



BUILT TO PERFORM TRUSTED TO DELIVER

Coats Group plc
Annual Report and Accounts 2025

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BUILT TO PERFORM TRUSTED TO DELIVER

At Coats, performance is not promised – it is proven.

It is built into every thread, every critical component and essential material, every customer relationship and every end-product.

Over the past year, we have transformed our portfolio for growth and reasserted our position as a world-leading Tier 2 partner to the apparel and footwear industry.

Our commitment to sustainability, innovation and digital leadership continues to accelerate growth and create long-term shareholder value. And our employees around the world remain connected by a commitment to excellence, care for our communities and a shared mission to shape the future of apparel and footwear.

At Coats, trusted and reliable performance is not just a goal, it is who we are.

**Our Purpose is to Connect Talent, Textiles and Technology
to Make a Better and More Sustainable World.**



Scan the code to learn more about our business and performance online. Visit: coats.com



A full copy of this Annual Report can also be downloaded from coats.com/investors

About this report

This report has been produced in landscape format to optimise the reading experience online.

HIGHLIGHTS¹

Adjusted^{2,3}

Revenue

\$1,465m

(2024: \$1,433.0m)

0%

Operating profit

\$290m

(2024: \$272m)

+3%

Operating margin

19.8%

(2024: 19.0%)

+80bps

Free cash flow pre-dividends
and M&A⁵

\$160m

(2024: \$2m)

+\$158m

Basic earnings per share

9.3 cents

(2024: 9.7 cents)

-5%

Reported²

Revenue

\$1,465m

(2024: \$1,433.0m)

+2%

Operating profit

\$241m

(2024: \$224m)

+7%

Operating margin

16.5%

(2024: 15.7%)

+80bps

Net cash generated by
operating activities

\$225m

(2024: \$96m)

+\$129m

Basic earnings per share

6.8 cents

(2024: 6.7 cents)

+2%

Strategic Highlights

- Continued gaining market share, outperforming core thread and footwear end markets
- Exit from non-core Americas Yarns business improved Group margin by +100bps
- Landmark acquisition of OrthoLite to accelerate our strategy, underpinning growth
- Target adjacencies contributed one percentage point to Group revenue growth, with good momentum
- Streamlined Group into two divisions: Apparel and Footwear⁴
- Continued market leadership in 100% recycled threads, with CER revenue growing 43% to \$554m

Financial Highlights

- Robust performance with Group revenue flat on an organic basis:
 - Strong performance in Apparel with 1% revenue growth, significantly outperforming market declines
 - Market share growth and further margin improvement in Footwear, amidst a more challenging backdrop than Apparel
 - Performance Materials back to growth in H2, alongside strong operational and margin improvement; Q4 margin run rate of 11.8% close to divisional medium-term target range
 - OrthoLite delivered full year profit in line with our expectations; good revenue growth above market and strong levels of cash generation
- Group operating margin increased 80bps to 19.8% (180bps including Americas Yarns in prior year comparator), reflecting pricing and cost discipline with all divisions improving margins
- Adjusted basic EPS 9.3 cents in line with expectations (2024: 9.7 cents); Increased EBIT offset by higher interest charges related to 2024 pension buy-in payment and timing of share placing in July 2025
- Record cash generation with free cash flow of \$160m (2024: \$2m) reflective of future potential⁵
- Net debt at \$815m with proforma leverage of 2.2x⁶ as expected, following OrthoLite acquisition. We continue to expect leverage to reduce to below 2x by end of 2026
- Proposed final dividend of 2.28 cents, bringing total dividend to 3.28 cents, up 5%, reflecting a good financial performance in a challenging market

1. All highlights on this page relate to continuing operations.

2. All 2024 numbers represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 32).

3. Adjusted measures are non-statutory measures (Alternative Performance Measures). These are reconciled to the nearest corresponding statutory measure in note 37.

4. Effective 1st January 2026.

5. Free cash flow after interest, tax, minority interests and exceptionals, before dividend distributions and M&A.

6. Leverage calculated on a frozen GAAP basis and therefore excludes the impact of IFRS 16 on both adjusted EBITDA and net debt. See note 37b for details.

Our Business at a Glance

BUILT TO PERFORM

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.

We help the apparel and footwear industry perform at its best through impactful sustainability solutions, insight-led innovation and industry-leading technology platforms.

Apparel

Market leader in premium industrial sewing threads.



Footwear

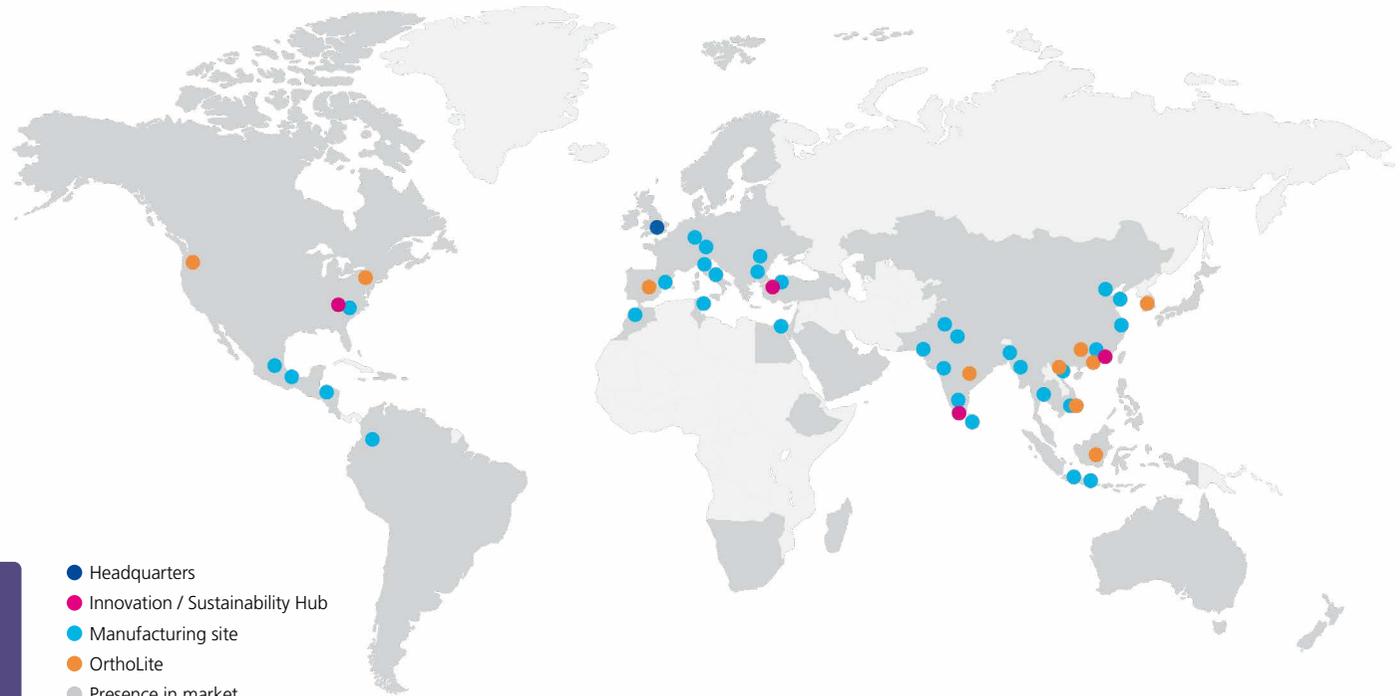
Delivering innovative structural components, threads and insoles that power performance.



