

Zotefoams plc

Preliminary Results (unaudited) for the Year Ended 31 December 2025

17 March 2026 – Zotefoams plc (“Zotefoams” or “the Company” or “the Group”), a world leader in high-performance foams, today announces its unaudited preliminary results for the year ended 31 December 2025 (“FY25”).

“Continued growth and margin progression delivered another year of record profitability as we execute on our long-term growth strategy”

Financial Headlines

	<u>Group</u>		
	2025	2024	Change
	£m	£m	
Revenue	158.5	147.8	7.2%
Gross profit	52.9	46.1	14.8%
Adjusted Operating profit ¹	22.8	18.1	26.0%
Adjusted Operating Margin	14.4%	12.2%	220bps
Adjusted Profit before tax	21.2	15.3	39%
Adjusted Basic EPS	38.0p	25.95p	46%
Final dividend ³ (p)	5.35	5.10	5%
Operating profit	21.6	3.0	620%
Profit before tax	20.0	0.2	
Cash generated from operations	39.7	30.4	31%
Net debt Covenant Basis ²	31.5	24.1	31%
Net debt (IFRS)	43.0	33.0	30%
Leverage ratio ²	0.8	0.9	
ROCE	13.9%	11.7%	220bps

¹ This is a reported number under UK-adopted IFRS and is after adding back MuCell closure costs £0.9m (2024: £15.2m) and amortisation of acquired intangibles of £0.2m (2024: £Nil)

² Leverage is that defined under the bank facility, with net debt at the end of the period divided by the preceding 12 months' EBITDA, adjusted for the impact of IFRS 2 and IFRS 16

³ Final dividend is subject to approval at the May 2026 Annual General Meeting

Results Headlines

- Record Group revenue of £158.5m, 7% higher than the prior year (2024: £147.8m)
- Record adjusted operating profit up 26% to £22.8m (2024: £18.1m)
- Adjusted Basic EPS up 46% to 38.00p (2024: 25.95p)
- Strong cash generation and balance sheet foundation to support ongoing investment and refreshed growth strategy
 - Cash generated from operations up 31% to £39.7m (2024: £30.4m)
 - Cash conversion at 101%, with FCF of >£23m
 - ROCE up 220bps to 13.9% (2024: 11.7%)
 - Net debt excluding leases up 31% to £31.5m (31 December 2024: £24.1m) due to financing of the acquisition of Overseas Konstellation Company S.A. (“OKC”).
 - Leverage ratio improved at 0.8x (31 December 2024: 0.9x) providing substantial investment headroom.
 - Final dividend up 5% to 5.35p (2024: 5.10p)

Strategic Progress

- The Group is continuing to deliver on its *Expanding Beyond the Core* strategy aimed at driving long term sustainable growth and shareholder value creation
- Through increased focus on operation execution, the expansion of geographical footprint, investment in innovation and building a disciplined M&A capability, the Group is targeting ambitious progress in the medium term:
 - Organic growth of 7% CAGR to deliver FY2029 revenue of >£230m
 - Operating profit of >£40m by FY2029
 - ROCE of over 20% by FY2029
 - Cash conversion of >95%

- Longer-term ambition to grow revenues to >£300m and operating profit to >£60m, with the opportunity to accelerate progress through inorganic growth
- Key initial enabling steps for this transformation were taken in FY2025:
 - Construction of machinery for new Vietnam factory well progressed with £4.3m invested
 - Completion of new second low-pressure vessel in the US which is now operational
 - Innovation centre established in Korea with growth and investment planned for 2026
 - Acquisition of OKC, extending products, capabilities and routes to market in Europe
- Early progress and momentum in 2026:
 - Trading in line with expectations and continued strength in Transport & Smart Technologies
 - OKC integration progressing well, with integration into the European operating model underway and full-year revenue contribution in 2026
 - Growth becoming more balanced across the portfolio, with healthy pipelines in aerospace, industrial and other technical applications
 - Continued focus on execution in 2026, including service, efficiency, margin improvement and delivery of strategic investments in Asia

Ronan Cox, Group CEO, said:

“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 which 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.”

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About Zotefoams plc

Zotefoams plc (LSE – ZTF) is a world leader in high-performance foam technology delivering optimal material solutions for the benefit of society. Utilising a variety of unique manufacturing processes, including environmentally friendly nitrogen expansion for lightweight AZOTE® polyolefin and ZOTEK® high-performance foams, Zotefoams sells to diverse markets worldwide. Zotefoams uses its own cellular materials to manufacture T-FIT® advanced insulation for demanding industrial markets.

