



ZOTEFOAMS

H1 2024 Interim Update

Ronan Cox, Group CEO
Gary McGrath, Group CFO

06 AUGUST 2024



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ZOTEFOAMS

Ronan Cox

Group CEO

RECORD H1 PERFORMANCE IN REVENUE & PROFIT



ZOTEFOAMS

Results Highlights



Record Sales Performance

Group Revenue

→ 10% to £71.1m

High-Performance Products (HPP) revenue

→ 37% to £36.1m



Record Earnings & Improved Margins

Gross Margin

→ 40 bps to 33.2%

Profit Before Tax

→ 12% to a record £8.3m
(excl. MEL up 12% to a record £10.5m)

RECORD H1 PERFORMANCE IN REVENUE & PROFIT



ZOTEFOAMS

Strategic Highlights



Footwear

- Continued strong performance driven by our partnership with Nike



Investment for growth in North America

- Second low-pressure vessel on track for mid-2025 commissioning



ReZorce® Circular Packaging

- Significant progress in this transformational opportunity
- Announced Refresco as joint development partner
- Preparing for carton market trial
- Strategic investment partnership search underway



Shincell Global Alliance

- Enhances technical capabilities and growth potential in new and existing markets

H1 SEGMENT PERFORMANCE



ZOTEFOAMS

High Performance Products

£m	HY 2024	HY 2023	Change
Revenue	36.1	26.4	+37%
Segment margin	28%	27%	+100 bps

Polyolefin Foams

£m	HY 2024	HY 2023	Change
Revenue	34.4	37.7	-9%
Segment margin	9%	13%	-400 bps

Sales Exceed Polyolefin Foams for First Time

Strong footwear sales,
increasing 40% to £31.1m

Growth in T-FIT[®] Insulation
& ZOTEK[®] F from a low base

Mixed Market Demand Conditions

Mix enrichment continues to
be positive in Europe

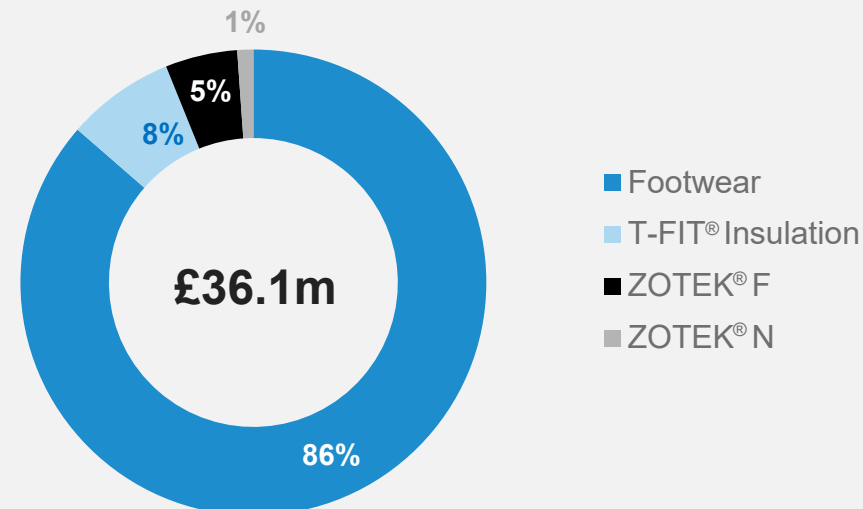
North America presents an
opportunity for improved margins

HIGH PERFORMANCE PRODUCTS



£m	H1 2024	H1 2023	Change
Revenue	36.1	26.4	+37%
Segment margin	28%	27%	+100 bps

Revenue Split by Product



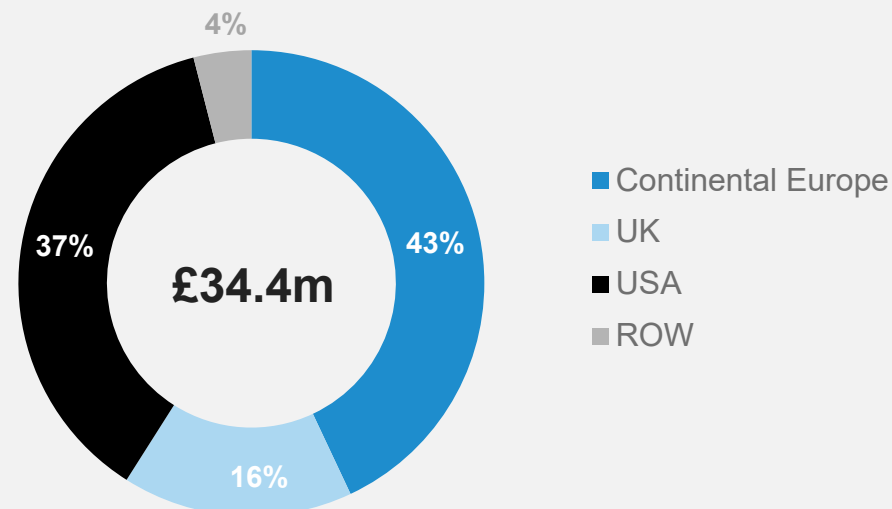
Key Messages Sales Exceed Polyolefin Foams for First Time

