Report, including the hive-down of the UK operating business and impairment of intangible/right of use assets, and concluded that the accounting treatments proposed are appropriate
- approved a new delegation of authority policy, simplifying the previous policy by assigning limits to Group Executive Team members and giving them authority to delegate limits where appropriate
- received an update on cyber security, agreeing that the sustained threat environment justified ongoing investment in defensive technologies and user capability to protect the Company's data.

### External Auditor

During the year the Audit Committee:

- performed a debrief on the 2024 external audit process with the External Auditor, PKF
- agreed the terms of engagement and fees to be paid to the External Auditor
- reviewed and agreed the scope of the audit work to be undertaken, with changes to sites in scope reflecting the change in the shape of the Company
- reviewed the qualifications, resources and independence of the External Auditor and assessed its performance with regard to the overall quality of the external audit
- reviewed the level of non-audit work carried out by the External Auditor which, during 2025, was limited to an interim review of the half year financial statements.

### Assessment of the External Auditor

The Audit Committee is dedicated to ensuring that the Company receives a high-quality and effective external audit. Throughout the year, the Audit Committee is provided with reports, reviews, information and advice, as set out in the terms of the External Auditor's engagement, and performance is formally assessed by the Audit Committee. The Audit Committee assesses the External Auditor's independence annually and remains satisfied that the External Auditor is effective and provided appropriate independent challenge.

### External audit tender

The External Auditor was originally engaged by the Company in 2020 following a competitive tendering process. The External Auditor is engaged to express an audit opinion on the truth and fairness of the financial statements. The external audit includes the review of the system of internal financial controls and the data contained in the financial statements to the extent necessary. In order to protect independence and objectivity and provide fresh challenge to the business, the External Auditor periodically changes the audit partners at a Group, regional and country level, in accordance with professional and regulatory standards. Hannes Verwey was welcomed as the new Group audit partner during 2025. Such changes are carefully planned to ensure that the Group benefits from staff continuity without incurring undue risk of inefficiency.

The Company has discussed the rotation of the External Auditor and continues to consider, on a regular basis, any potential benefits from tendering the audit process, having regard, in particular, to the importance of audit quality or the continued independence of the External Auditor. There are no contractual obligations in place that restrict the Company's choice of statutory auditor.

The Company is satisfied with the performance of PKF but will continue to monitor their performance and is aware of the requirement for FTSE 350 companies to tender their audit once every ten years. The Company will provide an update if its strategy changes. The Company has complied throughout the year with the Statutory Order 2014 issued by the Competition and Markets Authority.

### Significant accounting judgements

The Audit Committee challenged management and the External Auditor on their judgement and the application of relevant financial reporting standards for certain significant accounting matters. These included:

#### Purchase Accounting for Overseas Constellation Company S.A. ("OKC")

In November 2025, Zotefoams plc acquired OKC for up to €36.0m in cash, with an upfront payment of €27.6m and a deferred element of up to €8.4m.

The goodwill/intangible assets on acquisition have been calculated based on purchase price accounting in accordance with IFRS 3 as the difference between the total consideration and the calculated net assets at the time of purchase, please refer to [note 4 page 145](#).

#### Deferred tax

In Poland the operating subsidiary has a tax exemption as it has complied with the requirements of the Special Economic Zone ("SEZ") in Poland. The business has made small profits in the past and these profits are expected to be significant in the future.

The Committee has closely monitored the deferred tax position in Poland, and it was agreed in 2024 in discussions with our External Auditor that no recognition was necessary, given the historic profit level and the outlook for the future. The position has improved in 2025, with another year of proven profit and a strong economic outlook for the future.

The Committee agrees with executive management and the External Auditor that an asset should be recognised in 2025 of £3.6m, reflecting both the improved economic outlook for the subsidiary and that it is probable that taxable profit will be available so that the unused tax credit will be fully utilised over time.

### MEL

The Audit Committee have discussed MEL and agreed that a provision of £0.9m should be reflected in the accounts, relating to patent costs not foreseen at the time of the previous annual report.

### Vietnam joint venture

The Group continues to progress the establishment of its strategic partnership in Vietnam with Seoheung, as previously announced on 5 August 2025. At year end, the legal entity remained in formation pending completion of local administrative steps and the receipt of required Vietnamese approvals. Discussions with the partner on finalising the strategic partnership were ongoing at the balance sheet date. The structure will be controlled by Zotefoams and therefore consolidated in the Group's financial statements.

### FRC review

The Zotefoams plc 2024 Annual Report was included in the FRC's thematic review of reporting by UK smaller listed companies. The review resulted in two minor observations on the cashflow disclosures, both of which have been addressed.

### Pension assumptions

The Audit Committee assessed the appropriateness of the key assumptions used by management to value the pension liability and is satisfied that these are appropriate, with the historical deficit being eliminated as part of 2025 reporting.

### Hive-down of UK operating business

The Audit Committee reviewed and received presentations from management on the hive-down of the UK operating business from Zotefoams plc and reviewed the accounting and finance impact of the project, including banking arrangements and key risks. The project was successfully completed in January 2026.

### Going concern

During the year, the Audit Committee also considered the adequacy of the Group's Long-Term Viability Statement and going concern, and challenged the risk scenarios, the range of sensitivities applied, and the potential impacts considered, in line with FRC guidance. The risk scenarios used for the year ended 31 December 2024 reflected the need to deliver complex strategic initiatives and sustainability improvements in the challenging global macroeconomic environment in which the Company operates, alongside areas regularly monitored by the business, such as operational and supply chain disruption, which remained common concerns across our three regions.

The External Auditor challenged the Audit Committee on the process used to make the assessment and the outcome of the scenarios. The AC, on behalf of the Board, also challenged management on the assumptions and sensitivities used within the scenarios to ensure they captured sufficient macro and micro environmental factors, as well as where judgement had been applied. Management provided this assurance and explained to the Audit Committee that the scenarios had been carefully calculated, with dedicated resource provided to test the range of outcomes. The Audit Committee was satisfied that the process used to assess the Group's going concern position was appropriate and made a recommendation to the Board in line with this view.

### Change in Audit Committee Chair

In December 2025, D Robertson retired from the Board after serving as Chair of the Audit Committee since 2017. The Board wishes to express its sincere appreciation for D Robertson's significant contribution to strengthening the Group's financial reporting, risk management, and internal control frameworks during his tenure. In preparation for this transition, J Clarke was appointed to the Board in October 2025 and has worked closely with D Robertson to ensure a smooth handover. The Committee remains committed to maintaining robust governance and oversight under J Clarke's leadership.

# NOMINATION COMMITTEE REPORT

## BOARD CHANGES TO SUPPORT GROWTH ACCELERATION



I am pleased to present my report on the activities of the Nomination Committee in 2025.

The role of the Nomination Committee is to lead Board and executive succession planning in alignment with the long-term strategy of the business.

### Dear Shareholder

In 2025, the Committee reviewed the balance of skills, knowledge, experience and diversity to maintain robust and effective challenge to and stewardship of the Group's purpose and strategy and managed a number of directorate changes. Following G McGrath's decision to retire, a CFO succession process was carried out, concluding with the appointment of N Wright in September 2025. Reaching the end of a nine-year tenure, D Robertson stepped down from the Board at the end of the year. He was replaced as Audit Committee Chair by J Clarke, appointed as a Non-Executive Director in October 2025. Effective 1 January 2026, M Swift took the role of Senior Independent Director. Further details of the appointments process are provided below.

Zotefoams' Group Executive Team (GET) was refreshed in 2025. Further details are provided in the [Chair's Statement page 22](#).

The Board is focused on the continuous improvement of its performance. This year, the Nomination Committee engaged Teneo to bring greater objectivity and fresh insights to the annual Board evaluation process. Further details are provided below. The Board concluded that it had operated effectively in 2025 and would continue to address areas identified for further development.

Recognising that a people strategy sits at the core of the future of the Group, the HR function engages regularly with the Board and is represented on the GET, and in risk steering committee meetings, which focus on the mitigation of HR risks and the identification of opportunities that might impact and support the Group's achievement of its business objectives. These matters include the consideration of diversity at Group level, employee engagement and effective succession planning. The GET is also provided with regular updates, and reports are presented to the Board at least twice a year on HR strategic matters.

The Committee is satisfied that the separation of Executive and Non-Executive roles at the head of the Group has been maintained, with the Company Chair being responsible for leading the Board and the Group CEO being responsible for the executive leadership of the business.

→ Further details are provided in the [Corporate governance page 79](#).

The Committee will continue to focus on succession planning and talent development over the long term in 2026.

**L Drummond**  
Chair of the Nomination Committee  
10 April 2026

### Board appointments

Appointments to the Board are proposed by the Nomination Committee and approved by the Board. New appointments are made on merit against objective criteria, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the benefits each candidate can bring to the overall Board composition. Search consultants selected by Zotefoams are required to cast their search sufficiently broadly to identify the best candidates, regardless of background. Care is taken to ensure that appointees, as well as the existing Directors, have sufficient time to devote to their roles.

### Board induction

The new Group CFO and the new Audit Committee Chair both followed a comprehensive induction programme designed to provide a thorough introduction to the business.

#### Induction programme

- Meetings with the Company Chair and Non-Executive Directors
- Meetings with the Group CEO, exiting Group CFO and GET members
- Risk management briefing
- Directors' duties and governance training from the Group Company Secretary
- Compliance training, including data protection, anti-bribery and corruption, modern slavery and insider trading

- Briefing on the stance of key shareholders
- Meeting with auditors, brokers, PR advisers and solicitors.

In addition, the new Group CFO visited Zotefoams' Polish and US subsidiaries and Overseas Konstellation Company S.A. ("OKC") following its acquisition by Zotefoams. He has also engaged extensively with the Company's External Auditor, bankers, pension trustees and tax advisers.

## Diversity

The Board recognises that cognitive and experiential diversity can enable a wider perspective in decision-making and last reviewed its Board Diversity Policy in March 2024 in order to align it with the UK Listing Rules and best practice. The Board Diversity Policy sits alongside the Equality, Diversity and Inclusion Policy which sets out Zotefoams' broader commitment to diversity and inclusion. The Group's diversity figures and current diversity initiatives are provided in our [Social section page 61](#).

Under Listing Rules LR 9.8.6R(9) and LR 14.3.33R(1), Zotefoams plc is required to confirm whether the Company has met the following diversity targets:

- at least 40% of the Board should be women
- at least one of the senior Board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) should be a woman
- at least one member of the Board should be from a minority-ethnic background.

The reference date used for the purposes of this disclosure is 31 December 2025. At the end of 2025, our Board comprised five male and two female Directors, giving an overall female membership of 29%. All Board members are from a white ethnicity background. The Board members have gained their business experience across a broad range of industries, covering industrial, engineering, energy, education, medical, food, intellectual property and financial services, which results in significant collective knowledge of business practices and a high degree of international exposure. The Board also benefits from the broad cultural, educational and professional backgrounds of its members.

A female Board Fellow from an ethnic minority background, appointed in May 2024, concluded her tenure in October 2025.

In line with the Board Diversity Policy and the Equality, Diversity and Inclusion Policy, the Company will continue to strive to improve its ethnic and gender diversity. It is acknowledged that, in periods of Board change, there may be times when these thresholds are not maintained. As of the date of approval of the Annual Report, the above diversity targets have not been met.

The search processes undertaken in 2025 considered the following.

### Audit Committee Chair

Twelve candidates, 42% of whom were females and none of whom were from a minority-ethnic background. The final shortlist comprised three males and two females from a white ethnicity background. A male from a white ethnicity background, J Clarke, was selected.

### Group CFO

99 candidates, 25% of whom were females and 6% of whom were from a minority-ethnic background. The final shortlist comprised ten males and two females from a white ethnicity background. A male from a white ethnicity background, N Wright, was selected.

Both appointments were made on merit against objective criteria, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the benefits the candidates could bring to the overall Board composition. The search processes undertaken were fair and took into consideration the aspirational targets set by the Hampton-Alexander review and the Parker review.

### Board evaluation

Following the adoption of a new strategy in 2024, the Board is focused on building sustainable success to create long-term shareholder value. An in-depth evaluation carried out by Teneo, an independent advisory firm, has confirmed that overall the Board is functioning well and is aligned with the Company's values, and that its current composition contains an appropriate balance and diversity of views, qualifications, skills, experience and personal attributes necessary to carry out its duties and responsibilities. A number of areas of development were identified through the review, including:

- a refinement of management information provided to the Board
- the introduction of additional Board employee engagement initiatives
- enhancing risk governance through the Audit Committee.

Each month, all Directors receive management reports and briefing papers in relation to Board matters in a timely manner to ensure that they have sufficient time to consider the information and act accordingly. New appointments to the Board receive an induction and, where appropriate, training. The Directors have access to the Company Secretary and independent professional advisers, at the Group's expense, if required for the furtherance of their duties.

The Directors also undertake continuing professional development activities through the year to support development areas identified through the Board evaluation process, as well as to keep themselves up to date with evolving rules, regulations and guidance.

### Key areas of focus

The Nomination Committee comprises the Chair and the four independent Non-Executive Directors as at 31 December 2025. The members of the Nomination Committee on 31 December 2025 were L Drummond (Chair), J Carling, J Clarke, M Swift and C Wall. D Robertson, who was a member during 2025, retired on 10 December 2025.

The biographies of the Committee's members in post as at 7 April 2026 can be found in the [Board of Directors section page 77](#).

The Non-Executive Directors' independence is reassessed annually through the review of a personal declaration.

The Nomination Committee operates within defined Terms of Reference and is responsible for putting in place succession plans for the Board, reviewing the continuation in office of the Directors and managing the recruitment of new Board members within criteria set by the Board. The Committee met three times in 2025 as detailed in the [Corporate Governance report page 79](#). In addition, the Chair and D Robertson held informal discussions and a number of meetings with Teneo in relation to the search for a Non-Executive Director and a Group CFO. The Committee is supported by the Company Secretary in planning its activities, monitoring best practice and meeting its Terms of Reference.

The main responsibilities of the Committee are to:

- evaluate and review the structure, size and composition of the Board, including the balance of skills, knowledge, experience and diversity of the Board, taking into account the Group's risk profile and strategy
- identify and nominate suitable candidates for appointment to the Board, including the Chair of the Board and its Committees, against a specification of the role and capabilities required for the position
- lead on the annual performance evaluation of the Board and its Committees
- identify and manage any potential conflicts of Directors' interests
- review the external interests and time commitments of the Directors to ensure that each has sufficient time to effectively discharge his/her duties

- manage succession planning for the GET and Non-Executive Directors
- seek engagement with shareholders on significant matters related to the Committee's areas of responsibility when appropriate to do so.

During 2025, the Committee:

- engaged Teneo to carry out a Board evaluation
- recommended the appointment of a new Group CFO and a new Non-Executive Director
- arranged for the Board to review diversity considerations in succession planning, having regard to the requirements of the Hampton-Alexander review and the Parker review, and agreed compliance with Listing Rules LR 9.8.6R(9) and LR 14.3.33R(1) in relation to the Board diversity

- kept the composition of the Board and its Committees under review
- considered and recommended to the Board the re-election of each Director ahead of their re-election by shareholders at the Company's 2025 AGM
- continued to review succession and development plans for the GET and wider senior management team to ensure that a suitable talent pool remained in place and continued to be nurtured to meet the Group's strategic objectives
- ensured that, at least annually, the Non-Executive Directors met without the Executive Directors present.



Scan the QR code to see the Board Diversity Policy  
[zote.info/3UE6Deb](https://zote.info/3UE6Deb)



Scan the QR code to see the Equality, Diversity and Inclusion Policy  
[zote.info/4aJXV4f](https://zote.info/4aJXV4f)

## DIRECTORS' REMUNERATION REPORT



Our Executive team has led the delivery of record profit before tax and significant strategic milestones as detailed in our Strategic Report. These strong outcomes are reflected in the 2025 incentive awards. Under the leadership of our Group CEO, R Cox, and Group CFO, N Wright, we are accelerating our growth ambitions through our refocused Expanding Beyond the Core strategy, including market vertical transformation and strategic acquisitions.

At this critical juncture in our strategic journey, our refreshed Remuneration Policy is designed to attract, retain and incentivise high-calibre executives. It embodies a "more for more" philosophy, enabling greater reward for more stretching performance that is directly aligned with our long-term Capital Markets Day targets and, crucially, with enhanced shareholder value creation.

### Dear Shareholder

As Chair of the Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 December 2025.

Our report describes the work of the Committee, how it has applied our Remuneration Policy ("Policy") that was approved by shareholders at the 2023 AGM and sets out the Committee's proposals for changes to that Policy that will be subject to a binding shareholder vote at the 2026 AGM. The proposed Policy is set out in the [Directors' Remuneration Report page 92](#) and a summary of how this will be implemented for the year ending 31 December 2026 is included in the [Directors' Remuneration Report page 104](#). The remainder of the report sets out the annual report on remuneration detailing how the current Policy was applied over the year ended 31 December 2025.

### Strategic and business context

As detailed in our Strategic Report, the Group has delivered full year revenue of £158.5m (2024: £147.8m), representing robust year-on-year growth of 7.2%. Adjusted profit before tax is £21.2m (2024: £15.3m), up 38.6%, marking another Group record and ahead of market expectations.

The Group's balance sheet remains strong, reflecting good operational cash generation and working capital management, which have supported strategic capital investment and the acquisition of Overseas Konstellation Company S.A. (OKC). This is our first significant transaction under our Expanding Beyond the Core strategy, which is performing well and is expected to make a meaningful contribution to the Group. We have also agreed a new £90m multi-currency revolving facility agreement with a £30m accordion option, replacing the current £50m facility. This will provide funding to support our strategic objectives and disciplined approach to capital allocation, including the ongoing strategic investments and selective M&A in line with our focused criteria.

Underpinning this record performance is our refreshed strategy, Expanding Beyond the Core, which has evolved to accelerate our growth ambitions. Our commercial transformation into three core market-focused verticals – Consumer & Lifestyle, Transport & Smart Technologies, and Construction & Other Industrial – continues to progress well. Our pipeline of opportunities is growing across all three verticals, enabling us to better serve our customers' complete needs and unlock additional value through comprehensive solutions, driving sustained organic growth well ahead of underlying markets.

Our long-term ambitions were highlighted at our March 2025 Capital Markets Day, where we outlined our stated targets for FY2029 including Group revenues to exceed £230m–£250m, operating profit of 18%–20% and return on capital employed of over 20%. While we recognise that navigating mixed market conditions means delivery may not be linear, we remain confident that our strategy will unlock significant value and deliver sustained growth.

### Incentive outcomes

#### Annual bonus

The 2025 annual bonus was subject to a balanced mixture of financial and non-financial performance measures, directly aligned with our key strategic priorities. As detailed in last year's Remuneration report, for 2025, the financial portion of the annual bonus was increased from 65% to 70% of the maximum bonus. The weighting was: 60% linked to profit before tax, 10% on net working capital as a percentage of sales, 10% based on performance against ESG-related metrics and 20% based on individual/strategic objectives.

Based on performance against these stretching measures, our Group CEO, R Cox, earned a bonus of 100% of salary, and our new Group CFO, N Wright, earned a bonus of 100% of salary. N Wright joined the Company on 22 September 2025 as Group CFO Designate and was entitled to a pro-rated bonus from his date of joining to 31 December 2025.

Our former Group CFO, G McGrath, resigned from the Board on 31 October 2025 and remained an employee until 28 February 2026. He earned a bonus of 98.9% of salary, pro-rated for his period of active service.

A detailed description of performance against the targets is set out [here page 108](#). In line with our policy, 33% of the bonus earned for the year ending 31 December 2025 is deferred into shares for three years under the Deferred Bonus Share Plan (DBSP).

#### 2023 Long-Term Incentive Plan (LTIP) award outcomes

The Group achieved adjusted earnings per share (before exceptional items and excluding MEL) of 33.93p<sup>1</sup> in 2025, exceeding a maximum target of 31.01p. We also delivered relative total shareholder return (TSR) performance between median and upper quartile against the FTSE SmallCap Index (excluding investment trusts) over the three-year performance period. The return on average capital employed (ROACE) of 16% (before exceptional items and excluding MEL) also exceeded the maximum target of 15%. However, the level of sustainable product development was below the minimum target of 4% of revenue. Consequently, the Committee determined that 76.17% of the LTIP award granted in 2023 would vest.

In line with good governance practice, these incentive outcomes were reviewed in the broader context of the stakeholder experience. Given the underlying financial performance of the Group and the significant progress made to position Zotefoams for long-term success, the Committee concluded that the formulaic outcomes for both the annual bonus and LTIP were an appropriate reflection of performance delivered and the wider stakeholder experience (including, but not limited to, the shareholder experience). Therefore, the Committee did not exercise any discretion to adjust these outcomes during the year. The Committee also considered whether any malus and clawback triggers should be activated and confirms that no recovery provisions were operated during the year.

#### 2025 LTIP awards

An LTIP award was granted to our Group CEO, R Cox in April 2025 at a level of 150% of salary.

Our Group CFO, N Wright, will also be granted an LTIP award in respect of 2025. As the Company was unable to make the 2025 LTIP grant to N Wright during 2025, his 2025 LTIP award will be granted in 2026. He will receive 27/36<sup>th</sup> of 150% of salary in respect of 2025, reflecting his start date of 23 September 2025.

Recognising that our former Group CFO, G McGrath, remained in role until 31 October 2025, he was also granted a 2025 LTIP award at 150% of salary. Reflecting his long service and contribution to the business, the Committee exercised its discretion to grant "good leaver" status for the purposes of determining the treatment of his outstanding DBSP and LTIP incentive awards. His outstanding DBSP awards will be retained and will vest on their usual vesting dates with no acceleration. His outstanding LTIP awards will vest on their usual vesting dates, pro-rated for the period to the end of his employment and tested for performance in the usual way. Full details of the remuneration arrangements on termination of employment for G McGrath are detailed [here page 106](#).

2025 LTIP awards are based 45% on adjusted EPS growth, 15% on ROACE, 5% on sustainable product development, and 35% on relative TSR against the FTSE SmallCap Index (excluding investment trusts). Further details, including the performance targets, are set out [here page 99](#).

#### Investor engagement and the new Directors' Remuneration Policy

In 2025, the Committee has focused on the review and evolution of our Policy, which we will ask shareholders to approve at our AGM on 27 May 2026, in line with the normal three-year renewal cycle.

We are committed to aligning shareholder and executive interests, maintaining an open and transparent dialogue with our shareholders on executive pay and listening to your views. The Committee consulted with the Company's 13 largest shareholders in Q4 2025 and Q1 2026, representing approximately 58.4% of the register, as well as the main proxy voting advisory agencies, on our Policy proposals. We met with those shareholders who wished to discuss the proposals in more detail and responded in writing to those requesting more information. We are pleased to report that shareholders who provided feedback were broadly supportive of the proposals in relation to the approach described below.

This approach is specifically designed to ensure our Executive Directors and other senior management are incentivised to deliver our ambitious strategic aims and drive shareholder value.

#### Key changes proposed and implementation of new Remuneration Policy in 2026

Our overarching aim is to ensure our executive remuneration remains competitive and appropriately incentivises the delivery of our ambitious strategy and long-term shareholder value.

At the last Policy review three years ago, our focus was on repositioning base salaries, which were below the lower quartile of relevant peers, and implementing only a modest increase to the incentive opportunity (bonus and LTIP combined) from 225% of salary to 250%.

Executing our ambitious strategy requires a step change in the size and scale of the business. Based on the CEO and CFO's current market positioning, a key principle for this new Remuneration Policy review is to adopt a "more for more" framework. This framework enables greater reward for more stretching performance, directly aligned with our long-term Capital Markets Day targets and the creation of significant shareholder value.

This will be delivered through a one-off transformation long-term incentive award for 2026, designed to operate alongside the existing LTIP and only activated to the extent that the core LTIP targets are achieved. This transformation mechanism is specifically linked to the delivery of our Capital Markets Day ambitions and ensures management is focused on delivering the building blocks of real change under our strategy, in turn driving a material increase in the share price. The annual bonus opportunity will also be increased for our Group CEO, R Cox, by 50% of salary for 2026.

<sup>1</sup> Based on excluding MEL losses and adjusting for a constant tax rate of 19%.

Proposed approach	Rationale
<b>Modest base salary increases for 2026 – in line with wider workforce</b>	<p>The base salaries for the Group CEO and Group CFO will be increased in line with the base salary increases for the wider workforce on 1 April 2026 (3.5%).</p> <p>Under the new Policy, executives will have a more geared package, emphasising our pay-for-performance culture.</p> <p>We will keep salary levels under review in future years to ensure they remain appropriate for the evolving size and scale of the business and do not fall behind the market. We may consider making more substantial increases in future years where this is warranted by sustained high performance, but this would be subject to review and communication with shareholders.</p>
<b>Increase maximum annual bonus for 2026 our Group CEO, R Cox, from 100% of salary to 150%</b> <p>Given our Group CFO, N Wright, has recently been recruited, his annual bonus will remain at 100% of salary for 2026 (with scope to increase his annual bonus future years up to 150% of salary).</p>	<p>This increase reflects R Cox's exceptional performance and his significant contribution to the Group since he joined as Group CEO Designate on 2 April 2024. This change positions his total maximum compensation around the median (excluding the 2026 transformation award), ensuring we remain competitive for a leader of his calibre.</p> <p>Given his recent appointment, no changes are proposed to the annual bonus for N Wright at this stage, but the Policy has been drafted flexibly to allow increases in future years once he is established in the role. Any increases would be communicated to shareholders in advance, where practical.</p>
<b>No change to the maximum core LTIP award, which remains at 150% of salary</b> <p>The measures for the core LTIP for 2026 will continue to be EPS growth (45%), relative TSR (vs constituents of the FTSE SmallCap Index excluding investment trusts), (35%), ROACE (15%) and ESG (5%). We already set stretching targets for these metrics.</p>	<p>We did consider increasing the core LTIP opportunity level and the stretch in these targets. However, we concluded that this would not align directly with the purpose of the transformation mechanism, which is specifically designed to drive the Group's transformation and unlock a step change in value creation.</p> <p>For EPS and ROACE, while crucial, the delivery of increased earnings and ROACE does not always directly translate to a significant increase in the Zotefoams share price or immediate shareholder returns.</p> <p>For relative TSR, setting targets that require performance above upper quartile level would not be appropriate as this would likely be more dependent on the performance of other companies rather than the progress of Zotefoams' transformation, thereby reducing the direct link between management actions and remuneration outcomes.</p> <p>As set out below, we believe the introduction of a transformation mechanism alongside the core LTIP for 2026 is strongly aligned with shareholder interests, as it requires Zotefoams to deliver on both the core LTIP targets and to unlock significant shareholder value.</p>
<b>One-off transformation mechanism introduced for 2026 LTIP awards</b> <p>As illustrated below, this will operate as a multiplier to the 2026 LTIP award based on achieving stretching levels of absolute TSR.</p> <p>For the CEO this would be a 2.0x multiplier (i.e. an additional 150% of salary) and for the CFO 1.8x (i.e. an additional 120% of salary).</p> <p>The maximum award for 2026 (150% of salary core award x 2 multiplier = 300% of salary for the CEO and 150% salary core award x 1.8 multiplier = 270% of salary for the CFO) only vests if we deliver BOTH the stretching EPS, ROACE, relative TSR and ESG targets under the core 2026 LTIP (including upper quartile relative TSR performance) AND 25% p.a. TSR growth (which equates to a doubling of the share price).</p>	<p>Executives will only receive value from this additional element if significant, tangible shareholder value is delivered.</p> <p>The one-off transformation mechanism is also only activated to the extent that the core LTIP targets are achieved.</p> <p>Given the strong performance delivered and the potential for this momentum to continue, we believe now is the right time to incentivise a step change in value creation.</p> <p>Notwithstanding our continued strong performance in 2024 and 2025, our share price has not risen at a commensurate level in recent years, for reasons largely beyond management's immediate control. The transformation mechanism is designed to address this directly by focusing on material share price growth.</p> <p>Measuring the transformation mechanism on growth in absolute TSR ensures that management is focused on delivering the building blocks of real change under our strategy, in turn driving a material increase in the share price. This is a simple, transparent measure that is easily understood internally and externally.</p>
<b>Targets for the transformation mechanism are stretching</b> <ul style="list-style-type: none"> <li>- <b>Threshold</b> (i.e. 1.0x multiplier, or no increase to core LTIP outcome) – 10% p.a. TSR growth. Based on an assumed share price of c. £4.00 at the end of 2025, this would require a share price of c. £5.30 by the end of 2028.</li> <li>- <b>Maximum</b> (i.e. 2.0x multiplier for CEO and 1.8x multiplier for CFO) – 25% p.a. TSR growth. Based on an assumed share price of c. £4.00 at the end of 2025, this would require a share price of c. £7.80 by the end of 2028 – i.e. around a doubling of the share price.</li> <li>- The multiplier will apply on a straight-line basis between these two points.</li> </ul>	<p>We chose absolute TSR because it directly focuses management on delivering a material increase in the share price, aligning executive reward with direct shareholder returns. It is also a simple and easily understood measure.</p> <p>We considered relative TSR but deemed it unsuitable for this specific mechanism due to challenges in constructing a robust peer group and the risk of rewarding low performance if the low standard of performance is merely better than peers. Achieving the proposed levels of absolute TSR demands a step change in our business's value. Additionally, we already use relative TSR (vs constituents of the FTSE SmallCap Index excluding investment trusts) in our core LTIP.</p> <p>Recognising that the transformation mechanism is designed to reward outperformance, the Committee has set absolute TSR targets at more stretching levels as is typical market practice:</p> <ul style="list-style-type: none"> <li>- The threshold target of 10% p.a. TSR growth was set at the upper quartile of typical threshold absolute TSR targets in the FTSE All-Share Index. Typical target for threshold vesting: 8% p.a. TSR growth at median (interquartile range of 7%–10%).</li> <li>- The maximum target of 25% p.a. TSR growth was set above the upper quartile of typical maximum absolute TSR targets in the FTSE All-Share Index. Typical target for maximum vesting: 15% p.a. TSR growth at median (interquartile range of 12%–25%).</li> </ul>

**Illustration of the one-off transformation mechanism**

2026 core LTIP award

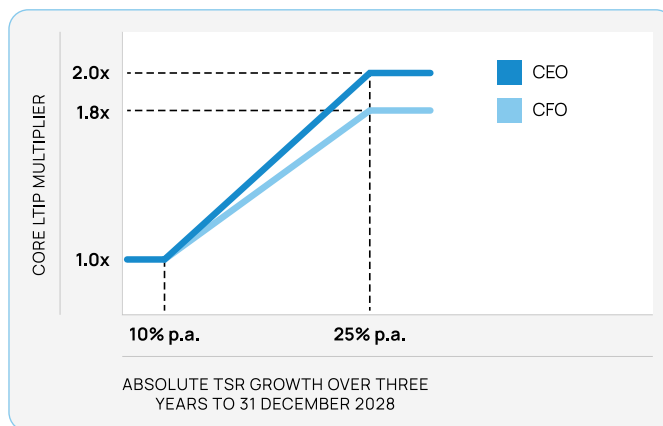
Measure	Weighting
EPS growth	45%
Relative TSR <sup>1</sup>	35%
ROACE	15%
ESG	5%

<sup>1</sup> Measured on a ranked basis against constituents of the FTSE SmallCap Index excluding investment trusts.

We already set stretching targets for these metrics.

**One-off transformation mechanism for 2026**

This would be subject to a multiplier of up to 2.0x (1.8x for the CFO), if exceptional TSR is delivered over the three years of the performance period. The one-off transformation mechanism is also only activated to the extent that the core LTIP targets are achieved.



**Safeguards**

We are committed to ensuring performance under the transformation mechanism is delivered in a responsible and disciplined way and that executives are not over-rewarded, especially if market conditions are favourable.

**Underpin condition:** The Committee may reduce the outcome of any vesting if it considers that the objective of responsible and disciplined delivery has not been achieved.

**Committee discretion:** We also retain discretion to adjust the performance outcome if it is not considered representative of the experience of shareholders and other stakeholders.

**Post-vesting holding period:** The core LTIP and transformation mechanism are subject to a two-year post-vesting holding period, aligning with current LTIP and UK market practice.

**Malus and clawback:** These provisions will continue to apply.

**Other changes**

Proposed approach	Rationale
<p><a href="#">Removal of the requirement to defer one-third of the bonus earned into shares for three years once the 200% of salary shareholding guideline is achieved</a></p>	<p>We recognise that the CEO and CFO are both relatively new in their roles at Zotefoams and are actively working towards meeting their shareholding requirement of 200% of salary.</p> <p>The removal of the requirement to defer one-third of the bonus into shares once the 200% of salary shareholding requirement has been met is a principle-based approach. It supports the attraction and retention of high-calibre talent by providing greater flexibility once significant share ownership is established, while ensuring that Executive Directors' interests remain strongly aligned with those of shareholders.</p> <p>We did consider reducing the level of bonus deferred and maintaining an element of bonus deferral (e.g. 15% of salary) once the shareholding guidelines have been met. However, we concluded that removing the deferral requirement once the shareholding guideline has been achieved is appropriate on the basis that this is a simple approach, and we are comfortable that we will retain sufficient powers to exercise recovery provisions through cash bonuses and unreleased LTIP awards, providing robust safeguards.</p>
<p><a href="#">No change to 200% of salary in employment shareholding guideline</a></p> <p>No change to post-employment shareholding guideline: our Executive Directors will continue to be required to retain such of their "relevant shares" as are worth 200% of salary for the full two-year period.</p>	<p>The 200% of salary shareholding guideline is aligned with market, reflecting the size of the ongoing core LTIP (which is 150% of salary) and that the transformation award is a one-off award for 2026 (up to an additional 150% of salary for the CEO). This equates to an additional 50% of salary per year over the three years of the new Policy.</p> <p>The CEO and CFO are also both relatively new in their roles at Zotefoams and are actively working towards meeting their shareholding requirement of 200% of salary.</p>
<p><a href="#">Simplifying the interaction of the two-year post-employment shareholding guideline with the LTIP two-year holding period and the three-year deferral period for the deferred bonus plan in certain "good leaver" circumstances as determined by the Remuneration Committee (e.g. for a genuine retirement)</a></p> <p>For the avoidance of doubt, LTIP awards will not be released before the end of the three-year performance period. LTIP awards retained by a good leaver would be subject to time pro-rating to reflect the proportion of the three-year performance period in employment and would be subject to the satisfaction of the performance conditions as assessed at the end of the three-year performance period.</p>	<p>For a good leaver (e.g. for a genuine retirement), the deferral period for deferred bonus shares and holding period for vested LTIP awards would end two years post-cessation of employment. This will reduce complexity and administration. In practice this means that:</p> <ul style="list-style-type: none"> <li>– outstanding deferred bonus awards (from annual bonuses already earned) would be released on the earlier of the end of the three-year deferral period or two years post cessation.</li> <li>– the two-year holding period for vested LTIP awards would end two years post cessation of employment. Under the current Policy, the default position is that the most recently granted LTIP awards would not be released until four years post cessation of employment.</li> </ul> <p>This aligns the timeframe for the release of deferred bonus awards and LTIP awards with the two-year post-employment shareholding guideline.</p>

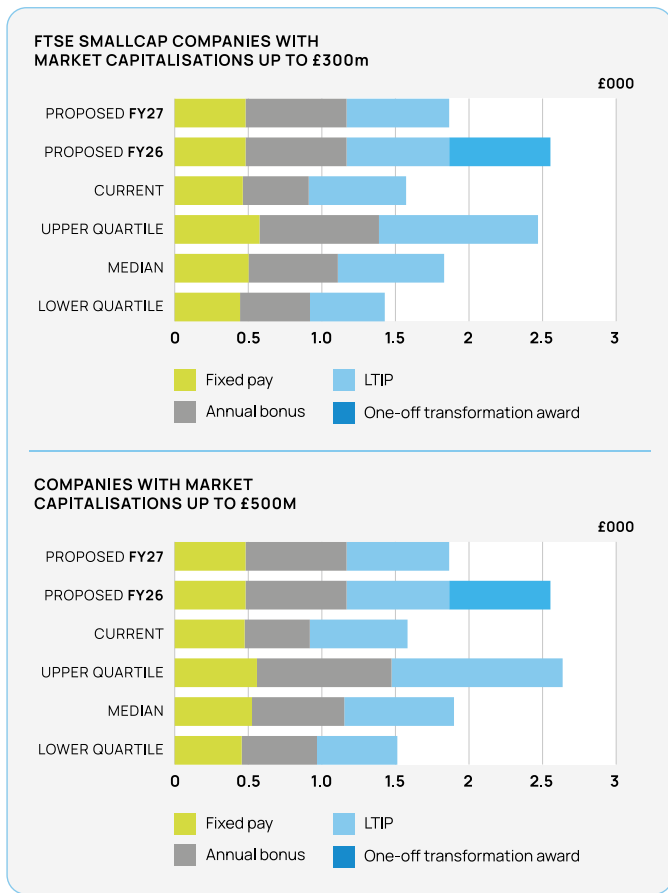
**Executive compensation positioning**

While market benchmarking was not the sole driver for the proposed changes, it provided important context. The key principle for the Policy review is to have a "more for more" framework, enabling greater reward for stretching performance, aligned with our long-term Capital Markets Day targets. In finalising the proposals, we considered a number of market reference points to ensure that our remuneration remains competitive and enables us to continue to attract and retain top talent. We considered two peer groups:

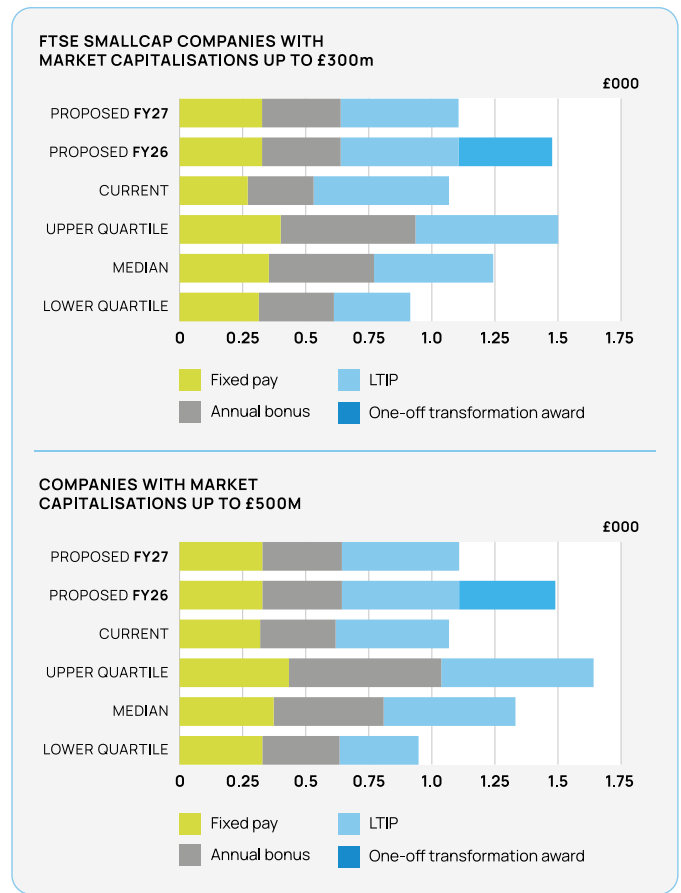
- **FTSE SmallCap companies with market capitalisations up to £300m (excluding financial services companies):** This group was chosen as it represents companies of a comparable size to Zotefoams' current market valuation, where we are positioned around the median. This provides a realistic assessment against our immediate peers.
- **Companies with market capitalisations up to £500m (excluding financial services companies):** This group was included specifically to reflect our significant growth ambitions and the future scale we are striving to achieve. Benchmarking against this slightly larger group allows us to assess our competitiveness as we execute our strategy to expand the business.