Performance Materials

Supplying highly engineered solutions for industrial applications.





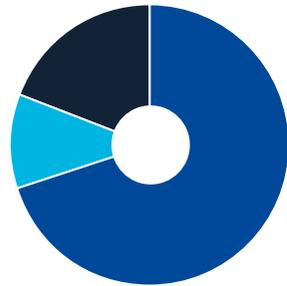
50+
countries

25,000+
customers globally

c. 19,000
permanent employees

1,300+
brand partners

Revenue by Production Region



● Asia	70%
● Americas	11%
● EMEA	19%

Some of our Customers

Driving Long-Term Growth

THE COATS INVESTMENT CASE



* Free cash flow after interest, tax, minority interests and exceptionals, before dividend distribution and M&A.

Chair's Statement

TRUSTED TO DELIVER



I am happy to present our 2025 Annual Report, themed **Built to Perform, Trusted to Deliver** – a fitting message in another year marked by geopolitical instability, environmental challenges and tariff volatility.

Despite current headwinds, Coats delivered steady, consistent results – with our global capabilities, scale and resilience solidifying our position as a trusted Tier 2 partner to the apparel and footwear industries.

2025 was also a year of transformation and we achieved significant milestones that position us strongly for the future.

Updates to our Board

At this time last year, we had already welcomed David Paja as Executive Director and Group CEO. He has been instrumental in steering Coats into the future – driving significant changes to our portfolio, clarifying strategic direction and laying the foundation for a performance-led culture.

Hannah Nichols joined the Board as Executive Director and Group Chief Financial Officer (CFO) designate in April 2025 and became Group CFO in May 2025. Hannah was previously CFO at Hill & Smith PLC, the FTSE 250 international provider of infrastructure solutions and is also a Non-Executive Director of Oxford Instruments plc. Jackie Callaway stepped down from her role as Coats Group CFO and from the Board in May 2025.

The Board is pleased with the successful transition of these two key leadership positions.

In addition, we were delighted that Wu Gang joined the Board in July as a Non-Executive Director. With a strong

strategic and financial advisory background, Wu Gang brings a wealth of international experience gained from a career of over 25 years in investment banking in Asia and Europe.

“2025 was a year of transformation and we achieved significant milestones to position us strongly for the future.”

Portfolio Transformation

In the first half of the year, we exited our under-performing Americas Yarns business, unlocking additional resources for growth.

In July, we announced our acquisition of OrthoLite Holdings LLC ('OrthoLite'), the global leader in premium insoles, and completed the process in October 2025.

Building on previous acquisitions of Texon and Rhenoflex, our combined capabilities mean that Coats can deliver more innovative solutions across more of the shoe – and feedback from customers has already been positive.

The acquisition of OrthoLite has also enabled us to upgrade elements of our medium-term financial framework.

Strengthened Structure

To support our long-term ambition of becoming a premium industrial company, we streamlined our organisational structure from three divisions to two: Apparel and Footwear.

This structure reflects the strategic importance of both divisions in driving long-term profitable growth.

It will enable the business to focus on key priorities, while a dedicated Coats and OrthoLite integration team works together to unlock new growth, accelerate innovation and add more value – without disrupting day-to-day delivery and execution.

This streamlined approach will also help us de-lever in 2026, grow our core, expand into strategic adjacencies, and outperform the market.

External reporting will reflect the two-division structure for the financial year ending December 2026.

“Our new two-division structure reflects the strategic importance of Apparel and Footwear in driving long-term profitable growth.”

CHAIR'S STATEMENT CONTINUED

Productive Stakeholder Engagement

2025 was a pivotal year for deepening stakeholder relationships.

We have seen investor confidence grow as we continue to progress our pension buy-out journey. We have also seen new, growth-oriented investors join the shareholder register following the announcement of our OrthoLite acquisition, a reflection of the clear strategic rationale and value creation opportunity arising from the transaction.

We partnered closely with customers and suppliers to help navigate changing market conditions – leaning into our global footprint and capabilities to simplify complex supply chain issues, unlock additional value, and ensure seamless delivery. We will continue to work at earning trust among our Tier 1 and Brand customers every day.

Our commitment to our communities, our people, and the environment remained a key imperative for Coats.

We made good progress against our sustainability goals and achieved several of our 2026 targets ahead of schedule, which we explain in more detail on page 15 of this report.

Employees continued to help shape our culture into a competitive advantage and, for another year in a row, Coats was accredited as a Great Place to Work® (GPTW) – achieving certification in 23 countries: 99% of our global population.

“Our combined capabilities mean Coats can deliver more innovative solutions across more of the shoe.”