Zotefoams is headquartered in London, UK, with manufacturing sites in Croydon, UK, Kentucky, USA and Brzeg, Poland (foam manufacture), Oklahoma, USA (foam products manufacture and conversion), Anglesola and Burgos, Spain (foam manufacture) and Jiangsu Province, China (T-FIT).

www.zotefoams.com

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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

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.

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.

Lynn Drummond
Chair

17 March 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.

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 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 toward 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 toward 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 approximately \$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 re-orient 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 perform 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% to £124.0m (2024: £113.3m), 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.

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

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, 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 toward 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 the preliminary results.

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 which 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.

Ronan Cox
Group CEO

17 March 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 strong cash generation, a strong balance sheet and recent refinancing, meaning we are well positioned for future profitable growth.

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 9.4% to £124.0m (2024: £113.3m) 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 7.1% to £30.1m (2024: £28.1m), driven by a 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.

Before exceptional items, operating profit for the year grew 26% to £22.8m (2024: £18.1m) and 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 nil 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) 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 section "Debt facility") improving to 0.8x (31 December 2024: 0.9x) and financial headroom of £18.4m (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	Excluding MEL and OKC					
	2025	2024	Change	2025	2024	Change
Net revenue	158.5	147.8	7.2%	156.2	146.6	6.5%
Gross profit	52.9	46.1	14.8%	52.9	48.1	10.0%
Distribution and administrative costs	(30.3)	(28.0)	(8.2%)	(30.0)	(25.0)	(20.0%)
Adjusted Operating profit	22.8	18.1	26.0%	22.9	23.1	(0.9%)
Exceptional items & amortisation of acquired intangibles	(1.1)	(15.2)		-	-	-
Operating profit	21.6	3.0 ²	620%	22.9	23.1	(0.9%)
Finance costs and profit from joint venture	(1.7)	(2.8)	(39%)	(2.8)	(2.8)	(39.3%)
Adjusted profit before tax	21.2	15.3	38.6%	20.2	20.3	(0.5%)
Profit before tax	20.0	0.2		20.2	20.3	(0.5%)
Taxation	2.7	(2.9)				
Adjusted Basic EPS	38.00	25.95	46%			
Basic EPS/(LPS)	46.37	(5.66)				

Revenue performance

EMEA sales increased 9% to £124.0m (2024: £113.3m), 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: £28.0m) 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 ¹	2024		Net change	
			Reported	Reported	Adjusted	Adjusted
EMEA	124.0	124.4	113.3	9.4%	9.6%	
North America	30.1	30.9	28.0	7.1%	10.4%	
Asia	4.2	4.4	5.1	(17.6%)	(13.7%)	
Group excluding MEL	158.3	159.7	146.4	7.9%	8.9%	
MEL	0.2	0.2	1.2	(83%)	(83%)	
Group	158.5	159.9	147.6	7.3%	8.2%	

¹ Constant currency, adjusting 2025 values to 2024 exchange rates. See exchange rates table.

Revenue by vertical (%)

	2025	2024
Consumer & Lifestyle	50	48
Transport & Smart Technologies	33	33
Construction & Other Industrial	17	19

Gross profit

Gross profit increased £6.8m to £52.9m (2024: £46.1m), while gross margin increased to 33.3% (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, geographic expansion and completing our first significant acquisition. We have continued to invest in, and prioritise, our talent, leadership, technical, sales and the resources needed to deliver our investment, execute our strategy and focus on our customers.

Distribution and administrative costs

	2025	2024	Change
Distribution costs	8.2	8.5	(3.5%)
Administrative costs excluding hedging movements	21.7	20.3	6.9%
Foreign exchange losses/(gains)	0.4	(0.8)	
Administrative costs	22.1	19.5	13.3%
Distribution and administrative costs	30.3	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 14%, 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 "CEO 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 55% to £6.5m (2024: £4.2m) 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 specializes 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

During 2025, the Group incurred a charge of £0.9m relating to additional costs of closing these activities down. 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).