As shown in the charts below, the current Group CEO and Group CFO total compensation is positioned around the lower quartile compared with FTSE SmallCap companies with market capitalisations up to £300m. The proposed changes increase the total maximum compensation opportunity to upper quartile or above for 2026, but only if upper quartile or above performance is delivered, particularly through the stretching absolute TSR targets. From 2027, the packages revert to a positioning between the lower quartile and median of the market data, reflecting the one-off nature of the transformation mechanism.

**Group CEO market reference points**



**Group CFO market reference points**



Note: the above charts assume a 3.5% base salary increase for 2026.

**Conclusion**

The decisions made as a committee regarding remuneration earned in respect of 2025 demonstrate our commitment to ensuring that Executive Directors' reward is directly aligned with performance and strong outcomes for all our stakeholders.

We firmly believe that the changes embedded in the new Remuneration Policy, adopting a robust 'more for more' incentive framework for delivering high levels of shareholder returns over the three years to the end of 2028, will further strengthen the alignment between executive reward and the delivery of enhanced shareholder value creation. This underscores our commitment to incentivising and rewarding the delivery of exceptional results that benefit all shareholders.

We look forward to receiving your support at our 2026 AGM, where I will be available to respond to any questions that shareholders may have on this report, or our intended approach to reward for 2026.

**M Swift**  
 Chair of the Remuneration Committee  
 10 April 2026

## Directors' Remuneration

### Policy report – Introduction

Our proposed new Directors' Remuneration Policy, for which approval will be sought at the 2026 Annual General Meeting, is set out below under the heading "Directors' Remuneration Policy".

As outlined in the [Committee Chair's letter page 91](#), given the critical point in our strategic journey, the new Remuneration Policy has been developed to attract, retain and incentivise high-calibre Executive Directors and an Executive team to deliver our ambitious strategic goals. A key principle for the new Remuneration Policy is to have a "more for more" framework, enabling greater reward for delivery of more stretching performance aligned with our long-term Capital Markets Day targets.

The differences between the Remuneration Policy approved at the 2023 Annual General Meeting and the new Remuneration Policy set out below are summarised in the Committee Chair's statement.

In finalising the new Remuneration Policy, the Committee followed a robust process which included discussions on the content of the Policy at three Remuneration Committee meetings plus individual meetings between the Remuneration Committee Chair and all Committee members. The Committee considered input from management (although Committee meetings where decisions were made were not attended by management to avoid conflicts of interest) and from our independent advisers, as well as best practice and shareholder guidance from major shareholders and proxy advisory bodies. The Committee consulted with shareholders in relation to the Policy as described in the [investor engagement section page 92](#).

### Directors' Remuneration Policy

The following part sets out the Remuneration Policy for our Executive and Non-Executive Directors.

This Policy will be put to shareholders for approval at the Annual General Meeting to be held on 27 May 2026.

### Remuneration Policy for Executive Directors

#### Base salary

##### Purpose and link to strategy

To provide a core reward for undertaking the role, positioned at a level needed to recruit and retain Executive Directors of the calibre required to develop and deliver the business strategy.

##### Maximum opportunity

Base salaries for Executive Directors are set at an appropriate level to be market-competitive, reflecting the size and complexity of the business, and to attract and retain the calibre of individuals required for each role.

While there is no maximum opportunity for base salary, any increases for Executive Directors will be considered in the context of the increases awarded to other employees in the Group.

In appropriate circumstances, the Committee may award increases above the range of increases awarded to other employees, including but not limited to:

- where the Committee has set the base salary for a newly appointed Executive Director at lower than the market level for such a role to allow the individual to progress into the role
- on promotion, or where, in the Committee's opinion, there has been a significant increase in the size or scope of an Executive Directors' role or responsibilities
- change in the size and/or complexity of the Group
- significant market movement.

Increases may be implemented over such time period as the Committee deems appropriate.

##### Operation

The Committee sets base salary while taking into consideration a range of factors, including:

- the individual's experience, performance and skills
- the scope of the role
- pay and conditions elsewhere in the Group
- remuneration levels at companies of a comparable size and complexity.

Base salary is normally reviewed annually, with increases effective from 1 April. However, the Committee may review base salary at other times where it considers this appropriate.

Base salaries are paid in cash.

##### Performance measures

NA

## Benefits

### Purpose and link to strategy

To provide market-competitive benefits for the Executive Directors to assist in carrying out their duties effectively.

### Maximum opportunity

There is no maximum or minimum level of benefits as they are dependent on the individual's circumstances and the cost to the Company.

The opportunity to participate in "all-employee" share plans that the Company establishes from time to time will be on the same basis as for other qualifying employees.

Relocation/international assignment benefits: the level of such benefits will be set at an appropriate level taking into account the circumstances of the individual and typical market practice.

### Operation

The Committee's policy is to provide Executive Directors with a market-competitive level of benefits, taking into consideration benefits offered to other senior managers within the Group, the individual's circumstances and prevailing market practice.

- Core benefits currently provided to Executive Directors include, but are not limited to, a car allowance, private medical insurance (for the Executive Directors, their spouse/partner and dependent children) and death in service cover.
- Participation in "all-employee" share plans that the Company establishes from time to time is on the same terms as all other UK employees.
- Relocation/international assignment benefits, where an Executive Director is required to relocate to take up their position, may be provided including, but not limited to, assistance for housing, school fees, travel assistance, relocation costs, insurance cover and assistance with tax advice.
- Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.

### Performance measures

NA

## Pension

### Purpose and link to strategy

To provide Executive Directors with competitive post-retirement benefits and reward sustained contribution.

### Maximum opportunity

The maximum level of contribution (either as a contribution to the Company's Defined Contribution Pension Scheme ("the DC Scheme") or as a cash allowance in lieu of such a contribution or as a combination of a DC Scheme contribution and a cash allowance) will be set in line with the rate received by the majority of the workforce (currently 7% in the UK).

The Committee retains the discretion to determine the approach to and calculation of the workforce pension level, including if relevant the methodology for international directors.

### Operation

Executive Directors are eligible to participate in the DC Scheme or receive a cash allowance in lieu of a contribution to the DC Scheme (or receive a combination of a DC Scheme contribution and a cash allowance).

### Performance measures

NA

## Annual bonus

### Purpose and link to strategy

To incentivise Executive Directors to achieve specific financial and strategic goals aligned with the Group's annual business plan.

Deferring a proportion of annual variable pay until the Executive Directors have achieved the shareholding guideline provides alignment with shareholders' interests.

### Maximum opportunity

The maximum opportunity in respect of any financial year is 150% of base salary.

For 2026, the annual bonus will be an opportunity of 150% of salary for the CEO and 100% of salary for the CFO.

### Operation

Awards are ordinarily based on a balanced scorecard combining Group financial and non-financial performance targets.

Performance is normally assessed over one financial year.

Performance targets are set by the Remuneration Committee to ensure they are appropriately stretching and include clear measures for evaluation.

Bonus out-turns are determined by the Committee, taking into consideration actual performance against targets and the underlying performance of the business.

The Committee has the discretion to adjust bonus out-turns should the formulaic output not produce a result that, in the view of the Committee, fairly reflects overall performance.

Until an Executive Director has met the shareholding guideline (as determined by the Committee), 33% of the earned bonus is normally deferred under the Deferred Bonus Share Plan (DBSP). Awards under the DBSP will vest after a period set by the Committee, which will normally be three years from the date of award.

Deferred awards are normally granted in the form of conditional awards of shares, although awards may take other forms if it is considered appropriate.

Deferred awards will accrue dividend equivalents during the deferral period. These will normally be paid in shares on a reinvested basis.

Cash and deferred awards are subject to [malus and clawback provisions page 99](#).

### Performance measures

Performance is ordinarily measured based on an appropriate mix of financial, strategic and personal performance measures.

At least 50% of the bonus opportunity will be based on financial performance targets and no more than 20% of the bonus opportunity will be based on personal performance measures. The split between financial, strategic and personal performance measures will be kept under review and set annually by the Committee.

Subject to the Committee's discretion to adjust the formulaic out-turn, normally no more than 20% of the bonus is payable at the trigger point, dependent on the stretch in the targets, with a graduated scale operating thereafter through to the maximum bonus being payable for out-performing the Group's targets for the year.

## Long-Term Incentive Plan (LTIP)

### Purpose and link to strategy

To incentivise the delivery of long-term sustainable operational performance and the growth potential of the Group.

To align the interests of Executive Directors and shareholders.

To attract and retain executives of the calibre required to drive the Group's long-term strategic ambitions.

### Maximum opportunity

The maximum "core" award in respect of any financial year is 150% of base salary.

For the awards to be granted in respect of 2026, a multiplier of up to 2x for the CEO and up to 1.8x for the CFO will apply, giving an overall maximum of 300% of salary for the CEO and 270% of salary for the CFO.

The current intention is that the multiplier will apply only to the awards in respect of 2026. However, the Committee retains discretion to apply a multiplier of up to 2x to future awards to which this Policy applies and where practical would consult with shareholders before applying it to future years' awards.

### Operation

Awards are subject to a performance period of normally no less than three years, with a subsequent holding period of up to two years.

Performance targets are normally set annually by the Remuneration Committee to ensure they are appropriately stretching.

The Committee has the discretion to adjust the final level of vesting of awards if it does not consider that it reflects underlying performance.

LTIP awards are normally in the form of conditional awards of shares, although the Remuneration Committee may decide to make awards in other forms, such as nil-cost options, if considered appropriate.

Dividend-equivalent payments accrue during the performance period and holding period. These will normally be paid in shares on a reinvested basis.

LTIP awards are subject to [malus and clawback provisions page 99](#).

### Performance measures

Awards vest based on an appropriate balance of financial, shareholder return and strategic measures.

Not less than 75% of a core LTIP award will be based on financial and/or shareholder return measures. Subject to the Committee's discretion to adjust the final level of vesting of awards, up to 20% of the core LTIP award vests for performance at the trigger point, increasing to 100% of the maximum for maximum performance. For 2026, the multiplier is based on absolute TSR and applies from a threshold of 1.0x the core LTIP award (i.e. no increase) to a maximum of 2.0x the core LTIP award for the CEO and 1.8x for the CFO (applied on a straight-line basis between these two points). The application of the multiplier is subject to an underpin that the Committee may reduce the outcome of any vesting if it is not satisfied that performance has been delivered in a responsible way.

For 2026, the threshold target for the operation of the multiplier is TSR growth of 10% p.a.; at this level of growth or below there will be no additional LTIP vesting. For the maximum multiplier to apply, 2.0x (1.8x for the CFO), TSR growth must be at least 25% p.a.

The performance measures selected by the Committee may change from time to time in appropriate circumstances, for example to reflect any change in the Group's strategy. If the Committee was to introduce a new performance measure, it would consult with the Company's largest shareholders in advance, as appropriate.

The performance measures will be disclosed in the Directors' Remuneration report for the relevant year.

## Shareholding guidelines

To align the interests of the Executive Directors with shareholders, the Company operates a shareholding guideline for Executive Directors of 200% of salary. A newly appointed Executive Director will have five years from the date of their appointment to the Board to build up such a holding.

Following cessation of employment, an Executive Director must retain for two years shares acquired from DBSP and LTIP awards as having a value equal to the lower of 200% of salary and their actual holding on departure. No post-cessation restrictions will apply to shares purchased by Directors from their own funds.

Shares subject to LTIP awards for which the performance period has ended (i.e. which are in a holding period) and shares subject to DBSP awards can be counted towards the required level of shareholding, in each case on a net of assumed tax basis.

The Committee retains discretion to vary the application of the shareholding policy in exceptional circumstances.

## Notes to the policy table

The deferred share element of the Annual Bonus Plan and the Long-Term Incentive Plan shall be operated in accordance with the rules of the respective plan. The Committee may adjust and amend awards in accordance with the DBSP and LTIP rules.

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretion available to it in connection with such payments), notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed: (i) before the policy set out above came into effect; or (ii) at a time when a previous policy, approved by shareholders, was in place, provided the payment is in line with the terms of that policy; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a director of the Company. For these purposes, "payments" includes (but is not limited to) the Committee satisfying awards of variable remuneration and, in relation to an award over shares (including legacy awards under the 2008 Approved Share Option Plan (ASOP)), the terms of the payment being "agreed" at the time the award is granted.

## Changes to the Policy

The key changes that have been made to this Policy, compared with the last Policy approved by shareholders, are summarised in the Committee Chair's statement.

## Committee discretion in relation to future operation of the Remuneration Policy

The Committee will operate the annual bonus (including DBSP), the LTIP and any "all-employee" share plan in accordance with their rules. All discretions under those rules will be available under this Policy, except where expressly limited under this Policy. For share awards, in the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or any other event that may affect the Company's share price, the number of shares subject to an award and/or any exercise price applicable to the award and/or any performance condition attached to the award may be adjusted.

The Committee may make minor amendments to the Policy set out above for, for example, regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that particular amendment.

## Performance measures and approach to target setting

### Annual bonus

Performance measures for the short-term incentive arrangements are selected annually by the Committee to align with Zotefoams' annual business plan.

Performance targets for the financial element are set to be appropriately stretching, by reference to the Group's internal business plan, and to align with the delivery of returns to shareholders. Performance targets for the strategic element are determined annually by the Committee and set to incentivise the delivery of key strategic priorities over the course of the year.

### Long-Term Incentive Plan

Performance measures for the long-term incentive arrangements are selected annually by the Committee to align with Zotefoams' long-term business strategy and to reflect the Group's growth ambitions and desire to efficiently manage capital employed and returns to the shareholders.

The performance targets for the Long-Term Incentive Plan are reviewed annually and set by taking into account market conditions, external market forecasts, internal business forecasts and market practice.

### Amendment of performance measures

Performance measures for the annual bonus and LTIP may be adjusted if the Committee considers that it would be appropriate to amend them (for example to take into account a material acquisition or divestment) so that they achieve their original purpose.

### Malus/clawback arrangements for the cash annual bonus, DBSP and LTIP

The Remuneration Committee may, in its absolute discretion and in circumstances where the Remuneration Committee considers such action is appropriate, decide at any time prior to the third anniversary of the date of payment of a cash bonus or grant of an award under the DBSP, or the fifth anniversary of the date of grant of an award under the LTIP, to:

- a) reduce the number of shares to which a DBSP and LTIP award relates
- b) cancel a DBSP or LTIP award
- c) impose further conditions on a DBSP or LTIP award
- d) require a cash repayment
- e) require a transfer of shares delivered under incentive plans.

Such circumstances include, but are not limited to:

- a material misstatement of the Group's (or any subsidiary's) audited financial results
- an error in assessing the performance conditions
- corporate failure
- deliberately misleading management, the market and/or shareholders regarding financial performance
- material failure of risk management
- overpayments due to material abnormal write-offs
- payments based on erroneous or misleading data
- reputational damage resulting from misconduct or otherwise
- serious misconduct or conduct that causes significant financial loss.

These provisions are set to reflect a timeframe in which the company's financial reporting, audit and risk procedures would typically identify one of the malus and clawback trigger events. The Committee retains the discretion to extend the clawback period in the event of an ongoing investigation.

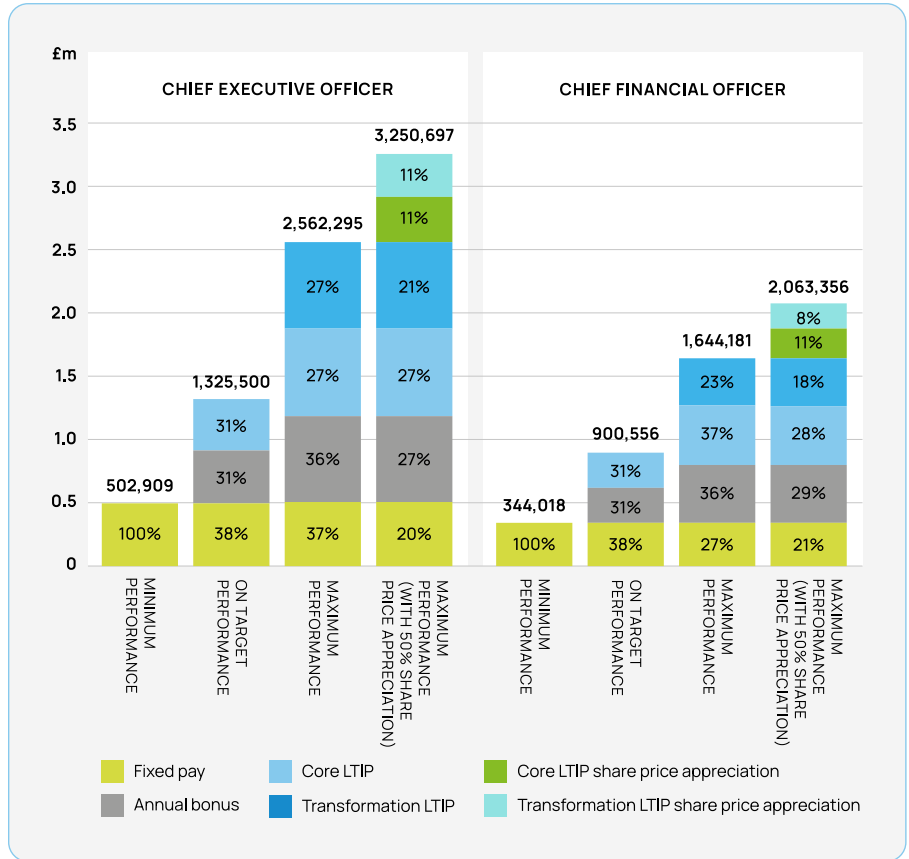
### Remuneration structure for employees below the Board

The remuneration for senior management immediately below the Board has a similar structure to that used for the Executive Directors. UK-based middle management participates, at the discretion of the Remuneration Committee, in the 2018 Approved Share Option Plan, subject to the plan's rules. There are also general staff discretionary bonus schemes globally which are based on the performance of the Group or local entity and other factors. Other arrangements are also in place for specific areas of the Group, including a Share Incentive Plan open to all UK employees under which they currently receive a free share for every four shares purchased.

**Illustration of application of Remuneration Policy**

These charts show how the composition of each of the Executive Directors' remuneration packages varies at different levels of performance achievement.

**Illustrative scenario charts**



The assumptions used in the charts above are as follows:

	Minimum performance	On target performance	Maximum performance	Maximum performance + 50% share price growth
Fixed pay <sup>1,2</sup>	✓	✓	✓	✓
Annual bonus	X	✓ (90% of salary, being 60% of maximum)	✓ (150% of salary for the CEO and 100% of salary for the CFO <sup>2</sup> )	✓ (150% of salary for the CEO and 100% of salary for the CFO <sup>2</sup> )
Long-term incentive	X	✓ (90% of salary, being 60% of maximum core LTIP)	✓ (For 2026, 300% of salary for the CEO and 270% of salary for the CFO <sup>3</sup> )	✓ (For 2026, 300% of salary for the CEO and 270% of salary for the CFO <sup>3</sup> plus 50% share price growth <sup>4</sup> )

1 Comprises base salary for 2026 (assuming a 3.5% base salary increase effective 1 April 2026), benefits (as per the 2025 single figure) and pension contribution/cash in lieu of pension for 2026.  
 2 Based on salary expected to be earned over the full year taking into account a 3.5% base salary increase with effect from 1 April 2026.  
 3 Based on salary including 3.5% increase applying with effect from 1 April 2026.  
 4 An additional maximum performance scenario is provided showing the maximum performance with an additional 50% share price growth on the long-term incentive, as required by the UK reporting regulations. The charts below do not take into account share price appreciation, unless otherwise stated, or dividends.

## Remuneration Policy on recruitment

Area	Policy and operation
<b>Principles</b>	<p>The Remuneration Committee takes into consideration all relevant factors, including local market practice in the individual's home country, appropriate market data, internal relativities, the current remuneration arrangements applicable for other Executive Directors on the Board and the Committee's desire to recruit an Executive Director of the required calibre to develop and deliver the business strategy, while at the same time ensuring that remuneration arrangements offered are in the best interests of both Zotefoams and its shareholders.</p> <p>The Committee endeavours to align the remuneration arrangements of new recruits with the Policy outlined on the previous pages.</p> <p>Other elements may be included in the following circumstances:</p> <ul style="list-style-type: none"> <li>- an interim appointment being made to fill an Executive Director role on a short-term basis</li> <li>- if exceptional circumstances require that the Company Chair or a Non-Executive Director takes on an executive function on a short-term basis</li> <li>- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide an incentive for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis.</li> </ul> <p>In the event that an internal candidate was promoted to the Board, legacy terms and conditions would normally be honoured.</p> <p>The Committee will make every effort to explain the rationale for the remuneration arrangements for a new recruit in the Remuneration report following the recruitment of a new Director.</p>
<b>Base salary</b>	Set at a level to recruit the candidate with the required calibre, skills and experience to deliver the Group's strategy.
<b>Benefits and pension</b>	<p>To be provided in line with normal policy.</p> <p>In the event that an Executive Director is required to relocate to undertake the role, the Committee may provide additional benefits to reflect the relevant circumstances (on a one-off or ongoing basis).</p>
<b>Incentive awards</b>	<p>When appointing a new Executive Director, existing incentive arrangements will be used where possible.</p> <p>The Committee has the discretion to include any other remuneration component or award that it feels is appropriate, taking into account the specific commercial circumstances, and subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be appropriately disclosed.</p> <p>The maximum level of annual variable pay and long-term incentive awards that may be awarded to a new Executive Director in respect of their recruitment, excluding any buy-out awards, is 450% of salary. Such variable remuneration may be made in the form of cash or shares, subject to performance conditions as selected by the Committee, and may vest immediately or at a future point in time.</p>
<b>Buy-outs</b>	<p>To facilitate recruitment, the Remuneration Committee may "buy out" any remuneration arrangements forfeited by the new Executive Director from a previous engagement. In doing so, the Committee will consider all relevant factors, including the form of the awards (i.e. cash or equity), performance conditions attached to the awards, the likelihood of such conditions being met and the timeframe of the awards.</p> <p>Typically, any buy-outs will be made on a like-for-like basis.</p> <p>On recruitment, the Committee retains discretion to grant awards under a new arrangement where required, in accordance with the Listing Rules, which allow for the grant of awards specifically to facilitate, in unusual circumstances, the recruitment of an Executive Director.</p>
<b>Non-Executive Directors</b>	The remuneration arrangements for new Non-Executive Directors will normally be aligned with those outlined in the Policy table.

### Service contracts and termination policy

When determining leaving arrangements for an Executive Director, the Committee takes into account any pre-established contractual agreements, including the provisions of any incentive plans, pension entitlements, typical market practice, the performance and conduct of the individual and the commercial justification for any payments.

The following summarises our policy in relation to Executive Director service contracts and payments in the event of loss of office:

Area	Policy and operation
<b>Notice period</b>	<ul style="list-style-type: none"> <li>The Committee's policy is that Executive Director contracts will normally provide up to twelve months' notice by the Company and up to twelve months' notice by the Executive Director.</li> </ul>
<b>Contract commencement date</b>	<ul style="list-style-type: none"> <li>R Cox, Group CEO – 2 April 2024.</li> <li>N Wright, Group CFO – 22 September 2025.</li> </ul>
<b>Expiry date</b>	<ul style="list-style-type: none"> <li>The contracts for the Executive Directors are rolling service contracts with no expiry date.</li> </ul>
<b>Termination payments</b>	<ul style="list-style-type: none"> <li>If the Company terminates an Executive Director's contract without full notice, then the Executive Director has the right to a termination payment to reflect the unexpired term of the notice.</li> <li>Our policy is that termination payments in lieu of notice will be based on base salary, unless the Committee decides that a payment in lieu of pension and/or benefits should also be made or that certain benefits should continue to be provided rather than making payment in lieu of them.</li> <li>Termination payments may be subject to mitigation and may be paid in instalments.</li> <li>Rights to an annual bonus, DBSP awards, LTIP awards, ASOP and all-employee share plan awards are governed by the respective plan rules.</li> <li>The Committee reserves the right to make any other payments in connection with a Director's cessation of office/employment where the payments are made in good faith in the discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of the Director's office/employment. Any such payments may include, but are not limited to, payments in respect of accrued but untaken holiday, any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office/employment.</li> </ul>
<b>Other information</b>	<p><b>Annual bonus</b></p> <ul style="list-style-type: none"> <li>Under the Annual Bonus Plan, the Remuneration Committee would normally treat someone as a "good leaver" if they leave employment because of death, disability, ill health, injury, retirement, their employing company or business being sold/transferred out of the Group, redundancy or any other circumstance at the discretion of the Remuneration Committee.</li> <li>A "bad leaver" is someone who leaves employment for any other reason.</li> <li>For "good leavers", rights to any outstanding annual bonus in the year of cessation will be determined at the discretion of the Remuneration Committee, normally after the end of the financial year, and taking into account the level of performance achieved during the performance period. Any payments will be made in such proportions of cash and shares as the Committee considers appropriate. Outstanding DBSP awards will normally vest at the end of the normal vesting period or, at the Committee's discretion, two years post cessation of employment (if earlier). The Remuneration Committee may, at its discretion, allow the award to vest earlier.</li> <li>For "bad leavers", rights to annual bonus and unvested DBSP awards will normally be forfeited.</li> </ul> <p><b>Long-Term Incentive Plan</b></p> <p><b>Leavers during the performance period</b></p> <ul style="list-style-type: none"> <li>Under the Long-Term Incentive Plan, a "good leaver" is someone who leaves employment because of death, disability, injury, ill health, redundancy, retirement, their employing company or business being sold/transferred out of the Group, or any other circumstances at the discretion of the Remuneration Committee.</li> <li>A "bad leaver" is someone who leaves employment for any other reason.</li> <li>For "good leavers", rights to any awards under this plan will normally, unless the Remuneration Committee determines otherwise, be pro-rated by reference to the proportion of the performance period that has elapsed on cessation and will vest, subject to performance, at the normal time. Awards will be released at the end of the originally envisaged holding period or, at the discretion of the Committee, would be released at the later of the end of the performance period and two years after cessation of employment or the expiry of such shorter period as the Committee may determine.</li> <li>The Remuneration Committee retains the discretion to accelerate vesting in certain circumstances, e.g. death.</li> <li>For "bad leavers", rights to unvested awards under this plan will normally be forfeited.</li> </ul> <p><b>Leavers during the holding period</b></p> <ul style="list-style-type: none"> <li>Where a participant who is subject to a further holding period in relation to their award ceases to be employed by the Group, the award will normally be delivered at the end of the holding period or the expiry of such shorter period as the Committee may determine.</li> <li>In cases where the individual leaves employment, and where the Company is entitled to dismiss the individual without notice, the award will lapse on cessation of employment.</li> </ul>

Area	Policy and operation
<b>Other information</b> (continued)	<p><b>2008 Approved Share Option Plan (ASOP)</b></p> <ul style="list-style-type: none"> <li>- Under the 2008 Approved Share Option Plan, a "good leaver" is someone who leaves employment because of death, disability, injury, redundancy, retirement, their employing company or business being sold or transferred out of the Group or any other circumstance at the discretion of the Committee.</li> <li>- A "bad leaver" is someone who leaves employment for any other reason.</li> <li>- For "good leavers", rights to any awards under this plan will normally be pro-rated from the start of the performance period to cessation and will vest based on performance to the date of cessation. The Remuneration Committee has the discretion to adjust the final level of vesting of these awards.</li> <li>- For "bad leavers", rights to unvested awards under this plan will normally be forfeited.</li> </ul> <p><b>"All-employee" share plans</b></p> <p>In the event of a cessation of employment, the treatment of any Executive Director's awards under any "all-employee" share plans that the Company establishes from time to time will be determined in accordance with the rules of the relevant plan.</p> <p>Where a "buy-out" or other "one-off" award is made, the leaver provisions would be determined at the time of the award.</p>
<b>Change of control</b>	<ul style="list-style-type: none"> <li>- The Committee will determine the treatment of any annual bonus award at the time, taking into account such circumstances as it considers appropriate.</li> <li>- In the event the Company is taken over, ASOP, DBSP and LTIP awards vest early. The extent to which LTIP awards vest will be determined by the Committee, taking into account the performance conditions and, unless the Committee determines otherwise, the proportion of the performance period that has elapsed.</li> <li>- In the event of a change of control or other relevant event, the treatment of any Executive Director's awards under any "all-employee" share plans that the Company establishes from time to time will be determined in accordance with the rules of the relevant plan.</li> <li>- If there is a demerger, special dividend, delisting or any other event that may materially affect the Company's share price, the Committee may allow awards to vest on the same basis as for a takeover.</li> <li>- Awards may be exchanged for new awards if the Committee considers this appropriate.</li> </ul>
<b>Incidental expenses and other payments</b>	<ul style="list-style-type: none"> <li>- The Company may meet relocation and other incidental expenses on termination of employment, for example relocation expenses, outplacement fees, the fees of legal or other professional advisers, and accrued but untaken holiday. In appropriate circumstances, the Committee may agree that certain benefits (such as medical insurance) may be continued for a reasonable period following termination of employment.</li> </ul>

Copies of the Executive Directors' service contracts and deeds of indemnity in favour of the Directors are available for inspection at the Company's registered office.

### External appointments

Executive Directors may be invited to become non-executive directors of other companies. These appointments provide an opportunity to gain broader experience outside Zotefoams and therefore benefit the Group. Providing that appointments are not likely to lead to a conflict of interest and the Board agrees, Executive Directors may accept non-executive appointments and retain the fees received. There are currently no such appointments.

### Remuneration Policy for Non-Executive Directors

Approach to fees	Operation	Other items
<p>Fees for the Company Chair and Non-Executive Directors (NEDs) are set at an appropriate level to reflect:</p> <ul style="list-style-type: none"> <li>- the time commitment required to fulfil the role</li> <li>- the responsibilities and duties of the positions</li> <li>- typical practice in other companies.</li> </ul> <p>Fees are reviewed at appropriate intervals by the Board.</p> <p>Base fees are subject to any applicable limit in the Company's Articles of Association from time to time or as otherwise approved by shareholders.</p>	<p>Our NED fee policy is to pay:</p> <ul style="list-style-type: none"> <li>- a base fee for membership of the Board</li> <li>- an additional fee for being Chair of a Committee and/or Senior Independent Director to reflect the additional responsibilities and time commitments of the role.</li> </ul> <p>The Company Chair receives an inclusive fee for the role.</p> <p>Additional fees for membership of a committee, chairing or membership of Subsidiary boards, for other roles or for a time commitment significantly greater than anticipated, or other fixed fees, may be introduced if considered appropriate.</p> <p>Fees can be paid in cash and/or shares as appropriate (and a payment in shares may include a non-performance based nil or nominal cost award over Company shares, which may incorporate a right to dividend equivalents over the award's vesting period).</p>	<p>The Company Chair and NEDs are not eligible to participate in the bonus or any long-term incentive arrangements.</p> <p>NEDs do not currently receive any taxable benefits.</p> <p>Benefits (such as travel and accommodation allowances to allow the NEDs to fulfil their duties, along with a gross-up to reflect any tax liability arising on such allowances) may be provided in the future if the Board considers this appropriate.</p>

Non-Executive Directors and the Company Chair have appointment letters setting out their duties and the time commitment expected. Appointment letters are currently for terms of three years. Appointments may be terminated by either party with six months' written notice.

### Considering employment conditions elsewhere in the Group

Budgeted salary increases for the wider employee group are taken into consideration when determining increases for the Executive Directors. The Remuneration Committee does not consult with employees directly when formulating the Remuneration Policy for Executive Directors but takes account of pay levels within the Group and seeks feedback from the Chief People Officer where appropriate.

### Considering shareholders' views

The Remuneration Committee is committed to engaging in an open dialogue with the Company's shareholders and will seek views and opinions on significant matters relating to the remuneration of the Executive Directors as appropriate. We are committed to aligning shareholder and executive interests, maintaining an open and transparent dialogue with our shareholders on executive pay and listening to our shareholders' views. As part of formulating the Remuneration Policy, a consultation was undertaken with 13 institutional shareholders, who between them hold approximately 58.4% of Zotefoams' shares, and the Committee refined the approach to the Policy to take account of feedback received. The Committee would like to thank shareholders for the time they provided and their input into the consultation.

The Company Chair and the Chair of the Remuneration Committee are available to answer requests, should a shareholder wish to raise a matter on remuneration. Such requests should be made to the Company Secretary.

## Directors' Remuneration report

The Directors' Remuneration report has been prepared in accordance with the relevant provisions of the Listing Rules, Section 421 of the Companies Act 2006 and Schedule 8 to the Large and medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

### Implementation of Directors' Remuneration Policy in 2026

A resolution to approve the new [Remuneration Policy page 96](#) will be proposed at the 2026 Annual General Meeting. A summary of how the Remuneration Policy will be implemented in 2026 has been set out below.

#### Executive Directors

Element and purpose/link to strategy	Implementation for 2026										
<b>Salary</b> Positioned at a level needed to recruit and retain Executive Directors of the calibre required to develop and deliver the business strategy.	The base salaries for the Group CEO and Group CFO will be increased in line with the base salary increases for the wider workforce on 1 April 2026, expected to be 3.5%.										
<b>Benefits</b> Provide market-competitive benefits for the Executive Directors, to assist in carrying out their duties effectively.	Benefits to be provided in line with the approved Remuneration Policy.										
<b>Retirement benefits</b> Provide competitive post-retirement benefits and reward sustained contribution.	All Executive Directors receive an employer pension contribution of 7%, aligned with the wider UK workforce.										
<b>Annual bonus</b> Incentivise Executive Directors to achieve specific financial and predetermined strategic goals aligned with the Group's annual business plan.  Deferred proportion of annual variable pay provides a retention element and alignment with shareholders.	Maximum opportunity – Group CEO up to 150% of salary; Group CFO up to 100% of salary. For 2026, the bonus will be assessed against the following measures for all Executive Directors: <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th>Measure</th> <th>Weighting</th> </tr> </thead> <tbody> <tr> <td>Profit before tax</td> <td>60%</td> </tr> <tr> <td>Net working capital as a percentage of sales</td> <td>10%</td> </tr> <tr> <td>Individual objectives</td> <td>20%</td> </tr> <tr> <td>Environmental, social and governance (ESG)</td> <td>10%</td> </tr> </tbody> </table>	Measure	Weighting	Profit before tax	60%	Net working capital as a percentage of sales	10%	Individual objectives	20%	Environmental, social and governance (ESG)	10%
Measure	Weighting										
Profit before tax	60%										
Net working capital as a percentage of sales	10%										
Individual objectives	20%										
Environmental, social and governance (ESG)	10%										
	The portion of the annual bonus based on financial measures is 70% of maximum.  An underpin will apply that enables the Committee to adjust the bonus outcome in cases where: (i) safety performance is considered to have reduced to unacceptable levels, and/or (ii) the formulaic out-turn does not produce a result that fairly reflects overall performance.  The underlying performance targets for these measures have not been disclosed in advance as they are considered to be commercially sensitive. Underlying targets will be provided, where appropriate, in next year's Directors' Remuneration report.  The Group CEO and Group CFO are actively working towards meeting their shareholding requirement of 200% of salary. They will continue to be required to defer one-third of their annual bonus for three years until the 200% of salary shareholding guideline has been achieved.										