Forward Momentum

2025 was a year of strong progress and momentum, setting the stage for a more growth-oriented, streamlined Coats.

The Board is proud of everything achieved last year and excited about the future as we continue to deliver value through impactful sustainability practices, innovation, digital leadership and scale.

We continue to review long-term capital allocation and remain confident in our ability to navigate evolving market dynamics, with our strengthened portfolio, stable global operations, and diverse customer base giving us the resilience to keep growing.

On behalf of the Board, I thank our teams worldwide for their leadership and focus throughout 2025.

Onward to 2026!

David Gosnell
Chair

A Year of Action and Strategic Progress



Effective and robust governance practices underpin the Board's activities, enabling the effective stewardship of Coats.



See page 60 for more on the Board's activities in 2025

Group CEO's Review

BUILT TO PERFORM



“2025 was a transformational year for Coats. We achieved record profit and free cash generation, reshaped the portfolio for accelerated growth, and reorganised the group for simplicity. We have upgraded our medium-term financial targets and look at 2026 with confidence.”

David Paja
Group CEO

Completing my first full year as Group CEO has given me invaluable perspective on what makes Coats exceptional. As we present our 2025 results, one theme stands out above all others: momentum.

This past year, we advanced at pace – transforming our business, delivering consistent results and strengthening our foundations for long-term, profitable growth.

We have become a simpler, stronger and more connected company, with an organisation built not just to **perform today** but to **grow for tomorrow**.

That momentum can be felt everywhere – through our strides in sustainability, our commitment to innovation and our integration of new technologies that sharpen our competitive edge.

Our global scale, culture of excellence and highly engaged people have reinforced our role as a trusted and critical partner for the apparel and footwear industries. We have shown resilience, focus and a shared commitment to shaping the future of our industry.

2025: Market Overview and Performance

Coats delivered a resilient performance in the year against a background of macro-economic and tariff uncertainty from the second quarter onwards.

At \$1,465m, revenue was flat compared to last year on an organic constant exchange rate ('organic') basis, comfortably outperforming our core thread and footwear end markets, which we estimate were down

low to mid-single digits year-on-year. This demonstrates the strength and agility of our global footprint and service capabilities which enable us to grow and protect share, even under challenging market conditions. It also reflects the good progress made in our target organic adjacencies, which are focused on faster growing market segments, and contributed 1% of Group revenue growth in 2025. Sustainability remains fundamental to our growth strategy and in 2025 revenue from sales of 100% recycled thread once again increased strongly by 43% on a CER basis to \$554m.

In addition, we successfully managed pricing pressures and flexed our cost base during the year. As a result, Group operating profit grew 3% on an organic basis with Group operating margin increasing by 80bps to 19.8% (180bps improvement including Americas Yarns results in the prior year comparator).

Apparel delivered a strong performance with 1% organic revenue growth, continuing to win share with major brands against a challenging market back-drop, underpinned by a strong focus on customer service and operational agility. As a result, our Apparel market share is estimated to have grown by 100bps to c.27%. The division achieved high operating margins of 20.2% reflecting pricing discipline and favourable mix with customers valuing our premium and sustainable thread offerings.

Footwear revenue declined by 2% on an organic basis, a reflection of cautious customer ordering from April and brands

managing down inventory further at the end of the year in response to an uncertain 2026 outlook. The division is estimated to have further increased its market share organically to c.30%, following two years of strong share gains. Operating profit was flat on an organic basis, which reflects the benefit of the operational initiatives implemented in the past year and an effective pricing strategy, with EBIT margin increasing to 23.9%.

As expected, we saw a return to growth in Performance Materials in the second half of the year driven by accelerated growth in two target adjacencies, safety fabrics and energy tapes, alongside market share gains in automotive thread which offset softness in Telecom end markets.

We estimate that in aggregate our end markets continued to decline in 2025, highlighting the importance of our adjacencies strategy. Operating margins were significantly ahead of prior year reflecting the benefit of operational improvements across the division, which included site initiatives in Turkey and Mexico.

We were encouraged by the operating margin run rates in Q4 which were approaching the bottom end of our medium-term target range.

GROUP CEO'S REVIEW CONTINUED

THE LEADER IN PREMIUM INSOLES



Founded in 1997, OrthoLite is the global leader in premium insoles and a trusted partner to many of the world's largest footwear brands.

Its proprietary open-cell foam technology, backed by nearly three decades of continuous innovation, has established the business as an essential contributor to comfort, performance and product differentiation across the industry.

OrthoLite operates a fully integrated manufacturing model, with facilities in **China, Vietnam, India, Indonesia** and **Spain**. In 2025, it broadened its footprint with a new manufacturing facility in **North Vietnam** – marking a significant step in its 'localisation' strategy, expanding regional capacity and improving supply-chain resilience for global customers.

It also introduced two new technologies in 2025, adding to its portfolio of 500+ formulations: Slo-Mo™, designed for slower recovery, and Float™, a lightweight, high rebound insole.

OrthoLite's strong market position is underpinned by deep technical expertise, rigorous quality and safety standards, and a growing suite of more sustainable solutions. These capabilities have helped the business build long-standing, collaborative relationships with leading brands and Tier 1 manufacturers, becoming widely recognised as a benchmark for quality and performance.

In October 2025, Coats completed its acquisition of OrthoLite, marking a strategically important expansion of its footwear division and a key milestone in the Company's long-term growth plans.

\$71M

2025 EBIT¹

\$274M

2025 sales

570M+

pairs supplied

550+

Brand Partners

365M+

pairs of co-branded insoles

3,000+

Employees across 13 countries

1. Excluding Cirq!® losses

I am particularly pleased with our strong cash performance with a record \$160m of free cash flow generated in the year, demonstrating the powerful dynamics of high margins and the low capital intensity of the Group. For reference, the cumulative free cash flow in the ten years prior to 2025 was an outflow of \$14m, including strategic projects and pension payments, which have now ended. Consistent with previous guidance, year-end leverage increased to 2.2x due to the completion of the OrthoLite acquisition in October. We continue to expect leverage to fall below 2x by the end of 2026, underpinned by the cash generative characteristics of the enlarged Group.

