COATS GROUP TAX STRATEGY

April 2026

WHO WE ARE

Coats is a world-leading Tier 2 manufacturer and trusted partner for the apparel and footwear industries, delivering the essential materials, components, and software solutions that help our customers grow, compete and win. Operating in over 50 countries across six continents, our global footprint provides unrivalled access to markets and customers, and gives rise to a broad range of taxes, including corporate, employment and indirect taxes, which form an important part of our economic contribution in the countries where we operate.

Coats is committed to complying with applicable tax laws and engaging with Tax Authorities in an open and transparent way. The Group follows responsible tax practices to enhance long-term shareholder value, whilst maintaining a fair, compliant and transparent approach to management of its tax affairs, consistent with its core values. Our approach to tax also supports Coats' wider sustainability commitments to responsible business conduct, environmental stewardship and transparent stakeholder engagement.

A robust governance framework is in place which includes reporting on a regular basis to the Group Executive Committee and Board of any material or significant tax matters.

The Tax Strategy ("Strategy") of Coats and its subsidiaries applies throughout our global business. This Strategy[1] has been approved by the Board for publication on the Coats website, and the Group is compliant with this Strategy which is reviewed annually and updated as necessary.

[1]It covers all taxes and duties listed in Schedule 19 of the Finance Act 2016, satisfying the requirements of paragraph 16(2) for UK reporting purposes.

TAX GOVERNANCE

Coats Group maintains effective tax governance arrangements to ensure compliance with tax obligations and effective management of tax risk. The Board of Directors has ultimate responsibility for tax governance and approves the Strategy annually. The Audit & Risk Committee receives formal tax updates twice a year covering the effective tax rate, key judgements, major tax risks and relevant developments. Oversight is delegated to the Chief Financial Officer (“CFO”) and the Group Head of Tax.

The Group Head of Tax is responsible for the day-to-day management of tax affairs, supported by qualified professionals across regions. They provide periodic strategic tax updates to the Group Executive Team and the Board, ensuring senior leadership visibility over tax strategy, significant tax matters and emerging risks as part of the Group’s governance cycle.

Tax is integrated into the Group’s material business decisions and wider corporate governance via:

- Employment of qualified tax professionals, with training to maintain their technical expertise, supported by external advisors where specialist expertise is required.
- A clearly documented tax controls framework, which is monitored on an ongoing basis to ensure compliance.
- A clear approvals process for assumption of new tax risk, including a well-defined escalation process, as part of the Group’s Delegation of Authority policy.
- An embedded practice of close business partnering to ensure that tax implications of business decisions are appropriately assessed and considered.

Newly acquired businesses are progressively aligned with the Coats’ tax governance framework over time.

TAX RISK MANAGEMENT

Coats manages tax risk through a framework that supports our wider governance processes. Our tax risk management strategy reflects Coats' broader risk management framework and risk appetite. Overall responsibility for reviewing the Group's risk profile and setting risk tolerance, as well as assessing the Group's principal risks, rests with the Board supported by the Group Executive Team.

Tax risks are identified, assessed and managed promptly through both top-down reviews by Group Tax and bottom-up assessments by the local business finance teams. Risks are evaluated based on materiality, financial and reputational impact, and technical uncertainty. Our Delegated Authority framework requires that relevant transactions are reviewed and approved at the right level, ensuring that tax risks are identified and addressed at the outset of decision-making.

We aim to minimise tax risk within acceptable parameters that support commercial objectives and maintain responsible governance. We take a measured approach, recognising that some level of risk is inherent in complex tax environments in which we operate. In areas of technical uncertainty e.g. where the law is unclear or subject to interpretation, we obtain appropriate external advice and, where appropriate, we may also engage with tax authorities to seek clarity. We do not accept risks that could damage our reputation or stakeholder trust.

APPROACH TO TAX PLANNING

Coats seeks to organise its affairs in a tax-efficient manner, which is aligned with commercial and operational objectives, and reflects economic reality. The tax function partners with the business to understand and advise in real-time on the tax implications of commercial transactions.

We encourage early engagement on transactions and projects to ensure tax considerations are appropriately evaluated and considered as part of the decision-making process and are in accordance with applicable law. Where there is uncertainty in respect of the application of tax law we will obtain external tax advice to support our conclusions. We seek to use available tax incentives and reliefs where available.

The Group does not engage in artificial arrangements lacking commercial substance. We maintain zero tolerance for tax evasion or facilitation of tax evasion, and the group doesn't maintain a presence in low-tax jurisdictions solely for tax advantage. Transfer pricing follows internationally recognised transfer pricing principles, reflecting the contributions of people, assets, intellectual property and risks across the Group. We maintain documentation to support intercompany transactions and disclosures.

RELATIONSHIP WITH TAX AUTHORITIES

Coats operates in complex commercial and tax environments and seeks to maintain transparent, collaborative, and professional relationships with tax authorities. We strive to meet all compliance obligations, ensuring that all tax filings and payments are accurate and timely, and any errors are disclosed and corrected promptly.

We engage proactively with tax authorities, including seeking advance clearances, pricing agreements or real-time discussions on complex or material matters, and we provide disclosure of relevant facts as part of our cooperative compliance approach. Where differences in interpretation arise, we work collaboratively with tax authorities to resolve them and seek to achieve early agreement and clarity over our tax affairs.

If we are unable to reach agreement with a tax authority, we may commence formal legal proceedings where we believe it makes commercial sense and we have professional advice supporting our position.