Element and purpose/link to strategy	Implementation for 2026																																															
<p><b>Long-Term Incentive Plan (LTIP)</b></p> <p>To incentivise the delivery of long-term sustainable operational performance and the growth potential of the Group.</p> <p>To align interests of Executive Directors and shareholders.</p> <p>To attract and retain executives of the calibre required to drive the Group's long-term strategic ambitions.</p>	<p>The maximum core LTIP award will be 150% of salary and will be subject to the following performance conditions:</p> <table border="1"> <thead> <tr> <th>Measure</th> <th>Weighting</th> <th>Threshold<sup>1,2</sup></th> <th>Maximum<sup>1</sup></th> </tr> </thead> <tbody> <tr> <td>EPS growth</td> <td>45%</td> <td>5% p.a. compound growth</td> <td>15% p.a. compound growth</td> </tr> <tr> <td>Relative TSR</td> <td>35%</td> <td>Median</td> <td>Upper quartile</td> </tr> <tr> <td>ROACE</td> <td>15%</td> <td>17%</td> <td>20%</td> </tr> <tr> <td>ESG</td> <td>5%</td> <td>8%</td> <td>10%</td> </tr> </tbody> </table> <p>1 Straight-line vesting occurs between threshold and maximum.  2 Threshold results in 20% vesting.  3 In line with the approach for the previous LTIP awards, the EPS targets have been set based on a constant tax rate. The Committee retains the discretion to override this where it considers it appropriate.  4 Relative to the constituents of the FTSE SmallCap Index excluding investment trusts, measured on ranked basis and based on a three-month averaging period prior to the start and end of the performance period.  5 The ROACE targets set out above do not reflect the investment to be made in the new manufacturing and innovation facilities in Vietnam and South Korea. The Committee will review these targets in due course to ensure that performance is assessed on a fair and consistent basis with the stretch envisioned and intended at the time of grant.</p> <p>As set out in the Remuneration Committee Chair's letter, for 2026 a one-off transformation mechanism will apply alongside the existing LTIP. The one-off transformation mechanism is only activated to the extent that the core LTIP targets are achieved. This will operate as a multiplier to the core LTIP award (that vests at the end of the three-year performance period) based on the achievement of absolute TSR. Executives will only receive value from this additional element if significant shareholder value is delivered.</p> <table border="1"> <thead> <tr> <th>Participant</th> <th>Multiplier on core award that vests</th> <th>Absolute TSR growth<sup>1</sup></th> <th>Implementation</th> </tr> </thead> <tbody> <tr> <td colspan="4"><i>Threshold</i></td> </tr> <tr> <td>Group CEO and Group CFO</td> <td>x 1.0</td> <td>10% p.a. growth</td> <td>If TSR growth is 10% p.a. or less there would be no change in the vesting of the core award.</td> </tr> <tr> <td colspan="4"><i>Maximum</i></td> </tr> <tr> <td>Group CEO</td> <td>x 2.0</td> <td>25% p.a. growth</td> <td>If TSR growth is 25% p.a. or more, the maximum multiplier will be applied to the core award.</td> </tr> <tr> <td>Threshold</td> <td>x 1.8</td> <td></td> <td></td> </tr> </tbody> </table> <p>1 Absolute TSR growth will be based on a three-month averaging period prior to the start and end of the performance period.</p> <p>As set out above, the maximum award for 2026 is therefore 300% of salary for the Group CEO (i.e. 150% of salary core award x 2.0 multiplier) and 270% of salary for the Group CFO (i.e. 150% salary core award x 1.8 multiplier). The maximum award requires the core award to vest at maximum and 25% p.a. if TSR growth is delivered. This will prevent absolute TSR rewarding management for wider market movements.</p> <p>An underpin condition will also apply where the Committee may reduce the outcome of any vesting if it considers that transformation has not been delivered in a responsible and disciplined way. Any reduction via the underpin will be determined at the Committee's discretion.</p>				Measure	Weighting	Threshold <sup>1,2</sup>	Maximum <sup>1</sup>	EPS growth	45%	5% p.a. compound growth	15% p.a. compound growth	Relative TSR	35%	Median	Upper quartile	ROACE	15%	17%	20%	ESG	5%	8%	10%	Participant	Multiplier on core award that vests	Absolute TSR growth <sup>1</sup>	Implementation	<i>Threshold</i>				Group CEO and Group CFO	x 1.0	10% p.a. growth	If TSR growth is 10% p.a. or less there would be no change in the vesting of the core award.	<i>Maximum</i>				Group CEO	x 2.0	25% p.a. growth	If TSR growth is 25% p.a. or more, the maximum multiplier will be applied to the core award.	Threshold	x 1.8		
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<p><b>Shareholding requirement and post-cessation shareholding policy</b></p> <p>Aligns the interests of Executive Directors and shareholders.</p>	<p>Executive Directors are required to hold shares in the Company equivalent to 200% of base salary.</p> <p>Executive Directors are expected to retain their full shareholding requirement for two years post cessation of employment.</p>																																															

## Non-Executive Directors

The Remuneration Committee undertook a comprehensive review of the Group Chair fees, while the Group Chair and Executive Directors reviewed Non-Executive Director fees. Taking into account market benchmarks for companies of a similar size and complexity, and the time commitment required, it was agreed that the fees should be increased. These are detailed below.

Purpose and link to strategy	Implementation for 2026
<b>Non-Executive Director fees</b>	<p>The Board Chair and Non-Executive Director base fee will be increased in line with the base salary increases for the wider workforce on 1 April 2026 by 3.5%. No increase is being made to the fee for chairing a Committee. The following fees will therefore apply effective 1 April 2026:</p> <p>Group Chair fee: £171,551</p> <p>Non-Executive Director base fee: £55,414</p> <p>Fee for chairing a Committee: £10,000</p>

## Single total figure of remuneration (audited)

The following tables set out the single total figure for remuneration for Directors for the 2025 and 2024 financial years.

### Executive Directors

	Salary (£)	Benefits (£)	Matching Shares <sup>3</sup> (£)	Bonus (£)	LTIP <sup>3,4</sup> (£)	Pension (£)	Total fixed pay (£)	Total variable pay (£)	Total (£)
<b>R Cox</b>									
<b>2025</b>	<b>440,186</b>	<b>16,001</b>	<b>519</b>	<b>443,415</b>	<b>-</b>	<b>30,813</b>	<b>487,565</b>	<b>443,415</b>	<b>930,934</b>
2024	321,638	36,875	108	267,203	-	22,515	381,136	267,203	648,339
<b>N Wright<sup>1</sup></b>									
<b>2025</b>	<b>81,897</b>	<b>3,648</b>	<b>-</b>	<b>75,000</b>	<b>-</b>	<b>14,813</b>	<b>100,358</b>	<b>75,000</b>	<b>175,358</b>
2024	-	-	-	-	-	-	-	-	-
<b>G McGrath<sup>2</sup></b>									
<b>2025</b>	<b>286,300</b>	<b>15,077</b>	<b>519</b>	<b>237,930</b>	<b>241,028</b>	<b>36,461</b>	<b>338,407</b>	<b>478,958</b>	<b>817,315</b>
2024	275,000	14,864	398	206,080	208,952	34,247	324,509	415,032	739,541

1 N Wright joined the Company and the Board on 22 September 2025 as Group CFO Designate. The single total figure of remuneration data is calculated for the entire period of employment from 23 September 2025 to 31 December 2025.

2 G McGrath resigned from the Board on 31 October 2025 and remained an employee of the Company until 28 February 2026. The single total figure of remuneration data is calculated for the period he was a member of the Board, from 1 January 2025 to 31 October 2025. The remuneration he received from 1 November 2025 to 31 December 2025 is disclosed in the Payments made to past Directors section page 110.

3 The values for Matching Shares and the LTIP have been calculated on the basis of the average share price over the three months to 31 December 2025 of £4.06. The value of the LTIP attributable to share price appreciation for G McGrath was £7,232.

4 The LTIP value has been restated to reflect the actual share price of £2.58 on the date of vesting, 29 April 2025. The figure disclosed in the 2024 single figure table was based on an estimate, using the three-month average share price to 31 December 2024 of £3.59. There is no share price appreciation attributable to the LTIP value as the share price at grant was greater than £2.58.

Under the rules of the LTIP, participants may also receive an award of shares in lieu of the value of dividends paid over the vesting period on vested shares (paid at the end of the holding period). For the 2023 LTIP this was 3,687 shares for G McGrath with a valuation of £14,976, calculated on the basis of the average share price over the three months to 31 December 2025 of £4.06.

Non-Executive Directors<sup>1,2,3,4,5</sup>

	Fees paid in respect of 2025 (£)	Fees paid in respect of 2024 (£)
<b>J Carling</b>	<b>52,193</b>	47,363
<b>J Clarke</b>	<b>9,744</b>	-
<b>L Drummond</b>	<b>161,762</b>	147,350
<b>D Robertson</b>	<b>61,699</b>	55,256
<b>M Swift</b>	<b>61,699</b>	55,256
<b>C Wall</b>	<b>52,193</b>	47,363

1 Non-Executive Directors who also chair a Board Committee receive an additional fee.

2 The Non-Executive Directors excluding the Company Chair received a fee increase to £53,540 p.a. effective 1 April 2025, Committee Chairs received an increase in additional fees to £10,000 p.a. and the Company Chair received an increase to £165,750 p.a.

3 The Non-Executive Directors' and the Company Chairs' fees will be increased to the following level effective 1 April 2026:

Group Chair: £171,551

Non-Executive Directors: £55,414

Committee Chairs: £10,000

4 J Clarke joined the Board on 28 October 2025 and thus did not receive any remuneration in 2024.

5 D Robertson retired from the Board on 31 December 2025.

**Notes to the table (audited)****Base salary**

As at 31 December 2025, the base salary for R Cox was £443,415 p.a. (£430,500 p.a. as at 31 December 2024).

As at 31 December 2025, the base salary (before salary sacrifice) for N Wright was £300,000 p.a. (N Wright joined the Company on 22 September 2025 and there is therefore no comparative figure for 2024).

G McGrath resigned from the Board and the position of CFO as of 31 October 2025, at which time his base salary (before salary sacrifice) was £288,400 p.a. (£280,000 p.a. as at 31 December 2024).

**Pension contributions**

The Company operates a Defined Contribution Pension Scheme (the "DC Scheme") or a cash contribution equivalent. When participating in the DC Scheme, individuals may elect to enter a salary sacrifice arrangement, whereby their salary is reduced, and the Company makes a corresponding contribution into the DC Scheme.

R Cox receives a cash contribution in lieu of pension contributions of 7% of salary. G McGrath and N Wright opted for the salary sacrifice arrangement of 7% of salary and the amounts shown for their base salary are before salary sacrifice. Similarly, the amounts shown for the pension element of total remuneration include the amounts of salary that were sacrificed.

**Benefits**

Benefits include a company car allowance, private medical insurance, the value of the Matching Shares (at dates when awarded) acquired during the year under the Share Incentive Plan (SIP).

**Annual bonus 2025 – targets and out-turns**

The targets for the annual bonus for 2025 for R Cox, N Wright and G McGrath are as set out in the table below:

Measure	Weighting (% max)			Targets			Pay-out		
	R Cox	N Wright	G McGrath	Threshold (20%)	Maximum (100%)	Performance achieved	R Cox	N Wright	G McGrath
Profit before tax	60%	60%	60%	£19.5m	£21.5m	£21.5m	100%	100%	100%
Net working capital as a percentage of sales	10%	10%	10%	33.1%	30.1%	25.2%	100%	100%	100%
ESG: Reduce SEC from 5.19 to 5.09 kWh/kg	10%	10%	10%	5.19kWh/kg	5.09kWh/kg	4.94Wh/kg	100%	100%	100%
Individual	20%	20%	20%	See below	See below	See below	20.0%	20.0%	18.8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>100%</b>	<b>100%</b>	<b>98.8%</b>

1 N Wright joined the Company and the Board on 23 September 2025 and his bonus has been pro-rated from his date of joining the Company to 31 December 2025.

2 G McGrath resigned from the Board on 31 October 2025 and remained an employee of the Company until 28 February 2026. His bonus was pro-rated to reflect the period of employment as a Director. The amount in the single figure table shows the portion of his bonus received for the period he was a Director, and the remainder is disclosed in the Payments made to past Directors section.

The table below sets out the targets and performance for the Executive Directors.

Strategic financial metrics – R Cox, N Wright and G McGrath

Measure	Weighting (% of total bonus)			Objective	Performance	Scoring		
	R Cox	N Wright	G McGrath			R Cox	N Wright	G McGrath
Strategy launch and shareholder engagement	5%	NA	NA	Present and drive the new strategy, starting with the Capital Markets Day, and reinvigorate the Zotefoams investment case, followed by shareholder engagement to drive up the share price.	Achieved	5%	NA	n/a
Vietnam delivery	5%	NA	NA	Confirm and complete (vs timeline) Project Crystal implementation including new close-to-customer footwear strategy, Vietnam/Korea expansion and build of associated innovation centres.	Achieved	5%	NA	n/a
Group restructuring execution	5%	5%	5%	<p><b>R Cox</b></p> <ul style="list-style-type: none"> <li>– Lead the Group legal entity restructuring initiative.</li> <li>– Execute transition to new corporate and subsidiary structure including company name change with aligned reporting framework.</li> </ul> <p><b>N Wright and G McGrath</b></p> <ul style="list-style-type: none"> <li>– Lead the Group legal entity restructuring initiative.</li> <li>– Execute transition to new corporate and subsidiary structure including company name change with aligned reporting framework and tax efficiency.</li> <li>– Reconfigure and embed new financial reporting structure to support revised corporate architecture and embed ARK reporting across all parts of the business.</li> <li>– Complete MEL (finance and tax) clean-up activities.</li> <li>– Establish fully compliant and operational financial, tax, and legal frameworks in Vietnam and Korea, including all required regulatory approvals and reporting structures.</li> </ul>	Achieved	5%	5%	5%
M&A growth delivery	5%	5%	5%	<p><b>R Cox</b></p> <p>Drive strategic growth through successful M&amp;A execution, delivering a minimum of one acquisition and building a robust opportunity pipeline across all regions (North America, EMEA and South/Southeast Asia).</p> <p><b>N Wright</b></p> <p>Complete the acquisition of OKC.</p> <p><b>G McGrath</b></p> <p>Drive strategic growth through completion (SPA completed) of a minimum of one acquisition aligned with Group objectives.</p>	Achieved	5%	5%	5%
Deliver new finance facility	NA	5%	NA	Establish new finance facility to support five-year plan and M&A.	Achieved	NA	5%	n/a
Finance & IT transformation	NA	NA	5%	<p>Successfully deliver all Finance and IT components of the £4m Group transformation programme, including implementation of enhanced risk management framework, per the work carried out by the Internal Auditor.</p> <p>Achievement of identified cost and efficiency targets across the finance and IT teams, meeting all project milestones on schedule and maintaining positive employee relations with no disruption due to legal cases.</p>	Partially achieved	NA	NA	3.8%
Deliver five-year plan	NA	5%	NA	Update and review the five-year plan and budget for approval by the Board.	Achieved	n/a	5%	n/a
Provision 29 readiness	NA	NA	5%	Ensure Zotefoams is ready to meet Provision 29 of the 2024 UK Corporate Governance Code on internal control reporting by year end.	Achieved	NA	NA	5%

The annual bonus was based on base salary before salary sacrifice. The maximum opportunity for the bonus was 100% of salary. 33% of the bonus is deferred into shares held in trust for three years under the DBSP. Full details of the operation of the DBSP are set out in the Directors' Remuneration Policy.

2025	Cash bonus (£)	Deferred bonus (£)	Total bonus (£)
R Cox	297,089	146,326	443,415
N Wright <sup>1</sup>	50,250	24,750	75,000
G McGrath <sup>1</sup>	159,414	78,516	237,930

<sup>1</sup> Figures for N Wright and G McGrath shown above reflect pro-rated amounts aligned to the single figure table.

In assessing whether the outcome generated by the annual bonus was fair in the context of broader performance, the Committee took into account the underlying financial performance of the Group and the wider stakeholder experience (including, but not limited to, the shareholder experience) over the course of the year. As set out above, significant progress has been made over the year to set Zotefoams up to deliver long-term sustainable success and the Committee felt that the formulaic outcome was an appropriate reflection of performance delivered. It has, therefore, not exercised any further discretion in relation to incentive outcomes during the year.

#### LTIP

The 2023 LTIP award was subject to four performance conditions measured over the three financial years ended 31 December 2025: 30% of the award was subject to relative TSR against the FTSE SmallCap Index (excluding investment trusts), 45% of the award was subject to an EPS growth target, 15% of the award was subject to a ROACE growth target and 10% of the award was subject to a sustainable product development target. Performance is measured over a three-year period and the restricted shares will be released to the participant after two years, to the extent that TSR, EPS, ROACE and sustainability targets over the period have been met, together with additional shares that represent the dividends that would have been paid during the performance period on the restricted shares that have been released.

The total award vesting is the sum of the awards for TSR, EPS, ROACE and sustainability targets. Where performance is below the threshold point for any performance condition, then no part of the award vests in relation to that performance condition. Between the threshold point and the maximum, the award vests on a sliding scale basis.

The table below summarises the performance criteria for the 2023 award, which is due to vest on 29 April 2026.

	Threshold <sup>1</sup>		Maximum (100%)		Achievement	Level of vesting (% maximum)
	Performance target	% of award vesting	Performance target	% of award vesting		
Relative TSR performance	Median performance against peer group	6%	Upper quartile performance against peer group	30%	Ranked between median and upper quartile performance against peer group (41.8% and ranked 40 <sup>th</sup> )	16.17%
Adjusted EPS <sup>2</sup>	5% per annum (23.61p)	9%	15% per annum (31.01p)	45%	33.93p <sup>2</sup>	45%
ROACE <sup>3</sup>	11%	3%	15%	15%	16.0% <sup>3</sup>	15%
Sustainable product development	4%	2%	5%	10%	1.2%	0%
<b>Total</b>						<b>76.17%</b>

<sup>1</sup> Threshold is 20% of maximum.

<sup>2</sup> Based on excluding MEL losses and adjusting for a constant tax rate of 19%.

<sup>3</sup> ROACE excludes MEL.

Based on the above level of performance, the 2023 LTIP will vest at 76.17%. The Committee considered the formulaic out-turns under the LTIP relative to Group and individual performance and determined that no discretion should be exercised.

### Scheme interests granted during 2025 (audited)

The table below sets out details of scheme interests granted to the Executive Directors during 2025:

	Type of award	Date of grant	Number of shares granted	Face value <sup>1</sup> (£)
R Cox	Deferred bonus <sup>2</sup>	23.04.2025	34,770	88,177
G McGrath	(unconditional shares)		26,816	68,006

	Type of award	Date of grant	Number of shares granted	Face value <sup>1</sup> (£)	Face value (% of salary)	Threshold for vesting (% of face value)	Performance condition	End of performance period
R Cox	LTIP <sup>3</sup>	23.04.2024	262,272	665,123	150	20% of maximum	35% based on relative	31.12.2027
G McGrath	(conditional shares)		47,384 <sup>4</sup>	120,166	150	(further details set out below)	45% on adjusted EPS compound growth, <sup>5</sup> 15% on ROACE <sup>7</sup> and 5% on sustainable product development. <sup>8</sup>	

1 Face value calculated using the five working day average share price before the grant date (£2.536).

2 Awards vest on the third anniversary of grant. There are no performance conditions for these awards.

3 Award is subject to a three-year performance period and, subject to performance, is released after a two-year post-vesting holding period.

4 The award for G McGrath was pro-rated to reflect his period of active service during the performance period.

5 Relative TSR growth is measured based on Zotefoams' ranking against the FTSE SmallCap Index (excluding investment trusts). The threshold point for relative TSR performance is ranked median against the peer group, where 7% of the award will vest, to upper quartile ranking against the peer group, where the maximum of 35% of the award will vest.

6 Adjusted EPS is the EPS for the financial year ending 31 December 2027. The threshold point is 5% p.a. compound growth, where 9% of the award will vest, to the maximum 15% p.a. compound growth, where 45% of the award will vest. In line with the approach for previous LTIP awards, the EPS targets have been set based on a constant tax rate reflecting the significant deviation of the reported tax rate. The Committee retains the discretion to override this where it considers it appropriate.

7 Return on average capital employed (ROACE) is defined as operating profit before exceptional items for the year, divided by the average sum of its equity, net debt and other non-current liabilities for the beginning and end of the year. This measure excludes acquired intangible assets and their amortisation cost. The threshold point is average ROACE of 15%, where 3% of the award will vest. Maximum vesting occurs for average ROACE of 19%, where 15% of the award will vest.

8 Sustainable product development is defined as the development of products valued by Zotefoams' customers for their use-phase resource efficiency (defined by the Sustainability Accounting Standards Board) as a product that, through its use, can be shown to improve energy efficiency, eliminate or lower greenhouse gas (GHG) emissions, reduce raw materials consumption, increase product longevity or reduce water consumption. The threshold point is 5% of revenue, where 1% of the award will vest, to the maximum of 6% of revenue, where 5% of the award will vest.

### Total pension entitlements (audited)

The Zotefoams Defined Benefit Pension Scheme (the "DB Scheme") was closed to future accrual with effect from 31 December 2005. From that date, all active members ceased to accrue further benefits and became entitled to preserved pensions payable from their normal retirement age, or immediately where the member had already reached normal retirement age. While the Defined Benefit Share Scheme remains in force for legacy members, it no longer applies to any Directors.

### Payments made to past Directors (audited)

Further to the announcement on 3 March 2025, G McGrath stepped down as Group CFO and as a Director of Zotefoams with effect from 31 October 2025. He remained an employee until 28 February 2026 and was paid his salary and provided with his contractual benefits in the usual way up to this date.

The remuneration he received for the portion of the year for which he was a Director (i.e. to 31 October 2025) is disclosed in the single figure table. The following arrangements applied for the period from 1 November to 31 December 2025.

Salary, benefits and pension continued to be paid until 31 December 2025. This amounted to £48,067 in respect of salary, £2,496 in respect of benefits and £6,129 in respect of pension.

He was entitled to receive a bonus for 2025, pro-rated for the period to 31 October 2025. The performance outcomes are shown [here page 108](#). The value of the bonus received in relation to this period was £237,930, of which one-third is subject to deferral in the usual way. For the avoidance of doubt, G McGrath did not receive a bonus in respect of the period from 1 November to 31 December 2025.

### Payments for loss of office (audited)

#### G McGrath

The arrangements in connection with the cessation of G McGrath stepping down as Group CFO and as a Director of Zotefoams are set out above (in the Payments to past Directors section) and below.

G McGrath did not receive any payment in lieu of notice.

The Committee exercised its discretion to determine that G McGrath was a "good leaver" for the purposes of determining the treatment of his outstanding DBSP, LTIP and ASOP incentive awards. His outstanding DBSP awards were retained and will vest on their usual vesting dates with no acceleration. His outstanding LTIP awards, granted in 2023 and 2024, will vest on their usual vesting dates, pro-rated for the period to 31 October 2025 and tested for performance in the usual way.

A contribution of £3,000 plus VAT was made towards his legal fees in relation to the settlement agreement.

He received no other remuneration payments or payments for loss of office as a consequence of stepping down from the Board.

He will comply with the post-employment shareholding requirement for the period of two years from ceasing to be a Director of the Company.

### Statement of Directors' shareholding and share interests (audited)

In line with the Remuneration Policy adopted at the 2023 AGM, the Executive Directors are required to hold shares in the Company equivalent to 200% of base salary, with a five-year period to build up this holding from appointment to the Board. Executive Directors are expected to retain their full shareholding requirement for one year post cessation of employment and 50% for two years after leaving, unless the shares were acquired from LTIP and DBSP awards granted from 1 January 2023. If the shares were acquired from LTIP and DBSP awards granted from 1 January 2023, Executive Directors are expected to retain their full shareholding requirement for two years post cessation of employment.

Throughout 2025, G McGrath complied with the Policy, holding 337% of base salary at 31 December 2025. R Cox and N Wright joined the Company in 2024 and 2025 respectively. As at 31 December 2025, R Cox held 104% of base salary and N Wright held 0% of salary.<sup>1</sup>

1 Includes shares owned outright and interests in share incentive scheme without performance conditions. Calculated on the basis of the average share price over the three months to 31 December 2025 of £4.06.

The tables below set out the Directors' interests (including those of their connected persons) in Zotefoams shares as at 31 December 2025. There were no changes in the Directors' interests between the year end and the date of this report.

#### Executive Directors

	Shares owned outright <sup>1</sup>	Interest in share incentive schemes without performance conditions <sup>2</sup>	Interest in share incentive schemes with performance conditions <sup>3</sup>
R Cox	11,938	34,770	416,279
G McGrath	103,184	111,269	151,754
N Wright	-	-	-

1 Includes Partnership Shares, Dividend Shares and vested Matching Shares under the SIP.

2 Comprises: vested Company Share Option Plan awards, DBSP shares, unvested Matching Shares under the SIP, the unvested portion of the 2023 LTIP awards due to vest on 29 April 2026 and the unvested portion of the 2021 and 2022 LTIP awards.

3 Comprises: unvested LTIP shares.

#### Non-Executive Directors

	Shares owned outright
J Carling	3,323
L Drummond	14,723
D Robertson	7,302
M Swift	11,827
C Wall	7,936

### Scheme interests (audited)

The table below provides details of the current position of outstanding awards made to the Executive Directors who served in the year under review:

	Scheme <sup>1</sup>	As at 31 Dec 2024	Date of exercise or release	Granted during the year	Exercised or released	Lapsed or cancelled	As at 31 Dec 2025	Market price on exercise date	Exercise price	Date from which exercisable	Expiry date
R Cox	LTIP (2024)	-	-	154,007	-	-	<b>154,007</b>	-	-	08.05.2027	NA
	SIP <sup>2</sup>	30	-	19	-	-	<b>49</b>	-	-	-	-
	LTIP (2025)	-	-	262,272	-	-	<b>262,272</b>	-	-	23.04.2028	NA
	DBSP (2025)	-	-	34,770	-	-	<b>34,770</b>	-	-	23.04.2028	NA
G McGrath <sup>3</sup>	CSOP	10,344	-	-	-	-	<b>10,344</b>	-	£2.90	05.04.2019	05.04.2026
	LTIP (2020)	20,154	-	-	(20,154)	-	-	-	-	21.09.2023	NA
	LTIP (2021)	53,673	-	-	-	-	<b>53,673</b>	-	-	26.04.2024	NA
	LTIP (2022)	105,910	-	-	-	(24,921)	<b>80,989</b>	-	-	29.04.2025	NA
	LTIP (2023)	82,487	-	-	-	(4,583)	<b>77,904</b>	-	-	18.04.2026	NA
	LTIP (2024)	100,167	-	-	-	(38,954)	<b>61,213</b>	-	-	08.05.2027	NA
	LTIP (2025)	-	-	47,384	-	-	<b>47,384</b>	-	-	23.04.2028	NA
	DBSP (2021)	2,036	-	-	(2,036)	-	-	-	-	29.04.2025	NA
	DBSP (2022)	10,323	-	-	-	-	<b>10,323</b>	-	-	18.04.2026	NA
	DBSP (2023)	19,223	-	-	-	-	<b>19,223</b>	-	-	08.05.2027	NA
	DBSP (2024)	-	-	26,816	-	-	<b>26,816</b>	-	-	23.04.2028	NA
	SIP <sup>2</sup>	1,052	-	140	-	-	<b>1,192</b>	-	-	-	NA

1 Details of the performance conditions applying to each LTIP award can be found in the Directors' Remuneration report for the relevant year.

2 Matching Shares under the SIP. Participants buy Partnership Shares monthly under the SIP. The Company provides one Matching Share for every four Partnership Shares purchased. These Matching Shares are first available for vesting three years after being awarded or on leaving if the person is considered to be a 'good leaver'.

3 G McGrath stepped down from the Board on 31 October 2025 and left the employment of Zotefoams plc on 28 February 2026. Share awards were pro-rated to 31 October 2025 as noted above in the Payments for loss of office section to reflect a reduced performance period.

### Details of Directors' service contracts and appointment letters (unaudited)

The following table sets out the details of the service contracts and appointment letters for the Directors as at 31 December 2025. Copies of the Directors' service contracts and appointment letters are available for inspection at the Company's registered office.

Director	Date of current service contract or appointment letter <sup>1</sup>	Unexpired terms at 31 December 2024
J Carling	1 April 2023	5 months
R Cox	2 April 2024	-
N Wright	22 September 2025	-
L Drummond	17 January 2023	5 months
M Swift	29 September 2023	5 months
C Wall	1 April 2023	5 months
J Clarke	28 October 2025	-

1 Appointment letters are currently for terms of three years. Non-Executive Directors' appointments and subsequent re-appointments are subject to annual re-election by shareholders at each AGM.

### External appointments

During 2025, Executive Directors did not receive any fees from external appointments.

### Change in remuneration of Group Directors and employees (unaudited)

The table below illustrates the percentage change in salary and benefits for the Group Directors from the prior years compared with the average percentage change for the UK workforce.

The employee subset consists of an average of the UK workforce for the period under review. This subset has been selected as this employee representative group is the largest group of employees within the organisation. The Non-Executive Directors receive no taxable benefits or annual bonus.

	% change in base salary (2025 to 2024)	% change in taxable benefit (2025 to 2024)	% change in annual bonus UK employees only (2025 to 2024)	% change in base salary (2024 to 2023)	% change in taxable benefit (2024 to 2023)	% change in annual bonus UK employees only (2024 to 2023)
R Cox <sup>1</sup>	36.9	(56.6)	65.9	-	-	-
G McGrath	4.1	1.4	15.5	9.0	6.2	(14.8)
J Carling	12.6			9.0	-	-
L Drummond <sup>2</sup>	9.8			47.9	-	-
D Robertson	11.7			9.7	-	-
M Swift <sup>2</sup>	11.7			27.2	-	-
C Wall	10.2			9.0	-	-
Average employee				8.3	(7.4)	(18.3)

1 R Cox joined the Company on 2 April 2024 and the increase in base salary and bonus reflect the part-year amount in 2024. The decrease in benefits reflects the relocation allowance received in 2024 only.

2 L Drummond was appointed to the Board in January 2023. M Swift was appointed to the Board in September 2023. Their 2024 increases reflect the fact that they were only paid their respective fees in 2023 for part of the year.

3 N Wright and J Clarke have been excluded from the table as there is no prior year comparative.

The UK employees' salary review is negotiated with the unions and a 3% increase was agreed in relation to 2025. For 2026, the annual salary increase for UK employees is still pending, but will be effective 1 April 2026.

### CEO pay ratio

Companies with more than 250 employees are required to publish the CEO-to-employee pay ratio. The ratio compares the total remuneration of the Group CEO against the remuneration of the median employee, and employees in the lower and upper quartiles. These pay ratios form part of the information that is provided to the Committee on broader employee pay policies and practices. The Committee has considered the pay data and concluded that the current ratio is proportionate and allows the business to retain high-calibre individuals capable of delivering the growth strategy.

The ratios set out below were calculated using the Option A methodology, which uses the pay and benefits of all UK employees as it provides the most accurate information and representation of the ratios. The employee pay data used was based on the total remuneration of all Zotefoams plc's full-time employees as at 31 December 2025. The Group CEO's total remuneration has been taken from the single total figure of remuneration for 2025, as disclosed [here page 106](#).

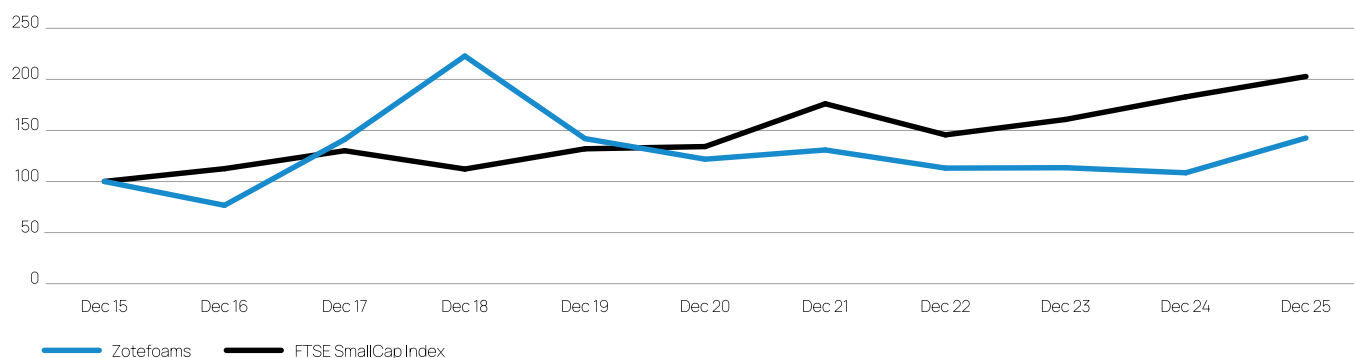
The Committee considers that the median CEO pay ratio is consistent with the relative roles and responsibilities of the Group CEO and the identified employees. Base salaries of all employees, including our Executive Directors, are set with reference to a range of factors, including market practice, location, experience and performance in role. The Group CEO's remuneration package is weighted towards variable pay (including the annual bonus, LTIP and DBSP) due to the nature of the role, which means that the ratio is likely to fluctuate, depending on the outcomes of incentive plans in each year. The increase in the total pay ratio at the 25th, 50th and 75th percentiles since 2021 is due to no LTIP vesting, low annual bonus pay-out in 2021 and higher LTIP and annual bonus outcomes in both 2022 and 2023.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
<b>2025 - Base salary</b>	<b>Option A</b>	<b>12:1</b>	<b>10:1</b>	<b>8:1</b>
<b>2025 - Total pay</b>		<b>23:1</b>	<b>20:1</b>	<b>15:1</b>
2024 - Total pay		30:1	25:1	19:1
2023 - Total pay		30:1	25:1	19:1
2022 - Total pay		23:1	20:1	15:1

Pay data (£'000)	Base salary	Total pay
CEO's remuneration	440,186	930,980
UK employees 25th percentile	36,733	40,301
UK employees 50th percentile	42,310	47,081
UK employees 75th percentile	55,000	61,210

### Historical TSR performance and Group CEO remuneration outcomes (unaudited)

The graph below compares the TSR of Zotefoams against the FTSE SmallCap Index (excluding investment trusts), which is considered the most appropriate choice of index by the Remuneration Committee due to the Group's size and membership of this index.



### Workforce alignment

While it remains important to set base salaries on a market-competitive basis reflective of the size and complexity of the business, the Committee has considered alignment of executive remuneration with workforce reward structures.

The table below illustrates the Group CEO's single figure for total remuneration, annual bonus pay-out and LTIP vesting as a percentage of maximum opportunity.

	Group CEO's single total figure of remuneration (£)	Annual bonus pay-out (% of maximum)	LTIP vesting (% of maximum)
<b>2025 (R Cox)</b>	<b>930,980</b>	<b>100.0</b>	<b>NA</b>
<b>2024 (R Cox)</b>	<b>648,339</b>	<b>83.0</b>	<b>NA</b>
<b>2024 (D Stirling)</b>	<b>651,851</b>	<b>67.0</b>	<b>76.4</b>
2023 (D Stirling)	1,089,067 <sup>1</sup>	95.0	70.0
2022 (D Stirling)	757,851	91.6	34.7
2021 (D Stirling)	441,369	22.0	0.0
2020 (D Stirling)	491,548	28.0	23.5
2019 (D Stirling)	637,473	37.1	47.0
2018 (D Stirling)	794,905	35.1	100.0
2017 (D Stirling)	676,816	84.4	58.0
2016 (D Stirling)	497,545	55.0	37.7
2015 (D Stirling)	418,568	44.4	50.0

<sup>1</sup> The Group CEO's single total figure of remuneration for 2023 has been restated.

### Relative importance of spend on pay (unaudited)

The table below illustrates the year-on-year change in total Executive Directors' remuneration and Executive Directors' remuneration compared with profit after tax and distributions to shareholders for 2024 and 2023.

	% change 2024/2025	2025 £'000	2024 £'000
Total remuneration <sup>1</sup>	9.3%	<b>34,238</b>	31,324
Executive Directors' remuneration <sup>2</sup>	(211)%	<b>1,924</b>	2,132
Profit after tax	-	<b>22,639</b>	(2,755)
Shareholder distributions <sup>3</sup>	4.8%	<b>3,713</b>	3,542

<sup>1</sup> Social security costs paid by the Group have been excluded from this figure.

<sup>2</sup> The Executive Directors' remuneration for 2024 has been restated to reflect the restated single total figure of remuneration for 2024.