A Stronger Portfolio

Over the past year we have taken significant steps to enhance the quality of our portfolio and, as a result, the business we have today has improved margin performance and growth potential, and is more capable of consistently outperforming end markets through the cycle.

In June 2025, we fully exited from the non-core US Yarns business based in Kings Mountain, North Carolina. This followed a strategic review of the Americas Yarns operations which started in Q4 2024 and resulted in the closure of the Toluca, Mexico facility in December 2024.

The exit from the Americas Yarns business has improved the Group's margin by around 100bps and enables us to focus on growing other attractive parts of the portfolio. This exit has also improved the Group's revenue growth profile given the lower growth expectations.

GROUP CEO'S REVIEW CONTINUED

At the end of October, we completed the acquisition of OrthoLite for an enterprise value of \$770m.

OrthoLite is the global market leader in open-cell insoles and operates in an attractive, fast-growing segment of the footwear market with strong growth tailwinds as brands increasingly adopt open-cell technology due to its superior benefits in terms of comfort, performance and sustainability.

The acquisition accelerates our strategy to create a leading Tier 2 supplier in critical footwear components, strengthening our product offering to brands and creating exciting commercial opportunities to deepen customer relationships and accelerate growth, leveraging our combined strengths in technology and access to customers.

OrthoLite is a high-quality business, with a strong track-record of growth, averaging high single digits over the last five years, and the acquisition is accretive to Group EBIT margins and EPS from the first full year of ownership.

Return on Invested Capital (ROIC) is expected to exceed WACC by 2028, at the latest. In addition, the business has an attractive operating cash conversion of 90%+, which will support and accelerate the Group's free cash flow growth over the medium term.

In 2025, the OrthoLite business delivered full year profit in line with our expectations, with good revenue growth above the market and strong levels of cash generation.

Our 2026 priorities include the commencement of the footprint optimisation project, with Indonesia as the first site, the delivery of cost synergies and the acceleration of joint innovation initiatives.

Our Building Blocks for Growth

Our strategy is to build on our organically and inorganically developed market-leading positions in those parts of our markets with the most attractive structural growth characteristics.

We have an overall goal of delivering over 5% revenue growth on average through the cycle.

We aim to grow organically not only by benefiting from growth in our underlying markets, expected to be around 3% per annum over the medium term, but also through share gains, supported by our focus on customer service and sustainability led innovation.

Our global footprint and digital technology platforms remain tangible points of differentiation, making it easy for our customers to do business with us.

We can be trusted to deliver and have developed deep Tier 1 and brand relationships, which enables us to align with faster growing brands globally - winning where it matters.

In addition, we target organic growth from certain attractive fast growing adjacent markets. These include safety fabrics where we saw substantial growth in 2025 through innovative solutions and global access to existing thread customers.

Our Building Blocks for Growth

Our strategy is to build on our market leading positions organically and inorganically in the parts of our markets with the most attractive structural growth characteristics.



We also see exciting opportunities in other adjacencies including: composite tapes for energy market applications, Coats Digital our software as a service business, woven uppers for footwear and structural components for premium leather handbags.

Together, these adjacencies represent an additional addressable market estimated at \$2bn growing at a CAGR of >5%. In 2025 our target adjacencies delivered c.\$45m of revenue, contributing 1% of Group revenue growth, with further strong growth anticipated in 2026.

Our strong and growing operating margins are underpinned by multiple competitive advantages that combine to provide significant barriers to entry.

Those competitive advantages include, but are not limited to, having the broadest well invested global footprint, the most advanced ordering and planning systems, the ability to exactly colour match hundreds of thousands of threads, having a fully established supply chain to provide sustainable threads at scale, a leading innovation capability and a strong balance sheet.

We have a disciplined approach to capital allocation and aim to invest in high quality, highly complementary businesses which generate attractive returns and support or accelerate our growth ambitions.

The recent acquisition of OrthoLite, enables us to benefit from additional technology adoption growth tailwinds and will support with our ambition of delivering a more consistent growth profile through the cycle.

GROUP CEO'S REVIEW CONTINUED

Our Upgraded Medium-Term Targets

Given the transformation of the business over the past year, including bringing OrthoLite into the Group, we have reviewed our medium-term targets set out in March 2025 to ensure that they continue to appropriately reflect our ambitions for the business. Based on our review, we have upgraded and simplified certain elements of the framework. The refreshed framework is summarised below:

UPDATED MEDIUM-TERM FINANCIAL FRAMEWORK

Revenue Growth

>5%

on average through the cycle

200+bps

out-performance vs growing market

EBIT%

21-23%

(previously 19-21%)

Total EPS¹ CAGR

>10%

Cumulative Free Cash Flow^{1,2}

c.\$1 billion over 5 years

(previously \$750m)

1. From a 2026 baseline.

2. Free cash flow after interest, tax, minority interests and exceptionals, before dividend distribution and M&A.

While we are maintaining our ambition of delivering above 5% revenue CAGR, we expect that the quality of the portfolio we have today will support a more consistent delivery, enabling us to outperform end market growth by 200+bps on average through the cycle.

As set out in our growth strategy, we are well positioned to deliver this level of growth through a combination of market growth, market share gains, target adjacencies and the benefit of the additional technology penetration tailwinds and innovation capabilities that OrthoLite brings to the Group.

Given the strong margin performance in 2025, with the Group EBIT margin currently at 19.8%, and the addition of OrthoLite, which is margin accretive, we are stepping up our margin target range to 21-23% (previously 19-21%).

We continue to expect to deliver EPS CAGR of >10% post-M&A or share buybacks.

The key upgrade to our medium-term targets relates to the cash generation of the Group, with a new target of generating c. \$1bn of cumulative free cash flow in the next five years.

This is a significant step up from our previous target and reflects the low capital intensity and cash generative nature of the enlarged Group including OrthoLite, which has an attractive operating cash conversion profile of 90%+, in line with the rest of our business.

As an additional enhancement, we have redefined the measure as free cash flow after interest, tax, minority interests and exceptionals, but before dividend distribution or M&A (previously exceptional cash flows were excluded).