- Strong footwear sales helped by tailwinds, increasing 40% to £31.1m, represents 44% of Group revenue (HY23 34%)
- T-FIT Insulation sales grew 23% to £2.7m driven by strong European & North American performance
- Aviation recovery continuing, benefiting sales of ZOTEK F
- Exclusivity agreement with Design Blue showing initial ZOTEK N growth
- Shincell extends capabilities & brings us closer to key customers

POLYOLEFIN FOAMS

£m	H1 2024	H1 2023	Change
Revenue	34.4	37.7	-9%
Segment margin	9%	13%	-400 bps

Revenue Split by Region



Key Messages Mixed Demand Conditions

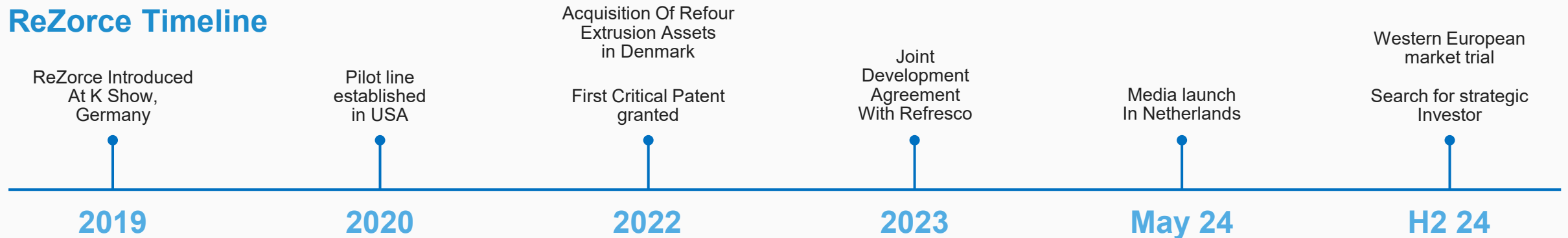
- Mix enrichment continues to be positive in Europe, despite mixed demand conditions, with margins being maintained
- In EMEA, low-density polyethylene (LDPE) pricing was slightly below the long-run historical average, energy prices have stabilised &, like previous year, labour costs represent main inflationary pressure
- USA margins to recover as we continue to invest in people & capability
- Second USA low-pressure vessel on track for commissioning mid 2025

Key Messages Attracting Investing Partners

- Transformative opportunity in consumer packaging: fully recyclable and circular alternative to liquid paperboard
- 1% of revenue, generated from our traditional MEL polymer reduction technology, as we have pivoted fully towards ReZorce Circular Packaging opportunity
- £2.2m (HY23: £2.0m) operational loss
- £2.6m of capitalised investment (HY23: £1.0m)
- Strategic positioning: potential to position Zotefoams well for future growth in sustainable packaging



ReZorce Timeline





ZOTEFOAMS

Gary McGrath

Group CFO

H1 KEY FINANCIALS

Group Revenue

£71.1m

up 10%

HY23: £64.6m

Gross Margin

33.2%

up 40bps

HY23: 32.8%

Operating Profit

£9.7m

up 14%

HY23: £8.5m

Profit Before Tax

£8.3m

up 12%

HY23: £7.4m

EPS

12.89p

up 12%

HY23: 11.53p

Interim Dividend

2.38p

up 4.4%

HY23: 2.28p

Given immateriality, an adjustment for amortisation of acquired intangibles
(HY 24: £126k; HY 23: £131k) has been omitted; the above numbers are as reported