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 38% 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	1.173	1.146	1.177	1.210
US dollar/sterling	1.312	1.345	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 £0.4m 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 2.8%. 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, require 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 ¹	2024 Reported	Net change	
				Reported	Adjusted
EMEA	24.1	24.8	23.1	4.3%	7.4%
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	(4.5)		
Subtotal before exceptional item	28.0	29.3	21.8	28%	34%
Exceptional items & amortisation of acquired intangibles	(1.1)	(1.1)	(15.2)	(92%)	(92%)
Subtotal after exceptional item	26.9	28.2	6.6	307%	327%
Central costs	(6.5)	(6.6)	(4.0)	(63%)	(65%)
Hedging	1.3	NA	0.8	63%	(100%)
Finance costs	(1.7)	(1.6)	(2.8)	(39%)	(43%)
Subtotal other	(6.9)	(8.2)	(6.4)	8%	28%
Adjusted Group Profit before tax	21.2	21.1	15.4	38%	37%
Group Profit before tax	20.0	19.9	0.2		

¹ 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 £2.6m (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 anticipated now 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 believe 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 to further enhance innovation and 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 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. 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 and 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 £1.0m) 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: 52%) of total spend, with Footwear Asia representing 34% (2024: 0%) due to the ongoing investment in Vietnam and Korea, 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 costs of closure of business	0.9	15.2
Other	3.4	4.3
Net cash from operations before provisions and investment in working capital	33.2	28.8
Receivables	(1.6)	1.5
Inventory	4.5	1.9
Payables	4.5	(0.8)
Employee defined benefit contributions	(0.9)	(0.9)
Cash generated from operations	39.7	30.4
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)
Movement in cash and cash equivalents	3.5	4.3

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 £1.7m 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, £6.1m of which relate to the year-end Shincell liability.

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

EBITDA to net finance charges ratio

£m	2025	2024	£m	2025	2024
EBITDA, as above	37.8	28.2	Finance costs	2.1	3.1
			Finance income	(0.4)	(0.3)
			Share of result from joint venture	–	–
EBITDA to net finance charges	23.1	10.8	Net finance charges	1.7	2.91

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 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 financial statements. 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 these preliminary results.

Financial risk management

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

Nick Wright

Group CFO

17 March 2026

Consolidated income statement
For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Revenue	2	158,490	147,791
Cost of sales		(105,591)	(101,658)
Gross profit		52,899	46,133
Distribution costs		(8,175)	(8,478)
Administrative expenses		(22,153)	(19,525)
Exceptional costs of closure of business		(946)	(15,178)
Operating profit	2	21,625	2,952
Adjusted operating profit *		22,821	18,130
Finance costs		(2,058)	(3,147)
Finance income		350	274
Share of profit from joint venture		46	74
Profit before income tax		19,963	153
Adjusted profit before income tax *		21,159	15,331
Income tax credit / (expense)		2,676	(2,908)
Profit / (loss) for the year		22,639	(2,755)
Adjusted profit for the year *		18,555	12,423
Profit / (loss) attributable to:			
Equity holders of the Company		22,639	(2,755)
Earnings / (loss) per share:			
Basic (p)	7	46.37	(5.66)
Diluted (p)	7	44.87	(5.66)
Adjusted earnings per share **			
Basic (p)	7	38.00	25.95
Diluted (p)	7	36.77	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.

** This is not an IFRS measure and has been calculated using the adjusted profit for the year

Consolidated statement of comprehensive income
For the year ended 31 December 2025

	2025	2024
Note	£'000	£'000
Profit / (loss) for the year	22,639	(2,755)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial gains on Defined Benefit Pension schemes	755	348
Tax relating to items that will not be reclassified	(189)	(87)
Total items that will not be reclassified to profit or loss	566	261
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign exchange translation losses on investment in foreign subsidiaries	(1,099)	(371)
Change in fair value of hedging instruments	647	(965)
Hedging gains / (losses) reclassified to profit or loss	743	(968)
Tax relating to items that may be reclassified	(509)	590
Total items that may be reclassified subsequently to profit or loss	(218)	(1,714)
Other comprehensive income / (loss) for the year, net of tax	348	(1,453)
Total comprehensive income / (loss) for the year	22,987	(4,208)
Total comprehensive income / (loss) attributable to:		
Equity holders of the Company	22,987	(4,208)
Total comprehensive income / (loss) for the year	22,987	(4,208)