This new metric and target will be aligned to executive incentive plans.

Disciplined Capital Allocation

With the expected strong cash generation and low organic investment needs of the business, we are taking a disciplined, flexible and returns focused approach to capital allocation.

After investing in organic growth, we will use our free cash flow to maintain a growing dividend and execute disciplined and accretive M&A to further enhance our position in certain of our markets. The Board will continue to evaluate the potential for additional shareholder returns including share buybacks.

We believe a strong financial position is key to our long-term ambitions and will aim to maintain a target leverage ratio of 1-2x net debt: EBITDA.

As anticipated, our leverage ratio was 2.2x at the year-end due to the completion of the OrthoLite acquisition. Our priority in the near term is to reduce leverage. Based on the highly cash generative characteristics of the enlarged Group we expect leverage to fall below 2x by end of 2026.

GROUP CEO'S REVIEW CONTINUED

Divisional Structure Change

As previously announced, we have streamlined our organisation structure into two divisions: Apparel and Footwear, to reflect the transformation of the Group's profile following the exit from the Americas Yarns business and the acquisition of OrthoLite. This change reduces internal complexity and aligns the divisions more closely with the underlying textile engineering and polymer science technologies. We will report under this new structure at our half year results in July 2026.

Strengthening Our Leadership Team

We were thrilled to welcome Hannah Nichols as Group CFO in April 2025. Her leadership was pivotal in ensuring a disciplined approach to capital allocation and securing funding for the OrthoLite acquisition.

During the year, we were also pleased to welcome Pasquale Abruzzese, first as Performance Materials CEO, then as Footwear CEO and Chief Operating Officer.

We also welcomed Megan Giannini as Chief People Officer, further strengthening our talented Group Executive Team (GET).

Progress in Sustainability

At Coats, sustainability is embedded throughout the business; from the impact of our operations to our investment in innovation.

The result of this approach is a strong competitive advantage and an enhanced reputation with customers and suppliers in our markets.

This year momentum across our sustainability programme has remained strong. We made good progress against our sustainability goals which cover energy, materials, waste, water and people. We are pleased to report that

we have already reached or surpassed our 2026 commitments (one year in advance) in several targeted areas, including:

- Achieved a 30% reduction in Scope 1 & 2 emissions versus the 2022 baseline, exceeding our 2026 target of 22% reduction
- Zero waste¹ to landfill, meeting our 2026 commitment one year early
- 33% female representation in leadership roles, ahead of our target to achieve 30% representation by 2026
- 99% Great Place to Work (GPTW) certification, with special recognition in 2025 across several categories including being in the top five and top 15 best large workplaces in Vietnam and Asia respectively

We are currently evaluating the environmental impact of OrthoLite, having only completed the acquisition in Q4 2025.

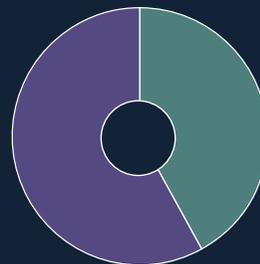
As a consequence, the sustainability related metrics disclosed above, as well as Coats' 2026 and 2030 ESG targets, do not currently include OrthoLite.

OUR DIVISIONS

Following our acquisition of OrthoLite, we introduced a new organisational structure focused on our Apparel and Footwear businesses. The Performance Materials business was folded into the two new divisions.

Apparel
95%
Textile Engineering

- Apparel and industrial thread
- Safety fabrics and trims
- Coats Digital



Footwear
95%
Polymer Science

- Footwear thread
- OrthoLite (Insoles and mid-soles)
- Structural components
- Composites



1. Excluding medical and asbestos waste.

GROUP CEO'S REVIEW CONTINUED

We have responsibility for the environmental impact along our value chain, not just within our own operations.

We are committed to using recycled material in our products and, in 2025 made excellent progress in material transition, with our sales of 100% recycled thread growing 43% on a CER basis to \$554m (2024: \$387m) and our use of non-virgin oil based materials representing 52% of our total Group primary materials (2024: 46%)¹.

Going forward, with growth in recycled sales expected to moderate, supplier decarbonisation will become an important lever to achieve our Scope 3 emissions reduction targets. After a successful first supplier decarbonisation workshop in November 2025, we will continue to invest in initiatives to help our partners understand and reduce their emissions.

In 2026, we will expand product lifecycle assessments for primary raw materials and evolve our Scope 3 related targets to include supplier decarbonisation, ensuring the right levers are incorporated to help us achieve our Science Based Target initiative targets.

In support of this we have begun to onboard strategic suppliers to Cascale's Higg framework, a tool used by 350+ brands and retailers, to drive emissions reduction and increase data transparency.

Our focus on sustainability and environmental transparency continues to bring external recognition.

In December 2025 we featured on the Carbon Disclosure Project's (CDP) A List for the first time, achieving an A- rating for Climate Change and A rating for Water.

Dividend

We have delivered a robust financial performance in a challenging market, continuing to gain market share, increase operating margin and generating strong free cash flow. Given these factors and our confidence in the Group's future growth prospects, the Board is proposing a final dividend of 2.28 cents per share, a 4% increase on the prior year. This equates to a full year dividend of 3.28 cents per share, an increase of 5%. Subject to approval at the AGM, the final dividend will be paid on 28 May 2026 to ordinary shareholders on the register at 8 May 2026, with an ex-dividend date of 7 May 2026.

The Board will continue to review the level of dividend payment to shareholders on the basis of the performance of the business, the opportunity to reinvest capital in high returning projects and its longer-term potential.

Outlook

Our assumption is that our core apparel and footwear end markets will remain uncertain in 2026, with comparatives becoming easier as the year progresses.

We expect to grow organically in 2026, even under conditions of market uncertainty. That said, we are mindful of the potential impact on demand and supply chains as a result of the conflict in the Middle East, which we are assessing, however it is too early to provide an update.

Delivering growth will be achieved through execution of our growth playbook, leveraging the powerful combination of continued share gains and strategic adjacency growth.

In addition, OrthoLite is expected to significantly outperform the underlying footwear market based on technology penetration tailwinds and new business wins.