<sup>3</sup> Shareholder distributions refer to the dividends paid during the year.

### Committee role and advisers (unaudited)

The Group has established a Remuneration Committee, which is constituted in accordance with the recommendations of the UK Corporate Governance Code. J Carling, L Drummond, M Swift, J Clarke and C Wall were members of the Committee as at 31 December 2025 and to the date of this report. All the members are independent Non-Executive Directors, with the exception of L Drummond, who was independent on appointment as Chair of the Company. The Committee was chaired by M Swift throughout the year. The Committee's Terms of Reference were last updated in August 2023 and may be found on the Group's website.

None of the Committee members have any personal financial interest (other than fees paid as disclosed on page 88 and as shareholders) in the Company, nor do they have any interests that may conflict with those of the Group, such as cross-directorships. None of the Committee members are involved in the day-to-day management of the business. The Committee makes recommendations to the Board on remuneration matters. No Director is involved in any decision concerning their own remuneration.

The Remuneration Committee met four times in 2025, with full attendance at each meeting. The Company Secretary acts as secretary to the Committee.

In 2025, the Remuneration Committee carried out the following work:

- considered changes to the Directors' Remuneration Policy, with proposals submitted for shareholder consultation in early 2026
- approved the remuneration package of the new Group CFO
- approved the terms of a settlement agreement with the departing Group CFO
- completed a review of the remuneration arrangements for the Executive Directors and the wider workforce
- approved the 2024 Directors' Remuneration report
- considered and approved the annual bonus for the Group Executive team
- considered and approved the grant of awards under the LTIP and the DBSP in 2025 and the vesting of awards made in 2022 under the LTIP
- considered the salary levels of the Group Executive team and awarded pay rises in line with the general workforce pay rise level
- approved appropriate market-level remuneration for new members of the Group Executive team
- approved the remuneration package of the new Company Secretary
- considered the performance targets for the 2025 Executive Directors' bonus and LTIP awards.

Deloitte LLP (Deloitte) was appointed to provide advice to the Remuneration Committee in relation to Directors' remuneration following a retendering exercise in 2022, and continued to work with the Committee in respect of general remuneration advice. Deloitte is a member of the Remuneration Consultants Group and adheres to its Code on Executive Remuneration Consulting in the UK. The Committee is comfortable that Deloitte does not have connections with Zotefoams plc that may impair its objectivity and independence. Deloitte also provided remuneration advice to the Company's management during 2025.

Total fees for advice provided in respect of material assistance to the Committee amounted to the following:

	2025 (£)	2024 (£)
Deloitte LLP	55,900	36,250
<b>Total</b>	<b>55,900</b>	<b>36,250</b>

### Shareholder voting (unaudited)

The table below sets out the results of the votes received on the Directors' Remuneration Policy approved at the 2023 AGM as well as the 2024 Directors' Remuneration report approved at the 2025 AGM:

	Directors' Remuneration Policy	%	Report on remuneration	%
Votes in favour	30,838,381	95.22	26,191,150	99.44
Votes against	1,530,762	4.73	147,866	0.56
Total votes cast	32,369,143	100.00	26,339,036	100.00
Votes withheld	1,101	-	13,122	-

## DIRECTORS' REPORT

### THE DIRECTORS PRESENT THEIR ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### Results and dividends

Before exceptional items, the profit attributable to shareholders for the year amounted to £22.9m (2024: £12.4m). After exceptional items, the profit attributable to shareholders for the year amounted to £21.9m (2024: £2.7m loss). An interim dividend of 2.50p (2024: 2.38p) per share was paid on 6 October 2025. The Directors recommend that a final dividend of 5.35p (2024: 5.10p) per share be paid on 1 June 2026 to shareholders who are on the Company's register at the close of business on 1 May 2026, resulting in a total dividend of 7.85p per share for the year (2024: 7.48p).

In November 2025, Zotefoams also completed the acquisition of 100% of the share capital of Overseas Konstellation Company S.A. (OKC) for an upfront cash consideration of €27.6m plus a deferred element of up to €8.4m based on OKC's financial performance in 2026. Further details of the acquisition are in [note 4 page 145](#) of the financial statements.

This acquisition, funded by existing cash resources, expands Zotefoams' product portfolio, market reach, channel and manufacturing capabilities, particularly in technical foams, and helps Zotefoams evolve into a solutions provider by expanding its finishing and machining capabilities. The acquisition is expected to be earnings-accretive in its first full year.

For further information on the performance of the Company refer to the [Strategic Report page 3](#), which should be read as forming part of the Directors' report.

#### Directors

The Directors who were in office during the year were:

L Drummond  
J Carling  
J Clarke (appointed 28 October 2025)  
R Cox  
G McGrath (retired 31 October 2025)  
D Robertson (retired 31 December 2025)  
M Swift  
C Wall  
N Wright (appointed 22 September 2025)

All Directors other than J Clarke, G McGrath and D Robertson were in office during the financial year and up to the date of signing of the financial statements. The biographical details of Board Directors in post as at 10 April 2026 are set out [here page 77](#).

The appointment, replacement and powers of the Directors are governed by the Company's Articles of Association (the "Articles"), the UK Corporate Governance Code, the Companies Act 2006, prevailing legislation and resolutions passed at the Annual General Meeting (AGM) or other general meetings of the Company.

The Articles give the Directors power to appoint and replace Directors. Under the Terms of Reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board of Directors. The Articles also require new Directors to retire and submit themselves for election at the first AGM following their appointment and for existing Directors to retire and, if they so wish, submit themselves for re-election at every AGM thereafter.

R Cox and N Wright, the Executive Directors, have service contracts which are terminable on twelve months' written notice. G McGrath resigned as Executive Director on 31 October 2025 and left the employment of the Group on 28 February 2026. All other Directors have letters of appointment which are terminable on six months' written notice.

The Company maintained Directors' and Officers' Liability Insurance cover throughout 2025. The Company has issued Deeds of Indemnity in favour of all Directors. These Deeds were in force throughout the year ended 31 December 2025 and remain in force as at the date of this report. These Deeds, as well as the service contracts and the Company's Articles of Association, are available for inspection during normal business hours at the Company's registered office and will be available at the AGM.

#### Conflicts of interest

All Directors submit details to the Company Secretary of any new situations, or changes to existing ones, which may give rise to an actual or potential conflict of interest with those of the Company.

Where an actual, or potential, conflict is approved by the Board, the Board will normally authorise the situation on the condition that the Director concerned abstains from participating in any discussion or decision affected by the conflicted matter. Authorisation of a conflict is only given to Directors who are not interested in the matter. No new conflicts of interest were noted during 2025 or between the year end and the date of signing of the financial statements.

#### Amendment to the Articles of Association

The Company's Articles of Association may only be amended by a special resolution of the shareholders passed in general meeting and were last amended in May 2021.

#### Corporate Governance report

→ **The Corporate Governance report page 79 should be read as forming part of the Directors' report.**

#### Employees

To safeguard employee welfare, the Group has documented and well-publicised policies on occupational health and safety, the environment and training. The Group operates an equal opportunity, single-status, employment policy and an open management style.

Zotefoams operates an equality, diversity and inclusion policy and we believe diversity (ethnicity, age, gender, language, sexual orientation, gender re-orientation, religion and socio-economic status) of the employees promotes a better working environment, which in turn leads to innovation and business success. Applications for employment by disabled persons are always fully considered and, in the event of an employee becoming disabled, every effort is made to ensure that their employment with Zotefoams continues and that appropriate training and support are provided where necessary. Zotefoams' policy is that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Zotefoams places considerable value on the involvement of its people and holds formal and informal meetings to brief them on matters affecting them as employees and on the various factors (including financial and economic factors) affecting the performance of the Group; it also ensures that their views are taken into account in making decisions that are likely to affect their interests. The Board uses a number of engagement mechanisms to keep abreast of employees' views, including a review of the annual workforce engagement survey, regular updates from the Chief People Officer, site visits and the consideration of employee matters in line with the requirements of Section 172 of the Companies Act 2006 in relevant strategic decisions, such as investments in the UK, Vietnam and South Korea and the acquisition of Overseas Konstellation Company S.A..

In order to encourage employees to share in the success of Zotefoams, an all-employee share incentive scheme was established in 2015 in the UK. Under the scheme, employees can purchase shares each month directly from their salary. For every four shares bought, one further share is awarded. The shares vest on the third anniversary of award and are normally exempt from tax after five years.

The Company operates to a number of recognised industry standards.

→ **Further details of our certifications are provided in our ESG report page 49.**

### Relationships with others

In its decision-making, the Board considers how the Group fosters its business relationships with suppliers, customers and others in order to achieve good-quality outcomes.

→ **Further information on this topic can be found in the Strategic Report (the S172(1) statement page 47), which is incorporated into this Directors' report by cross-reference.**

### Human rights

Zotefoams does not, at present, have a specific policy on human rights; however, it believes in recognising and respecting all human rights as defined in international conventions. This belief is embedded within the organisation's values and ethical policies. We conduct every aspect of our business with honesty, integrity and openness, respecting human rights and the interests of our employees, customers and other stakeholders, according to the principles set out in our Ethics Policy, which covers:

- ensuring that our employees have the freedom to join a union, associate or bargain collectively without fear of discrimination against the exercising of such freedoms
- not using forced labour or child labour



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[zote.info/30GGN5N](https://zote.info/30GGN5N)

- prohibiting the use of worker-paid fees and the confiscation of workers' original identification documents
- complying with the Employer Pays Principle
- respecting the rights of privacy of our employees and protecting access to and use of their personal information.

The Company operates an Equality, Diversity and Inclusion Policy and a Dignity at Work Policy, which promote the right of every employee to be treated with dignity and respect and not be harassed or bullied. We work hard to ensure that goods and services are from sources that do not jeopardise human rights, safety or the environment, and expect our suppliers to observe business principles consistent with our own.

### Business ethics

Zotefoams is committed to high standards of business conduct and aims to maintain these standards across all of our operations throughout the world. Under our Ethics Policy, we state that we will:

- operate within the law
- not tolerate any discrimination or harassment

- not make any political donations or grant public donation for the purpose of political advocacy of any kind and confirm that no political donations or contributions to political parties have been made during the year
- not make or receive bribes
- avoid situations that might give rise to conflicts of interest
- not enter into any activity that might be considered anti-competitive
- aim to be a responsible company within our local communities
- support and encourage our employees to report, in confidence, any suspicions of wrongdoing.

Supporting our Ethics Policy, we have policies on anti-bribery and corruption, anti-fraud, anti-competitive behaviour, employee share trading and whistleblowing. We are a signatory to the Employer Pays Principle, supporting our long-standing Group-wide commitment to recruitment costs being borne by the employer, not the employee.

### Substantial shareholdings

In accordance with the Disclosure and Transparency Rules DTR 5, the Company, as at 31 March 2026, had received notices of the following material interests of 3% or more in the issued ordinary share capital:

	Ordinary shares of 5.0p	Percentage of issued share capital
Schroder Investment Management	9,539,447	19.37
Raymond James Investment Services	4,846,073	9.84
BGF Investments	3,231,270	6.56
Mr Marc & Mrs Claire Downes	2,073,922	4.21
Mr Nicholas Beaumont-Dark	1,909,347	3.88
Hargreaves Lansdown Asset Management	1,903,388	3.87
Premier Milton Investors	1,853,811	3.73
Lombard Odier Asset Management	1,734,406	3.52
Interactive Investor	1,501,025	3.05

→ **Directors' shareholdings are shown in the Directors' Remuneration report page 91.**

### Research and development (R&D)

The amount spent by the Group on R&D in the year was £1.6m (2024: £4.2m). In the opinion of the Directors, £nil (2024: £2.8m) of this expenditure met the requirements for capitalisation under IAS 38, while £1.6m (2024: £1.4m) did not and was consequently expensed in the consolidated income statement.

### Share capital and reserves (DTR 7.2.6R)

The Company has one class of ordinary shares, which has no right to fixed income. Each share carries the right, on a poll, to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital, and all issued shares are fully paid.

At 31 December 2025, the Zotefoams Employee Benefit Trust (EBT) held 322,230 shares (approximately 0.6% of issued share capital) (2024: 133,573 shares) to satisfy share plans as described in the Directors' Remuneration report. During the year, the EBT released 211,343 shares in respect of these share plans. 400,000 shares were allotted to the EBT on 22 April 2025. In accordance with best practice, the voting rights on the shares held in the EBT are not exercised and the right to receive dividends has been waived.

At the AGM held on 22 May 2025, authority was given to the Directors to allot unissued shares in the Company up to a maximum amount equivalent to approximately two-thirds of the issued share capital of the Company. Authority was also given to the Directors to allot equity securities in the Company for cash without regard to the pre-emption provisions of the Companies Act 2006. Both authorities expire at the AGM to be held on 27 May 2026. The Directors seek new authorities for a further year, in line with market practice.

The Company was given authority at the 2025 AGM to purchase up to 4,884,623 of its ordinary shares. This authority will also expire on 27 May 2026 and, at the date of this report, had not been used. In accordance with normal practice for listed companies, a special resolution will be proposed at this year's AGM to seek a new authority to make market purchases up to a maximum of 10% of the issued share capital of the Company.

### Subsidiaries and branches

Details of the joint venture, subsidiaries and branches within the Group are given in the [financial statements page 156](#).

### Treasury and financial instruments

Information in respect of the Group's policies on financial risk management objectives, including policies for hedging, as well as an indication of exposure to financial risk, is given in [note 22 page 161](#) to the financial statements.

### Future developments

Information on future developments for the Group has been set out in the [Chair's Statement page 22](#) and the [Group CEO's review page 23](#).

### Greenhouse gas emissions

Information on the Group's greenhouse gas emissions may be found in the [ESG report page 51](#).

### Pension schemes

Refer to the post-employment benefits section of the [Group CFO's review page 31](#) and [note 24 page 167](#) to the financial statements for information related to the Company's pension schemes.

In the UK, Zotefoams runs a number of defined contribution pension schemes. New joiners are eligible to join the Zotefoams Stakeholder Pension Scheme. In the USA, Zotefoams runs a 401k scheme for all employees. In other countries, employees participate in state-run schemes.

### Finance costs capitalised

Finance costs of £0.4m were capitalised in the year (2024: £0.1m).

### Events after the reporting period

On 1 January 2026, the Group undertook an internal restructuring to hive down the UK business from Zotefoams plc to subsidiary Zotefoams U.K.Limited. Further details can be found in [note 28 page 174](#) to the financial statements.

### Disclosure of information to Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, in so far as they are each aware, there is no relevant audit information of which the Company's External Auditor is unaware, and each Director has 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 Company's External Auditor is aware of that information.

### Independent Auditor

A resolution to re-appoint PKF Littlejohn LLP as the Company's External Auditor will be proposed at the forthcoming AGM.

On behalf of the Board,

**N Wright**

Director

10 April 2026

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

### THE DIRECTORS CONSIDER THE ANNUAL REPORT, TAKEN AS A WHOLE, TO BE FAIR, BALANCED AND UNDERSTANDABLE

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 and Company financial statements in accordance with UK-adopted International Accounting Standards. Under company law, the 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 and Company 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 subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for 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 and the Directors' Remuneration report comply with the Companies Act 2006.

The Directors are also 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

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position and performance, business model and strategy of the Group and Company.

Each of the Directors in post as at 05 April 2026, whose names and functions are listed in [their biographies page 77](#), confirm that, to the best of their knowledge:

- the Consolidated and company financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company
- the Group CEO's review includes a fair review of the development and performance of the business and the position of the Group and Company. A description of the principal risks faced by the Group and the Company is provided [here page 38](#).

# FINANCIAL STATEMENTS

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZOTEFOAMS PLC

## Opinion

We have audited the financial statements of Zotefoams plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2025, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and Company statements of financial position, the consolidated and Company statements of changes in equity, the consolidated and Company statements of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2025 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (FRC) Revised Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and documenting an understanding of the Directors' going concern assessment process, including the controls over the review and approval of the budget and five-year plan
- assessing the appropriateness of the Director's going concern assessment period to 30 June 2027 and considering the existence of any significant events or conditions beyond this period based on our procedures on the Group's five-year plan and knowledge arising from other areas of the audit
- evaluating management's historical forecasting accuracy and the consistency of the going concern assessment with information obtained from other areas of the audit such as our audit procedures on management's impairment assessments
- testing the assessment, including forecast liquidity, for mathematical accuracy
- agreeing the underlying cash flow projections to management-approved forecasts, recalculating the impact on banking covenants and liquidity headroom for the base case scenario
- assessing whether key assumptions made were reasonable and appropriately severe, in light of the Group's relevant principal risks and uncertainties and our own independent assessment of those risks
- performing independent sensitivity analysis on management's key assumptions including applying incremental adverse cash flow sensitivities. The sensitivity analysis included the impact of certain severe but plausible scenarios, evaluated as part of management's work on the Group's viability including a reduction in revenue as a result of major operational disruption and increase in cost of inflation
- considering the appropriateness of management's downside scenario to understand how severe conditions would need to be to breach liquidity, and whether such a reduction in performance has no more than a remote possibility of occurring
- reviewing documentation related to the parent company's refinancing arrangements, including loan facility agreements, Board approvals and lender correspondence
- assessing the adequacy of forecasted capital expenditure in management's cash flow projections, specifically in relation to the Vietnam expansion and strategic initiatives, to evaluate whether sufficient funding is available and whether these plans could impact the Group's ability to continue as a going concern.

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 or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors statement in the financial statements about whether the Director's considered it appropriate to adopt the going concern basis of accounting.

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

## Our application of materiality

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.

Based on our professional judgement, we determined materiality as follows:

	Group financial statements	Parent company financial statements
Overall materiality	£1,023,000 (2024: £700,000)	£587,000 (2024: £665,000)
Performance materiality	£716,000 (2024: £490,000)	£410,500 (2024: £465,000)
Triviality	£51,000 (2024: £35,000)	£29,000 (2024: £35,000)
Basis of materiality	5% of profit before tax (2024: 5% of adjusted profit before tax)	5% of profit before tax (2024: 5% of adjusted profit before tax)
Rationale	Profit before tax is the primary key performance indicator used by management in assessing the performance of the Group. As a profit-generating Group and parent company, we consider the users of the financial statements, such as investors, will also consider profit before tax to be a key metric.  Based on our assessment indicating minimal risk in the control environment, we have chosen to set performance materiality at 70% (2024: 70%) of the overall materiality, which we deem most appropriate.	

**Our approach to the audit**

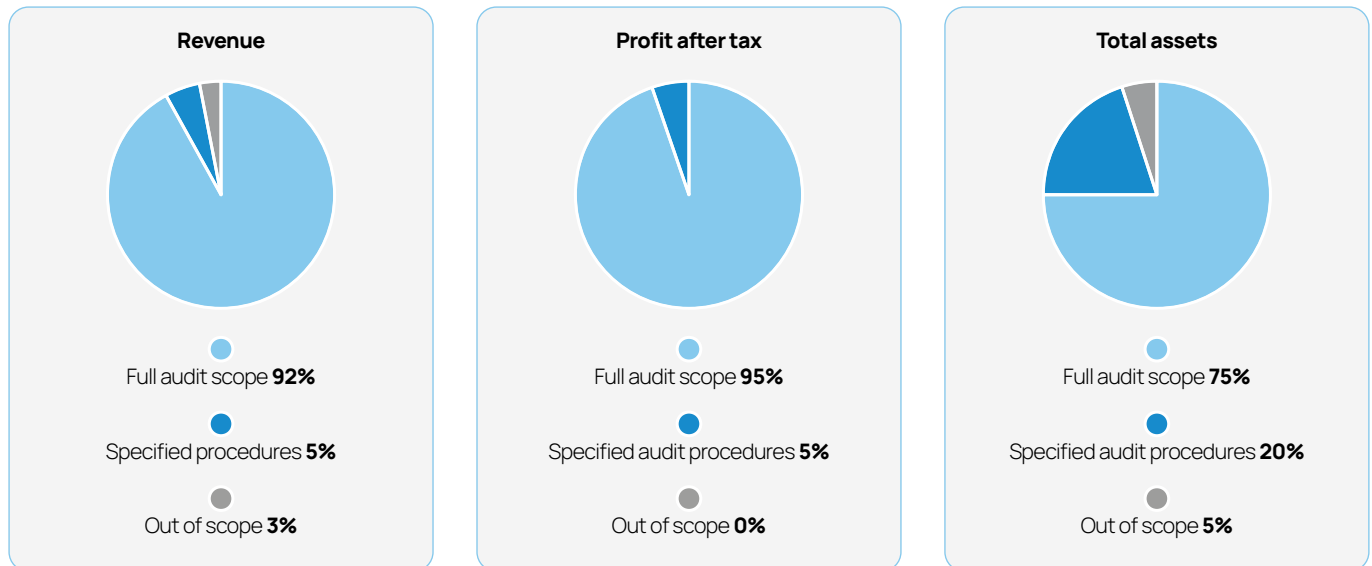
As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the Directors and considered future events that are inherently uncertain such as the impairment of intangible assets, application of acquisition accounting, including the valuation of intangible assets on acquisition, valuation of the Defined Benefit Pension Scheme, including the assumptions used in those calculations, and valuation of deferred tax and share-based payments. We also addressed the risk of management override of controls, including among other matters, the consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The Group's consolidated financial statements for 2025 include nine trading companies, including a joint venture. These comprise one trading company in the UK, two in Europe, two in Asia and three in the USA.

We performed audit procedures of the entire financial statements of the parent company, Zotefoams plc, and its subsidiaries, Zotefoams Inc and Zotefoams Poland Sp. Z o.o.. This work was conducted from our London office by a team with relevant sector experience.

Additionally, we conducted specific scope procedures on the following entities including: Overseas Konstellation Company S.A. and Zotefoams Midwest LLC. For these entities, we performed audit procedures on specific account balances, classes of transactions or disclosures to ensure that all balances material to the Group were subject to appropriate audit procedures.

Our coverage is summarised below by Revenue, Profit after tax and Total assets.



## Key audit matters

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

Key audit matter	How our scope addressed this matter
<p><b>Recoverability of the net investment in and amounts receivable from subsidiaries (parent company only) (Valuation) (Notes 14 and 16)</b></p> <p>As at 31 December 2025, the parent company holds investments in subsidiaries with a carrying value of £30,822k (2024: £30,822k) and amounts owed by group undertakings of £59,221k (2024: £35,857k). These balances comprise of both trading and intercompany loan amounts. The trading portion of £4,470k (2024: £14,332k) does not attract interest. Unsecured loans of £54,751k (2024: £21,525k) are interest bearing and the repayment terms are a combination of fixed and on demand. Collectively, these represent a significant proportion of the parent company's gross assets (2025: 26% (2024: 20%)).</p> <p>The parent company accounts for investments in subsidiaries at cost less impairment, in accordance with its accounting policy. An impairment review is required under IAS 36 "Impairment of Assets" where indicators of impairment exist, and this involves significant management judgement and estimation. There is a risk of material misstatement if an impairment exists on either the investments or intercompany receivables that has not been recognised, particularly where subsidiaries may not have sufficient financial resources to settle balances or generate future economic benefits.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>- comparing the carrying amounts of investments in and receivables from subsidiaries to the respective subsidiaries' net asset positions as at 31 December 2025</li> <li>- reviewing management's assessment for indicators of impairment under IAS 36 and performing an independent assessment to identify any indicators</li> <li>- assessing the financial health of each subsidiary by reviewing their latest management accounts, cash flow forecasts, and available liquidity to evaluate their ability to repay balances on demand</li> <li>- evaluating management's impairment analysis, including consideration of expected credit losses (ECL) under IFRS 9 for intercompany receivables</li> <li>- reviewing the financial statement disclosures for accuracy and completeness in relation to investments in and balances with subsidiary undertakings.</li> </ul> <p><b>Key observations</b></p> <p>The valuations of the investment in and amounts receivable from subsidiaries are reasonable.</p>
<p><b>Recoverability of the carrying value of capitalised technology licensing fees related to Shincell (Valuation) (Note 12)</b></p> <p>In May 2024, Zotefoams plc entered into a technology licensing agreement with Suzhou Shincell New Materials Co. Ltd ("Shincell"), under which it will pay RMB 80m (approximately £9m) over five years. In return, Zotefoams gains access to Shincell's proprietary foaming technology, technical know-how, supplier networks and training support, with the right to use the licensed technology for a minimum of ten years. The agreement is a key component of Zotefoams' strategic plan to maintain and grow its presence in the footwear market, particularly through the establishment of a new production facility in Vietnam.</p> <p>The group has capitalised the licensing fees as an intangible right of use asset, to be amortised over ten years, reflecting the expected period over which economic benefits will be derived. In accordance with IAS 36, management reviews the ability of intangible assets, including capitalised licence fees, to generate sufficient future economic benefits to recover their carrying value. This assessment requires complex judgements such as management's view on the long-term footwear midsole market outlook, technology efficiency, policy measures in Asian geographies (Vietnam and South Korea) and consideration of investment and resource potential.</p> <p>There is a risk that licensing fees capitalised as intangible assets may be overstated if the expected future economic benefits do not exceed the capitalised costs. Additionally, there is a risk of understatement if amortisation begins before the associated benefits are realised, which could result in an impairment that has not been recognised in the financial statements.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>- obtaining the licensing agreement to understand key terms, including the rights granted to the group, payment structure and any conditions that may limit access to the technology over the ten-year period</li> <li>- challenging management over the existence or lack thereof of impairment indicators under IAS 36</li> <li>- obtaining and reviewing management's impairment assessment of the ability of the capitalised licence fees to generate sufficient future economic benefits to recover the carrying value</li> <li>- obtaining an understanding of the basis of preparation of the cash flow forecasts used in the value-in-use model</li> <li>- reviewing and challenging the key assumptions used in management's impairment assessment, specifically focusing on: <ul style="list-style-type: none"> <li>- projected revenues expected to be generated from the asset over its useful life, including obtaining the forecasts prepared by the Group's key customer</li> <li>- the existing and future relationship between Zotefoams and its key customers and the ability to expand to other footwear manufacturers</li> <li>- expected further capital expenditure required for the expansion into Asia</li> <li>- the discount rate used in the model, ensuring it appropriately reflects the Group's risk profile and market conditions</li> <li>- the useful life of the licence's asset, assessing whether or not it is reasonable based on expected economic benefits</li> <li>- growth rate used beyond the five-year forecast</li> </ul> </li> <li>- performing sensitivity analysis on the key assumptions to assess the change in headroom by a reasonable possible change to the inputs, which includes increasing the discount rate by 1%, reducing revenue forecast by 10%, increasing future capital expenditure and delaying revenue generation by one year</li> <li>- engaging and reviewing the work of our internal valuation team on the appropriateness of the discount rate used by management</li> <li>- reviewing the historical accuracy of management's forecasting with regards to the discounted cash flow model</li> <li>- ensuring the financial statement disclosure is in accordance with the requirements of IFRS16 "Leases".</li> </ul> <p><b>Key observations</b></p> <p>Management's assessment is reasonable and no impairment is noted.</p>

Key audit matter	How our scope addressed this matter
<p><b>Application of acquisition accounting including the valuation of intangible assets on acquisition (Valuation, Presentation &amp; Disclosure and Accuracy) (Note 4)</b></p> <p>In November 2025, the Group acquired 100% ownership of Overseas Konstellation Company S.A. (OKC) for a total consideration of €36m, including an upfront consideration of €27.6m and €8.4m as deferred and contingent consideration.</p> <p>Acquisition accounting is inherently complex and involves significant judgement and estimation, including:</p> <ul style="list-style-type: none"> <li>- determining the appropriate accounting framework under IFRS 3 "Business Combinations"</li> <li>- determining the purchase consideration including contingent consideration</li> <li>- allocating the purchase price and determining the fair value of identifiable assets and liabilities, including calculation of goodwill and other intangible assets</li> <li>- assessing deferred tax implications arising from fair value adjustments</li> <li>- estimating the contingent consideration that is based on 2026 forecast performance.</li> </ul> <p>Given the judgemental and complex nature of these transactions, and the material impact of the acquisitions on the Group's financial statements, we have identified the acquisition accounting as a key audit matter.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>- obtaining and reviewing the sale and purchase agreement and supporting documents for the acquisition to understand the key terms, consideration structure, contingent elements and obligations</li> <li>- obtaining management acquisition accounting model and challenging key management judgements, valuation methodologies and conclusions, including reperforming calculations associated with the key accounting entries</li> <li>- evaluating the accounting treatment for reasonableness in accordance with the requirements of IFRS 3</li> <li>- reviewing and testing the purchase price allocation model prepared by management and its expert for appropriateness, including: <ul style="list-style-type: none"> <li>- fair value adjustments and assumptions applied</li> <li>- calculation of goodwill and other intangible assets</li> <li>- assessing the fair value of deferred and contingent consideration</li> <li>- assessment of deferred tax on fair value adjustments</li> </ul> </li> <li>- considering the competency of the expert used by management, including qualifications and experience</li> <li>- evaluating management's considerations as to the nature of the separately identified intangibles and challenging whether any other intangible assets should have been separately identified</li> <li>- recalculating the fair value of consideration paid in respect of the acquisition of OKC to determine whether this has been accurately recorded</li> <li>- obtaining the supporting valuation reports, prepared by management's expert, of the two properties owned by OKC</li> <li>- engaging auditor's experts to assessment of the appropriateness of the valuation methodology used by management, including: <ul style="list-style-type: none"> <li>- the methodology adopted for identifying separate intangible assets distinct from goodwill and assess the appropriateness of discount rates and growth rates applied</li> <li>- the methodology adopted to determine the fair value of land and building acquired</li> <li>- the appropriateness of the values attributed to the property acquired as part of the acquisition</li> </ul> </li> <li>- performing procedures over OKC's balance sheets on the acquisition date to ensure transactions are recorded within the correct accounting period and the completeness of accounting adjustments to adjust the trial balances to be compliant with UK-adopted IAS</li> <li>- assessing the adequacy of the financial statement disclosures, including the accounting policies.</li> </ul> <p><b>Key observations</b></p> <p>The Group's estimate and assumptions, and the associated disclosures relating to the acquisition of OKC, are reasonable.</p>

### Other information

The other information comprises the information included in the annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the Group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us
- the parent company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns
- certain disclosures of Directors' remuneration specified by law are not made
- we have not received all the information and explanations we require for our audit.

### Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's and parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified is set out in [here page 37](#)
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate is set out in [here page 45](#)
- Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities is set out in [here page 37](#)
- Directors' statement that they consider the annual report and the financial statements, taken as a whole, to be fair, balanced and understandable is set out in the [Statement of Directors' responsibilities page 119](#)
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks is set out in the [Risk management and principal risks page 38](#)
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems is set out in the [Corporate Governance page 79](#)
- the section describing the work of the Audit Committee is set out in the [Audit Committee report page 83](#).

### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and parent company financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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:

- We obtained an understanding of the Group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee, correspondence received from regulatory bodies, attendance at all meetings of the Audit Committee, as well as consideration of the results and knowledge gained from our audit procedures across the Group and parent company.
- We determined the principal laws and regulations relevant to the Group and parent company in this regard to be those arising from the Listing Rules, the Companies Act 2006, the Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code, Task Force on Climate-Related Financial Disclosures, environmental, social and governance reporting requirements, UK-adopted IAS, employment law, tax legislations, Bribery Act 2010, the Chemicals (Hazard Information and Packaging for Supply) (Amendment) Regulations 2008, the Institution of Chemical Engineers (Chartered Amendment) Order 2004, the Offshore Chemicals Regulations 2002, the Export and Import of Dangerous Chemicals Regulations 2005, the Industry and Exports (Financial Support) Act 2009, the Export Control Act 2002, the Import and Export Control Act 1990, the Consumer Protection Act 1987, anti-money laundering regulations, the EU Registration, Evaluation, Authorisation and Restriction of Chemicals regulations, the Pressure Systems Safety Regulations 2000, the UK Chemical Industries Association regulations, and the General Data Protection Regulation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and parent company with those laws and regulations. The Group and parent company are subject to laws and regulations that directly affect the financial statements, including financial reporting legislation, pensions legislation, distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

- In addition, the Group and parent company are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, various regulations around the handling of chemicals and general environmental protection legislation, fraud, bribery and corruption, export control, the Consumer Rights Act 2015 and employment law recognising the nature of the Group and parent company's activities. These procedures included, but were not limited to, enquiry of the Directors and other management and inspection of regulatory and legal correspondence.
- We assessed the susceptibility of the Group's and parent company's financial statements to material misstatement, including how fraud might occur, by meeting with management and reviewing the risk and uncertainties committee minutes to understand where it is considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those programmes and controls.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by: testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

#### Other matters which we are required to address

We were appointed by the Audit Committee on 6 October 2020 to audit the financial statements for the period ending 31 December 2020 and subsequent financial periods. Our total uninterrupted period of engagement is six years, covering the periods ending 31 December 2020 to 31 December 2025.

The non-audit services prohibited by the FRC's Revised Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Hannes Verwey**  
Senior Statutory Auditor  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor

10 April 2026

**15 Westferry Circus**  
Canary Wharf  
London E14 4HD

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Revenue</b>	3	<b>158,490</b>	147,791
Cost of sales		<b>(105,591)</b>	(101,658)
<b>Gross profit</b>		<b>52,899</b>	46,133
Distribution costs		<b>(8,175)</b>	(8,478)
Administrative expenses		<b>(22,153)</b>	(19,525)
Exceptional costs of closure of business	5	<b>(946)</b>	(15,178)
<b>Operating profit</b>	5	<b>21,625</b>	2,952
<b>Adjusted operating profit*</b>		<b>22,821</b>	18,130
Finance costs	7	<b>(2,058)</b>	(3,147)
Finance income	7	<b>350</b>	274
Share of profit from joint venture	10	<b>46</b>	74
<b>Profit before income tax</b>		<b>19,963</b>	153
<b>Adjusted profit before income tax*</b>		<b>21,159</b>	15,331
Income tax credit/(expense)	8	<b>2,676</b>	(2,908)
<b>Profit/(loss) for the year</b>		<b>22,639</b>	(2,755)
<b>Adjusted profit for the year*</b>		<b>18,555</b>	12,630
Profit/(loss) attributable to:			
Equity holders of the Company		<b>22,639</b>	(2,755)
<b>Earnings/(loss) per share:</b>			
<b>Basic (p)</b>	9	<b>46.37</b>	(5.66)
<b>Diluted (p)</b>	9	<b>44.87</b>	(5.66)
<b>Adjusted earnings per share**</b>			
<b>Basic (p)</b>	9	<b>38.00</b>	25.95
<b>Diluted (p)</b>	9	<b>36.77</b>	25.24

\* This is not an IFRS measure. Adjusted operating profit, profit before tax and profit for the year have been calculated by excluding the exceptional item relating to MuCell closure, amortisation of intangible assets arising on acquisition of subsidiary and exceptional tax credit. See the [alternative performance measures page 177](#) for further details. The prior year adjusted profit for the year has been restated to add back the amortisation of acquired intangible assets in MuCell.

\*\* This is not an IFRS measure and has been calculated using the adjusted profit for the year, see the [alternative performance measures page 177](#) for further details.

All activities of the Group are continuing. In the prior year the exceptional closure cost relates to the MuCell business, primarily the impairment of tangible and intangible fixed assets.

The [notes to the accounts page 135](#) form an integral part of these financial statements.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Company income statement and other comprehensive income statement.

Company number: 2714645

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Profit/ (loss) for the year</b>		<b>22,639</b>	(2,755)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gains on Defined Benefit Pension Scheme	24	<b>755</b>	348
Tax relating to items that will not be reclassified		<b>(189)</b>	(87)
<b>Total items that will not be reclassified to profit or loss</b>		<b>566</b>	261
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange translation losses on investment in foreign subsidiaries		<b>(1,099)</b>	(371)
Change in fair value of hedging instruments		<b>647</b>	(965)
Hedging gains/(losses) reclassified to profit or loss		<b>743</b>	(968)
Tax relating to items that may be reclassified		<b>(509)</b>	590
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>(218)</b>	(1,714)
<b>Other comprehensive income/ (loss) for the year, net of tax</b>		<b>348</b>	(1,453)
<b>Total comprehensive income/ (loss) for the year</b>		<b>22,987</b>	(4,208)
<b>Total comprehensive income/ (loss) attributable to:</b>			
Equity holders of the Company		<b>22,987</b>	(4,208)
<b>Total comprehensive income/ (loss) for the year</b>		<b>22,987</b>	(4,208)

The [notes to the accounts page 135](#) form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Non-current assets</b>			
Property, plant and equipment	11	105,607	92,088
Right-of-use assets	12	6,266	2,153
Goodwill	4,13	9,903	-
Intangible assets	13	13,883	438
Intangible right-of-use assets	12	6,458	7,233
Investment in joint venture	10	327	281
Trade and other receivables	16	134	14
Deferred tax assets	20	5,571	548
<b>Total non-current assets</b>		<b>148,149</b>	102,755
<b>Current assets</b>			
Inventories	15	27,270	29,924
Trade and other receivables	16	36,484	31,494
Derivative financial instruments	22	980	42
Current tax asset		229	-
Cash and cash equivalents	17	13,982	10,534
<b>Total current assets</b>		<b>78,945</b>	71,994
<b>Total assets</b>		<b>227,094</b>	174,749
<b>Current liabilities</b>			
Trade and other payables	18	(21,580)	(11,878)
Provisions		(859)	(1,381)
Derivative financial instruments	22	(67)	(1,164)
Current tax liability		(925)	(757)
Lease liabilities	12	(2,774)	(2,134)
Deferred consideration		(6,022)	-
Interest-bearing loans and borrowings	19,22	(45,511)	(34,602)
<b>Total current liabilities</b>		<b>(77,738)</b>	(51,916)
<b>Non-current liabilities</b>			
Lease liabilities	12	(8,729)	(6,821)
Deferred tax liabilities	20	(9,239)	(5,103)
Deferred consideration	4	(1,309)	-
Post-employment benefits	24	-	(1,552)
<b>Total non-current liabilities</b>		<b>(19,277)</b>	(13,476)
<b>Total liabilities</b>		<b>(97,015)</b>	(65,392)
<b>Total net assets</b>		<b>130,079</b>	109,357
<b>Equity</b>			
Issued share capital	21	2,462	2,442
Share premium	21	44,178	44,178
Own shares held		(16)	(7)
Capital redemption reserve		15	15
Translation reserve		2,554	3,653
Hedging reserve		198	(683)
Retained earnings		80,688	59,759
<b>Total equity</b>		<b>130,079</b>	109,357

The [notes to the accounts page 135](#) form an integral part of these financial statements.