H1 KEY FINANCIALS



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Operating Performance

£m	HY24	HY23	Change
Group revenue	71.1	64.6	10%
Gross profit	23.6	21.2	11%
Gross profit margin	33.2%	32.8%	40bps
SGA	(13.9)	(12.8)	(9%)
Operating profit	9.7	8.5	14%
Operating profit margin	13.6%	13.1%	50bps

Interest & Tax

£m	HY24	HY23	Change
Interest charge	(1.4)	(1.1)	(29%)
Profit before tax	8.3	7.4	12%
Tax charge	(2.0)	(1.8)	(11%)
Profit after tax	6.3	5.6	12%
Effective tax rate	24.2%	24.4%	

Earnings & Dividend

p	HY24	HY23	Change
EPS	12.89	11.53	12%
Interim dividend DPS	2.38	2.28	4.4%

Business Unit Performance

£m	HY24	HY23	Change
Operating profit – Foams	11.8	10.5	13%
Operating loss – MEL	(2.2)	(2.0)	(10%)
Operating profit – Group	9.7	8.5	14%

H1 KEY FINANCIALS

EBITDA¹

£14.6m

up 8%

HY23 : £13.5m

Capital Expenditure

£8.1m

up 3x

HY23: £2.6m

Working Capital Movement

£5.9m

down 9%

HY23: £6.5m

Final Dividend

£2.4m

up 6%

HY23: £2.2m

Net Debt² as at 30.06.24

£35.1m

up 31%

31.12.23: £30.2m

As at 30.06.23: £26.7m

Leverage on a rolling 12-month basis

1.4

up 27%

31.12.23: 1.2

As at 30.06.23: 1.1

¹ EBITDA excludes the impact of IFRS2 and IFRS16

² Net debt excludes the impact of IFRS 16

H1 KEY FINANCIALS



Capital Expenditure (£m)

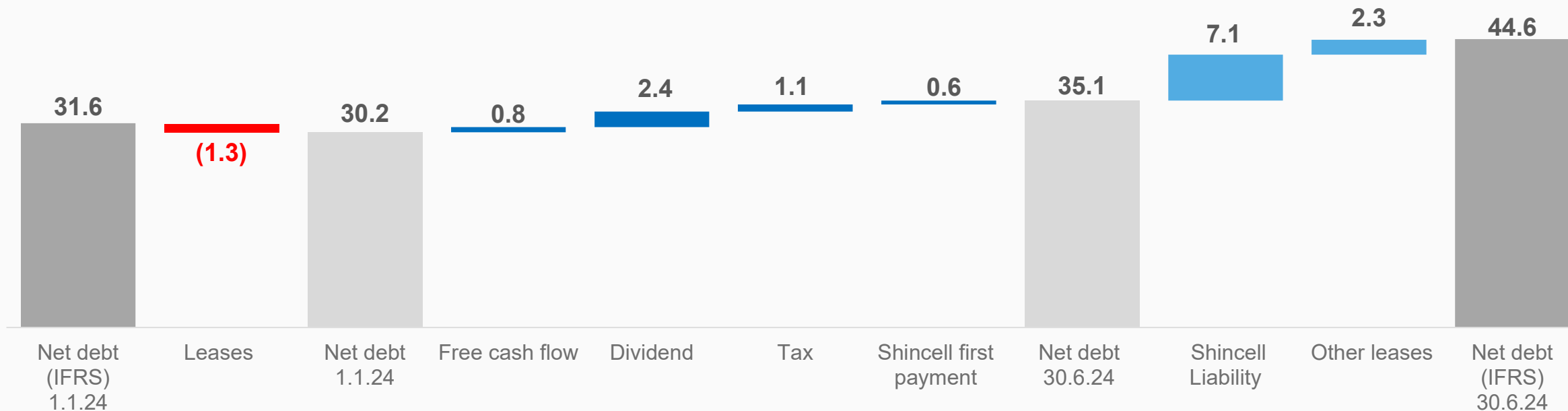
ReZorce		LP2		Shincell		Other		Total	
Intangible	1.8	Intangible		Intangible		Intangible	0.2	Intangible	2.0
Right of Use		Right of Use		Right of Use	0.7	Right of Use		Right of Use	0.7
Tangible	0.8	Tangible	1.9	Tangible		Tangible	2.7	Tangible	5.4
Total	2.6	Total	1.9	Total	0.7	Total	2.9	Total	8.1

Consensus of £20m for full year reflects an acceleration of spend, primarily around ReZorce and the second low-pressure vessel in the USA.