Consolidated statement of financial position
As at 31 December 2025

	Notes	2025 £'000	2024 £'000
Non-current assets			
Property, plant and equipment	4	105,607	92,088
Right-of-use assets		6,266	2,153
Goodwill	3	9,903	-
Intangible assets		13,883	438
Intangible right-of-use assets		6,458	7,233
Investment in joint venture		327	281
Trade and other receivables		134	14
Deferred tax assets		5,571	548
Total non-current assets		148,149	102,755
Current assets			
Inventories		27,270	29,924
Trade and other receivables		36,484	31,494
Derivative financial instruments		980	42
Current tax asset		229	-
Cash and cash equivalents		13,982	10,534
Total current assets		78,945	71,994
Total assets		227,094	174,749
Current liabilities			
Trade and other payables		(21,580)	(11,878)
Provisions		(859)	(1,381)
Derivative financial instruments		(67)	(1,164)
Current tax liability		(925)	(757)
Lease liabilities		(2,774)	(2,134)
Deferred consideration		(6,022)	-
Interest-bearing loans and borrowings	5/8	(45,511)	(34,602)
Total current liabilities		(77,738)	(51,916)
Non-current liabilities			
Lease liabilities		(8,729)	(6,821)
Deferred tax liabilities		(9,239)	(5,103)
Deferred Consideration	3	(1,309)	-
Post-employment benefits		-	(1,552)
Total non-current liabilities		(19,277)	(13,476)
Total liabilities		(97,015)	(65,392)
Total net assets		130,079	109,357
Equity			
Issued share capital	6	2,462	2,442
Share premium	6	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
Total equity		130,079	109,357

Consolidated statement of cash flows
For the year ended 31 December 2025

	2025	2024
Note	£'000	£'000
Cash flows from operating activities		
Profit before tax	19,963	153
Adjustments for:		
Depreciation and amortisation	8,890	8,983
Loss on disposal of assets	20	28
Finance costs	1,708	2,873
Share of profit from joint venture	(46)	(74)
Net exchange differences	22	524
Equity-settled share-based payments	1,674	1,077
Non-Cash cost of closure of business	946	15,178
Operating profit before changes in working capital and provisions	33,177	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	(859)	(859)
Cash generated from operations	39,734	30,373
Interest paid	(1,561)	(2,515)
Income taxes paid, net of refunds	(3,024)	(2,857)
Net cash flows generated from operating activities	35,149	25,001
Cash flows from investing activities		
Interest received	350	274
Purchases of intangibles	(262)	(3,306)
Purchases of property, plant and equipment	4 (13,963)	(10,342)
Proceeds from disposal of property, plant and equipment	4 700	39
Payment for acquisition of subsidiary, net of cash acquired	3 (23,406)	-
Net cash used in investing activities	(36,581)	(13,335)
Cash flows from financing activities		
Proceeds from exercise of share options	25	72
Repayment of borrowings	(14,584)	(8,357)
Proceeds from borrowings	25,931	6,750
Payment of principal portion of lease liabilities	(2,736)	(2,335)
Dividends paid to equity holders of the Company	7 (3,713)	(3,542)
Net cash from / (used in) financing activities	4,923	(7,412)
Net increase in cash and cash equivalents	3,491	4,254
Cash and cash equivalents at 1 January	10,534	6,294
Exchange losses on cash and cash equivalents	(43)	(14)
Cash and cash equivalents at 31 December	13,982	10,534

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Share capital	Share premium	Own shares held	Capital redemption reserve	Translation reserve	Hedging reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2024	2,442	44,178	(12)	15	4,024	660	64,456	115,763
Loss for the year	-	-	-	-	-	-	(2,755)	(2,755)
<i>Other comprehensive losses for the year:</i>								
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	-	-	-	-	-	-	348	348
Tax relating to actuarial gain on Defined Benefit Pension scheme	-	-	-	-	-	-	(87)	(87)
Total comprehensive loss for the year	-	-	-	-	(371)	(1,343)	(2,494)	(4,208)
Transactions with owners of the Parent:								
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	7	-	-	-	-	-	(3,542)	(3,542)
Total transactions with owners of the Parent	-	-	5	-	-	-	(2,203)	(2,198)
Balance as at 31 December 2024	2,442	44,178	(7)	15	3,653	(683)	59,759	109,357
Balance as at 1 January 2025	2,442	44,178	(7)	15	3,653	(683)	59,759	109,357
Profit for the year	-	-	-	-	-	-	22,639	22,639
<i>Other comprehensive Income for the year:</i>								
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	-	-	-	-	-	-	755	755
Tax relating to actuarial gain on Defined Benefit Pension scheme	-	-	-	-	-	-	(189)	(189)
Total comprehensive (loss) / income for the year	-	-	-	-	(1,099)	881	23,205	22,987
Transactions with owners of the Parent:								
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	7	-	-	-	-	-	(3,713)	(3,713)
Total transactions with owners of the Parent	20	-	(9)	-	-	-	(2,276)	(2,265)
Balance as at 31 December 2025	2,462	44,178	(16)	15	2,554	198	80,688	130,079