The [financial statements page 120](#) were authorised for issue by the Board of Directors on 10 April 2026 and were signed on its behalf by:

**Nick Wright**

Group CFO

Company number: 2714645

# COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Non-current assets</b>			
Property, plant and equipment	11	42,970	40,914
Right-of-use assets	12	1,419	1,162
Intangible assets	13	566	404
Intangible right-of-use assets	12	6,458	7,233
Investments in subsidiaries	14	30,822	30,822
Trade and other receivables	16	47,827	13
<b>Total non-current assets</b>		<b>130,062</b>	80,548
<b>Current assets</b>			
Inventories	15	18,488	23,315
Trade and other receivables	16	32,055	56,706
Derivative financial instruments	22	980	42
Cash and cash equivalents	17	6,399	5,449
<b>Total current assets</b>		<b>57,922</b>	85,512
<b>Total assets</b>		<b>187,984</b>	166,060
<b>Current liabilities</b>			
Trade and other payables	18	(13,891)	(7,727)
Derivative financial instruments	22	(67)	(1,164)
Current tax liability		(307)	(647)
Lease liabilities	12	(1,917)	(1,654)
Interest-bearing loans and borrowings	19/22	(45,511)	(34,602)
<b>Total current liabilities</b>		<b>(61,693)</b>	(45,794)
<b>Non-current liabilities</b>			
Lease liabilities	12	(4,733)	(6,108)
Deferred tax liabilities	20	(5,314)	(5,103)
Post-employment benefits	24	-	(1,552)
<b>Total non-current liabilities</b>		<b>(10,047)</b>	(12,763)
<b>Total liabilities</b>		<b>(71,740)</b>	(58,557)
<b>Total net assets</b>		<b>116,244</b>	107,503
<b>Equity</b>			
Issued share capital	21	2,462	2,442
Share premium	21	44,178	44,178
Capital redemption reserve		15	15
Hedging reserve		198	(683)
Retained earnings		69,391	61,551
<b>Total equity</b>		<b>116,244</b>	107,503

The Company profit for the year ended 31 December 2025 was £9,556k (2024: £3,844k).

The [notes to the accounts page 135](#) form an integral part of these financial statements.

The [financial statements page 120](#) were authorised for issue by the Board of Directors on 10 April 2026 and were signed on its behalf by:

**Nick Wright**

Group CFO

Company number: 2714645

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Cash flows from operating activities</b>			
Profit before tax		19,963	153
Adjustments for:			
Depreciation and amortisation	11,12,13	8,890	8,983
Loss on disposal of assets	5	20	28
Finance costs	7	1,708	2,873
Share of profit from joint venture	10	(46)	(74)
Net exchange differences		22	524
Equity-settled share-based payments	25	1,674	1,077
Non-cash cost of closure of business		946	15,178
<b>Operating profit before changes in working capital and provisions</b>		<b>33,177</b>	28,742
(Increase)/decrease in trade and other receivables		(1,586)	1,539
Decrease in inventories		4,536	1,948
Increase/(decrease) in trade and other payables		4,466	(997)
Employee defined benefit contributions	24	(859)	(859)
<b>Cash generated from operations</b>		<b>39,734</b>	30,373
Interest paid		(1,561)	(2,515)
Income taxes paid, net of refunds		(3,024)	(2,857)
<b>Net cash flows generated from operating activities</b>		<b>35,149</b>	25,001
<b>Cash flows from investing activities</b>			
Interest received	7	350	274
Purchases of intangibles	13	(262)	(3,306)
Purchases of property, plant and equipment	11	(13,963)	(10,342)
Proceeds from disposal of property, plant and equipment	11	700	39
Acquisition of subsidiary, net of cash acquired	4	(23,406)	-
<b>Net cash used in investing activities</b>		<b>(36,581)</b>	(13,335)
<b>Cash flows from financing activities</b>			
Proceeds from exercise of share options		25	72
Repayment of borrowings	19	(14,584)	(8,357)
Proceeds from borrowings	19	25,931	6,750
Payment of principal portion of lease liabilities	12	(2,736)	(2,335)
Dividends paid to equity holders of the Company	9	(3,713)	(3,542)
<b>Net cash from/(used in) financing activities</b>		<b>4,923</b>	(7,412)
Net increase in cash and cash equivalents		3,491	4,254
<b>Cash and cash equivalents at 1 January</b>		<b>10,534</b>	6,294
Exchange losses on cash and cash equivalents		(43)	(14)
<b>Cash and cash equivalents at 31 December</b>	17	<b>13,982</b>	10,534

Cash and cash equivalents comprise cash at bank and short-term highly liquid investments with a maturity date of less than three months, per the breakdown in [note 22 page 161](#).

The net exchange differences of £22k within operating activities relate to the foreign exchange movement on borrowings and open forward contracts in the income statement (2024: £524k).

Refer to [note 19 page 158](#) for a reconciliation of liabilities arising from financing activities.

The [notes to the accounts page 135](#) form an integral part of these financial statements.

# COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
<b>Cash flows from operating activities</b>			
Profit before tax		11,649	6,489
Adjustments for:			
Depreciation and amortisation	11,12,13	4,666	4,300
Finance costs		1,123	1,660
Net exchange differences		(750)	459
Equity-settled share-based payments	25	1,674	1,077
Non-cash write-off of intercompany loans with closed business		888	10,634
<b>Operating profit before changes in working capital and provisions</b>		<b>19,250</b>	24,619
Increase in trade and other receivables		(5,081)	(8,848)
Decrease/(increase) in inventories		4,829	(699)
Increase in trade and other payables		5,579	3,112
Employee defined benefit contributions	24	(859)	(859)
<b>Cash generated from operations</b>		<b>23,718</b>	17,325
Interest paid		(1,477)	(2,437)
Income taxes paid, net of refunds		(2,471)	(2,273)
<b>Net cash flows generated from operating activities</b>		<b>19,770</b>	12,615
<b>Cash flows from investing activities</b>			
Interest received		1,152	1,471
Loans repaid by subsidiaries*	26	5,206	1,796
Loans granted to subsidiaries*	26	(25,014)	(3,885)
Purchase of intangibles	13	(268)	(88)
Purchase of property, plant and equipment	11	(5,402)	(2,489)
<b>Net cash used in investing activities</b>		<b>(24,326)</b>	(3,195)
<b>Cash flows from financing activities</b>			
Proceeds of exercise of share options		25	72
Repayment of borrowings	19	(14,584)	(8,357)
Proceeds from borrowings	19	25,931	6,750
Principal elements of lease payments	12	(2,153)	(1,769)
Dividends paid to equity holders of the Company	9	(3,713)	(3,542)
<b>Net cash generated from/(used in) financing activities</b>		<b>5,506</b>	(6,846)
Net increase in cash and cash equivalents		950	2,574
<b>Cash and cash equivalents at 1 January</b>		<b>5,449</b>	2,875
<b>Cash and cash equivalents at 31 December</b>	17	<b>6,399</b>	5,449

\* Prior year restated to gross up amounts granted to and repaid by subsidiaries which had previously been net off.

Cash and cash equivalents comprise cash at bank and short-term highly liquid investments with a maturity date of less than three months, per the breakdown in [note 22 page 161](#).

The net exchange differences of £750k within operating activities relate to the foreign exchange movement on borrowings and open forward contracts in the income statement (2024: £459k).

Refer to [note 19 page 158](#) for a reconciliation of liabilities arising from financing activities.

The [notes to the accounts page 135](#) form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the year ended 31 December 2025

	Note	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Translation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance as at 1 January 2024</b>		2,442	44,178	(12)	15	4,024	660	64,456	115,763
Loss for the year		-	-	-	-	-	-	(2,755)	(2,755)
Other comprehensive income for the year:									
Foreign exchange translation losses on investment in subsidiaries		-	-	-	-	(371)	-	-	(371)
Change in fair value of hedging instruments recognised in other comprehensive income		-	-	-	-	-	(965)	-	(965)
Reclassification to income statement - administrative expenses		-	-	-	-	-	(968)	-	(968)
Tax relating to effective portion of changes in fair value of cash flow hedges, net of recycling		-	-	-	-	-	590	-	590
Actuarial gain on Defined Benefit Pension Scheme	24	-	-	-	-	-	-	348	348
Tax relating to actuarial gain on Defined Benefit Pension Scheme		-	-	-	-	-	-	(87)	(87)
<b>Total comprehensive loss for the year</b>		-	-	-	-	(371)	(1,343)	(2,494)	(4,208)
<b>Transactions with owners of the parent:</b>									
Options exercised		-	-	-	-	-	-	72	72
Proceeds of shares issued, net of expenses		-	-	5	-	-	-	-	5
Equity-settled share-based payments net of tax		-	-	-	-	-	-	1,267	1,267
Dividends paid	9	-	-	-	-	-	-	(3,542)	(3,542)
Total transactions with owners of the parent		-	-	5	-	-	-	(2,203)	(2,198)
<b>Balance as at 31 December 2024</b>		2,442	44,178	(7)	15	3,653	(683)	59,759	109,357
<b>Balance as at 1 January 2025</b>		<b>2,442</b>	<b>44,178</b>	<b>(7)</b>	<b>15</b>	<b>3,653</b>	<b>(683)</b>	<b>59,759</b>	<b>109,357</b>
Profit for the year		-	-	-	-	-	-	22,639	22,639
Other comprehensive income for the year:									
Foreign exchange translation losses on investment in subsidiaries		-	-	-	-	(1,099)	-	-	(1,099)
Change in fair value of hedging instruments recognised in other comprehensive income		-	-	-	-	-	647	-	647
Reclassification to income statement - administrative expenses		-	-	-	-	-	743	-	743
Tax relating to effective portion of changes in fair value of cash flow hedges, net of recycling		-	-	-	-	-	(509)	-	(509)
Actuarial gain on Defined Benefit Pension Scheme	24	-	-	-	-	-	-	755	755
Tax relating to actuarial gain on Defined Benefit Pension Scheme		-	-	-	-	-	-	(189)	(189)
<b>Total comprehensive (loss)/income for the year</b>		-	-	-	-	(1,099)	881	23,205	22,987
<b>Transactions with owners of the parent:</b>									
Options exercised		-	-	-	-	-	-	25	25
Proceeds of shares issued, net of expenses		20	-	(9)	-	-	-	-	11
Equity-settled share-based payments net of tax		-	-	-	-	-	-	1,412	1,412
Dividends paid	9	-	-	-	-	-	-	(3,713)	(3,713)
Total transactions with owners of the parent		20	-	(9)	-	-	-	(2,276)	(2,265)
<b>Balance as at 31 December 2025</b>		<b>2,462</b>	<b>44,178</b>	<b>(16)</b>	<b>15</b>	<b>2,554</b>	<b>198</b>	<b>80,688</b>	<b>130,079</b>

The aggregate current and deferred tax relating to items that are charged to equity is £524k (2024: credited £659k).

The [notes to the accounts page 135](#) form an integral part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance as at 1 January 2024</b>		2,442	44,178	15	660	59,684	106,979
Profit for the year		-	-	-	-	3,844	3,844
<i>Other comprehensive income for the year:</i>							
Change in fair value of hedging instruments recognised in other comprehensive income		-	-	-	(965)	-	(965)
Reclassification to income statement – administrative expenses		-	-	-	(968)	-	(968)
Tax relating to effective portion of changes in fair value of cash flow hedges, net of recycling		-	-	-	590	-	590
Actuarial gain on Defined Benefit Pension Scheme	24	-	-	-	-	348	348
Tax relating to actuarial gain on Defined Benefit Pension Scheme		-	-	-	-	(87)	(87)
<b>Total comprehensive (loss)/income for the year</b>		-	-	-	(1,343)	4,105	2,762
<b>Transactions with owners:</b>							
Proceeds of shares issued, net of expenses		-	-	-	-	72	72
Equity-settled share-based payments net of tax		-	-	-	-	1,232	1,232
Dividends paid	9	-	-	-	-	(3,542)	(3,542)
Total transactions with owners		-	-	-	-	(2,238)	(2,238)
<b>Balance as at 31 December 2024</b>		2,442	44,178	15	(683)	61,551	107,503
<b>Balance as at 1 January 2025</b>		<b>2,442</b>	<b>44,178</b>	<b>15</b>	<b>(683)</b>	<b>61,551</b>	<b>107,503</b>
Profit for the year		-	-	-	-	9,556	9,556
<i>Other comprehensive income for the year:</i>							
Change in fair value of hedging instruments recognised in other comprehensive income		-	-	-	647	-	647
Reclassification to income statement – administrative expenses		-	-	-	743	-	743
Tax relating to effective portion of changes in fair value of cash flow hedges, net of recycling		-	-	-	(509)	-	(509)
Actuarial gain on Defined Benefit Pension Scheme	24	-	-	-	-	755	755
Tax relating to actuarial gain on Defined Benefit Pension Scheme		-	-	-	-	(189)	(189)
<b>Total comprehensive income for the year</b>		-	-	-	881	10,122	11,003
<b>Transactions with owners:</b>							
Options exercise		-	-	-	-	25	25
Share Issued		20	-	-	-	-	20
Equity-settled share-based payments net of tax		-	-	-	-	1,406	1,406
Dividends paid	9	-	-	-	-	(3,713)	(3,713)
Total transactions with owners		20	-	-	-	(2,282)	(2,262)
<b>Balance as at 31 December 2025</b>		<b>2,462</b>	<b>44,178</b>	<b>15</b>	<b>198</b>	<b>69,391</b>	<b>116,244</b>

The aggregate current and deferred tax relating to items that are charged to equity is £524k (2024: credited £659k).

The notes to the accounts page 135 form an integral part of these financial statements.

# 1. GENERAL INFORMATION

Zotefoams plc (the "Company") is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in England, UK. The registered office of the Company is Salisbury House, Finsbury Circus, London EC2M 7AQ.

The Company, its subsidiaries and joint ventures (together referred to as the "Group") are engaged in the manufacturing and sale of high-performance foams and licensing of related technology for specialist markets worldwide.

# 2. MATERIAL ACCOUNTING POLICIES

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

## 2.1 Basis of preparation

The consolidated financial statements of Zotefoams plc have been prepared in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS") and as applied in accordance with the provisions of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention except for derivative financial instruments, which are measured at fair value through profit or loss.

The preparation of financial statements in conformity with UK-adopted IAS requires the use of certain critical accounting estimates. 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 financial statements, are disclosed in note 27.

### i) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the [Strategic Report page 3](#) and the section entitled [Risk management and principal risks page 38](#). These also describe the financial position of the Group, its cash flows and liquidity position. In addition, note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, borrowing facilities and its exposure to credit risk and liquidity risk.

At 31 December 2025, the Group's gross finance facilities comprised a £50.0m facility with a £25.0m accordion (2024: £50.0m facility with a £25.0m accordion), consisting entirely of a multi-currency term loan. This loan was due to mature in March 2027 and was refinanced on 23 January 2026 with a larger facility of £90.0m with a £30.0m accordion. The new loan is for a three-year term and can be extended to four years in 2026, and to five years in 2027.

The Directors believe that the Group is well placed to manage its business risks and, after making enquiries including a review of forecasts and predictions, taking account of reasonably possible changes in trading performance and considering the existing banking facilities, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months following the date of approval of the financial statements. After due consideration of the range and likelihood of potential outcomes evaluated as part of stress tests on the viability statement, the Directors continue to adopt the going concern basis of accounting in preparing the Annual Report.

## 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and joint venture as at 31 December 2025.

### i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully

consolidated from the date on which control is transferred to the Group. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### ii) Transactions eliminated on consolidation

All intra-group balances and transactions, including any unrealised gains and losses or income and expenses arising from such transactions, are eliminated in full on preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

### iii) Joint arrangements

The Group applies IFRS 11 to its joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined it to be a joint venture. The interest in the joint venture is accounted for using the equity method, after initially being recognised at cost.

### iv) Equity method

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

If the ownership interest in the joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised with a corresponding adjustment to the carrying value of the investment. Where the Group's share of losses in the joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture. Distributions received from the joint venture reduce the carrying value of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and recognises the amount adjacent to "share of profit/(loss) of joint venture" in the income statement.

Gains and losses resulting from upstream and downstream transactions between the Group and the joint venture are recognised in the Group's financial statements only to the extent of an unrelated investor's interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been aligned where necessary to ensure consistency with the policies adopted by the Group.

## v) Accounting for business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from the activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value remeasured at acquisition date of the existing interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed; less
- separately identifiable intangible assets arising from the purchase price allocation.

Separately identifiable intangible assets arising from the purchase price allocation are recognised where they meet the definition and recognition criteria of an intangible asset as set out in IAS 38. Such intangible assets may include, for example, customer relationships, brand names, trademarks, technology or order backlogs. These assets are initially recognised at fair value at the date of acquisition and are subsequently amortised on a systematic basis over their estimated useful economic lives, which are reviewed annually. The amortisation is charged to the income statement.

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's segments that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a segment and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the segment retained.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 "Financial Instruments", is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

## vi) Investments in subsidiaries and joint arrangements

The Company's investments in subsidiaries and joint arrangements are stated at cost.

## 2.3 Foreign currency

### i) Functional and presentation currency

The Group's consolidated financial statements are presented in sterling, which is the Group's functional currency. For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and, on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

The Company's financial statements are prepared and presented in sterling, which is its functional currency.

### ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation (where items are remeasured). Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All foreign exchange gains and losses are presented in the income statement within administrative expenses.

Translation differences related to items classified through other comprehensive income ("OCI") are recognised in OCI, while remaining translation differences are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) or the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

### iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate of exchange prevailing at the reporting date
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction).

All resulting exchange differences are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity, and they are translated at the closing rate. Exchange differences arising are recognised in OCI.

## 2.4 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to foreign currency risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into, and they are subsequently remeasured at their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates all derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of the transaction, the Group designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability where the remaining maturity of the hedged item is more than twelve months, and as a current asset or liability where the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

The fair value of forward exchange contracts is their quoted market price at the statement of financial position date, being the present value of the quoted forward price.

### i) Cash flow hedging

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement against revenue.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedging reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity might designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the income statement and recognised through the statement of other comprehensive income.

## 2.5 Property, plant and equipment

### i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and any impairment losses. Such costs include those directly attributable to making the asset capable of operating as intended. The carrying amount of any part that is subsequently replaced is derecognised. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The cost of assets under construction includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

### ii) Depreciation

Land is not depreciated. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of the item of property, plant and equipment. The estimated useful lives are as follows:

- Buildings 20–40 years
- Plant and equipment 5–20 years
- Fixtures and fittings 3–5 years.

Assets under construction are depreciated from the month in which the asset is ready for its intended use.

The assets' residual values and expected useful lives are reviewed, and adjusted if appropriate, at the end of each financial year.

## 2.6 Intangible assets

### i) Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the asset
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the asset include the product development employee costs and an appropriate portion of relevant overheads.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period over which future economic benefits are expected to be derived. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### ii) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired in a business combination. Goodwill is stated at the amount recognised on the date of acquisition less any accumulated impairment losses. Goodwill is tested annually for impairment or more frequently if there are indications that goodwill may be impaired.

#### iii) Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Following initial recognition, items of software are carried at cost less any accumulated amortisation and accumulated impairment losses.

#### iv) Patents

Patents are initially measured at purchase cost and are amortised on a straight-line basis over their estimated useful economic lives.

#### v) Other intangible assets

Intangible assets acquired from a business combination are capitalised at fair value as at the date of acquisition and amortised over their estimated useful economic life. Their carrying value is the fair value at acquisition less cumulative amortisation and any impairment. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Development costs that are directly attributable to the design and development of internally generated intangible assets controlled by the Group are recognised when the relevant criteria are met. Internally generated intangible assets are amortised from the point at which the asset is ready for use.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred. Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### vi) Amortisation

The estimated useful lives of the Group's intangible assets are as follows:

- Marketing related 5–15 years
- Customer related 2–10 years
- Technology related 5–20 years
- Software related 3–10 years
- Licences 3–10 years
- Capitalised development 3–10 years, from the date the patent is granted.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 2.7 Financial instruments

### i) Classifications

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group classifies its financial assets in the following categories:

#### a) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling it in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges.

#### b) Financial assets measured at amortised cost

Financial assets measured at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

#### c) Financial assets measured at fair value through other comprehensive income

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

### ii) Recognition and measurement

Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Interest income from financial assets carried at amortised cost is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within administrative expenses in the financial year in which they arise.

#### iii) Impairment of financial assets carried at amortised cost

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Further details are provided in note 22.

#### iv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## v) Financial liabilities

Financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. The Group derecognises financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. The measurement of financial liabilities depends on their classification, as follows:

### a) Financial liabilities measured at fair value through profit or loss

Financial liabilities that meet the definition of being held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognised in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category.

### b) Financial liabilities measured at amortised cost

All other financial liabilities are initially recognised at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings, this is typically equivalent to the fair value of the proceeds received, net of issue costs associated with the borrowing. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised in finance income and finance costs respectively.

This category of financial liabilities includes trade and other payables.

### vi) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the Group currently has a legally enforceable right to offset the recognised amounts, and the Group intends to either settle on a net basis or realise the asset and settle the liability simultaneously. A right of offset is the Group's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a legally enforceable right to offset currently exists.

### vii) Current versus non-current classification

The Group classifies assets and liabilities in the statement of financial position as either current or non-current.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

An entity shall classify a liability as current when:

- it expects to settle the liability in its normal operating cycle
- it holds the liability primarily for the purpose of trading
- the liability is due to be settled within twelve months after the reporting period or
- it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 2.8 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30–90 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value. Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in note 22.

## 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

## 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term highly liquid investments with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

## 2.11 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each statement of financial position date where there is an indication that the asset may be impaired. If any such indication exists, the asset's recoverable amount is estimated (see below).

For goodwill, property, plant and equipment and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

### i) Calculation of recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are based on a value in use calculation using cash flow projections from forecasts approved by management. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the sales volume and cost of sales.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

### ii) Impairment losses

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

### iii) Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.12 Dividends

Final dividends are recognised as a liability in the financial year in which they are approved, and the corresponding amount is recognised directly in equity. Interim dividends are recognised when paid.

## 2.13 Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption values being recognised in the income statement over the period of the borrowings on an effective interest basis, where material. Adherence with loan covenants is discussed in note 22.

## 2.14 Employee benefits

### i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

### ii) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial year, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using AA credit-rated bonds that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in "staff expenses" in the income statement, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from service in the current year, benefit changes, curtailments and settlements.

Past service costs are recognised immediately in the income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance costs in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise.

## 2.15 Share-based payment transactions

### i) Equity-settled transactions

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (share awards) of the Company. The fair value of the employee services received in exchange for the grant of the share awards is recognised as an expense. The total amount of the share award to be valued is determined by reference to the fair value of the share awards granted:

- including any market performance conditions (for example, an entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period)
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

Where material, share awards granted since 1 January 2006 with market-based vesting conditions are valued using the Black-Scholes-Merton model. Per the standard, these have no revisions to original estimates.

At the end of each reporting period, the Company revises its estimates of the number of share awards that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances, employees might provide services in advance of the grant date, and so the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

When the share awards vest or are exercised, the Employee Benefit Trust (EBT) will normally release the shares to the participant. This may involve selling all, or a portion of, the shares. The proceeds received from the sale, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

Any social security contributions payable in connection with the grant of the share awards are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

### ii) Own shares held by the EBT

Transactions of the EBT are treated as being those of the Group and are therefore reflected in the financial statements. In particular, the EBT's purchase and sale of shares in the Company and any gain or loss on those shares are debited and credited directly to equity.

## 2.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are stated at cost.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

## 2.18 Revenue

Revenue comprises the sale of finished goods (foam), trading goods (equipment) and licence and royalty income. All these revenue streams are revenues arising from contracts with customers. The recognition and measurement principles of IFRS 15 are applied as set out below.

Revenue excludes intercompany revenues and value added taxes and is stated net of discounts and returns.

### i) Sale of finished goods (foam)

Revenue from the sale of foam is recognised when control of the goods has been transferred to a customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. This usually occurs when the title passes to the customer, either on shipment or on receipt of goods by the customer, depending on agreed trading terms. Payment is due within credit terms that are consistent with industry practices, with no financing components.

### ii) Sale of trading goods (equipment)

Revenue from the sale of equipment is recognised when control of the goods has been transferred to a customer. This usually occurs when the title passes to the customer, either on shipment or on receipt of the goods by the customer, depending on agreed trading terms.

### iii) Licence and royalty income

Revenue from usage-based royalties in exchange for a licence of the Group's technology is recognised when the performance obligation is satisfied, which is at the time when the sale or usage occurs. Licence revenue from contracts, which include a minimum royalty guarantee to provide use of the Group's technology, is recognised at a point in time when the uptake of the minimum royalty becomes unconditional. Royalty income that does not include a minimum royalty guarantee is recognised when the usage occurs.

## 2.19 Leases

The Group leases offices and various equipment. Rental contracts are typically between two and ten years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, that being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset on similar economic terms and conditions. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying value of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs
- restoration costs.

Payments associated with short-term leases and leases of low value are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise small items of equipment.

## 2.20 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of the tax laws enacted at the statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; 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, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

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

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available, against which the temporary difference can be utilised.

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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

## 2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

## 2.22 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. These are items that are material, because of either their size or their nature, or that are non-recurring, and are presented within the line items to which they best relate.

## 2.23 Provisions

A provision is recognised if, as the result of a past event or decision there is a present legal obligation that can be measured reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Such obligations could arise from a decision to restructure or close a line of business.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 2.24 Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

## 2.25 New standards and interpretations

The Group applied for the first time certain standards and amendments that are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### i) Standards issued that have now taken effect

#### Lack of exchangeability – Amendments to IAS 21

In August 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments became effective for annual reporting periods beginning on or after 1 January 2025.

The amendments did not have a material impact on the Group's financial statements.

## ii) Standards issued but not yet effective

The new and amended standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### IFRS 18 "Presentation and Disclosure in Financial Statements"

In April 2025, the IASB issued IFRS 18, which replaces IAS 1 "Presentation of Financial Statements". IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. The first three are new.

It also requires disclosure of newly defined management-defined performance measures and subtotals of income and expenses, and includes new requirements for the aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 "Statement of Cash Flows", which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier adoption is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

### IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

In May 2025, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early adoption permitted.

As the Group is listed, it is not eligible to elect to apply IFRS 19.

### "Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7"

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, "Amendments to the Classification and Measurement of Financial Instruments" (the Amendments). The Amendments include:

- a clarification that a financial liability is derecognised on the "settlement date" and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date

- additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- clarifications on what constitute "non-recourse features" and what are the characteristics of contractually linked instruments
- the introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The amendments are effective for annual periods starting on or after 1 January 2026, with early adoption permitted for classification of financial assets and related disclosures only. The amendments are not expected to have a material impact on the Group's financial statements.

### "Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7"

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 – "Contracts Referencing Nature-dependent Electricity". The amendments apply only to contracts that reference nature-dependent electricity. The amendments:

- clarify the application of the "own-use" requirements for in-scope contracts
- amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The amendments are not expected to have a material impact on the Group's financial statements.

### "Annual Improvements to IFRS Accounting Standards – Volume 11"

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, corrections or changes to improve consistency in "IFRS 1 First-time Adoption of International Financial Reporting Standards", IFRS 7 "Financial Instruments: Disclosure" and its accompanying guidance on implementing IFRS 7, IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements" and IAS 7 "Statement of Cash Flows".

The amendments will be effective for reporting periods beginning on or after 1 January 2026.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

### 3. SEGMENT REPORTING

The Group's operating segments are reported in a manner consistent with the internal reporting provided to and regularly reviewed by the Group Chief Executive Officer, Ronan Cox, who is considered to be the 'chief operating decision maker' for the purpose of evaluating segment performance and allocating resources. The Group Chief Executive Officer primarily uses a measure of profit for the year before tax and exceptional items to assess the performance of the operating segments.

In 2025 the Group has adopted a new structure of segmental reporting that follows the regions in which the Group operates and the markets to which it sells in those regions. This presents a significant change from the method applied in 2024 and so the prior year figures presented have been restated to show this new structure.

The Group manufactures and sells high-performance foams for specialist markets worldwide. The Group's activities are reviewed regionally as follows:

- EMEA: Manufacturing facilities in Croydon, UK, Spain and Poland in addition to foams supplied via Croydon through our AAL joint venture with INOAC Corporation
- North America: Manufacturing facility in Walton, USA and foams fabrication business in Tulsa, USA
- Asia: T-FIT® manufacturing facility in Kunshan, China, a distribution operation of T-FIT products in Gurgaon, India and the recently announced expansion into Vietnam with a new, purpose-built manufacturing facility where capital investment is beginning to take place
- In 2024 there was a MuCell segment which licensed microcellular foam technology and sold related machinery. It was developing a fully circular solution for mono-material barrier packaging, branded ReZorce®. At the end of 2024, this line of business was wound down.

	EMEA		North America		Asia		MEL		Consolidated	
	2025 £'000	2024 Restated £'000	2025 £'000	2024 Restated £'000	2025 £'000	2024 Restated £'000	2025 £'000	2024 Restated £'000	2025 £'000	2024 Restated £'000
Revenue	<b>123,953</b>	113,337	<b>30,084</b>	28,089	<b>4,230</b>	5,144	<b>223</b>	1,221	<b>158,490</b>	147,791
<b>Profit/(loss)</b>	<b>25,379</b>	24,449	<b>3,529</b>	1,819	<b>223</b>	1,373	<b>180</b>	(4,891)	<b>29,311</b>	22,750
Exceptional cost of closure of business	-	-	-	-	-	-	<b>(946)</b>	(15,178)	<b>(946)</b>	(15,178)
Central costs allocated to segments	<b>(214)</b>	-	-	-	-	-	-	-	<b>(214)</b>	-
Central costs unallocated to segments	-	-	-	-	-	-	-	-	<b>(6,526)</b>	-
Operating profit/(loss)	<b>25,165</b>	24,449	<b>3,529</b>	1,819	<b>223</b>	1,373	<b>(766)</b>	(20,069)	<b>21,625</b>	2,952
Financing costs	-	-	-	-	-	-	-	-	<b>(2,058)</b>	(3,147)
Financing income	-	-	-	-	-	-	-	-	<b>350</b>	274
Share of profit from joint venture	-	-	-	-	-	-	-	-	<b>46</b>	74
Profit before taxation	-	-	-	-	-	-	-	-	<b>19,963</b>	153
Taxation	-	-	-	-	-	-	-	-	<b>2,676</b>	(2,908)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	<b>22,639</b>	(2,755)
Depreciation and amortisation:										
Depreciation	<b>4,332</b>	4,211	<b>2,441</b>	2,219	<b>68</b>	81	-	560	<b>6,841</b>	7,071
Amortisation	<b>336</b>	241	-	-	-	-	-	306	<b>336</b>	547
Allocated depreciation of right-of-use assets	<b>409</b>	347	<b>164</b>	168	<b>102</b>	39	-	294	<b>675</b>	848
Unallocated depreciation of right-of-use assets	-	-	-	-	-	-	-	-	<b>834</b>	517
Capital expenditure:										
Property, plant and equipment (PPE)	<b>1,703</b>	2,774	<b>8,388</b>	6,057	<b>4,196</b>	4	-	1,266	<b>14,287</b>	10,101
Intangible assets	<b>23,946</b>	97	-	-	-	-	-	3,140	<b>23,946</b>	3,237
Segment assets	<b>158,320</b>	108,141	<b>50,424</b>	49,703	<b>11,665</b>	7,440	<b>89</b>	2,232	<b>220,498</b>	167,516
Unallocated assets	-	-	-	-	-	-	-	-	<b>6,596</b>	7,233
Total assets	<b>158,320</b>	108,141	<b>50,424</b>	49,703	<b>11,665</b>	7,440	<b>89</b>	2,232	<b>227,094</b>	174,749
Segment liabilities	<b>(56,289)</b>	(32,228)	<b>(26,644)</b>	(21,943)	<b>(7,748)</b>	(1,962)	<b>(1,063)</b>	(2,677)	<b>(91,744)</b>	(58,810)
Unallocated liabilities	-	-	-	-	-	-	-	-	<b>(5,271)</b>	(6,582)
Total liabilities	<b>(56,289)</b>	(32,228)	<b>(26,644)</b>	(21,943)	<b>(7,748)</b>	(1,962)	<b>(1,063)</b>	(2,677)	<b>(97,015)</b>	(65,392)

Unallocated assets are made up of intangible right-of-use assets, £6,458k (2024: £7,233k) representing Zotefoams' right to use the licensed technology from Shincell, and the lease on the head office property, £138k (2024: £Nil). Unallocated liabilities are made up of the lease liability in respect of licensed technology, £5,180k (2024: £6,583k) and the lease on the head office property, £91k (2024: £Nil).

Segment profit/(loss) is made up of operating profit/(loss) before exceptional items, foreign exchange gains/(losses) and unallocated central costs. Unallocated central costs are not directly attributable to, or cannot be allocated to, a segment.

Segment profit/(loss) pre-amortisation of acquired intangibles only excludes amortisation on acquired intangible assets.

### Major customer

Revenue from one customer included in EMEA contributed £74,899k to the Group's revenue (2024: one customer included in EMEA contributed £66,133k to the Group's revenue).

### Analysis of revenue by category

Breakdown of revenues by product category for the Group:

	2025 £'000	2024 £'000
Consumer and lifestyle	79,478	70,472
Construction and other industrial	26,494	29,097
Transport and smart technologies	52,518	48,222
<b>Group revenue</b>	<b>158,490</b>	<b>147,791</b>

## 4. BUSINESS COMBINATIONS

### Acquisition of Overseas Konstellation Company S.A.

On 18 November 2025 the Group acquired 100% of the voting shares of Overseas Konstellation Company S.A. and its subsidiary Inversiones C2GFC, SL (together "OKC"), a non-listed company based in Spain specialising in the manufacture of polyolefin foam.

### Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of OKC as at the date of acquisition were:

	Acquired £'000	Fair value adjustment* £'000	Fair value recognised on acquisition £'000
<b>Assets</b>			
Property, plant and equipment (PPE)	5,822	2,670	8,492
Right-of-use assets	2,763	-	2,763
Acquired intangibles	-	13,668	13,668
Inventories	1,942	413	2,355
Trade and other receivables	4,407	-	4,407
Cash and cash equivalents	955	-	955
	<b>15,889</b>	<b>16,751</b>	<b>32,640</b>
<b>Liabilities</b>			
Trade payables	(3,640)	-	(3,640)
Lease liabilities	(2,763)	-	(2,763)
Provisions	(448)	-	(448)
Deferred tax	-	(4,030)	(4,030)
	<b>(6,851)</b>	<b>(4,030)</b>	<b>(10,881)</b>
<b>Total identifiable net assets at fair value</b>			<b>21,759</b>
Goodwill arising on acquisition			<b>10,016</b>
<b>Purchase consideration transferred</b>			<b>31,775</b>

\* The fair value valuation technique relies on inputs not in the public domain and is categorised as Level 3 in the hierarchy (for further details on the determination of levels, see "Estimation of fair values" in note 22).

A fair value adjustment was made to PPE to increase the owned property to market value. The acquisition date fair value of the trade receivables amounts to £4,155k. The gross amount of trade receivables is £4,155k and it is expected that the full contractual amounts can be collected.

The inventory was uplifted by £413k to reflect a distributor's margin on the value of the inventory.

The goodwill of £10,016k comprises the value of expected synergies arising from the acquisition and represents the excess value of consideration over the fair value net assets and intangible assets acquired. Intangible assets were separately recognised relating to the trade name £2,134k, corporate name £227k, know-how £1,153k, order backlog £299k and customer list £9,855k. Further details of key assumptions made in these valuations can be found in note 27(vii).

The deferred tax liability of £4,030k relates to the intangible assets acquired and fair value adjustments on the land and buildings, applied at a flat rate of 25%, that being the prevailing rate of corporation tax in Spain.