H1 KEY FINANCIALS

Movement in Net Debt During the Period

£m



Key Messages

- Ex IFRS16, net debt is up £4.9m to £35.1m in the period to support growth
- Under IFRS, net debt is up £13.0m to £44.6m. Shincell is recognised as a right-of-use asset under IFRS16, with a corresponding liability, and is discounted due to the length of payment term

H1 KEY FINANCIALS



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Free Cash Flow

£m	Jun-24	Jun-23
Profit before tax	8.3	7.4
Depreciation/Amortisation	4.2	4.1
Finance costs	1.4	1.1
Other	0.9	0.2
Op profit before movements in W/C & provisions	14.8	12.8
Pension contributions	(0.4)	(0.4)
Movement in receivables	(3.3)	(2.8)
Movement in inventory	(5.1)	(4.0)
Movement in payables	2.5	0.3
<i>Net movement in working capital</i>	<i>(5.9)</i>	<i>(6.5)</i>
Cash generated from operations	8.5	5.8
Net finance charges	(1.2)	(0.9)
Investment in intangibles	(2.0)	(1.6)
Purchase of PPE	(6.1)	(1.0)
<i>Net capital expenditure</i>	<i>(8.1)</i>	<i>(2.6)</i>
Free cash flow	(0.8)	2.3

Net Cash Used from Financing Activities

£m	Jun-24	Jun-23
c/fwd	(0.8)	2.3
Tax paid	(1.1)	(0.9)
Lease payments	(1.0)	(0.4)
Dividend paid	(2.4)	(2.2)
(Increase) in debt	(5.3)	(1.2)

Movement in Net Debt

£m	Jun-24	Jun-23
Opening net debt (ex IFRS 16 leases)	(30.2)	(26.8)
(Increase) in debt	(5.3)	(1.2)
Loan revaluation	0.3	1.4
FX	0.1	(0.1)
Closing net debt (ex IFRS 16 leases)	(35.1)	(26.7)



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Group CEO

STAYING TRUE TO ZOTEFOAMS DNA



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Robust Foundations

Strong IP around a unique technology that has been developed over 100 years



People

Many talented STEM employees have laid the foundations of the foam business



Sustainable

Production techniques offer cleanest foam solutions in industry where sustainability awareness will accelerate change



Innovation

Built on process and product innovation

FIRST IMPRESSIONS



ZOTEFOAMS



Market Leader

In cross-linked microcellular super critical foams in EMEA and NA



Longstanding Relationships

Provides a platform for growth, win with the winners



Access to High Growth Markets

Opportunities for business expansion with a right to win



Chemical Flexibility

Can transform a variety of polymers into high-value materials



Attractive Value Chain

Products constitute significant proportion of value in high-value applications



ReZorce® Circular Packaging

Disruptive technology gaining momentum, time to make the industry move

KEY REFLECTIONS

Visited all main sites and met customers representing > 80% of existing revenue

- Our closed cell low-density foams are regarded by many as the best on the market
- Have a right to win in several markets if we have the courage to move along the value chain
- Emerging technology opportunities can bring us closer to customers & help us grow the core foam business
- Focus on largest runway for revenue and margin growth, trends for clean products, lightweighting, durability, sustainability and technical performance offer numerous opportunities
- Innovation is key for the future of the business, we have an opportunity to accelerate innovation

Timeline



KEY PRIORITIES



ZOTEFOAMS



Commercial Transformation

Pivot from product to customer and market. Go deep in c5-6 key markets



Global Leverage

Enhance existing footprint with operational leverage and decentralisation



ReZorce® Circular Packaging

Deliver the best 1.5l carton product and get an investor on board to accelerate disruption



M&A

Pursue margin accretive opportunities both in adjacent markets and down stream



Disruptive Innovation

Drive our vitality index with products that perform better, simpler, cleaner, accessible and offer value



Technology Build

Strengthen core technology capabilities, introducing flexibility and agility and allow faster expansion

H1 2024 SUMMARY



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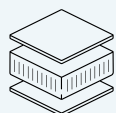
Record first half performance

- Revenue up 10% to £71.1m
- Profit before tax up 12% to £8.3m



HPP

- Footwear a driver of growth in the period
- Other markets such as construction & aviation growing off a low base



Polyolefin Foams

- Mix enrichment continues to be a success in EMEA; work to be done in North America



ReZorce Circular Packaging

- Refresco announced as joint development partner & preparing for in market trials in Western Europe
- May media event generated significant industry interest globally