We expect further modest organic operating margin improvement in 2026 in addition to the margin enhancement benefit of bringing OrthoLite into the Group. We also expect another strong year of free cash flow generation.

MARKET TRENDS

1. MARKET UNCERTAINTY

We are operating in a volatile environment driven by the macro economic context and weak consumer sentiment, and we continue to outperform our end markets.

2. SOURCING SHIFTS

Tariffs are driving some near-shoring and continued diversification. Our global footprint and agility help customers build resilient, multi-country supply chains.

3. DIGITAL & AI ACCELERATION

AI, automation and new e-commerce behaviours are compressing fashion cycles and changing consumer expectations. We are using technology to improve speed, accuracy and cost for customers.

4. SUSTAINABILITY MATTERS

Brands face ongoing pressure to deliver lower impact materials, supply chain transparency and progress on Scope 3 emissions – without adding cost or time.

We continue to deliver impactful sustainability at scale.

1. Does not include OrthoLite.

Our Strategic Framework

OUR STRATEGY TO DRIVE GROWTH



Our ambition is to be a premium industrial company defined by through-the-cycle growth, high margins and strong cash conversion.

Our strategy is to organically and inorganically accelerate profitable sales growth in the most attractive markets, transform our business, and create value for our stakeholders.

We deliver this through impactful sustainability practices, insight-driven innovation and digital technology platforms that unlock better quality, efficiency and performance for our customers.

Our global footprint gives us the scale, expertise and infrastructure to grow alongside our customers, and deliver with speed and precision.

At the heart of Coats are talented people who live our values and power our culture of excellence.

Our Business Model

PROVEN PERFORMANCE

OUR BUSINESS¹

Apparel

The global market leader in premium sewing thread, providing critical components, services and software for apparel brands and manufacturers.



[+ Read more on page 22](#)

Footwear

Shaping the future of footwear through sustainable and innovative solutions, with a portfolio made up of structural components, threads and insoles targeted at the attractive athleisure performance, fashion and sports markets.



[+ Read more on page 23](#)

Performance Materials

Delivering engineered solutions, including performance thread, safety fabrics, and composite products for Telecom & Energy applications.



[+ Read more on page 24](#)

OUR KEY DIFFERENTIATORS

Our World-Leading Global Manufacturing Capability

Operating in over 50 countries across six continents, our global footprint provides unrivalled access to markets and customers.

Operational & Commercial Excellence

As a trusted Tier 2 partner to the apparel and footwear industry, we have the expertise, technology and infrastructure to deliver for our customers with speed and precision.

Our Brands and Proprietary Technology Platforms

We are growing our core by strategically investing into our brands and technology platforms to solve complex issues across the apparel and footwear industry.

Our People & Culture

Our people are the foundation of our strategy, connected by a culture of innovation, care for our communities, and a commitment to excellence.

Sustainability-Led Innovation

Innovation is at the heart of what we do, enabling us to meet evolving market demands with highly engineered, differentiated solutions.

Our Financial Framework

Our financial framework is focussed on growth, improving premium margins and strong cash generation.

THE VALUE WE CREATE

Delivering Value for Shareholders

Adjusted basic earnings per share: **9.3 cents**
 Total 2025 dividend per share: **3.28 cents**

Delivering our Sustainability Goals

52% preferred primary raw materials
30% reduction in Scope 1 and 2 emissions, from 2022 baseline
0% waste to landfill²

Creating a Great Place to Work

99% Great Place to Work (GPTW) certification
86% average employee engagement score
33% women in senior leadership roles

1. Effective 1st January 2026, we introduced a new structure focused on Apparel and Footwear, with Performance Materials integrated into these divisions.
 2. Excluding medical and asbestos waste.

Key Performance Indicators

FINANCIAL PROGRESS

Alignment to Our Strategy



Remuneration Measure – see page 87

Revenue Growth¹



Annual organic growth in sales at like-for-like exchange rates.

2025	0%
2024	9%
2023	-14%

We delivered flat organic revenue growth in 2025, outperforming our core apparel and footwear end markets, which we estimate were down low to mid-single digits year-on-year.

Adjusted EBIT Growth¹



Annual organic growth in operating profit, adjusted for exceptional and acquisition-related items, at like-for-like exchange rates.

2025	3%
2024	18%
2023	-4%

EBIT grew by 3% on an organic basis as we successfully managed pricing pressures and flexed our cost base.

EBIT Margin



Adjusted EBIT as a proportion of revenue.

2025	19.8%
2024	19.0%
2023	16.7%

The 80 basis point improvement in Group operating margins reflects increases delivered across all divisions with a focus on price, mix and operational improvements.

Adjusted earnings per share growth



Annual growth in reported EPS from continuing activities, excluding exceptional and acquisition-related items.

2025	-5%
2024	18%
2023	0%

Increased EBIT was offset by the increased number of shares in issuance following the successful capital raise that took place in July 2025 to part fund the OrthoLite acquisition and higher pension related interest charges following the 2024 pension buy in.

Adjusted Free Cash Flow



Cash generated from continuing activities less capital expenditure, interest, tax, dividends to minority interests and other items, and excluding exceptional and discontinued items, acquisitions, and UK pension recovery payments.

2025	\$184m
2024	\$158m
2023	\$131m

We delivered a very strong cash performance, reflecting the powerful dynamics of high margins and the low capital intensity of the Group alongside the contribution from OrthoLite.

Leverage



Multiple of Net Debt (excluding leases) to EBITDA calculated on a proforma basis (includes the full year impact of acquisitions).

2025	2.2x
2024	1.5x
2023	1.5x

Consistent with guidance, 2025 leverage increased to 2.2x due to the completion of OrthoLite. We expect leverage to fall below 2x by the end of 2026, underpinned by the cash generative characteristics of the enlarged Group.

Adjusted Return on Capital Employed (ROCE)



Pre-exceptional operating profit from continuing operations adjusted for the full year impact of acquisitions for the year divided by capital employed (property, plant and equipment, acquired intangibles, right-of-use assets and lease liabilities plus net working capital) at year-end.