From the date of acquisition, OKC contributed £2,047k of revenue and a loss of £618k to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, OKC would have contributed revenue from continuing operations of £23,365k and profit before tax from continuing operations of £3,418k.

### Purchase consideration

	£'000
Cash paid	<b>24,361</b>
Deferred consideration – to be paid on 30 April 2026	<b>3,045</b>
Deferred consideration – to be paid on 30 October 2026	<b>3,045</b>
Contingent consideration	<b>1,324</b>
<b>Total consideration</b>	<b>31,775</b>

The contingent consideration is to be paid in 2027 subject to OKC achieving 2026 EBITDA greater than €5.5m pro-rated from €5.0m with no payment if the EBITDA is below €5.0m. This must be paid within 30 days of the 2026 OKC audit completion. As at the acquisition date, the fair value of the contingent consideration was estimated to be £1,324k (€1,500k). The contingent consideration is classified as other financial liabilities. Management believes there is a high probability of the target being met, based on past performance and the projected five-year plan and have therefore recognised 100% of the contingent consideration as a liability. This has been classified as non-current in the statement of financial position.

### Analysis of cash flows on acquisition

	£'000
Cash paid on acquisition	<b>(24,361)</b>
Cash acquired with subsidiary	<b>955</b>
<b>Net cash flow on acquisition</b>	<b>(23,406)</b>

Fees for the transaction amount to £131k and have been expensed to the income statement.

## 5. EXPENSES BY NATURE

	2025 £'000	2024 £'000
Included in profit/(loss) for the year are:		
Decrease in inventories of finished goods and work in progress	<b>(75)</b>	(1,774)
(Decrease)/increase in raw materials and consumables used	<b>(2,004)</b>	1,897
Inventory write-down	<b>575</b>	2,102
Employee benefits expenses	<b>40,125</b>	36,245
Operating lease charges (note 12)	<b>176</b>	221
Amortisation of intangible fixed assets and right-of-use-assets (notes 12 and 13)	<b>1,111</b>	1,064
Depreciation of PPE and right-of-use assets (notes 11 and 12)	<b>7,575</b>	7,919
Impairment of PPE	<b>204</b>	2,101
Disposal of assets	<b>20</b>	28
Research and development costs qualified for tax relief	<b>1,584</b>	1,400
Development costs capitalised (note 13)	<b>-</b>	(2,859)
Net exchange losses/(gains)	<b>440</b>	(754)
Exceptional costs*	<b>946</b>	15,178
External Auditor's remuneration:		
Group: fees payable to the Group's External Auditor for the audit of the Company and consolidated financial statements:		
PKF Littlejohn LLP	<b>291</b>	245
Fees payable to the External Auditor in respect of other services:		
Audit-related assurance services PKF Littlejohn LLP	<b>39</b>	15
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>135,919</b>	129,661

\* Exceptional costs relate to the one-off closure costs of the MuCell business at the end of 2024. Additional costs were incurred in 2025 relating to the ongoing costs of licensing the IP of ReZorce for the next two years that were not foreseen at the end of 2024.

## 6. STAFF NUMBERS AND EXPENSES

The monthly average number of people employed by the Group and Company (including Executive Directors) during the year, analysed by category, was as follows:

	Number of employees			
	Group		Company	
	2025	2024	2025	2024
Production	<b>323</b>	309	<b>166</b>	170
Maintenance	<b>48</b>	44	<b>29</b>	27
Distribution and marketing	<b>72</b>	79	<b>37</b>	40
Administration and technical	<b>129</b>	137	<b>97</b>	96
	<b>572</b>	569	<b>329</b>	333

The aggregate payroll costs of these people were as follows:

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Wages and salaries*	<b>32,453</b>	29,529	<b>20,500</b>	18,449
Social security costs*	<b>4,213</b>	3,843	<b>2,500</b>	2,017
Share options granted to Directors and employees (note 25)	<b>1,674</b>	1,077	<b>1,674</b>	1,077
Pension costs, including past service costs	<b>1,785</b>	1,795	<b>1,372</b>	1,238
	<b>40,125</b>	36,244	<b>26,046</b>	22,781
* Net of directly attributable costs capitalised	<b>377</b>	666	<b>228</b>	250

Details of aggregate Directors' emoluments are provided below:

	2025 £'000	2024 £'000
Aggregate emoluments	<b>1,601</b>	1,408
Social security costs paid by the Company	<b>167</b>	200
Aggregate gains made on the exercise of share options	<b>64</b>	32
Aggregate amounts receivable under long-term incentive schemes	<b>241</b>	656
Company contribution to money purchase pension scheme	<b>82</b>	67
	<b>2,155</b>	2,363

Further details of Directors' emoluments, including details of the highest-paid Director, are included in the [Directors' Remuneration report page 91](#).

## 7. FINANCE INCOME AND COSTS

	2025 £'000	2024 £'000
<b>Finance income</b>		
Interest income	<b>350</b>	274
<b>Finance costs</b>		
Interest on borrowings	<b>1,860</b>	2,738
Interest on lease liabilities	<b>518</b>	411
Interest capitalised	<b>(382)</b>	(105)
Finance costs expensed	<b>1,996</b>	3,044
Interest on defined benefit pension obligation (note 24)	<b>62</b>	103
	<b>2,058</b>	3,147

## 8. INCOME TAX EXPENSE

	2025 £'000	2024 £'000
UK corporation tax	3,839	2,485
Overseas tax	299	(387)
Adjustment for tax in respect of prior years	(1,354)	431
Total current tax	2,784	2,529
Deferred tax*	(5,460)	379
Income tax expense	(2,676)	2,908

\* The deferred tax credit was generated by an initial recognition of a deferred tax asset in the USA and Polish subsidiaries of £1,505k and £3,712k respectively. These were in respect of tax losses and tax relief for which there was not previously sufficient certainty of future profits to allow recognition.

### Factors affecting the tax charge

The weighted average applicable tax rate for the Group is 21.8% (2024: 20.1%). The main elements of the income tax expense are as follows:

	2025 £'000	2024 £'000
Tax reconciliation		
Profit before tax	19,963	153
Tax at the UK tax rate of 25% (2024: 25%)	4,991	38
Effects of:		
Expenses not deductible for tax purposes	361	359
(Utilisation of) tax losses for which no deferred income tax asset recognised	(451)	4,026
Effect of different overseas tax rates	(328)	695
Recognition of share-based payments and related assets	(6)	246
Special Economic Zone relief	(794)	(264)
Deferred tax losses on which no deferred tax had been previously recognised	(5,184)	-
Adjustments to prior year UK corporation tax charge	(1,265)	(555)
Impairments booked in subsidiaries	-	(1,637)
Income tax expense	(2,676)	2,908

The main rate of UK corporation tax (CT) substantively enacted for the whole period was 25% (2024: 25%).

The deferred taxation balances have been measured at the 25% rate. The UK government's Corporate Tax Roadmap commits to capping CT at 25% for the remainder of this parliament, i.e. until 2029.

The Group has not identified any uncertain tax positions as at 31 December 2025 (2024: none).

## 9. DIVIDENDS AND EARNINGS PER SHARE

	2025 £'000	2024 £'000
Prior year final dividend of 5.10p (2024: 4.90p) per 5.0p ordinary share	2,491	2,383
Interim dividend of 2.50p (2024: 2.38p) per 5.0p ordinary share	1,222	1,159
Dividends paid during the year	3,713	3,542

The proposed final dividend for the year ended 31 December 2025 of 5.35p per share (2024: 5.10p) is subject to approval by shareholders at the AGM and has not been recognised as a liability in these financial statements. The proposed dividend would amount to £2,635k if paid to all shareholders on the Company register at the close of business on 31 December 2025.

### Earnings per ordinary share

Earnings per ordinary share is calculated by dividing the consolidated profit after tax attributable to equity holders of the Company of £22,639k (2024: £2,755k loss) by the weighted average number of shares in issue during the year and excluding own shares held by the EBT which are administered by independent trustees. The number of shares held in the trust at 31 December 2025 was 322,230 (2024: 133,573). The distribution of shares from the trust is at the discretion of the trustees. Diluted earnings per ordinary share adjusts for the potential dilutive effect of share option schemes in accordance with IAS 33 "Earnings per Share".

	2025	2024
Weighted average number of ordinary shares in issue	48,827,596	48,669,691
Adjustments for share options	1,631,211	1,361,985
Diluted number of ordinary shares issued	50,458,807	50,031,676

## 10. INVESTMENT IN JOINT VENTURE

During 2013, the Group entered into joint-venture arrangements with INOAC Corporation. As a result, the Group has a 50% interest in Azote Asia Limited (a private company incorporated in Hong Kong). Azote Asia Limited commenced trading in 2014 and is the exclusive distributor of Zotefoams' AZOTE® products in the Far East. The registered address and principal place of business is 1318-22, Park-In Commercial Centre, 56 Dundas Street, Kowloon. As at the end of the year, there were no contingent liabilities or commitments relating to the Group's interest in the joint venture.

The joint venture has share capital consisting solely of ordinary shares which are held directly by the Group. Azote Asia Limited is a private company and there is no quoted market price available for its shares.

Set out below is the summarised financial information for Azote Asia Limited, which is accounted for using the equity method.

Summarised statement of financial position:

	As at 31 December	
	2025 £'000	2024 £'000
Cash and cash equivalents	743	684
Other assets (excluding cash)	532	1,201
<b>Total assets</b>	<b>1,275</b>	<b>1,885</b>
Financial liabilities (excluding trade payables)	-	-
Other current liabilities (including trade payables)	(622)	(1,324)
<b>Total liabilities</b>	<b>(622)</b>	<b>(1,324)</b>
<b>Net assets</b>	<b>653</b>	<b>561</b>

## Summarised statement of comprehensive income:

	2025 £'000	2024 £'000
Revenue	2,493	3,811
Finance costs	2	6
Profit before tax	84	141
Income tax expense	(20)	-
Profit after tax	64	141
Other comprehensive income	28	7
Total comprehensive income	92	148
Dividend received from joint venture	-	-

The information above reflects the amounts presented in the financial statements of the joint venture. There are no material differences in accounting policies between the Group and the joint venture.

A reconciliation of the summarised financial information presented to the carrying amount of the interest in the joint venture is provided below:

	2025 £'000	2024 £'000
Opening net assets	561	413
Profit for the year	64	148
Other comprehensive income	28	-
Closing net assets	653	561
Interest in joint venture @ 50%	327	281

	2025 £'000	2024 £'000
<b>Information on the joint venture</b>		
Carrying value at 1 January	281	207
Share of profit for the year	46	74
<b>Carrying value at 31 December</b>	327	281

## 11. PROPERTY, PLANT AND EQUIPMENT

### Group

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Under construction £'000	Total £'000
<b>Cost</b>					
At 1 January 2024	46,613	115,276	3,388	9,118	174,395
Additions	26	26	18	10,031	10,101
Disposals	-	(148)	(9)	-	(157)
Transfers	1,852	7,669	450	(9,977)	(6)
Effect of movement in foreign exchange	(477)	177	(11)	83	(228)
At 31 December 2024	48,014	123,000	3,836	9,255	184,105
<b>At 1 January 2025</b>	<b>48,014</b>	<b>123,000</b>	<b>3,836</b>	<b>9,255</b>	<b>184,105</b>
Additions	-	1,019	18	13,250	14,287
Acquisition of subsidiary (note 4)	4,060	4,427	5	-	8,492
Disposals	(79)	(2,980)	(191)	(614)	(3,864)
Transfers	1,762	10,740	144	(12,646)	-
Effect of movement in foreign exchange	(105)	(2,702)	(72)	(308)	(3,187)
<b>At 31 December 2025</b>	<b>53,652</b>	<b>133,504</b>	<b>3,740</b>	<b>8,937</b>	<b>199,833</b>
<b>Accumulated depreciation</b>					
At 1 January 2024	17,059	62,872	2,721	-	82,652
Depreciation charge	1,597	5,155	319	-	7,071
Impairment	6	1,186	53	856	2,101
Disposals	-	(74)	(8)	-	(82)
Transfers	1	(14)	13	-	-
Effect of movement in foreign exchange	37	223	11	4	275
At 31 December 2024	18,700	69,348	3,109	860	92,017
<b>At 1 January 2025</b>	<b>18,700</b>	<b>69,348</b>	<b>3,109</b>	<b>860</b>	<b>92,017</b>
Depreciation charge	1,514	5,041	286	-	6,841
Impairment	-	-	-	204	204
Disposals	(79)	(2,885)	(190)	-	(3,154)
Transfers	(2)	19	(17)	-	-
Effect of movement in foreign exchange	(362)	(1,274)	(65)	19	(1,682)
<b>At 31 December 2025</b>	<b>19,771</b>	<b>70,249</b>	<b>3,123</b>	<b>1,083</b>	<b>94,226</b>
<b>Net book value</b>					
At 1 January 2024	29,554	52,404	667	9,118	91,743
At 31 December 2024 and 1 January 2025	29,314	53,652	727	8,395	92,088
<b>At 31 December 2025</b>	<b>33,881</b>	<b>63,256</b>	<b>616</b>	<b>7,854</b>	<b>105,607</b>

Depreciation is included in cost of sales in the income statement.

Bank borrowings are secured on property, plant and equipment. Refer to note 19 for details.

## Company

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Under construction £'000	Total £'000
<b>Cost</b>					
At 1 January 2024	25,318	67,058	2,119	3,857	98,352
Additions	10	20	-	2,173	2,203
Disposals	(19)	-	(2)	-	(21)
Transfers	230	5,026	112	(5,368)	-
At 31 December 2024	25,539	72,104	2,229	662	100,534
<b>At 1 January 2025</b>	<b>25,539</b>	<b>72,104</b>	<b>2,229</b>	<b>662</b>	<b>100,534</b>
Additions	-	121	-	5,371	5,492
Transfers	427	98	105	(630)	-
<b>At 31 December 2025</b>	<b>25,966</b>	<b>72,323</b>	<b>2,334</b>	<b>5,403</b>	<b>106,026</b>
<b>Accumulated depreciation</b>					
At 1 January 2024	10,351	44,418	1,556	-	56,325
Depreciation charge	875	2,274	166	-	3,315
Disposals	(19)	-	(1)	-	(20)
Transfers	-	(11)	11	-	-
At 31 December 2024	11,207	46,681	1,732	-	59,620
<b>At 1 January 2025</b>	<b>11,207</b>	<b>46,681</b>	<b>1,732</b>	<b>-</b>	<b>59,620</b>
Depreciation charge	883	2,371	182	-	3,436
<b>At 31 December 2025</b>	<b>12,090</b>	<b>49,052</b>	<b>1,914</b>	<b>-</b>	<b>63,056</b>
<b>Net book value</b>					
At 1 January 2024	14,967	22,640	563	3,857	42,027
At 31 December 2024 and 1 January 2025	14,332	25,423	497	662	40,914
<b>At 31 December 2025</b>	<b>13,876</b>	<b>23,271</b>	<b>420</b>	<b>5,403</b>	<b>42,970</b>

Depreciation is included in cost of sales in the income statement.

Bank borrowings are secured on property, plant and equipment. Refer to note 19 for details.

## 12. LEASES

### (i) Amounts recognised in the statement of financial position relating to leases:

#### Right-of-use assets

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Property	4,563	809	83	–
Equipment	1,703	1,344	1,336	1,162
Licences	6,458	7,233	6,458	7,233
	<b>12,724</b>	9,386	<b>7,877</b>	8,395

#### Lease liabilities

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Lease liability falls due within 1 year	2,774	2,134	1,917	1,654
Lease liability falls due within 1–3 years	5,462	4,203	4,161	3,631
Lease liability falls due in more than 3 years	3,267	2,618	572	2,477
	<b>11,503</b>	8,955	<b>6,650</b>	7,762

#### Additions

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Property	1,677	395	142	–
Equipment	483	1,396	462	1,298
Licence	–	7,749	–	7,749
Acquired with subsidiary (note 4)	2,763	–	–	–
	<b>4,923</b>	9,540	<b>604</b>	9,047

### (ii) Amounts recognised in the income statement relating to leases:

#### Depreciation/amortisation of right-of-use assets

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Property	342	472	59	–
Equipment	392	376	290	280
Licences	775	517	775	517
	<b>1,509</b>	1,365	<b>1,124</b>	797

#### Other items expensed to the income statement and cash flows

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Impairment of right-of-use-assets	–	56	–	–
Interest expenses (included in finance costs)	518	411	436	336
Expense relating to short-term leases (included in cost of sales and administrative expenses)	62	118	62	118
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	114	103	88	75
The total cash outflow for leases	<b>2,609</b>	2,335	<b>2,152</b>	1,639

## 13. INTANGIBLE ASSETS

### Group

	Marketing related £'000	Customer related £'000	Technology related £'000	Software related £'000	Goodwill £'000	Capitalised development £'000	Total £'000
<b>Cost</b>							
Balance at 1 January 2024	250	398	6,404	4,120	2,399	4,755	18,326
Additions	-	-	300	88	-	2,849	3,237
Transfer	-	-	-	6	-	-	6
Effect of movement in foreign exchange	3	4	82	(7)	32	111	225
At 31 December 2024	253	402	6,786	4,207	2,431	7,715	21,794
<b>At 1 January 2025</b>	<b>253</b>	<b>402</b>	<b>6,786</b>	<b>4,207</b>	<b>2,431</b>	<b>7,715</b>	<b>21,794</b>
Additions	-	-	-	263	10,016	-	10,279
Acquired with subsidiary (note 4)	2,360	10,154	1,154	1	-	-	13,669
Disposals	(241)	(268)	(985)	(14)	-	(6,563)	(8,071)
Effect of movement in foreign exchange	(38)	(127)	(458)	5	(280)	(329)	(1,227)
<b>At 31 December 2025</b>	<b>2,334</b>	<b>10,161</b>	<b>6,497</b>	<b>4,462</b>	<b>12,167</b>	<b>823</b>	<b>36,444</b>
<b>Accumulated amortisation</b>							
Balance at 1 January 2024	250	398	3,987	3,801	-	472	8,908
Charge for the year	-	-	333	124	-	90	547
Impairment	-	-	2,378	-	2,386	6,876	11,640
Transfer	-	-	-	(156)	-	156	-
Effect of movement in foreign exchange	3	4	88	-	45	121	261
Balance at 31 December 2024	253	402	6,786	3,769	2,431	7,715	21,356
<b>Balance at 1 January 2025</b>	<b>253</b>	<b>402</b>	<b>6,786</b>	<b>3,769</b>	<b>2,431</b>	<b>7,715</b>	<b>21,356</b>
Charge for the year	38	148	26	124	-	-	336
Disposals	(241)	(268)	(985)	(14)	-	(6,563)	(8,071)
Effect of movement in foreign exchange	(12)	(13)	(444)	2	(167)	(329)	(963)
<b>Balance at 31 December 2025</b>	<b>38</b>	<b>269</b>	<b>5,383</b>	<b>3,881</b>	<b>2,264</b>	<b>823</b>	<b>12,658</b>
<b>Net book value</b>							
At 1 January 2024	-	-	2,417	319	2,399	4,283	9,418
At 31 December 2024 and 1 January 2025	-	-	-	438	-	-	438
<b>At 31 December 2025</b>	<b>2,296</b>	<b>9,892</b>	<b>1,114</b>	<b>581</b>	<b>9,903</b>	<b>-</b>	<b>23,786</b>

Amortisation is included in cost of sales in the income statement.

## Company

	Customer related £'000	Software related £'000	Capitalised development £'000	Total £'000
<b>Cost</b>				
Balance at 1 January 2024	121	4,004	718	4,843
Additions	-	88	-	88
Balance at 31 December 2024	121	4,092	718	4,931
Balance at 1 January 2025	<b>121</b>	<b>4,092</b>	<b>718</b>	<b>4,931</b>
Additions	-	<b>268</b>	-	<b>268</b>
<b>Balance at 31 December 2025</b>	<b>121</b>	<b>4,360</b>	<b>718</b>	<b>5,199</b>
<b>Accumulated amortisation</b>				
Balance at 1 January 2024	121	3,746	472	4,339
Charge for the year	-	98	90	188
Transfers	-	(156)	156	-
Balance at 31 December 2024	121	3,688	718	4,527
<b>Balance at 1 January 2025</b>	<b>121</b>	<b>3,688</b>	<b>718</b>	<b>4,527</b>
Charge for the year	-	<b>106</b>	-	<b>106</b>
<b>Balance at 31 December 2025</b>	<b>121</b>	<b>3,794</b>	<b>718</b>	<b>4,633</b>
<b>Net book value</b>				
At 1 January 2024	-	258	246	504
At 31 December 2024 and 1 January 2025	-	404	-	404
<b>At 31 December 2025</b>	<b>-</b>	<b>566</b>	<b>-</b>	<b>566</b>

## 14. INVESTMENT IN SUBSIDIARIES

Company	2025 £'000	2024 £'000
Shares in Group undertakings – at cost	<b>30,822</b>	30,822

The following is a complete list of the subsidiary undertakings of the Company:

	Registered office	Ownership	Country	Principal activities
<b>Directly owned subsidiaries</b>				
Zotefoams International Limited	675 Mitcham Road, Croydon CR9 3AL	100%	UK	Holding company
Zotefoams Pension Trustees Limited	675 Mitcham Road, Croydon CR9 3AL	100%	UK	Acts as trustee of the Group's pension schemes
<b>Indirectly owned subsidiaries</b>				
Zotefoams Inc	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware	100% A	USA	Purchases, manufactures and distributes cross-linked block foams
Zotefoams Midwest LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware	100% B	USA	Trading company supplying specialist materials for the construction industry
MuCell Extrusion LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware	100% B	USA	Licenses microcellular foam technology
Zotefoams U.K. Limited (formerly Zotefoams Operations Limited)	675 Mitcham Road, Croydon CR9 3AL	100% A	UK	From 1 January 2026 purchases, manufactures and distributes cross-linked block foams
Zotefoams Technology Limited	675 Mitcham Road, Croydon CR9 3AL	100% A	UK	Dormant
KZ Trading and Investment Limited	15/F OTB Building, 160 Gloucester Road, Hong Kong	100% A	Hong Kong	Holding company
Zotefoams T-FIT Material Technology (Kunshan) Limited	181 Huanlou Road, Kunshan, Jiangsu	100% C	China	Process Zotefoams foams into T-FIT technical insulation products and distributes them
Zotefoams France SAS	29 Boulevard Albert Einstein, Nantes	100% A	France	No trading activities
Zotefoams Poland Sp. z o.o.	ul. Grzybowska 2/29, 00-131, Warszawa	100% A	Poland	Purchases, manufactures and distributes cross-linked block foams
T-FIT Insulation Solutions India Private Limited	412-415, 2nd Floor, Nimai Tower, Udyog Vihar, Phase-IV, Gurgaon, Haryana-122015	100% A	India	Distributes T-FIT technical insulation products
Zotefoams Denmark ApS	Niels Bohrs Vej 36, 8660 Skanderborg	100% A	Denmark	No trading activities
Zotefoams Spain Holdings S.L.	Avenida del Doctor Arce 14, 28002 Madrid	100% A	Spain	Holding company
Overseas Konstellation Company S.A.	Calle General Diaz Porlier, nº 75, 28006 Madrid	100% D	Spain	Purchases, manufactures and distributes block foams
Inversiones G2GF, S.L.U.	Calle General Diaz Porlier, nº 75, 28006 Madrid	100% E	Spain	Ownership of factory premises

A Subsidiary of Zotefoams International Limited

B Subsidiary of Zotefoams Inc

C Subsidiary of KZ Trading and Investment Limited

D Subsidiary of Zotefoams Spain Holdings S.L.

E Subsidiary of Overseas Konstellation Company S.A.

In the opinion of the Directors, the investments in the Company's subsidiary undertakings are worth at least the amount at which they are stated in the statement of financial position.

Zotefoams plc Employee Benefit Trust ("EBT") is a wholly-owned entity with its registered office JTC House, 28 Esplanade, St Helier, Jersey, Channel Islands, JE2 3QA. EBT releases shares in the Company when share awards vest or are exercised.

Zotefoams International Limited, Zotefoams Technology Limited and Zotefoams U.K. Limited are relying upon the exemption from audit of individual financial statements as permitted by Section 479A of the Companies Act 2006. All outstanding liabilities as at 31 December 2025 of these companies have been guaranteed by the Company and no liability is expected to arise under this guarantee.

## 15. INVENTORIES

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Raw materials and consumables	14,110	16,114	10,507	13,202
Work in progress	10,473	10,651	6,697	7,003
Finished goods	7,840	7,737	3,211	4,628
Provision for impairment losses	(5,153)	(4,578)	(1,927)	(1,518)
	<b>27,270</b>	29,924	<b>18,488</b>	23,315

In 2025, the value of inventory recognised by the Group as an expense in cost of goods sold was £65,702k (2024: £62,776k).

### Movement in provision

Movements in the inventory provision during the financial year are set out below:

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Provision for impairment losses as at 1 January	4,578	2,476	1,518	788
Acquired with subsidiary	249	-	-	-
Inventories written off against provision	(604)	(25)	(528)	(25)
Additional provisions recognised	1,200	2,561	946	883
Unused amounts reversed	(174)	(351)	(9)	(128)
Exchange differences	(96)	(83)	-	-
Provision for impairment losses as at 31 December	<b>5,153</b>	4,578	<b>1,927</b>	1,518

## 16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Amounts falling due over one year:</b>				
Prepayments and accrued income	134	14	30	13
Amounts owed by Group undertakings	-	-	47,797	-
<b>Amounts falling due within one year:</b>				
Trade receivables	32,384	28,833	17,729	19,133
Amounts owed by Group undertakings	-	-	11,424	35,857
Other receivables	1,925	1,343	1,385	1,065
Prepayments and accrued income	2,175	1,318	1,517	651
	<b>36,618</b>	31,508	<b>79,882</b>	56,719

Trade receivables are generally on terms of 30 to 90 days.

Amounts owed by Group undertakings due within one year are payable on demand; the trading portion does not attract any interest. Unsecured loans provided to Group undertakings totalling £54,751k (2024: £21,525k) attract interest charges of 5.5% for loans linked to US dollar, 3.5% for euro and 6.0% for GBP, (2024: USD 6.5%, EUR 4.9%, GBP 6.9%, DKK 6.4%). Bank borrowings are secured on the trade receivables of the Group. Refer to note 19 for details.

## 17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Cash at bank and in hand	<b>13,982</b>	10,534	<b>6,399</b>	5,449

Cash at bank earns interest at floating rates based on daily bank deposit rates.

## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade payables	<b>10,873</b>	4,970	<b>6,550</b>	3,760
Amounts owed to Group undertakings	-	-	<b>441</b>	125
Other taxation and social security	<b>1,162</b>	748	<b>628</b>	543
Other payables	<b>5,475</b>	3,173	<b>3,324</b>	1,898
Accruals and deferred income	<b>4,070</b>	2,987	<b>2,948</b>	1,401
	<b>21,580</b>	11,878	<b>13,891</b>	7,727

Amounts owed to Group undertakings are unsecured, repayable on demand and attract no interest.

## 19. INTEREST-BEARING LOANS AND BORROWINGS

	Note	Group		Company	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current bank borrowings	22	<b>45,511</b>	34,602	<b>45,511</b>	34,602

At the end of the financial year, the Group has utilised £45.5m (31 December 2024: £34.8m) of its multi-currency revolving credit facility of £50.0m; this amount is repayable on the last day of each loan interest period, which is of either a three- or six-month duration. The facility is secured by a fixed charge over freehold property and plant and machinery. The net amount above £45.5m is net of £0.0m (2024: £0.2m) origination fees paid up front and being amortised over four years. The Group has headroom of £18.5m, being £14.0m cash and cash equivalents and the undrawn facility of £4.5m, being the facility of £50.0m less the drawn-down balance of £45.5m.

The loan was repaid in full on 23 January 2026 and refinanced with a new loan on similar terms lasting for three years from that date.

The interest rates on the debt facility ranged between 31% and 5.7% in 2025 (2024: between 4.3% and 6.6%).

The Group and the Company have the following undrawn borrowing facilities as per the bank at the end of the financial year:

	2025 £'000	2024 £'000
Floating rate:		
Expiring beyond one year	<b>4,454</b>	15,212
<b>Total</b>	<b>4,454</b>	15,212

Reconciliation of liabilities arising from financing activities:

### Short-term borrowings

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Short-term borrowings at 1 January	<b>34,602</b>	36,527	<b>34,602</b>	36,527
Repayment	<b>(14,584)</b>	(8,357)	<b>(14,584)</b>	(8,357)
Drawdown	<b>25,931</b>	6,750	<b>25,931</b>	6,750
Loan origination fee	<b>151</b>	180	<b>151</b>	180
Foreign exchange movement	<b>(589)</b>	(498)	<b>(589)</b>	(498)
Short-term borrowings at 31 December	<b>45,511</b>	34,602	<b>45,511</b>	34,602

## 20. DEFERRED TAX ASSETS AND LIABILITIES

### Recognised deferred tax assets and liabilities – Group Movement in deferred tax assets/(liabilities)

	Property, plant and equipment £'000	Rolled-over gain £'000	Inventories £'000	Derivative financial instruments £'000	Defined Benefit Pension Scheme £'000	Provisions £'000	Share option charges £'000	Acquired in business combination £'000	Tax value of recognised losses and relief earned forward £'000	Total £'000
Balance at 1 January 2024	(5,384)	(806)	296	(309)	664	–	565	–	139	(4,835)
(Charged)/credited to the income statement	(263)	–	113	–	(189)	28	(68)	–	–	(379)
Recognised in other comprehensive income and equity	–	–	–	590	(87)	–	156	–	–	659
Balance at 31 December 2024	(5,647)	(806)	409	281	388	28	653	–	139	(4,555)
Balance at 1 January 2025	<b>(5,647)</b>	<b>(806)</b>	<b>409</b>	<b>281</b>	<b>388</b>	<b>28</b>	<b>653</b>	<b>–</b>	<b>139</b>	<b>(4,555)</b>
Acquired with subsidiary	–	–	–	–	–	–	–	<b>(4,030)</b>	–	<b>(4,030)</b>
Credited/(charged) to the income statement	<b>154</b>	–	<b>46</b>	–	<b>(199)</b>	<b>149</b>	<b>209</b>	<b>55</b>	<b>5,046</b>	<b>5,460</b>
Recognised in other comprehensive income and equity	–	–	–	<b>(509)</b>	<b>(189)</b>	–	<b>174</b>	–	–	<b>(524)</b>
Translation	–	–	<b>(1)</b>	–	–	–	–	<b>50</b>	<b>(68)</b>	<b>(19)</b>
<b>Balance at 31 December 2025</b>	<b>(5,493)</b>	<b>(806)</b>	<b>454</b>	<b>(228)</b>	<b>–</b>	<b>177</b>	<b>1,036</b>	<b>(3,925)</b>	<b>5,117</b>	<b>(3,668)</b>

#### At 31 December 2024

Deferred tax liabilities	(5,647)	(806)	–	281	388	28	653	–	–	(5,103)
Deferred tax assets	–	–	409	–	–	–	–	–	139	548
Net	(5,647)	(806)	409	281	388	28	653	–	139	(4,555)

#### At 31 December 2025

Deferred tax liabilities	<b>(5,493)</b>	<b>(806)</b>	–	<b>(228)</b>	–	<b>177</b>	<b>1,036</b>	<b>(3,925)</b>	–	<b>(9,239)</b>
Deferred tax assets	–	–	<b>454</b>	–	–	–	–	–	<b>5,117</b>	<b>5,571</b>
Net	<b>(5,493)</b>	<b>(806)</b>	<b>454</b>	<b>(228)</b>	–	<b>177</b>	<b>1,036</b>	<b>(3,925)</b>	<b>5,117</b>	<b>(3,668)</b>

### Unrecognised deferred tax assets

The Group has recognised a deferred tax asset in the USA of \$1,977k (2024: \$220k), in respect of tax losses which can be carried forward indefinitely. In addition to this, the Group has further tax losses in the USA with a value of \$2,634k (2024: \$6,852k), on which no asset has been recognised due to the risk that the associated impairments will not be allowable for tax purposes in the future. At year-end exchange rates, this unrecognised asset translates to £1,959k (2024: £5,471k).

The Group has tax relief carried forward in Poland of PLN24,915k (2024: PLN28,228k) or £5,148k (2024: £5,482k); of this PLN5,234k (2024: PLN28,228k) or £1,081k (2024: £5,482k) has not been recognised as an asset on the balance sheet as it is not expected to be recoverable until after 2030 when the future profits are not sufficiently certain to be applied.

The tax relief in Poland is available until 2034 and the asset is expected to be recovered over the next five years. The tax losses in the USA have an indefinite life and are expected to be recovered over the next two years.

## Deferred tax assets and liabilities – Company

### Movement in deferred tax assets/ (liabilities)

	Property, plant and equipment £'000	Rolled-over gain £'000	Derivative financial instruments £'000	Defined Benefit Pension Scheme £'000	Provisions £'000	Share option charges £'000	Offset £'000	Total £'000
Balance at 1 January 2024	(5,384)	(806)	(309)	664	–	565	–	(5,270)
(Charged)/credited to the income statement	(263)	–	–	(189)	28	(68)	–	(492)
Recognised in other comprehensive income and equity	–	–	590	(87)	–	156	–	659
Balance at 31 December 2024	(5,647)	(806)	281	388	28	653	–	(5,103)
Balance at 1 January 2025	<b>(5,647)</b>	<b>(806)</b>	<b>281</b>	<b>388</b>	<b>28</b>	<b>653</b>	–	<b>(5,103)</b>
Credited/(charged) to the income statement	<b>154</b>	–	–	<b>(199)</b>	<b>149</b>	<b>209</b>	–	<b>313</b>
Recognised in other comprehensive income and equity	–	–	<b>(509)</b>	<b>(189)</b>	–	<b>174</b>	–	<b>(524)</b>
<b>Balance at 31 December 2025</b>	<b>(5,493)</b>	<b>(806)</b>	<b>(228)</b>	–	<b>177</b>	<b>1,036</b>	–	<b>(5,314)</b>

At 31 December 2024

Deferred tax liabilities	(5,647)	(806)	–	–	–	–	1,350	(5,103)
Deferred tax assets	–	–	281	388	28	653	(1,350)	–
Net	(5,647)	(806)	281	388	28	653	–	(5,103)

At 31 December 2025

Deferred tax liabilities	<b>(5,493)</b>	<b>(806)</b>	<b>(228)</b>	–	–	–	<b>1,213</b>	<b>(5,314)</b>
Deferred tax assets	–	–	–	–	<b>177</b>	<b>1,036</b>	<b>(1,213)</b>	–
Net	<b>(5,493)</b>	<b>(806)</b>	<b>(228)</b>	–	<b>177</b>	<b>1,036</b>	–	<b>(5,314)</b>

## 21. ISSUED SHARE CAPITAL

Issued, allotted and fully paid ordinary shares of 5.0p each:

	Number of shares	Par value £'000	Share premium £'000	Total £'000
At 1 January 2024 and 1 January 2025	48,846,234	2,442	44,178	46,620
Share issue to Employee Benefit Trust	400,000	20	–	20
<b>At 31 December 2025</b>	<b>49,246,234</b>	<b>2,462</b>	<b>44,178</b>	<b>46,640</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled, on a poll, to one vote per share at meetings of the Company.

### Nature and purpose of other reserves

#### Capital redemption reserve

On the buy-back and cancellation of preference shares, an amount equal to the par value was transferred from retained earnings to the capital redemption reserve for capital maintenance purposes.

#### Translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the income statement when the net investment is disposed of.

#### Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of the hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to the income statement as appropriate.

## 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's and Company's principal financial instruments include cash in hand and at bank and interest-bearing loans and borrowings, the main purpose of which is to provide finance for the Group's and Company's operations. Foreign exchange derivatives are used to help manage the Group's and Company's currency exposure. Per the Group's and Company's policy, no trading in financial instruments is undertaken.

The main risks arising from the Group's and Company's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained consistent throughout the year.

### Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and derivative financial instruments with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. A financial asset is considered in default when the counterparty fails to pay its contractual obligations. Financial assets are written off when there is no expectation of recovery.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for customers offered credit over a certain amount. The Group and Company do not require collateral in respect of financial assets.

At the statement of financial position date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

### Credit quality of financial assets

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Counterparties without external credit rating:				
Existing customers with no defaults in the past	<b>32,384</b>	28,823	<b>17,729</b>	19,133
Existing customers with some defaults in the past, net of impairment allowance	-	10	-	-
	<b>32,384</b>	28,833	<b>17,729</b>	19,133

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Cash at bank				
Moody's P-1	<b>13,277</b>	10,161	<b>6,399</b>	5,449
Moody's P-2	<b>588</b>	-	-	-
Moody's P-3	<b>117</b>	373	-	-
	<b>13,982</b>	10,534	<b>6,399</b>	5,449

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Derivative financial assets				
Moody's P-1	<b>980</b>	42	<b>980</b>	42
	<b>980</b>	42	<b>980</b>	42

While cash and cash equivalents are subject to impairment review under IFRS 9 "Financial Instruments", the identified impairment loss was immaterial (2024: immaterial).