1. General overview and accounting policies

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 preliminary results (unaudited) (referred to as the 'preliminary results') include the results of the Company and its subsidiaries (together referred to as the 'Group'). The preliminary results of the Group have been prepared on the basis of the accounting policies set out in the statutory financial statements for the year ended 31 December 2024. Whilst the financial information included in this announcement has been computed in accordance with the recognition and measurement requirements of UK-adopted international accounting standards ("UK-adopted IAS") and as applied in accordance with the provisions of the Companies Act 2006, this announcement does not itself contain sufficient disclosures to comply with UK-adopted IAS.

The information for the year ended 31 December 2025 does not constitute statutory accounts for the purposes of section 435 of the Companies Act 2006. A copy of the accounts for the year ended 31 December 2024 was delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 December 2025 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the Directors in these 'preliminary results' and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The preliminary results are prepared on the historical cost basis except for derivative financial instruments which are stated at their fair value. The same accounting policies, presentation and methods of computation are followed in the preliminary results as were applied in the Group's 2024 annual audited financial statements.

2. 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 which 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 the Group's 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, will not be a separate segment in future years and is presented for comparative purposes only

Following the shift from product-focus to market-focus, sales are analysed in three main market verticals:

- Consumer & Lifestyle: Addressing applications such as footwear and premium consumer goods
- Transport & Smart Technologies: Serving automotive, aviation and high-tech industries requiring advanced material solutions
- Construction & Other Industrial: Supporting building, infrastructure and specialised industrial applications

2. Segment reporting (continued)

	EMEA		North America		Asia		MEL		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	£'000	Restated £'000	£'000	Restated £'000	£'000	Restated £'000	£'000	Restated £'000	£'000	Restated £'000
Group revenue	123,953	113,337	30,084	28,089	4,230	5,144	223	1,221	158,490	147,791
Segment Profit/(loss)	25,379	24,449	3,529	1,819	223	1,373	180	(4,891)	29,311	22,750
Exceptional cost of closure of business	-	-	-	-	-	-	(946)	(15,178)	(946)	(15,178)
Unallocated central costs	(214)	-	-	-	-	-	-	-	(6,740)	(4,620)
Operating profit / (loss)	25,165	24,449	3,529	1,819	223	1,373	(766)	(20,069)	21,625	2,952
Financing costs	-	-	-	-	-	-	-	-	(2,058)	(3,147)
Financing Income	-	-	-	-	-	-	-	-	350	274
Share of profit from joint venture	-	-	-	-	-	-	-	-	46	74
Profit before taxation	-	-	-	-	-	-	-	-	19,963	153
Taxation	-	-	-	-	-	-	-	-	2,676	(2,908)
Profit / (loss) for the period	-	-	-	-	-	-	-	-	22,639	(2,755)
Depreciation and Amortisation:										
Depreciation	4,332	4,211	2,441	2,219	68	81	-	560	6,841	7,071
Amortisation	336	241	-	-	-	-	-	306	336	547
Allocated depreciation of right-of-use assets	409	347	164	168	102	39	-	294	675	848
Unallocated depreciation of right-of-use assets	-	-	-	-	-	-	-	-	834	517
Capital expenditure:										
Property, plant and equipment (PPE)	1,703	2,774	8,388	6,057	4,196	4	-	1,266	14,287	10,101
Intangible assets	23,946	97	-	-	-	-	-	3,140	23,946	3,237

	EMEA		North America		Asia		MuCell		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment Assets	158,320	108,141	50,424	49,703	11,665	7,440	89	2,232	220,498	167,516
Unallocated Assets	-	-	-	-	-	-	-	-	6,696	7,233
Total Assets	158,320	108,141	50,424	49,703	11,665	7,440	89	2,232	227,194	174,749
Segment liabilities	(56,289)	(32,228)	(26,644)	(21,943)	(7,748)	(1,962)	(1,063)	(2,677)	(91,744)	(58,810)
Unallocated liabilities	-	-	-	-	-	-	-	-	(5,271)	(6,582)
Total liabilities	(56,289)	(32,228)	(26,644)	(21,943)	(7,748)	(1,962)	(1,063)	(2,677)	(97,015)	(65,392)

3. Business combinations

Acquisition of Overseas Konstellation Company S.A.