Shincell

- Global alliance enhances technical capabilities and offers growth potential in new and existing markets



Confident in full year performance

- Entering second half with positive momentum
- Expected to be in line with market expectations



Footwear demand expected to normalise

- Frees up capacity to supply markets in North America and Europe



Momentum growing in ReZorce

- Bold development targets with the aim of bringing onboard investing partners



Building & executing the next growth curve

- Reorientation of business to build a new growth curve to give new depth to the product & customer portfolio for long term value creation



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Appendices

BALANCE SHEET AND CASH FLOW



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Balance Sheet

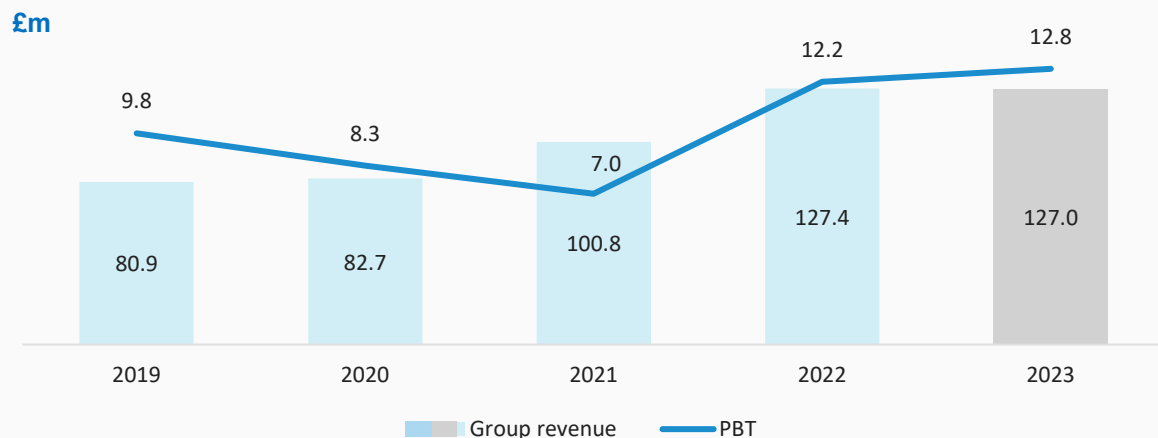
£m	Jun-24	Jun-23	Change	Dec-23
<i>Intangible assets</i>	11.1	8.0	39%	9.4
<i>Property, Plant & Equipment</i>	93.3	90.5	3%	91.7
<i>Right of use assets</i>	9.9	1.5	-	1.3
Tangible assets	103.2	92.0	12%	93.0
Net working capital	58.4	47.9	22%	52.0
Post-employment benefits	(1.5)	(2.7)	45%	(2.7)
Net debt	(44.6)	(28.3)	(58%)	(31.6)
Net deferred tax liability	(4.2)	(3.7)	(14%)	(4.8)
Other liabilities	(2.1)	(0.2)	-	0.4
Total net assets	120.3	113.0	6%	115.8
Issued share capital	2.4	2.4	0%	2.4
Share premium	44.2	44.2	0%	44.2
Retained earnings	69.8	61.5	13%	64.5
Translation reserve	3.9	4.1	(3%)	4.0
Other reserves	0.0	0.8	-	0.7
Total equity	120.3	113.0	6%	115.8

Cash Flow

£m	Jun-24	Jun-23
Profit before tax	8.3	7.4
Depreciation/Amortisation	4.2	4.1
Finance costs	1.4	1.1
Other	0.9	0.1
O.P. before movements in W/C & Provisions	14.8	12.8
Pension contributions	(0.4)	(0.4)
<i>Movement in receivables</i>	(3.3)	(2.8)
<i>Movement in inventory</i>	(5.1)	(4.0)
<i>Movement in payables</i>	2.5	0.3
Net movement in working capital	(5.9)	(6.5)
Cash generated from operations	8.5	5.8
Interest & Income tax paid	(2.4)	(1.9)
Net cash flows from operating activities	6.1	3.9
Interest received	0.1	0.1
Investment in intangibles	(2.0)	(1.6)
Purchase of PPE	(6.1)	(1.0)
Net cash used in investing activities	(8.0)	(2.5)
Net movement in borrowings	6.8	(0.8)
Lease payments	(1.0)	(0.4)
Dividend paid	(2.4)	(2.2)
Net cash used/generated from financing activities	3.4	(3.4)
Net movement in cash and equivalents	1.5	(2.0)
Cash and cash equivalents at period start	6.3	10.6
FX	0.1	(0.1)
Cash and cash equivalents at period end	7.9	8.5