2025	22%
2024	38%
2023	30%

The Group continues to deliver high levels of return on capital employed. As expected, adjusted ROCE decreased following the purchase of OrthoLite and corresponding increase to the group's capital employed.

1. Does not include OrthoLite and VizReflectives.

Key Performance Indicators Continued

SUSTAINABILITY KPIS

We remain on track to deliver our 2026 targets across all five of our sustainability pillars: **Energy, Materials, Water, Waste and People**. 2025 is our second-year reporting ESG metrics which have undergone external limited assurance. Our limited assurance statement from our auditors can be found on page 196.

All sustainability data reported in this Annual Report excludes OrthoLite, which was acquired in October 2025. An initial assessment indicates that OrthoLite's impact on the Group's 2025 sustainability performance is not material, with the exception of landfill waste, which is currently being assessed. Where relevant, commentary on OrthoLite has been included. We will continue to integrate OrthoLite into our sustainability reporting processes, controls, and disclosures throughout 2026.

Energy

Scope 1 and 2 emissions target: 22% reduction in Scope 1 and 2 mkt based emissions by 2026.*

Commentary: Transition to renewable electricity remains the primary lever for our Scope 1 and 2 emissions reduction. In 2025, regulatory changes in India resulted in our percentage of green certified electricity falling from 77% to 62%.

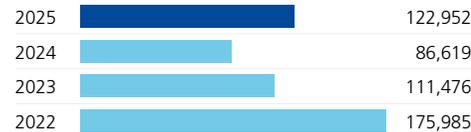
Despite this, we continue to exceed our 2026 target, with a 30% reduction in Scope 1 and 2 emissions between 2025 and 2022.

Performance

30%

reduction

OrthoLite energy consumption is <5% of Coats legacy, having an immaterial impact on our emissions.



Definition: Absolute Scope 1 and 2 CO₂e emissions in tonnes.
*Refer to 2022 baseline and restated to exclude Americas Yarns/Toluca.

Materials

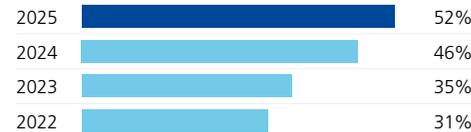
Preferred material percentage target: 60% non-virgin oil-based raw materials by 2026.

Commentary: We continued to qualify new suppliers of preferred non-virgin oil-based materials, without impacting quality of our finished products. As a result, our preferred raw materials increased from 46% in 2024 to 52% in 2025.

Performance

52%

Preferred materials use is a core part of OrthoLite's sustainability strategy. We will integrate this reporting in 2026.



Definition: Percentage of in-scope raw materials volume purchased, and goods receipted which are non-virgin oil-based.

Water

Water recycling rate target: Increase rate of water recycling by 33% by 2026.*

Commentary: Newly installed water recycling capacity in Indonesia, coupled with further improvements in water recycling, have increased our 2025 water recycling rate to 30%, a 25% increase from our baseline of 24% in 2022. We have also reduced freshwater extraction intensity by 15% since 2022.

Performance

25%

increase

OrthoLite water consumption represents <3% of Coats, with no water recycling in place given low water intensity processes.



Definition: Percentage of water that is recycled.
*Refer to 2022 baseline and restated to exclude Americas Yarns/Toluca

Waste

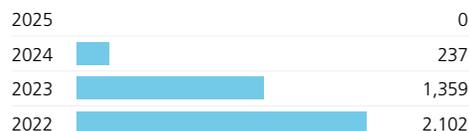
Waste to landfill target: Zero waste to landfill by 2026.*

Commentary: Continued focus on circularity and recycling initiatives has seen us deliver our zero waste to landfill target one year ahead of target.

Performance

100%

Landfill data from OrthoLite is not yet measured. Tracking will begin in 2026. Waste levels are expected to be immaterial, though they are not currently zero-waste-to-landfill.



Definition: Zero waste generated within our facilities being diverted to landfill sites.

* Excluding medical and asbestos waste. Restated to exclude Americas Yarns and Toluca.

Waste

Effluent quality target: 100% compliance with ZDHC (Zero Discharge of Hazardous Chemicals) standard by 2026.

Commentary: Continued enforcement of our restricted substances list with suppliers ensures we prevent the discharge of hazardous chemicals in our effluent treatment plants. In 2025, we achieved our highest reported compliance rate of 99.97%

Performance

99.97%

OrthoLite does not have wet processing dyehouse facilities, making this metric out of scope.



Definition: Percentage of effluent that is compliant to ZDHC Foundational standards for effluent and sludge.

People

Great Place to Work® (GPTW) certification target: 88% employees covered by GPTW® certification by 2026.

Commentary: We achieved 99% GPTW® certification across 23 countries, with an impressive 89% Trust Index score, far surpassing our 2026 target. Our efforts earned global and regional recognition, including Best Workplace in Asia and awards for manufacturing and production excellence in India, the UK, and Turkey.

Performance

99%

2025 GPTW assessments were completed prior to our acquisition of OrthoLite.



Definition: Percentage of employees in Coats business units with a Great Place To Work® (GPTW) or equivalent certification.

People

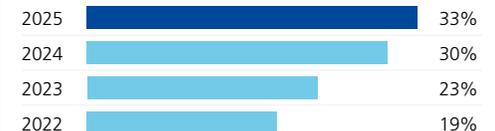
Diversity and inclusion target: 30% females in senior leadership roles by 2026.

Commentary: Female representation in senior leadership roles reached 33% in 2025, exceeding our 2026 target ahead of schedule. This reflects our commitment to equitable opportunities and inclusive practices across our business.

Performance

33%

Inclusion of OrthoLite senior leadership roles is immaterial.



Definition: Percentage of females in senior leadership roles.

Our Strategic Enablers

PIONEERING A SUSTAINABLE FUTURE

At Coats, sustainability is a core part of how we grow, innovate and build long term value for our stakeholders. It shapes the decisions we make, the materials we choose, the partners we work with and the investments we commit to.