On 18th November 2025 the Group acquired 100% of the voting shares of Overseas Konstellation Company S.A. and its subsidiary Inversiones C2GFC, SL (together "OKC Group") 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 Group as at the date of acquisition were:

	Acquired £'000	Fair Value Adjustment * £'000	Fair Value recognised on acquisition £'000
Assets			
Property Plant and equipment	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
	15,889	16,751	32,640
Liabilities			
			£'000
Trade payables	(3,640)	-	(3,640)
Lease liabilities	(2,763)	-	(2,763)
Provisions	(448)	-	(448)
Deferred Tax	-	(4,030)	(4,030)
	(6,851)	(4,030)	(10,881)
Total identifiable net assets at fair value			21,759
Goodwill arising on acquisition			10,016
Purchase consideration transferred			31,775

* The fair value valuation technique relies on inputs not in the public domain and is categorised as Level 3 in the hierarchy.

The acquisition date fair value of 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 acquisition date fair value of inventories amounts to £2,355k. This 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 £2,133k, Corporate name £227k, Know-How £1,153k, Order backlog £299k and Customer list £9,856k.

The deferred tax of £4,030k relates to the Intangibles 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 £618k to loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been £23,365k and profit before tax from continuing operations for the Group would have been £3,418k.

3 Business combinations (continued)

Purchase consideration	£'000
Cash paid	24,361
Deferred consideration – to be paid on 30 th April 2026	3,045
Deferred consideration – to be paid on 30 th October 2026	3,045
Contingent consideration	1,324
Total consideration	31,775

4. Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Under construction £'000	Total £'000
Cost					
At 01 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
At 1 January 2025	48,014	123,000	3,836	9,255	184,105
Additions	-	1,019	18	13,250	14,287
Acquisition of a subsidiary (note 3)	5,623	14,171	247	-	20,041
Disposals	(79)	(2,980)	(191)	(614)	(3,864)
Transfers	1,762	10,740	144	(12,646)	-
Effect of movement in foreign exchange	(122)	(2,813)	(75)	(308)	(3,318)
At 31 December 2025	55,198	143,137	3,979	8,937	211,251
Accumulated depreciation					
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
At 1 January 2025	18,700	69,348	3,109	860	92,017
Depreciation charge	1,514	5,041	286	-	6,841
Acquisition of a subsidiary (note 3)	1,563	9,743	243	-	11,549
Impairment	-	-	-	204	204
Disposals	(79)	(2,885)	(190)	-	(3,154)
Transfers	(2)	19	(17)	-	-
Effect of movement in foreign exchange	(379)	(1,385)	(68)	19	(1,813)
At 31 December 2025	21,317	79,881	3,363	1,083	105,644
Net book value					
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
At 31 December 2025	33,881	63,256	616	7,854	105,607

5. Interest-bearing loans and borrowings

	Note	Group		Company	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Current bank borrowings	7	45,511	34,602	45,511	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 £50m. This amount is repayable on the last day of each loan interest period, which is of either a three- or six-month duration. The net amount above of £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 £50m 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 3 years from that date.

The interest rates on the debt facility ranged between 3.1% and 5.7% in 2025 (2024: between 4.3% and 6.6%).

6. 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
At 31 December 2025	49,246,234	2,462	44,178	46,640

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.

7. 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	1,631,212	1,361,985
Diluted number of ordinary shares issued	50,458,808	50,031,676

8. Financial instruments and financial risk management

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	As at 31 December 2024
	£'000	£'000
Net borrowings	31,529	24,068
EBITDA *	37,793	28,190
Net borrowings/EBITDA	0.83	0.85
Net finance charges	1,638	2,600
EBITDA/Net finance charges	23.07	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 5, and cash and cash equivalents of £13,982k (2024: £10,534k).

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).

EBITDA comprises:

	2025	2024
	£'000	£'000
Profit / (loss) for the year	25,820	(2,755)
Depreciation and amortisation	9,632	8,983
Finance costs	1,665	2,873
Share of profit from joint venture	(46)	(74)
Equity-settled share-based payments	1,674	1,077
Taxation	(1,897)	2,908
EBITDA before exceptional items	36,848	13,012
Add back exceptional items	946	15,178
EBITDA	37,794	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), 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.