FIVE-YEAR TRADING HISTORY

Revenue & Profit



£m	2023	2022	2021	2020	2019
Group revenue	127.0	127.4	100.8	82.7	80.9
Operating profit (excluding exceptional item)	15.1	13.9	8.1	9.1	9.1
Profit before tax (excluding exceptional item)	12.8	12.2	7.0	8.3	8.8
Profit before tax	12.8	12.2	7.0	8.3	9.8
Profit after tax	9.2	10.0	4.4	7.2	8.2

Capital Expenditure & Cash Generation

£m	2023	2022	2021	2020	2019
Capital expenditure (including intangibles)	8.5	7.0	7.0	12.7	24.4
Cash generated from operations	12.1	23.0	12.2	13.0	11.8

Earnings & ROCE

£m	2023	2022	2021	2020	2019
Basic earnings per share excluding exceptional item (p)	19.0	20.6	9.0	14.9	14.9
Basic earnings per share (p)	19.0	20.6	9.0	14.9	17.1
Dividends per ordinary share (p)	7.2	6.8	6.5	6.3	2.0
ROCE%	10.3	10.1	6.1	9.0	10.5

HOW OUR UNIQUE FOAMS BUSINESS WORKS



ZOTEFOAMS

Starting with a core process

- Proprietary three-stage process
- Meaningful and sustainable competitive advantage

Making the best use of our assets

- Running full and mix-enriching
- AZOTE® and ZOTEK® foams, regional versus global

Working with partners and enriching product mix

- Working with a network of customers who fabricate and promote
- AZOTE foams offer best-in-class performance and permanent solutions

Leveraging our unique technology with an innovation-led portfolio of advanced products

Developing HPP portfolio to further mix-enrich

- More global in nature, close and direct collaboration with customers
- High investment levels delivering a portfolio of products and applications at different stages of lifecycle

Adding more value for customers, and to our business

- Unique and advanced properties help meet stringent regulations and offer better products
- Offers high margin opportunities, at times further up the value chain

Ensuring sufficient capacity to meet growing demand

- Significant growth opportunity backed up by recent high levels of capacity investment
- State of the art facilities outside the UK improve local service offering

Learn more about our unique three stage process [here](#)

BUSINESS OVERVIEW



ZOTEFOAMS

POLYOLEFIN FOAMS

AZOTE®

Premium durable foams

Uniformly dense foam sheets with a consistent cell structure. These foam sheets and blocks are manufactured from common polymers using our unique nitrogen-expansion process.

Key Markets

Automotive › Aviation › Construction › Industrial › Marine › Military › Product Protection › Sport and Leisure

Key Market Drivers

- › Lightweighting
- › Durability
- › Fire safety
- › Reduced toxicity

HPP

ZOTEK®

Lightweight technical foams

Foams which offer superior technical properties such as energy management, durability, heat and/or fire-resistance, ZOTEK foams are manufactured from engineering polymers using our unique nitrogen-expansion process.

Key Markets

Automotive › Aviation › Athletic Footwear › Construction

Key Market Drivers

- › Lightweighting
- › Personal safety
- › Durability
- › Fire safety
- › Energy management

Autoclave Technology

T-FIT®

Technical insulation for industry

A range of insulation products manufactured from Zotefoams' own ZOTEK block foam materials.

T-FIT® insulation products are purpose-designed to perform in demanding environments.

Key Markets

Food and personal care manufacturing › High-temperature processing environments › Pharmaceutical, biotech and semiconductor clean rooms

Key Market Drivers

- › Aging population
- › Demographic changes
- › Reduced toxicity

MEL

ReZorce®

Based on MuCell® innovative technology for greener, lower cost plastic products.

This pioneering technology injects gas into plastics to create micro-bubbles which add new performance characteristics.

ReZorce® mono-material barrier packaging is a disruptive technology for the beverage carton market - a high risk, with potentially high reward, application development that is recyclable and circular.