Trade receivables are analysed as follows:

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Gross carrying amount	<b>32,673</b>	29,003	<b>17,729</b>	19,133
- due for less than 60 days	<b>32,380</b>	28,423	<b>17,729</b>	19,127
- due for more than 60 days	<b>293</b>	580	-	6
Expected loss rate				
- due for less than 60 days	-	-	-	-
- due for more than 60 days	<b>98.6%</b>	29.6%	-	-
Loss allowance	<b>289</b>	170	-	-
Trade receivables net of allowances	<b>32,384</b>	28,833	<b>17,729</b>	19,133

Loss allowances are analysed as follows:

	Group £'000	Company £'000
At 1 January 2024	247	11
Increase in loss allowance recognised in profit or loss during the year	33	-
Reversal of loss allowance on collection of dues	(110)	(11)
At 31 December 2024	170	-
<b>At 1 January 2025</b>	<b>170</b>	<b>-</b>
Acquisition of subsidiary	23	-
Increase in loss allowance recognised in profit or loss during the year	96	-
<b>At 31 December 2025</b>	<b>289</b>	<b>-</b>

The normal terms of trade are between 30 and 90 days from the end of the month of invoice.

The credit quality of trade receivables that are neither past due nor impaired is assessed individually based on credit history and experience. In 2025 and 2024, the Group and Company insured a material portion of their trade receivable balances to mitigate credit risk. The uninsured exposure as at 31 December 2025 for the Group was £18,742k (2024: £18,078k) and for the Company was £11,292k (2024: £12,599k). The Group and the Company make provisions against trade receivables, such provisions being based on the debtor's prior credit history and knowledge of any adverse conditions affecting the debtor (e.g. receivership or liquidation). The Directors believe an adequate provision has been made for trade receivables at the year end. None of the amounts owed by Group undertakings are impaired.

### Interest rate risk

The Group's and Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group and Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group and Company have strong cash generation from their operations and closely monitor borrowing levels to manage the interest rate risk.

The interest rate profile of the Group's and Company's borrowings at 31 December is shown below:

Group	2025			2024		
	Effective interest rate %	Fixed rates £'000	Variable rates £'000	Effective interest rate %	Fixed rates £'000	Variable rates £'000
US dollar short-term borrowings	5.60%	-	14,127	6.57%	-	21,559
Sterling short-term borrowings	-	-	-	-	-	-
Euro short-term borrowings	3.52%	-	31,419	5.06%	-	13,229
US dollar long-term borrowings	-	-	-	-	-	-
Total*			45,546		-	34,788

\* The total amount of £45,546k is gross of an outstanding amount of £35k of loan origination fees paid up front and being amortised over the period of the loan (2024: £34,788k, gross of £186k of loan origination fees).

Company	2025			2024		
	Effective interest rate %	Fixed rates £'000	Variable rates £'000	Effective interest rate %	Fixed rates £'000	Variable rates £'000
US dollar short-term borrowings	5.60%	-	14,127	6.57%	-	21,559
Sterling short-term borrowings	-	-	-	-	-	-
Euro short-term borrowings	3.52%	-	31,419	5.06%	-	13,229
US dollar long-term borrowings	-	-	-	-	-	-
Total*			45,546		-	34,788

\* The total amount of £45,546k is gross of an outstanding amount of £35k of loan origination fees paid up front and being amortised over the period of the loan (2024: £34,788k, gross of £186k of loan origination fees).

The impact on pre-tax profit of a 1% shift in the variable rate borrowings would be £455k (2024: £400k).

### Liquidity risk

Group Finance performs cash flow forecasting in the operating entities of the Group, which is then aggregated. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 19) at all times, so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and any applicable external regulatory or legal requirements.

The following are the contractual maturities of financial liabilities, including estimated payments and excluding the effect of netting agreements:

Group	2025					2024				
	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	More than 2 years £'000	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	More than 2 years £'000
<b>Non-derivative financial liabilities</b>										
Interest-bearing loans and borrowings	(45,511)	(45,546)	(45,839)	-	-	(34,602)	(34,788)	(34,788)	-	-
Trade and other payables	(16,348)	(16,348)	(16,348)	-	-	(8,142)	(8,142)	(8,142)	-	-
Lease liabilities	(11,503)	(13,154)	(3,238)	(3,176)	(6,740)	(8,955)	(10,180)	(2,625)	(2,401)	(5,154)
<b>Total non-derivative financial liabilities</b>	<b>(73,362)</b>	<b>(75,048)</b>	<b>(65,425)</b>	<b>(3,176)</b>	<b>(6,740)</b>	<b>(51,699)</b>	<b>(53,110)</b>	<b>(45,555)</b>	<b>(2,401)</b>	<b>(5,154)</b>
<b>Derivative financial liabilities</b>	<b>(67)</b>	<b>(67)</b>	<b>(67)</b>	-	-	(1,164)	(1,164)	(1,164)	-	-

Company	2025					2024				
	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	More than 2 years £'000	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	More than 2 years £'000
<b>Non-derivative financial liabilities</b>										
Interest-bearing loans and borrowings	(45,511)	(45,546)	(45,839)	-	-	(34,602)	(34,788)	(34,788)	-	-
Trade and other payables	(9,874)	(9,874)	(9,874)	-	-	(5,655)	(5,655)	(5,655)	-	-
Lease liabilities	(6,650)	(7,369)	(2,267)	(2,253)	(2,849)	(7,762)	(8,847)	(2,081)	(2,081)	(4,685)
<b>Total non-derivative financial liabilities</b>	<b>(62,035)</b>	<b>(62,789)</b>	<b>(57,980)</b>	<b>(2,253)</b>	<b>(2,849)</b>	<b>(48,019)</b>	<b>(49,290)</b>	<b>(42,524)</b>	<b>(2,081)</b>	<b>(4,685)</b>
<b>Derivative financial liabilities</b>	<b>(67)</b>	<b>(67)</b>	<b>(67)</b>	-	-	(1,164)	(1,164)	(1,164)	-	-

## Foreign currency risk

The Group and Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and US dollar. Foreign exchange risk arises from recognised assets and liabilities and future commercial transactions.

Foreign exchange risk is managed centrally by Group Finance and arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

The Group's policy is to use forward currency contracts to cover approximately 67-80% of the estimated net cash foreign exchange trading exposure for the euro and US dollar for the next twelve months, as well as approximately 25% of the estimated net cash foreign exchange trading exposure for the following six months. The Group also hedges its exposure to foreign currency denominated assets, where possible, by offsetting them with same-currency liabilities, primarily through borrowing in the relevant currency. These foreign currency denominated assets, which are translated on a mark to market basis every month and with the resulting movement being taken to the income statement, include loans made by the Company to, and intercompany trading balances with, its overseas subsidiaries, the effect of which is cash neutral. They also include non-sterling accounts receivable, held on the Company's statement of financial position, which are impacted by foreign exchange movements between revenue recognition and cash receipt, the impact of which is mitigated through further hedging activities but remains exposed to the exact timing of cash receipts.

The euro and US dollar rates used in preparing the financial statements are as follows:

	2025		2024	
	Average	Closing	Average	Closing
Euro/sterling	1.173	1.146	1.177	1.210
US dollar/sterling	1.312	1.345	1.278	1.252

In respect of other monetary assets and liabilities held in currencies other than the euro and the US dollar, the Group and the Company ensure that the net exposure is kept to a manageable level by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

Where possible, the Group tries to hold the majority of its cash and cash equivalent balances in the local currency of the respective entity or, for borrowings, in a currency which provides an offset, albeit often partial, against monetary working capital net assets in that currency.

## Recognised assets and liabilities

The table below shows non-derivative financial instruments of the Group and Company in currencies other than sterling:

	Euro £'000	US dollar £'000	Other £'000	Total £'000
<b>Group - 2025</b>				
Cash and cash equivalents	3,578	3,808	1,548	8,934
Trade receivables	7,848	21,016	346	29,210
Trade payables	(4,166)	(3,875)	(252)	(8,293)
<b>Group - 2024</b>				
Cash and cash equivalents	1,593	4,066	1,264	6,923
Trade receivables	4,952	17,887	1,192	24,031
Trade payables	(2,048)	(995)	(267)	(3,310)
<b>Company - 2025</b>				
Cash and cash equivalents	1,079	235	109	1,423
Trade receivables	2,755	10,712	113	13,580
Trade payables	(1,956)	(1,999)	-	(3,955)
<b>Company - 2024</b>				
Cash and cash equivalents	363	1,489	49	1,901
Trade receivables	3,160	10,600	201	13,961
Trade payables	(1,989)	(96)	-	(2,085)

## Forecast transactions

The Group and the Company classify their forward exchange contracts used to hedge forecast transactions as cash flow hedges. The fair value of such forward exchange contracts is shown in the table below:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31 December 2025</b>				
<b>Assets</b>				
Forward exchange contracts	-	980	-	980
<b>Total assets</b>	-	980	-	980
<b>Liabilities</b>				
Forward exchange contracts	-	(67)	-	(67)
<b>Total liabilities</b>	-	(67)	-	(67)
<b>31 December 2024</b>				
<b>Assets</b>				
Forward exchange contracts	-	42	-	42
<b>Total assets</b>	-	42	-	42
<b>Liabilities</b>				
Forward exchange contracts	-	(1,164)	-	(1,164)
<b>Total liabilities</b>	-	(1,164)	-	(1,164)

The hedged highly probable forecast transactions denominated in foreign currencies are expected to occur at various dates during the next twelve months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2025 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within twelve months of the end of the reporting period.

## Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. In hedges of forward exchange contracts, ineffectiveness mainly arises if the timing of the forecast transaction changes from what was originally estimated. There was no ineffectiveness during 2025 or 2024 in relation to the forward exchange contracts.

## Estimation of fair values

The following summarises the major methods and assumptions used in estimating fair values of financial instruments reflected in the table above.

They are classified according to the following fair value hierarchy:

- Level 1: quoted process (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments are valued using Handelsbanken and NatWest mid-market rates (2024: Handelsbanken and NatWest mid-market rates) at the statement of financial position date.

The maturity profile of the forward contracts as at 31 December is as follows:

Group and Company	2025				2024			
	Foreign currency \$'000	Contract value £'000	Transaction fair value £'000	Contract fair value £'000	Foreign currency \$'000	Contract value £'000	Transaction fair value £'000	Contract fair value £'000
Sell USD	\$71,566k	54,181	55,094	913	\$67,100	52,467	51,345	(1,122)

## Sensitivity analysis

In managing currency risks, the Group and Company aim to reduce the impact of short-term fluctuations on their earnings. Over the longer term, however, changes in foreign exchange would have an impact on earnings.

In respect of retranslation of monetary items, at 31 December 2025, it is estimated that an increase of one percentage point in the value of sterling against the US dollar would decrease the Group's profit before tax by approximately £608k (2024: £555k) before forward exchange contracts and £17k (2024: £140k) after forward exchange contracts are included. The effect of an increase of one percentage point against the euro is considered marginal.

## Financial instruments by category

Group	2025			2024		
	Financial assets at amortised cost £'000	Derivatives used for hedging £'000	Financial liabilities at amortised cost £'000	Financial assets at amortised cost £'000	Derivatives used for hedging £'000	Financial liabilities at amortised cost £'000
Trade and other receivables	34,631	-	-	30,151	-	-
Cash and cash equivalents	13,982	-	-	10,534	-	-
Derivative financial instruments – assets	-	980	-	-	42	-
– liabilities	-	(67)	-	-	(1,164)	-
Interest-bearing loans and borrowings	-	-	(45,511)	-	-	(34,602)
Trade and other payables	-	-	(16,348)	-	-	(8,142)
Lease liability	-	-	(11,503)	-	-	(8,955)

Company	2025			2024		
	Financial assets at amortised cost £'000	Derivatives used for hedging £'000	Financial liabilities at amortised cost £'000	Financial assets at amortised cost £'000	Derivatives used for hedging £'000	Financial liabilities at amortised cost £'000
Trade and other receivables	19,617	-	-	19,784	-	-
Cash and cash equivalents	6,399	-	-	5,449	-	-
Derivative financial instruments – assets	-	980	-	-	42	-
– liabilities	-	(67)	-	-	(1,164)	-
Interest-bearing loans and borrowings	-	-	(45,511)	-	-	(34,602)
Trade and other payables	-	-	(9,874)	-	-	(5,655)
Lease liability	-	-	(6,650)	-	-	(7,762)

## Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, issue new shares or redeem existing ones or borrow funds from financial institutions.

The Group monitors capital on the basis of the following leverage ratio: net borrowings divided by EBITDA (as per bank facility agreement).

## Loan covenants

Under the terms of its borrowing facilities, the Group is required to comply with the following financial covenants:

- the ratio of net borrowings on the last day of the relevant period to earnings before interest, tax, depreciation and amortisation, share of profit/ (loss) from joint venture, equity-settled share-based payments and exceptional items (EBITDA) shall not exceed 3.50:1.00
- the ratio of EBITDA to net finance charges in respect of the relevant period shall not be less than 4.00:1.00.

The Group has complied with its covenants throughout the financial year.

	As at 31 December 2025 £'000	As at 31 December 2024 £'000
Net borrowings	<b>31,529</b>	24,068
EBITDA*	<b>37,794</b>	28,190
Net borrowings/EBITDA	<b>0.83</b>	0.85
Net finance charges	<b>1,638</b>	2,600
EBITDA/net finance charges	<b>23.07</b>	10.84

\* For the purposes of this calculation EBITDA has been adjusted to reflect a full year of the newly acquired subsidiary OKC being part of the Group.

Net borrowings comprise current and non-current interest-bearing loans and borrowings of £45,511k (2024: £34,602k), as per note 19, and cash and cash equivalents of £13,982k (2024: £10,534k) as per note 17.

The definition of net finance charges for the purpose of calculating the ratio of EBITDA to net finance charges includes bank loan interest expensed of £1,860k (2024: £2,738k), less interest income of £222k (2024: £138k), that being gross interest of £350k (2024: £274k) less interest income from customers of £128k (2024: £136k).

	Note	2025 £'000	2024 £'000
Profit/(loss) for the year		<b>25,820</b>	(2,755)
Depreciation and amortisation	11,12,13	<b>9,632</b>	8,983
Finance costs	7	<b>1,665</b>	2,873
Share of profit from joint venture	10	<b>(46)</b>	(74)
Equity-settled share-based payments	25	<b>1,674</b>	1,077
Taxation		<b>(1,897)</b>	2,908
EBITDA before exceptional items		<b>36,848</b>	13,012
Add back exceptional items		<b>946</b>	15,178
EBITDA		<b>37,794</b>	28,190

The definition of finance costs when calculating EBITDA includes finance costs expensed of £2,058k (2024: £3,147k) less interest income of £393k (2024: £274k), as per note 7, and the income statement with the effect of a full year of OKC added on.

The Group's objective is to maintain leverage below the Board's appetite of 2.0. However, it is prepared to accept increases in this ratio at times of sizeable, capacity-related, capital expenditure in order to support continued growth. Subject to short-term macroeconomic and geopolitical volatility, this is always expected to reduce quickly back below the Board's appetite, and to significantly lower levels, as capacity utilisation improves.

The bank covenant definition does not include the impact of IFRS 16 "Leases", which would have moved the ratio from 0.83 to 1.30.

The Group defines its return on capital as operating profit before exceptional items divided by the average sum of its equity, net debt and other non-current liabilities. This measure excludes acquired intangible assets and their amortisation costs. The Group also excludes significant capacity investments under construction until they enter production. In 2025, the return on capital was 13.9% (2024: 11.7%), mostly reflecting improved profitability in the year.

## 23. COMMITMENTS – GROUP

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:				
Property, plant and equipment	<b>5,712</b>	1,737	<b>5,283</b>	103

## 24. POST-EMPLOYMENT BENEFITS

### Defined benefit pension plan

The Company operates a UK registered trust-based pension scheme that provides defined benefits. In 2001, the Company closed the Defined Benefit Pension scheme ("DB Scheme") to new members, while in 2005 the DB Scheme was closed to the future accrual of benefits, and all active members at that time transferred to a defined contribution scheme, substantially de-risking the Company's financial and accounting exposure to the DB Scheme's obligations. Following legal advice in 2017 that the closure had not been completed with respect to the breaking of linkage with future increases in salary, amendments were made in 2018 and the linkage duly broken.

Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the DB Scheme in accordance with the DB Scheme's Trust Deed and Rules, which set out their powers. The Trustees of the DB Scheme are required to act in the best interests of the beneficiaries of the DB Scheme. There is a requirement that one-third of the Trustees are nominated by the members of the DB Scheme.

There are three categories of pension scheme members:

- deferred members with salary linkage: current employees of the Company who have not consented to the break in their salary link
- deferred members: former and current employees of the Company not yet in receipt of pension
- pensioner members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for future salary increases for deferred members with salary linkage, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the statement of financial position date. The majority of benefits receive increases in line with inflation (subject to a cap of no more than 5% per annum). The valuation method is known as the Projected Unit Method. The approximate overall duration of the DB Scheme's defined benefit obligation as at 31 December 2025 was ten years (2024: ten years).

### Future funding obligation

The Trustees are required to carry out an actuarial valuation every three years.

The last actuarial valuation of the DB Scheme was performed by the DB Scheme Actuary for the Trustees as at 5 April 2023. This valuation revealed a funding shortfall of £2.87m.

In respect of the deficit in the DB Scheme as at 5 April 2023, the Company has agreed to pay £643,200 p.a. from 31 July 2024 for four years. In addition, the Company will pay £216,000 p.a. to cover administration expenses, Payment Protection Fund levies and premiums for death in service lump sums associated with the Scheme. The Company therefore currently expects to pay £859,200 to the Scheme during the calendar year beginning 1 January 2026.

### Method and assumptions

The initial results of the valuation as at 5 April 2023 have been updated to 31 December 2025 by a qualified independent actuary.

The assumptions used were as follows:

	As at 31 December 2025	As at 31 December 2024
Discount rate	<b>5.60%</b>	5.50%
RPI inflation	<b>2.90%</b>	3.10%
CPI inflation	<b>2.50%</b>	2.80%
Salary increases	<b>2.50%</b>	2.80%
Pension increases		
– Post age 88 guaranteed minimum pension	<b>2.20%</b>	2.30%
– Non-guaranteed minimum pension	<b>2.90%</b>	3.00%
Revaluation of deferred pensions in excess of guaranteed minimum pension	<b>2.50%</b>	2.80%
Mortality (pre- and post-retirement)	<b>100% S4PMA_M / 100% S4PFA_M CMI_2024_M/F [1.25%] (yob)</b>	100% S4PMA_M / 100% S4PFA_M CMI_2023_M/F [1.25%] (yob)

Life expectancies (in years):

	Year ended 31 December 2025		Year ended 31 December 2024	
	Males	Females	Males	Females
For an individual aged 65 in 2025	<b>21.0</b>	<b>23.5</b>	20.8	23.4
At age 65 for an individual aged 45 in 2025	<b>22.3</b>	<b>24.9</b>	22.1	24.9

## Risks

Through the Scheme, the Company is exposed to a number of risks:

- Asset volatility: the Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields; however, the Scheme invests significantly in equities and other growth assets. These assets are expected to outperform corporate bonds in the long term, but are subject to increased volatility and risk in the short term.
- Changes in bond yields: a decrease in corporate bond yields would increase the Scheme's defined benefit obligation; however, this would be partially offset by an increase in the value of the Scheme's bond holdings.
- Inflation risk: a significant proportion of the Scheme's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). The majority of the Scheme's assets are either unaffected by inflation, or are only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.
- Life expectancy: if Scheme members live longer than expected, the Scheme's benefits will need to be paid for longer, increasing the Scheme's defined benefit obligation.

The Company is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustees case and subsequent Court of Appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation.

On 1 September 2025, the UK government published a list of amendments to the Pension Schemes Bill, which included changes to address issues arising from the Virgin Media ruling. These changes should mean that schemes are able to retrospectively certify historic benefits changes that met the relevant requirements at the time.

As a result, no allowance has been made for this ruling in these disclosures. The Trustees and Company manage risks in the Scheme through the following strategies:

- Diversification: investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- Investment strategy: the Trustees are required to review their investment strategy on a regular basis.
- Asset-liability matching (ALM): the Scheme invests in an ALM framework that aims to achieve long-term investment returns in line with the obligations under the Scheme. This is achieved through around 25% of assets being invested in liability-driven investment funds.

	Change in assumption	Change in defined benefit obligation
Discount rate	+0.5%/–0.5% p.a.	–5%/+5%
RPI inflation	+0.5%/–0.5% p.a.	+3%/–4%
Assumed life expectancy	+1 year	+3%

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

The assets of the Scheme are invested as follows:

Asset class	Year ended 31 December 2025		Year ended 31 December 2024	
	Market value £'000	% of total Scheme assets	Market value £'000	% of total Scheme assets
Equities and other growth assets	1,861	8%	4,676	20%
Diversified credit funds	9,461	39%	9,158	40%
Liability-driven investments	6,281	27%	6,120	26%
Cash	5,356	23%	2,610	11%
Other	595	3%	602	3%
Total	23,554	100%	23,166	100%
Actual return on assets over the year	904		(296)	

Note: All assets listed above have a quoted market price in an active market (except for the reserve for insured pensioners).

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

	2025 £'000	2024 £'000
Market value of plan assets	23,554	23,166
Present value of Defined Benefit Pension Scheme obligation	(23,512)	(24,718)
Adjustment in respect of minimum funding requirement	(42)	–
Deficit – recognised as a liability in the statement of financial position	–	(1,552)

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

	2025 £'000	2024 £'000
Value of defined benefit obligation at the start of the year	24,718	26,464
Interest cost	1,322	1,190
Benefits paid	(1,375)	(1,205)
Actuarial (gains)/losses: experience differing from that assumed	(775)	562
Actuarial losses/(gains): changes in demographic assumptions	146	(130)
Actuarial gains: changes in financial assumptions	(524)	(2,163)
Value of defined benefit obligation at the end of the year	23,512	24,718

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

	2025 £'000	2024 £'000
Market value of plan assets at the start of the year	23,166	23,808
Interest income	1,260	1,087
Actual return on plan assets	(356)	(1,383)
Employer contributions	859	859
Benefits paid	(1,375)	(1,205)
Market value of assets at the end of the year	23,554	23,166

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements.

	2025 £'000	2024 £'000
Statement of financial position for:		
– Defined Benefit Pension Scheme obligations	–	(1,552)
Income statement charge for:		
– Defined benefit pension interest cost	(62)	(103)
Actuarial gains recognised in other comprehensive income for:		
– Defined Benefit Pension Scheme	755	348

### Other pension schemes

On 1 January 2006 a separate stakeholder scheme was set up for those employees who were originally in the closed Defined Benefit Pension Scheme. In addition to the above, the Company created two further stakeholder schemes for future joiners. The contributions paid by the Company in 2025 were £1,372k (2024: £1,238k).

For certain non-UK based employees of the Company, the Company makes contributions into individual schemes. The contributions paid by the Company in 2025 were £7k (2024: £6k).

For USA-based employees, Zotefoams Inc operates a 401(k) plan. The contributions paid by Zotefoams Inc in 2025 were £299k (2024: £425k).

## 25. SHARE-BASED BENEFITS

The Company has a share option scheme that entitles senior management personnel to purchase shares in the Company. Options are exercisable at a price equal to the lower of the mid-market price of the Company's shares the day before the option is granted or the average mid-market price for the three dealing days before the option is granted. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, the options will expire. Depending on the circumstances, options are normally forfeited if the employee leaves the Company before the options vest.

In 2007, the Company introduced a Long-Term Incentive Plan (LTIP) scheme for senior management personnel. Shares are awarded in the Company and vest after three years to the extent that performance conditions are met. Dependent on the circumstances, awards are normally forfeited if the employee leaves the Company before the award vests. A new LTIP scheme was introduced in 2017, which operates in a similar way to the LTIP scheme introduced in 2007. No new awards are made under the 2007 scheme. Depending on the circumstances, options are normally forfeited if the employee leaves the Company before the options vest.

In 2007, the Company introduced a Deferred Bonus Share Plan (DBSP). Under the terms of this plan, executive bonuses with a value equivalent to over 40% of eligible salary were held as deferred shares for three years. In 2014, the Remuneration Committee amended the DBSP for bonuses awarded since 2014, such that 25% of executive bonuses are held as deferred shares for three years with no minimum value. Depending on the circumstances, awards are normally forfeited if the employee leaves the Company before the award vests. A new Deferred Bonus Share Plan scheme was introduced in 2017, which operates in a similar way to the old DBSP introduced in 2007, as amended in 2014. No new awards are made under the 2007 DBSP. Depending on the circumstances, awards are normally forfeited if the employee leaves the Company before the award vests.

Details of the vesting conditions for the share, share option and LTIP awards are given in the [Directors' Remuneration report page 91](#).

### Movements in share options during the year are as follows:

The options outstanding at 31 December 2025 have an exercise price between 236.8p and 432.5p and a weighted contractual life of eight years (2024: eight years).

There were no cancellations or modifications to the awards in 2025 or 2024.

The fair value received in return for share options granted is measured by reference to the fair value of share options granted using a Black-Scholes-Merton model. The contractual life of the option (ten years) is used as an input into this model. No allowance is made for early leavers.

### Movements in HMRC awards are as follows:

	2025		2024	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at the beginning of the year	102,037	351	127,415	345
Exercised during the year	(15,406)	324	(17,265)	359
Granted during the year	78,354	327	9,537	419
Forfeited during the year	(14,304)	348	(17,650)	340
Outstanding at the end of the year	150,681	342	102,037	351
Exercisable at the end of the year	64,826	343	59,035	345

### Movements in LTIP awards during the year are as follows:

	2025		2024	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at the beginning of the year	1,296,632	-	1,181,012	-
Exercised during the year	(180,522)	-	(68,437)	-
Granted during the year	656,217	-	418,894	-
Dividend on granted	9,974	-	-	-
Forfeited during the year	(83,317)	-	(234,837)	-
Failed to vest	(88,993)	-	-	-
Outstanding at the end of the year	1,609,991	-	1,296,632	-
Exercisable at the end of the year	317,014	-	147,734	-

### Movement in Deferred Bonus Share Plan awards during the year are as follows:

	2025		2024	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at the beginning of the year	139,980	-	77,510	-
Exercised during the year	(12,726)	-	(12,870)	-
Granted during the year	111,636	-	75,340	-
Dividend on granted	533	-	-	-
Outstanding at the end of the year	239,423	-	139,980	-
Exercisable at the end of the year	-	-	-	-

## Fair value of share options and assumptions

The expected volatility is based on historic volatility for a three-year period prior to the award.

	18-Apr-23	8-Apr-24	8-Apr-25
Share price (p)	394.0	419.3	327.3
Exercise price (p)	394.0	359.1	324.5
Expected volatility	39%	46%	46%
Option life	Three years	Three years	Three years
Expected dividends (p) (assumed to be increasing at 2.5% p.a.)	71	75	78
Risk-free interest rate (based on national government bonds)	3.75%	3.75%	3.75%
Fair value at grant date (p)	106.0	80.6	102.3

The Company's employee share option awards are granted under a service condition and a performance condition. There are no market conditions associated with the share options. The LTIP awards are granted under a service condition and a performance condition, part of which is a market condition. The Deferred Bonus Share Plan awards are granted under a service condition.

The amounts recognised in the income statement for equity-settled share-based payments are as follows:

	2025 £'000	2024 £'000
Within administrative expenses		
- share-based payment charge	<b>1,328</b>	1,077
- related National Insurance	<b>346</b>	105

Of the above, amounts relating to Directors of Zotefoams plc aggregate to £1,028k (2024: £966k).

## 26. RELATED PARTIES

### Directors

The Directors of the Company as at 31 December 2025 and their immediate relatives control approximately 1.17% (2024: 0.92%) of the voting shares of the Company. Details of Directors' pay and remuneration are given in the [Directors' Remuneration report page 91](#). Executive Directors are considered to be the only key management personnel. Details of compensation paid to key management personnel are included in note 6.

### Subsidiaries and joint venture

Details of the joint venture and subsidiaries of the Company are set out in notes 10 and 14. These companies are considered to be related parties.

The following material transactions were carried out with related parties:

	2025 £'000	2024 £'000
Sale of goods: subsidiaries of the Company	<b>5,983</b>	3,954
Sale of services: subsidiaries of the Company	<b>2,531</b>	3,528
Loans repaid by subsidiaries of the Company	<b>5,206</b>	1,795
Loans granted to subsidiaries of the Company	<b>25,014</b>	3,884
Interest income: subsidiaries of the Company	<b>1,028</b>	1,372
Sale of goods: joint venture of the Company	<b>2,178</b>	3,514
Sale of services: joint venture of the Company	<b>423</b>	558

Balances between the Company and its active subsidiaries and joint venture are as follows:

	Receivable from/(payable to)		Investment in	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Zotefoams Inc	23,907	20,249	-	-
Azote Asia Limited	587	1,257	-	-
MuCell Extrusion LLC	109	-	-	-
Zotefoams International Limited	31,724	12,983	30,822	30,822
Zotefoams Operations Limited	17	(18)	-	-
Zotefoams T-Fit Material Technology (Kunshan) Limited	181	796	-	-
Zotefoams Poland Sp. z o.o.	2,975	1,828	-	-
Zotefoams France SAS	(141)	(107)	-	-
T-FIT Insulation Solutions India Private Limited	7	-	-	-

## 27. ACCOUNTING ESTIMATES AND JUDGEMENTS FOR THE GROUP AND COMPANY

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other facts that are considered relevant. Actual amounts may differ from these estimates.

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.

### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

#### i) Estimated impairment of goodwill and intangibles

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.11.

The determination of impairment in the carrying value of goodwill and intangible assets requires judgements to be made by the Directors. These assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the carrying value of such assets is not supportable.

#### ii) Pension assumptions

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company engages an independent qualified actuary to perform the valuation and assist in determining appropriate assumptions at the end of each year. The valuation is prepared by an independent qualified actuary, but significant judgements are required in relation to the assumptions for pension increases, inflation, the discount rate applied, investment returns and member longevity, all of which underpin the valuations. Note 24 contains information about the assumptions relating to retirement benefit obligations.

#### iii) General provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### iv) Leases estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### v) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the share option or appreciation right, volatility and dividend yield, and making assumptions about them. The Group uses the Black-Scholes-Merton model to estimate the fair value of instruments. The Black-Scholes-Merton formula has been adjusted to take account of certain characteristics of share options, such as the probability of vesting and meeting the performance conditions of LTIPs. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 25.

#### vi) Shincell licence

The Shincell licence has been capitalised as a right-of-use asset and a judgement been made as to its useful life, which was assessed to be ten years based on the expected period during which the technology will provide incremental value. An impairment assessment is made every year to assess the recoverability of the value of the asset based on future five-year plans and, as such, involves uncertainty in the calculations. A judgement was made that the Shincell licence should be capitalised as a right-of-use asset and future payments treated as a lease liability under IFRS 16.

#### vii) OKC group acquisition

Assumptions were made in the valuation of the assets acquired with the purchase of the OKC Group. Land and buildings were adjusted to a market value of €4,600k based on a third party valuation. An estimate was made to calculate the value of inventory acquired as it would be valued at a distributor's margin and a provision made based on stock that had not moved for over a year.

As part of the acquisition the Group recognised identifiable intangible assets as follows:

	Economic life Years	Value £'000
Product trade names	10	2,134
Corporate name	2	227
Recycling know-how	5	1,153
Order backlog	1	299
Customer relationships	10	9,855
		<b>13,668</b>

These assets were measured at fair value at the acquisition date in accordance with IFRS 3 "Business Combinations". The valuation of each asset category was performed using commonly applied income-based valuation techniques, reflecting the expected future economic benefits attributable to each asset.

#### Product trade names

The product trade names were valued using the relief-from-royalty method. This approach estimates the value of the trade names by reference to the hypothetical royalties that the Group would otherwise be required to pay if the trade names were licensed from a third party. Key assumptions included:

- the forecast level of revenue expected to be generated under the trade names
- an appropriate notional royalty rate benchmarked to comparable market transactions
- the discount rate applied to future cash flows of 13.7%
- a useful life of ten years based on product cycles and management plans for the trade names going forward.

#### Corporate name

The corporate name was valued using the relief-from-royalty method. This approach estimates the value of the name by reference to the hypothetical royalties that the Group would otherwise be required to pay if the name was licensed from a third party. Key assumptions included:

- the forecast level of revenue expected to be generated under the name
- an appropriate notional royalty rate benchmarked to comparable market transactions
- the discount rate applied to future cash flows of 13.2%
- a useful life of two years based on management plans for the corporate name going forward.

#### Recycling know-how

The know-how intangible asset was valued using the with-or-without method, an income-based approach that measures the economic benefit derived from the proprietary technical knowledge, processes and workflows acquired. This methodology estimates the incremental cash flows that the business is expected to generate with access to the acquired know-how compared with the cash flows that would reasonably be expected without it.

The valuation reflects:

- the projected cost savings, productivity enhancements and operational efficiencies attributable to the know-how
- the estimated period over which these benefits are expected to be realised
- assumptions regarding the level of disruption, additional costs or reduced output that would arise in a hypothetical "without" scenario
- contributory asset charges for supporting assets involved in generating the benefits
- a discount rate of 14.2% consistent with the risk characteristics of know-how-related cash flows
- a useful life of five years reflecting the period over which this know-how will provide benefits going forward.

The resulting fair value represents the present value of the economic benefits expected to arise exclusively due to possession of the acquired know-how.

#### Order backlog

Order backlog was valued using a multi-period excess earnings method based on the expected revenues and margins from the confirmed order book at the acquisition date. Assumptions applied included:

- the contracted revenue pipeline and expected conversion profile
- forecast gross margins
- fulfilment costs over the backlog period
- a discount rate of 12.7% that reflects the short-term nature and lower risk of contracted cash flows
- a useful life of one year reflecting the expectation that all associated orders will have been fulfilled within a year.

### Customer relationships

Customer relationships were valued using the multi-period excess earnings method, representing the cash flows generated from established customer relationships after deducting contributory asset charges. Key valuation assumptions included:

- projected customer revenues based on historical retention and purchasing behaviour
- customer attrition rates derived from historical churn analysis
- forecast gross margins
- contributory asset charges, including returns on working capital and other supporting assets
- a discount rate of 14.2% reflecting the risk profile of customer-related earnings
- a useful economic life of ten years based on the period up to which incremental earnings add less than 4% of cumulative earnings up to that point.

### Discount rate and other assumptions

The discount rates used across the valuations were derived from the Group's weighted average cost of capital, adjusted for the specific risks associated with each intangible asset category. Forecasts used in the valuations were based on management's approved business plans and industry-specific assumptions consistent with those applied in other long-term planning processes.

### viii) Contingent consideration

€1.5m of the total €36m payable to acquire the OKC Group was in the form of contingent consideration. The contingent consideration is to be paid in 2027 subject to OKC achieving 2026 EBITDA greater than €5.5m pro-rated from €5.0m, with no payment if the EBITDA is below €5.0m. This must be paid within 30 days of the 2026 OKC audit completion. As at the acquisition date, the fair value of the contingent consideration was estimated to be £1,324k (€1,500k). There is uncertainty over what the EBITDA for OKC will be in 2026, so an estimate was made. Management believe there is a high probability of the target being met based on past performance and the projected five-year plan and so have recognised 100% of the contingent consideration as a liability.

## Key judgements

### i) Unrecognised deferred tax assets

The Group has tax losses carried forward in the USA and Poland.

At year-end exchange rates the USA has losses carried forward with a value of £3,429k, of which £1,470k has been recognised as a deferred tax asset. The remaining £1,959k has not been recognised as there is uncertainty over whether the associated impairment costs can be recognised as tax deductible.

At year-end exchange rates Poland has tax relief carried forward of £4,793k of which £3,712k has been recognised as a deferred tax asset. The remaining £1,081k has not been recognised as its utilisation is expected more than five years in the future and there is not sufficient certainty that profits will be made over this longer time scale to justify recognising an asset.

## 28. EVENTS AFTER THE REPORTING PERIOD

On 1 January 2026 the Group undertook an internal restructuring to hive down the UK operations from the parent company Zotefoams plc to a subsidiary company, Zotefoams U.K. Limited. The external debt, intercompany loans, Shincell licence and corporate head office remained in Zotefoams plc along with the central corporate costs, while all other business and assets were transferred to Zotefoams U.K. Limited, creating an intercompany loan receivable from Zotefoams U.K. Limited in the process. This transaction has no effect on the Group accounts or the operation of the business. As the Group embarks on its next stage of growth, this organisational structure of a holding company and operational company subsidiaries has been determined to be the most appropriate to manage the business going forward.

On 23 January 2026 a refinancing of borrowings took place. The entire balance was repaid and a new loan taken out for the same amount with a consortium, evenly split between three banks, HSBC, NatWest and Handelsbanken. The new loan has a larger facility of £90.0m plus a £30.0m accordion. The facility is valid for three years and can be extended to four years in 2026 and five years in 2027.