Key Market

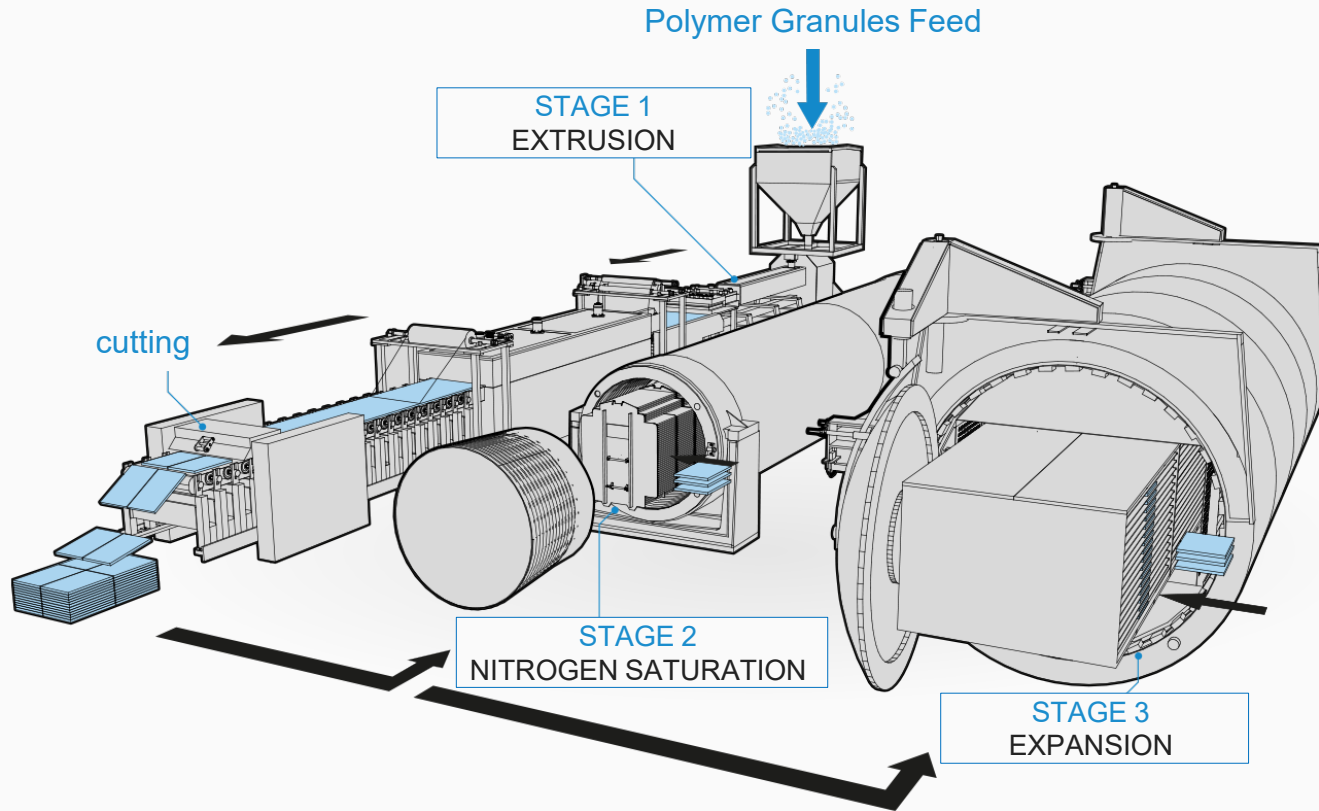
Consumer packaging

Key Market Driver

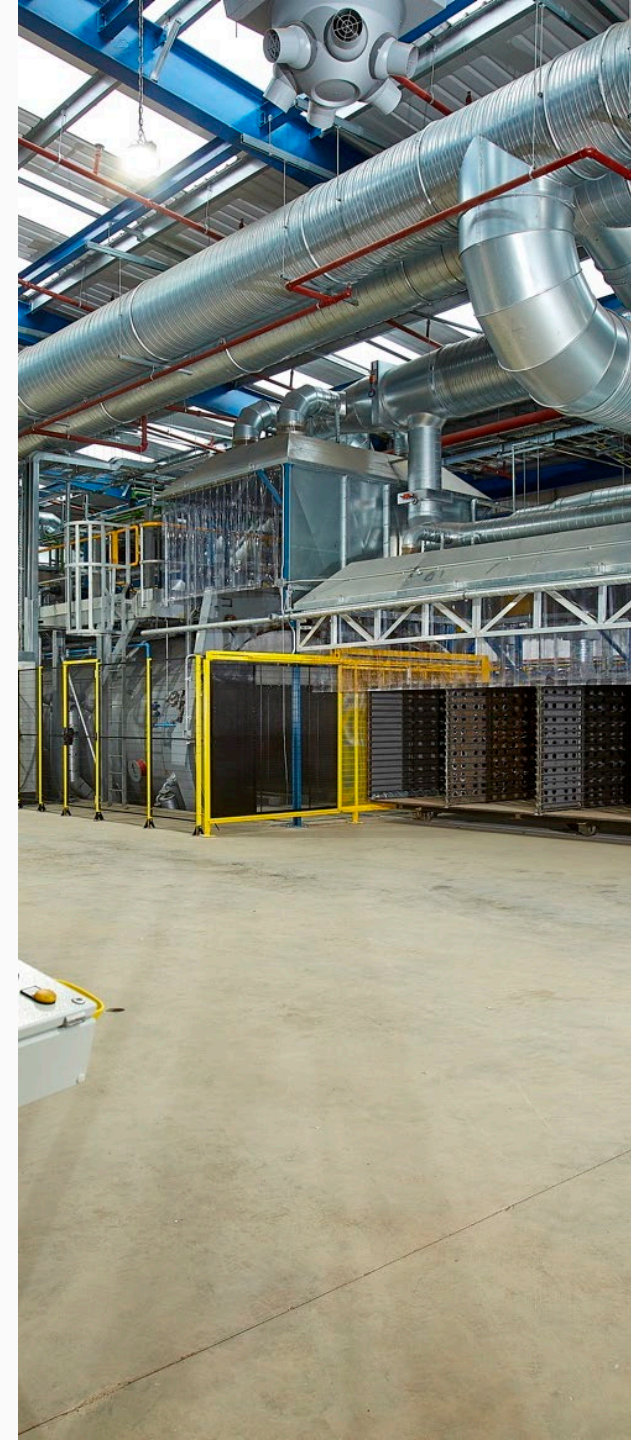
- › Environmental benefit

Extrusion Technology

THREE STAGE PROCESS





At the heart of what we do is a unique, environmentally friendly **three-stage process** that uses **nitrogen gas** to produce a range of **premium & high-performance** closed cell, cross-linked foams.



GROUP MAIN SITES & LOCATIONS



ZOTEFOAMS

-  Factory / plant
-  Sales Office

- AZOTE®
- ZOTEK®
- T-FIT®
- MUCELL®



**MuCell Extrusion
HQ & Development Centre**
Leominster, MA, USA
Develops & licenses MuCell®
technology to end-users



ZOTEFOAMS Midwest
Tulsa, OK, USA
Foam-cutting



ZOTEFOAMS Inc
Walton, KY, USA
AZOTE® foam
manufacture



ZOTEFOAMS plc
Croydon UK



Block foam manufacture
AZOTE® and ZOTEK® foams



ZOTEFOAMS Denmark
Stilling
MuCell® / ReZorce
Pilot manufacturing



ZOTEFOAMS Poland
Brzeg
AZOTE® foam
manufacture



T-FIT Insulation Solutions
Ahmedabad, India
T-FIT® sales operation

ZOTEFOAMS T-FIT
Material Technology
(Kunshan) China
T-FIT® products
manufacture



AZOTE Asia
Hong Kong
Sales Joint Venture