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## FIVE-YEAR TRADING SUMMARY

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Group revenue	<b>158.5</b>	147.8	127.0	127.4	100.8
Operating profit (excluding exceptional item)	<b>22.6</b>	18.1	15.1	13.9	8.1
Profit before tax (excluding exceptional item)	<b>20.9</b>	15.3	12.8	12.2	7.0
Profit before tax	<b>20.0</b>	0.2	12.8	12.2	7.0
Profit/(loss) after tax	<b>22.6</b>	(2.8)	9.2	10.0	4.4
Capital expenditure (including intangibles)	<b>24.6</b>	13.3	8.5	7.0	7.0
Cash generated from operations	<b>39.7</b>	30.4	12.1	23.0	12.2
Basic earnings per share excluding exceptional item (p)	<b>38.00</b>	25.95	19.00	20.61	9.01
Basic earnings per share (p)	<b>46.37</b>	(5.66)	19.00	20.61	9.01
Dividends per ordinary share (p)	<b>7.85</b>	7.48	7.18	6.80	6.50

## ALTERNATIVE PERFORMANCE MEASURES

The Group has included various unaudited alternative performance measures (APMs) in its Annual Report and Accounts. The Group includes these non-GAAP measures as it considers these measures to be both useful and necessary to the readers of the Annual Report and Accounts to help them more fully understand the performance and position of the Group. The Group's measures may not be calculated in the same way as similarly titled measures reported by other companies. The APMs should not be viewed in isolation and should be considered as additional supplementary information to the IFRS measures. Full reconciliations have been provided between the APMs and their closest IFRS measures below.

The Group has concluded that these APMs are relevant as they represent how the Board assesses the performance of the Group and they are also closely aligned with how shareholders value the business. They provide like-for-like, year-on-year comparisons and are closely correlated with the cash inflows from the operations and working capital position of the Group.

They are used by the Group for internal performance analysis and the presentation of these measures facilitates a comparison with other industry peers as they adjust for non-recurring factors that may materially affect IFRS measures. Adjusting items for the Group include amortisation of acquired intangibles, acquisition-related expenses, share-based payments, employment-related acquisition costs and restructuring costs. These measures should not be considered a complete picture of the Group's financial performance as that is provided by the IFRS measures.

This is a measure used by management and in calculations for bank covenants

	Closest IFRS measure	Adjustments to reconcile to IFRS measure	Reason for use
Adjusted operating profit	Operating profit	Excludes exceptional items, acquisition-related expenses, primarily amortisation of business combination intangible assets, and other significant one-off items	The Group considers this to be an important measure of Group performance and is consistent with how the Group is assessed by the Board and investment community
Adjusted profit before tax	Profit before tax	As per adjusted operating profit	As per adjusted operating profit
Adjusted profit for the year	Profit for the year	As per adjusted operating profit and also excludes one-off exceptional tax credits or charges	As per adjusted operating profit
Adjusted earnings per share	Earnings per share	As per adjusted operating profit and also excludes exceptional and one-off tax credits or charges	Adjusted earnings per share is used by management to understand the earnings per share of the Group after removing non-recurring items and those linked to combinations
Net debt	Cash and borrowings	Net debt is cash less gross bank loans, excluding transaction costs and lease liabilities	Net debt is cash less gross bank loans, excluding transaction costs and lease liabilities This is a measure used by management and in calculations for bank covenants

The above measures are reconciled and calculated as follows:

	2025 £'000	2024 £'000
<b>Adjusted operating profit</b>		
Operating profit	21,625	2,952
Add back:		
Amortisation on acquired intangibles	250	–
Exceptional costs of closure of MuCell business	946	15,178
<b>Total</b>	<b>22,821</b>	18,130

	2025 £'000	2024 £'000
<b>Adjusted profit before tax</b>		
Profit before tax	19,963	153
Add back:		
Amortisation on acquired intangibles	250	–
Exceptional costs of closure of MuCell business	946	15,178
<b>Total</b>	<b>21,159</b>	15,331

<b>Adjusted profit for the year</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
Profit for the year	<b>22,639</b>	(2,755)
Add back:		
Amortisation on acquired intangibles*	<b>187</b>	207
Exceptional costs of closure of MuCell business	<b>946</b>	15,178
Deduct exceptional credit for recognition of deferred tax asset	<b>(5,217)</b>	–
<b>Total</b>	<b>18,555</b>	12,630

<b>Adjusted earnings per share</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
Adjusted profit	<b>18,555</b>	12,630
Number of shares in issue	<b>48,827,596</b>	48,669,691
<b>Adjusted profit/number shares in issue* 100,000</b>	<b>38.00</b>	25.95

\* An adjustment was made for the amortisation of acquired intangibles in the prior year. This adjustment was only made for the purposes of calculating EPS and did not appear in the profit for the year before exceptional items on the income statement.

<b>Net debt</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
Interest bearing loans and borrowings	<b>45,511</b>	34,602
Cash and cash equivalents	<b>(13,982)</b>	(10,534)
<b>Net debt</b>	<b>31,529</b>	24,068

# NOTICE OF THE 2026 ANNUAL GENERAL MEETING

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, it is recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if you reside elsewhere, another appropriately authorised financial adviser.

If you have sold or otherwise transferred your shares in Zotefoams plc, you should forward this document and other documents enclosed as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

### ZOTEFOAMS PLC

#### Notice of Annual General Meeting

Zotefoams plc considers it vital to engage with investors and other stakeholders through the most appropriate channels. Shareholders' views are important and we want to ensure that they are given as much information as possible in good time to enable them to participate in the decision-making process.

Notice is hereby given that the Annual General Meeting ("AGM") of Zotefoams plc (the "Company") will be held at **675 Mitcham Road, Croydon, CR9 3AL, on 27 May 2026 at 10.00 a.m.** for the following purposes.

#### Ordinary business

1. To receive the Annual Report of the Company for the financial year ended 31 December 2025 (the "Annual Report").
2. To approve the new Remuneration Policy of the Directors of the Company (the "Directors" or the "Board") set out in the [Directors' Remuneration report page 91](#) of the Annual Report.
3. To approve the Directors' report on remuneration for the financial year ended 31 December 2025 set out in the [Directors' Remuneration report page 91](#) of the Annual Report.
4. To declare a final dividend for the year ended 31 December 2025 of 5.35 pence per ordinary share of five pence each in the capital of the Company ("ordinary shares"), such dividend to be payable on 1 June 2026 to shareholders on the register of members of the Company at the close of business on 1 May 2026.
5. To re-elect L Drummond as a Director of the Company.
6. To re-elect R M Cox as a Director of the Company.
7. To re-elect J D Carling as a Director of the Company.
8. To re-elect M S Swift as a Director of the Company.
9. To re-elect C A Wall as a Director of the Company.
10. To elect N Wright as a Director of the Company.
11. To elect J Clarke as a Director of the Company.
12. That PKF Littlejohn LLP be and is hereby re-appointed as Auditor of the Company (the "Auditor") to hold office from the conclusion of the 2026 AGM of the Company until the conclusion of the next general meeting at which accounts are laid before the Company.
13. To authorise the Audit Committee to determine the Auditor's remuneration.

#### Special business

To consider and, if thought fit, to pass the following resolutions, of which resolutions 14, 18, 19 and 20 will be proposed as ordinary resolutions and resolutions 15, 16, 17 and 21 will be proposed as special resolutions.

14. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be, and are generally and unconditionally, authorised pursuant to Section 551 of the Companies Act 2006 (the "Act"):
  - a) to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company, being "relevant securities") up to an aggregate nominal amount of £820,770 (such amount to be reduced by the nominal amount of any allotments or grants made under paragraph (b) below in excess of £820,770); and further
  - b) to allot equity securities (as defined in Section 560 of the Act) up to an aggregate nominal amount of £1,641,540 (such amount to be reduced by the nominal amount of any allotments or grants made under paragraph (a) above) in connection with an offer by way of rights issue:
    - (i) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and
    - (ii) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary;
 

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever;
  - c) provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of 30 June 2027 or the conclusion of the next AGM of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.
15. That, if resolution 14 is passed, the Directors be authorised to allot equity securities (as defined in Section 560 of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, such authority to be limited:
  - a) in favour of holders of ordinary shares, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares held by them;
  - b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £246,231 and

c) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) or paragraph (b) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (b) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the conclusion of the next AGM of the Company (or, if earlier, at the close of business on 30 June 2027) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

16. That, if resolution 14 is passed, the Directors be authorised in addition to any authority granted under resolution 15 to allot equity securities (as defined in Section 560 of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £246,231;
- b) used only for the purposes of financing (or refinancing, if the authority is to be used within twelve months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and
- c) limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (b) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (b) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the conclusion of the next AGM of the Company (or, if earlier, at the close of business on 30 June 2027) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

17. That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares provided that:

- a) the maximum number of ordinary shares authorised to be purchased is 4,924,623, representing approximately 10% of the issued ordinary share capital as at 8 April 2026;
- b) the minimum price which may be paid for any such ordinary share is five pence;
- c) the maximum price which may be paid for an ordinary share shall be an amount equal to 105% of the average middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
- d) this authority shall, unless previously renewed, revoked or varied, expire on the conclusion of the next AGM of the Company (or, if earlier, the close of business on 30 June 2027), but the Company may enter into a contract for the purchase of ordinary shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

18. That the amendments to the Zotefoams plc Long-Term Incentive Plan 2017 ("LTIP"), as shown in the marked-up version of the LTIP rules produced to the meeting and for the purpose of identification signed by the Chair, be and are hereby approved and the Directors be and are hereby authorised to adopt the amendments.

19. That the amendments to the Zotefoams plc Deferred Bonus Share Plan 2017 (DBSP), as shown in the marked-up version of the DBSP rules produced to the meeting and for the purpose of identification signed by the Chair, be and are hereby approved and the Directors be and are hereby authorised to adopt the amendments.

20. That the amendments to the Zotefoams plc Approved Share Option Plan 2018 ("ASOP"), as shown in the marked-up version of the ASOP rules produced to the meeting and for the purpose of identification signed by the Chair, be and are hereby approved and the Directors be and are hereby authorised to adopt the amendments.

21. That a general meeting other than an AGM may be called on not less than 14 clear days' notice.

Dated: 10 April 2026  
By order of the Board

**Registered Office:**  
602-3 Salisbury House  
29 Finsbury Circus  
London  
EC2M 5SQ  
United Kingdom

**E Woollard**  
Company Secretary

## Notes

- (i) Pursuant to Part 13 of the Act and to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 10.00 a.m. on 22 May 2026 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
- (ii) If you wish to attend the AGM in person, please bring some form of identification (such as driver's licence or bank card) and present this to the Company's reception desk on arrival.

- (iii) A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of them. A member may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment). A proxy form is enclosed or has been sent to you separately. The notes to the proxy form include instructions on how to appoint the Chair of the AGM or another person as a proxy. You can only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form.

- (iv) To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE, by no later than 10.00 a.m. on 22 May 2026.
- (v) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in note (iv) above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure their CREST sponsor or voting service provider(s) to take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 (as amended).

- (vi) In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
- (vii) The following information is available at [www.zotefoams.com](http://www.zotefoams.com): (1) the matters set out in this notice of AGM; (2) the total numbers of shares in the Company, and shares in each class, in respect of which members are entitled to exercise voting rights at the AGM; (3) the totals of the voting rights that members are entitled to

exercise at the AGM, in respect of the shares of each class; and (4) members' statements, members' resolutions and members' matters of business received by the Company after the first date on which notice of the AGM was given.

- (viii) If you are a person who has been nominated by a member to enjoy information rights in accordance with Section 146 of the Act, notes (iii) to (v) above do not apply to you (as the rights described in these notes can only be exercised by members of the Company) but you may have a right under an agreement between you and the member by whom you were nominated to be appointed or to have someone else appointed, as a proxy for the meeting. If you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
- (ix) A member that is a company, or other organisation not having a physical presence, cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: by the appointment of either a proxy (described in notes (iii) to (v) above) or a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association (the "Articles") and the relevant provision of the Act.
- (x) Members attending the AGM have the right to ask, and, subject to the provisions of the Act, the Company must cause to be answered, any questions relating to the business being dealt with at the AGM.
- (xi) As at the close of business on 8 April 2026 (being the latest practicable date before publication of this notice), the Company's issued share capital comprised 49,246,234 ordinary shares. Each ordinary share carries the right to one vote at a general meeting of the Company. No ordinary shares were held in treasury and accordingly the total number of voting rights in the Company as at the close of business on 8 April 2026 is 49,246,234.
- (xii) Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (1) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (2) any circumstance connected with the Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Section 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required, under Section 527 of the Act, to publish on a website.
- (xiii) Copies of the Executive Directors' service contracts with the Company and any of its subsidiary undertakings, deeds of indemnity in favour of the Directors, letters of appointment of the Non-Executive Directors and a copy of the rules of the Zotefoams plc Long-Term Incentive Plan, the Zotefoams plc Deferred Bonus Share Plan 2017 and the Zotefoams plc Approved Share Option Plan 2018 are available for inspection as set out in the explanatory notes to the resolutions.

## Explanatory notes to the resolutions

### Ordinary business

#### Resolution 1 – Receiving the Annual Report

In accordance with Section 437 of the Act, Directors must present the accounts of the Company for the financial year ended 31 December 2025.

#### Resolutions 2 and 3 – Directors' Remuneration report

Resolution 2 seeks shareholder approval for the new Directors' Remuneration Policy, which can be found in the [Directors' Remuneration report page 91](#) of the Annual Report. The new Directors' Remuneration Policy will replace the current Directors' Remuneration Policy, which was approved at the AGM held on 24 May 2023. The new Directors' Remuneration Policy sets out the Company's future policy on Directors' remuneration, including the setting of the Directors' pay and the granting of share awards. Details on how the policy will be applied in practice in 2026 are set out in the [Directors' Remuneration report page 91](#) of the Annual Report. If resolution 2 is approved, the new Directors' Remuneration Policy will become effective immediately.

Resolution 3 seeks shareholder approval of the Directors' Remuneration report for the year ended 31 December 2025, which can be found in the [Directors' Remuneration report page 91](#) of the Annual Report. The Auditor has audited those parts of the Directors' Remuneration report that are required to be audited and its report may be found in the [Independent Auditor's report to the members of Zotefoams plc page 121](#) of the Annual Report.

#### Resolution 4 – Declaration of dividend

This resolution concerns the Company's final dividend payment. The Directors are recommending a final dividend of 5.35 pence per ordinary share in respect of the year ended 31 December 2025 which, if approved, will be payable on 1 June 2026 to the shareholders on the register of members on 1 May 2026.

#### Resolutions 5 to 9 – Re-election of Directors

The Articles require each Director to retire from office at each AGM and, if they are willing, to offer themselves for re-appointment by the shareholders. Biographies for the Directors are set out in the [Board of Directors' biographies page 77](#) of the Annual Report. With the Chair having undertaken performance reviews of the Directors, and the Non-Executive Directors having undertaken a performance review of the Chair, the Board is satisfied that each Director continues to be effective and demonstrates commitment to the role and recommends that each Director should be re-elected.

#### Resolutions 10 and 11 – Election of Directors

Shareholders will be asked to elect Nick Wright and Jack Clarke, who were both appointed as statutory directors of the Company by the Board. Nick Wright was appointed on 22 September 2025 and Jack Clarke was appointed on 28 October 2025. A brief biography for both Nick and Jack is found in the [Board of Directors' biographies page 77](#) of the Annual Report.

#### Resolutions 12 and 13 – Re-appointment of Auditor and its remuneration

Resolution 12 concerns the re-appointment of PKF Littlejohn LLP as the Company's Auditor, to hold office until the conclusion of the Company's next general meeting where accounts are laid. Resolution 13 authorises the Audit Committee to determine its remuneration.

### Special business

#### Resolution 14 – Power to allot shares

This resolution grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £820,770 representing approximately one-third of the nominal value of the issued ordinary share capital of the Company as at 8 April 2026, being the latest practicable date before publication of this notice. In addition, in accordance with the latest institutional guidelines issued by the Investment Association, paragraph (b) of resolution 14 grants the Directors authority to allot further equity securities up to an aggregate nominal value of £1,641,540 representing approximately two-thirds of the nominal value of the issued ordinary share capital of the Company as at 8 April 2026, being the latest practicable date before publication of this notice. This additional authority may only be applied to fully pre-emptive rights issues.

The intention of the authority granted pursuant to paragraph (b) of resolution 14 is to preserve maximum flexibility and if the Directors do exercise this authority, they intend to follow best practice as regards its use.

The Company does not currently hold any shares as treasury shares within the meaning of Section 724 of the Act ("Treasury Shares").

The Directors consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities, which may include the allotment of shares to the Employee Benefit Trust for the purpose of fulfilling future potential awards.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or the close of business on 30 June 2027, whichever is the earlier.

#### Resolutions 15 and 16 – Authority to allot shares disregarding pre-emption rights

These resolutions authorise the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings).

Resolution 15 authorises the Directors to issue shares where either the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £246,231 representing approximately 10% of the nominal value of the issued ordinary share capital of the Company as at 8 April 2026, being the latest practicable date before publication of this notice.

Resolution 16 authorises the Directors to issue a further 10% of the issued ordinary share capital of the Company, but only to be used to raise finance for an acquisition or a specified capital investment (within the meaning given in the Pre-Emption Group's Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Each of these resolutions further authorises the Directors to issue up to 2% of the issued ordinary share capital of the Company for the purposes of making a follow-on offer to existing holders of securities not allocated shares under paragraph (b) of each resolution.

Unless revoked, varied or extended, these authorities will expire at the conclusion of the next AGM of the Company or the close of business on 30 June 2027, whichever is the earlier.

The Directors consider that the powers proposed to be granted by these resolutions are necessary to retain flexibility, although they do not have any intention at the present time of exercising them.

#### Resolution 17 – Authority to purchase shares (market purchases)

This resolution authorises the Board to make market purchases of up to 4,924,623 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as at 8 April 2026, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next AGM of the Company or the close of business on 30 June 2027, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent AGMs.

The minimum price that can be paid for an ordinary share is five pence, being the nominal value of an ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders in general and will result in an increase in earnings per ordinary share. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

As at 8 April 2026, being the latest practicable date before publication of this notice, there were outstanding awards under the Company's long-term incentive schemes (excluding the Share Incentive Plan) in respect of 1,374,248 ordinary shares in the capital of the Company representing 2.8% of the Company's issued ordinary share capital. If the authority to purchase ordinary shares were exercised in full, such awards would represent 3.1% of the Company's issued ordinary share capital.

#### Resolutions 18, 19 and 20 – Share plans

Resolutions 18, 19 and 20 are to authorise the adoption of amendments to the following employee share plans:

- the Zotefoams plc Long-Term Incentive Plan 2017 (the "LTIP");
- the Zotefoams plc Deferred Bonus Share Plan 2017 (the "DBSP"); and
- the Zotefoams plc Approved Share Option Plan 2018 (the "ASOP").

The LTIP and DBSP are together referred to as the "Plans".

Resolutions 18 and 19 seek shareholder approval for amendments to the Plans, which were originally approved by shareholders at the Company's 2017 AGM. The Plans expire for the purposes of new grants in May 2027 and approval for amendments is therefore being sought at the 2026 AGM of the Company to enable the grant of awards beyond May 2027 and to coincide with the approval of the Directors' Remuneration Policy as referred to in respect of resolution 2. Resolution 20 seeks shareholder approval for an amendment to the limits on the number of shares which may be issued or issuable under the ASOP so that it is aligned with the Plans as they are proposed to be amended. Approval is not being sought for any other amendments to the ASOP.

A summary of the principal terms of the Plans as they are proposed to be amended and as they are to apply to awards granted after their amendments is set out in the Appendix to this document. The amendments to the Plans and amendment to the ASOP, for which shareholder approval is required, are as follows:

- The LTIP includes a limit on the value of shares over which awards may be granted in respect of any financial year of the Company, which is aligned with the limit on LTIP grants permitted by the Company's Directors' Remuneration Policy from time to time. This approach is not being amended; however, in line with usual practice, and reflecting the Directors' Remuneration Policy, it is proposed that the limit be amended to exclude any "buyout" awards in respect of remuneration forfeited by a new recruit in connection with their joining the Company. Although excluded from this limit, in line with the Company's Directors' Remuneration Policy ("Policy"), any buyout awards will typically be granted on a like-for-like basis and the Remuneration Committee will consider all relevant factors, including the form of awards, performance conditions and the likelihood of such conditions being met and the timeframe of awards.
- The 2017 LTIP currently requires that awards granted to the Company's Executive Directors are subject to the satisfaction of a performance condition. To provide more operational flexibility over the next ten years, the 2017 LTIP rules are amended to permit the grant of awards to the Executive Directors without performance conditions. We currently intend to continue applying performance conditions and the application of performance conditions to awards granted to Executive Directors will be consistent with the Policy as approved by shareholders from time to time.

- The DBSP is amended to permit the grant of awards to former employees. This is to give flexibility as to the source of shares to satisfy awards granted to 'good leaver' employees who earn a bonus in respect of a period, part of which is to be delivered as a deferred bonus award which will be granted after their employment has ended.
- As adopted, the Plans and ASOP include two limits on the number of shares which may be issued or issuable. These were that in any ten year period: (1) the number of shares that may be issued or issuable under the Plans, ASOP and under any other employees' share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company (the "10% in ten years limit"); and (2) the number of shares that may be issued or issuable under the Plans, ASOP and under any other discretionary share plan adopted by the Company may not exceed 7.5% of the issued ordinary share capital of the Company. The "10% in ten years limit" is retained in the amended Plans and ASOP. However, in order to retain appropriate flexibility over the life of the Plans and ASOP and reflecting the most recent guidelines issued by the Investment Association which include only a "10% in ten years limit", the 7.5% limit is removed.
- The Plans are being extended for a further ten years from the date of the 2026 AGM.
- Reflecting usual practice, the Plans are amended to permit the grant of awards in a grant "window" following the approval of the Policy.

A copy of the rules of the Plans and ASOP marked-up to show the proposed changes will be available for inspection at the 2026 AGM of the Company for at least 15 minutes prior to the start of the meeting and up until the close of the meeting and on the National Storage Mechanism (<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>) from the date of this Notice of AGM.

#### Resolution 21

Under the Act, a listed company must give at least 21 days' notice of its general meetings. However, the Act enables general meetings (other than AGMs) to be held on shorter notice of not less than 14 days, provided the shareholders have given their consent at the previous AGM or a general meeting held since the last AGM. Resolution 21 seeks such approval similar to the resolution passed last year. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Directors will always endeavour to give as much notice as possible of general meetings but would like to have the flexibility to call a general meeting in the shorter permitted notice period for time-sensitive matters that are clearly in the shareholders' interests and otherwise for non-routine business, where merited, in the interest of shareholders as a whole. If the authority is used, the Company will offer the ability, as required by the Act, to vote electronically.

#### Recommendation

The Directors consider that the proposals being put to the shareholders at the AGM of the Company are in the best interests of the Company and of the shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the resolutions set out in the notice of the AGM, as they intend to do in respect of their own beneficial holdings of ordinary shares.

## APPENDIX

# SUMMARY OF THE MAIN PROVISIONS OF THE ZOTEFOAMS PLC SHARE INCENTIVE PLAN (SIP)

### 1. Summary of the principal features of the Zotefoams plc Long-Term Incentive Plan 2017 ("LTIP")

The LTIP will be operated and administered by the Remuneration Committee of the Board of Directors of the Company (the "Remuneration Committee").

#### Forms of Awards

Awards under the LTIP will be in the form of a conditional right to acquire ordinary shares ("Shares") in the Company ("Awards") for nil cost or for an award price equal to the nominal value of a share from time to time.

#### Eligibility

Awards may be granted to any employee (including an Executive Director) of the Company or any of the Company's subsidiaries.

#### Individual limits

The maximum value of shares over which an Award may be granted to a participant in respect of any financial year of the Company may not exceed the maximum limit as set out in the Company's Directors' Remuneration Policy ("Policy") that is in force at the date of grant of the Award.

Awards granted to a new recruit in respect of remuneration forfeited in connection with joining the Company will not be subject to this limit.

#### Grant of Awards

Awards may only be granted within the period of 42 days beginning on: (i) the dealing day immediately following the announcement of the Company's results for any period; (ii) the day on which amendments to the LTIP are approved by shareholders; (iii) the day on which the Policy is approved by shareholders; (iv) the date on which an individual becomes an eligible employee under the rules of the LTIP; or (v) any day on which the Remuneration Committee determines that exceptional circumstances exist.

If, during such a period, the Company is restricted from granting Awards, Awards may be granted within the period of 42 days following such restrictions ceasing to apply.

#### Holding period

Awards may be subject to a holding period following the end of the vesting period, during which time the vesting of the Award is delayed, which might include a phased release of the vested shares during that period. For Awards granted to Executive Directors, the Committee will set the length of any holding period at the time of grant in accordance with the Policy (currently two years).

#### Dividend equivalents

The Remuneration Committee may determine at any time before the delivery of shares pursuant to an Award that a participant shall receive an amount in cash and/or shares determined by reference to some or all of the dividends (and special dividends, at the discretion of the Remuneration Committee) that would have been paid on the vested shares in respect of dividend record dates during such period ending no later than the date on which shares are capable of being issued or transferred pursuant to an Award.

#### Reduction for malus and clawback

The Remuneration Committee may, in its absolute discretion, determine at any time within five years of the grant of an Award (or such other period as determined by the Remuneration Committee) to:

- reduce (to nil, if appropriate) the number of shares to which an Award relates;
- cancel an Award;
- impose further conditions on an Award; or
- require the participant to transfer a number of shares or a cash amount in respect of the shares delivered,

in circumstances where:

- the audited financial statements or results for any Group company are materially misstated (other than restatement due to a change in accounting policy or to rectify a minor error);
- there has been an error assessing a performance condition applicable to an Award or in the information or assumptions on which an Award was granted or vests;
- there has been a material failure of risk management in any Group company or a relevant business unit;
- there has been a material corporate failure in any Group company or a relevant business unit;
- in the reasonable opinion of the Remuneration Committee:
  - a participant has deliberately misled the management of the Company and/or the market and/or the Company's shareholders regarding the financial performance of any Group company or relevant business unit;
  - any member of the Group (or the participant's business unit) has suffered reputational damage due to the participant's misconduct or otherwise;
  - a participant's actions amount to serious misconduct or conduct which causes significant financial loss for the Group and/or the participant's business unit; or
  - there have been overpayments, including any vesting under the LTIP, to the participant at a level higher than would have otherwise been the case due to material abnormal write-offs affecting any Group company on an exceptional basis.

#### Vesting of Awards

Awards will vest subject to the satisfaction of any applicable performance conditions. Any performance conditions will be measured over a performance period determined by the Remuneration Committee. The length of the performance period for Awards granted to Executive Directors will be consistent with the Policy in force from time to time.

The extent to which the performance conditions have been achieved and the level at which an Award consequently vests will normally be determined as soon as practicable after the end of any performance period (or on such later date as the Remuneration Committee determines).

The Committee may adjust the level of vesting of an Award taking account of the performance of the Group and the contribution of the participant over the vesting period.

Awards subject to a holding period will vest, subject to the rules of the LTIP, at the end of the holding period.

#### Cessation of employment

Where the participant ceases to be employed by any member of the Group prior to the vesting of an Award by reason of death, ill health, injury, disability, retirement, a sale or transfer out of the Group of the participant's employing company or business, redundancy or for any other reason at the Remuneration Committee's discretion (a "good leaver"), a participant's unvested Award will vest at the normal vesting date in respect of a number of Shares calculated taking into account the time elapsed between the date of grant and the date of cessation of employment and taking account of the extent to which any performance conditions have been met, and shall be released following the expiry of the normal holding period, unless the Remuneration Committee determines that the Award shall vest on such other date as the Remuneration Committee may specify.

Where an additional holding period applies and the participant ceases to be employed by any member of the Group after the determination of the number of Shares in respect of which the Award will vest but prior to the expiry of any holding period, due to any reason other than gross misconduct on the part of the participant, the vested Award shall be released to the former employee on the original holding period release date, unless the Remuneration Committee decides that it should be released earlier.

A participant whose employment ceases due to voluntary resignation will not be entitled to receive any unvested LTIP Awards, but will be entitled to retain Awards that have vested and/or are in the holding period; any such Awards will be released on the original holding period release dates, unless the Remuneration Committee decides that Awards should be released earlier.

### Corporate events

On a change of control of the Company, the number of shares in respect of which Awards vest shall be determined by the Remuneration Committee, subject to the extent to which any performance condition has been satisfied at the date of change of control and, unless the Remuneration Committee determines otherwise, a pro rate reduction to the proportion of the vesting period which has elapsed on: (i) the date of the relevant event (or such other relevant period); or (ii) if the participant has ceased employment by the time of the relevant event, the date of the cessation of employment.

Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation or if the Remuneration Committee determines any other event, require Awards to be exchanged for equivalent awards which relate to shares in a different company.

If other corporate events occur such as a demerger, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of shares to a material extent, the Remuneration Committee may determine that Awards will vest conditional upon the event occurring. The number of shares in respect of which Awards vest shall be determined by the Committee, having regard to the extent to which any performance condition has been satisfied and, unless the Remuneration Committee determines otherwise, pro-rating to reflect the period from the start of the vesting period to the date of the relevant event (or such other relevant period). If the event does not occur, Awards will continue on their original terms.

## 2. Summary of the principal features of the Zotefoams plc Deferred Bonus Share Plan 2017 ("DBSP")

The DBSP will be operated and administered by the Remuneration Committee.

### Forms of Awards

Awards under the DBSP will be in the form of a conditional right to shares ("Awards") for nil cost or for an award price equal to the nominal value of a share from time to time.

### Eligibility

Awards may be granted to any employee or former employee (including an Executive Director) of the Company or any of the Company's subsidiaries.

### Value of Awards

The number of shares subject to an Award will be such number as have a value (as determined by the Remuneration Committee) equal to the amount of the deferred bonus.

### Grant of Awards

Awards may only be granted within the period of 42 days beginning on: (i) the dealing day immediately following the announcement of the Company's results for any period; (ii) the day on which amendments to the DBSP are approved by shareholders; (iii) the day on which any bonus to be deferred under the DBSP is determined; (iv) the date on which an individual is selected to participate in the DBSP; or (v) any day on which the Remuneration Committee determines that exceptional circumstances exist.

If, during such period, the Company is restricted from awarding shares, Awards may be made within the period of 42 days following such restrictions ceasing to apply.

### Dividend equivalents

The Remuneration Committee may determine at any time before the delivery of shares pursuant to an Award that a participant shall receive an amount in cash and/or shares determined by reference to some or all of the dividends (and special dividends at the discretion of the Remuneration Committee) that would have been paid on the vested shares in respect of dividend record dates during such period ending no later than the date on which shares are capable of being issued or transferred pursuant to an Award.

### Reduction for malus and clawback

The Remuneration Committee may, in its absolute discretion, determine at any time within five years of the grant of an Award (or such other period as determined by the Remuneration Committee) to:

- reduce (to nil, if appropriate) the number of shares to which an Award relates;
- cancel an Award;
- impose further conditions on an Award; or
- require the participant to transfer a number of shares or a cash amount in respect of the shares delivered,

in circumstances where:

- the audited financial statements or results for any Group company are materially misstated (other than restatement due to a change in accounting policy or to rectify a minor error);
- there was an error in assessing a performance condition applicable to the annual bonus in respect of which the Award was granted or the information or assumptions on which an Award was granted or vests;
- there has been a material failure of risk management in any Group company or a relevant business unit;
- there has been a material corporate failure in any Group company or a relevant business unit;
- in the reasonable opinion of the Remuneration Committee:
  - a participant has deliberately misled the management of the Company and/or the market and/or the Company's shareholders regarding the financial performance of any Group company or relevant business unit;
  - any member of the Group (or the participant's business unit) has suffered reputational damage due to the participant's misconduct or otherwise;
  - a participant's actions amount to serious misconduct or conduct which causes significant financial loss for the Group and/or the participant's business unit; or
  - there have been overpayments, including any vesting under the DBSP, to the participant at a level higher than would have otherwise been the case due to material abnormal write-offs affecting any Group company on an exceptional basis.

### Vesting of Awards

Awards will normally vest at the end of a deferral period determined by the Remuneration Committee, which ordinarily will be a period of three years. The length of the deferral period for Awards granted to the Company's Executive Directors will be consistent with the Policy as approved by shareholders from time to time.

### Cessation of employment

Participants who cease to be employed will normally retain their Awards, which will ordinarily continue and vest on the originally anticipated vesting date, unless the Remuneration Committee determines that the Award should vest on an earlier date. Awards held by participants who die will generally be accelerated and will vest on the date of death.

However, Awards held by participants who cease to be employed as a result of their gross misconduct or voluntary resignation or cessation by mutual consent (unless the Remuneration Committee determines otherwise) will lapse on the cessation of employment.

### Corporate events

On a change of control, all Awards shall vest immediately.

If other corporate events occur such as a demerger, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of shares to a material extent, the Remuneration Committee may determine that Awards will vest conditional upon the event occurring. If the event does not occur, Awards will continue.

### 3. Summary of the principal features common to the LTIP and DBSP

Each of the following features is common to each of the LTIP and DBSP (together the "Plans").

#### Terms of Awards

Awards may be granted over newly issued shares, treasury shares or shares purchased in the market. Awards are not transferable (other than on death). No payment will be required from participants for the grant of any Awards.

#### Limits on the issue of shares

On any date, the number of shares which may be issued or issuable pursuant to rights granted in the preceding ten-year period under the Plans and under any other employees' share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company on that date.

Treasury shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies no longer require it and the Remuneration Committee determines otherwise. Shares purchased in the market are not subject to these limits.

The above limits may be varied by the Remuneration Committee to take into account any variation in the Company's share capital from time to time.

#### Adjustments

In the event of any rights issue or capitalisation, subdivision, consolidation, reduction or other variation of the ordinary share capital, the Remuneration Committee may make such adjustments as it considers appropriate to the number of shares subject to Awards.

### Rights attaching to shares

All shares provided under the Plans will rank *pari passu* with all other shares of the Company for the time being in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of issue or transfer to the participant).

### Amendments and termination

The Remuneration Committee may amend the Plans or the terms of Awards granted under them at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of employees relating to: (i) eligibility; (ii) the overall limits on the issue of shares under the Plans; (iii) the maximum entitlement for any one participant; (iv) the basis for determining a participant's entitlement to, and the terms of, the shares comprised in an Award; and (v) the impact of any variation of capital.

However, any minor amendment to benefit administration, or any amendment to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment in any jurisdiction, may be made by the Remuneration Committee without shareholder approval.

No further awards may be granted under the Plans on or after the tenth anniversary of the Company's 2026 AGM, but the rights of existing participants will not be affected by any termination.

### Overseas plans

The Remuneration Committee may establish such sub-plans or schedules to the Share Plans, modified to take account of local tax, exchange controls or securities laws if required to do so or if it is beneficial to do so in any overseas jurisdiction, provided that any shares made available under such plans are treated as counting against the limits on individual and overall participation in the Plans.

### Pension benefits

Benefits under the Plans are not pensionable.

## COMPANY INFORMATION

### Registered office

602-3 Salisbury House, 29 Finsbury Circus,  
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[cosec@zotefoams.com](mailto:cosec@zotefoams.com)

### Registered number

2714645

### Joint brokers

#### Peel Hunt LLP

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100 Liverpool Street  
London EC2M 2AT

#### Singer Capital Markets Advisory LLP

One Bartholomew Lane  
London EC2N 2AX

### Financial public relations

#### IFC Advisory Limited

Birchin Court, 20 Birchin Lane  
London EC3V 9DU

### Auditor

#### PKF Littlejohn LLP

15 Westferry Circus  
Canary Wharf  
London E14 4HD

### Bankers

#### Handelsbanken plc

3 Thomas More Square  
London E1W 1WY

#### National Westminster Bank plc

Turnpike House, 123 High Street  
Crawley RH10 1DD

#### HSBC Bank

8 Canada Square  
London E14 5HQ

### Solicitors

#### Osborne Clarke LLP

One London Wall  
London EC2Y 5EB

### Registrars

#### Computershare Investor Services plc

The Pavilions  
Bridgwater Road  
Bristol BS13 8AE  
[www.computershare.com](http://www.computershare.com)

## FINANCIAL CALENDAR

AGM	27 May 2026
Payment of final dividend	1 June 2026 to shareholders on the register at the close of business on 1 May 2026
Payment of interim dividend	October 2026
Announcement of 2026 results	March 2027

### Website

The Company has a website ([www.zotefoams.com](http://www.zotefoams.com)) which provides information on the business and products.

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MuCell® is a registered trademark of Trexel Inc.

### Registrars

Enquiries concerning the holding of ordinary shares in the Company should be addressed to the registrars, who should also be notified of any changes in a holder's address.

The registrars are: Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

Telephone: +44 (0)370 707 1424

[www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus)

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Following the latest regulatory guidance, our reporting suite is now created digital-first, with all versions (online, PDF and filing) delivered from the same digital content. This includes a fully interactive European Single Electronic Format (ESEF) report, built to maximise the online accessibility of the mandatory format (iXBRL). This award-winning approach enables our reporting to meet stakeholders' needs while also being accessed by machines and AI tools.

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Our online ESEF report is mobile-friendly and accessible, including easy-to-use, high-quality iXBRL data. Our PDF annual report is now more accessible too and is available to download on our website.

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