KEY MARKETS & TYPICAL APPLICATIONS



ZOTEFOAMS



Product Protection

- › Luxury, fine art and museum
- › Industrial protective and transit
- › Aviation & aerospace
- › Electronics
- › Space station transit pods
- › Consumer (food and household)

AZOTE® ZOTEK® MuCell®



Sports & Leisure

- › Impact protection padding
- › Life jackets, swim floats, paddle boards
- › Sports turf underlay
- › Athletic shoes, impact pads

AZOTE® ZOTEK®



Transport

- › Aircraft seats and seals
- › Automotive seals and gaskets
- › Galley areas, window seals, ECS (air ducting), soft touch trim/close outs, composites panels
- › Automotive airducts

AZOTE® ZOTEK® MuCell®



Building & Construction

- › Roof and wall insulation
- › District heating pipe spacers
- › Seals and gaskets, acoustic dampening
- › Piping, signage and insulation

AZOTE® ZOTEK® MuCell®



Industrial

- › Seals and gaskets
- › Marine hoses and fenders
Cleanroom environments
- › High heat up to 205°C including food processing & personal care plants

AZOTE® ZOTEK® T-FIT®



Medical

- › PPE
- › Product protection
- › Buoyancy aids
- › Prosthetics / orthoses
- › Pads, seats and cushions

AZOTE®