It is also a powerful competitive differentiator: as the apparel and footwear industries accelerate their transition to low carbon and circular solutions, customers are relying on suppliers to deliver both performance and environmental impact reductions, at scale. Coats is uniquely positioned to meet this need.

A Strategy Built on Credibility, Innovation and Scale

Our commitment to be **Net Zero by 2050**, validated by the Science Based Targets initiative (SBTi), underscores our approach across our operations and supply chain. It gives customers confidence that our actions – and the materials we produce – align with the industry’s decarbonisation trajectory.

Achieving this requires deep operational discipline, strong partnerships across our value chain and continuous innovation. Our global Sustainability and Innovation Hubs in Shenzhen, China, and Madurai, India, support this journey, enabling us to trial new materials, convert technical breakthroughs into commercial products and help customers reduce their own emissions.

2025 saw the impact of this strategy become even clearer. Our shift to non-virgin oil-based

materials accelerated, we delivered operational emissions reduction ahead of our 2026 targets, and we continued to transparently report on our results.

At the same time, our acquisition of OrthoLite strengthened our ability to deliver sustainable material solutions across the footwear market – one of the fastest moving segments for environmental innovation.

Creating Long-Term Value Through Sustainability

Our commitment to impactful sustainability practices sets us apart in the industry:

- **Differentiates our products:** Revenue from products made with recycled or bio-based materials has continued to increase, and our investment in textile to textile technologies positions us at the forefront of circularity – an area of rising customer demand.
- **Strengthens customer partnerships:** Brands are prioritising suppliers who can support their Net Zero roadmaps with certified, traceable, low impact materials. Our Science Based Targets give customers confidence that Coats can deliver.

- **Reduces risk and increases resilience:** By improving energy efficiency, reducing waste and transitioning to lower carbon inputs, we protect the business from volatility in energy markets, regulatory change and raw material constraints.

Driving Meaningful Progress

In 2025, we delivered strong progress across our sustainability goals:

- Advanced our material transition agenda, with sales of 100% recycled thread increasing to \$554m, and non-virgin oil-based materials representing 52% of our total Group primary materials.
- Exceeded 2026 target for Scope 1 and 2 emissions through transition to certified renewable electricity sources, energy efficiency projects and site level improvements.
- Achieved zero waste to landfill* one year ahead of goal.
- External recognition, including an A- from the Carbon Disclosure Project (CDP) for our work on climate change and an A for our disclosures on water security.

Looking Ahead

In 2026, we will refine our targets for 2027–2030, expand lifecycle assessments for our key materials and embed supplier decarbonisation even more deeply into our Scope 3 plans. Results on this page exclude OrthoLite. Following the acquisition, we will integrate OrthoLite’s operations into our sustainability framework and align its roadmap with our 2027–2030 targets.

* Excluding medical and asbestos waste.

Our Sustainability Targets

2026 targets

Reduction in Scope 1 and 2 emissions ¹	Transition in preferred primary raw materials
22%	60%
Increase in water recycling rate ¹	Waste to landfill
33%	0%
Effluent compliance	GPTW™ coverage
100%	88%
Women in leadership roles	
30%	

Our 2030 ambitions

Reduction in Scope 1 and 2 emissions ²	Renewable electricity	
46%	100%	
Reduction in Scope 3 emissions ²	Products from virgin oil-based materials	Women in leadership roles
33%	0%	40%

Our long-term target

Net Zero

Emissions in our value chain by 2050

1. Refer to 2022 baseline.
2. Refer to 2019 baseline.

 Details of our external auditors assurance statement can be found after the TCFD section, on page 196 of this report

 Comprehensive basis of reporting documents are published and available from the downloads section of [coats.com](https://www.coats.com)

PIONEERING A SUSTAINABLE FUTURE



SUPPLIER DECARBONISATION PROGRAMME

In November 2025, we launched our Supplier Decarbonisation Programme, bringing together key suppliers across Asia to align with our climate goals and build capability in emissions measurement, target setting and reduction planning.

Participants are currently being on-boarded onto Cascale's Higg platform, providing a common system for data, benchmarking and transparency. This work marks an important evolution in our Scope 3 strategy, reflecting our belief that meaningful decarbonisation requires collaboration across the entire value chain and that we can help drive this at scale.

TURNING TEXTILE WASTE INTO PREMIUM THREADS

In 2025, we launched our first textile-to-textile 100% recycled polyester thread, now available under our Epic™ and Gramax™ brands. Using Polyester thread waste from post-consumer and post-industrial textile waste, this innovation directly supports circularity and reduces our reliance on virgin raw materials.

As brands accelerate efforts to decarbonise their portfolios, this technology positions Coats as a partner able to deliver high performance, low impact solutions at scale. It also opens future opportunities across a wider range of materials and end uses.

Our Strategic Enablers

INNOVATING FOR GROWTH

Innovation is a competitive differentiator for Coats. Our innovation engine is built on science-led research, commercial focus, and platform-based technologies with the potential to scale across multiple markets and categories.

With more than 250 years of deep materials expertise, we develop solutions that help customers improve performance, reduce environmental impact and respond to fast changing consumer expectations.

A Scalable, Platform-Led Approach

In 2025, we continued to strengthen our innovation foundations, delivering \$15m in incremental revenue from breakthrough innovation, primarily in Safety Fabrics and Energy.

Innovation is focussed on textile engineering, polymer science, surface science, colour science and fire science – platforms with great potential and value for the apparel and footwear industries, and adjacent markets.

This focused approach allows us to prioritise breakthrough technologies and makes our pipeline more predictable, scalable and value-accretive.

Leading our Materials Transition

Innovation is central to our materials transition. Our **Coats EcoVerde™** thread portfolio, which is made from 100% recycled materials, continues to steadily drive growth for the business. 2025 marked a further milestone with the launch of our textile-to-textile recycled threads – helping our customers reduce the environmental impact of their products, while supporting our own sustainability commitments.

Expanding in Footwear

In Footwear, we are extending our reach into high-growth segments with technologies like **ProWeave™** – our lightweight, durable woven performance-led shoe upper with incredible potential across sports, athleisure and even luxury applications. The integration of OrthoLite further strengthens our ability to deliver next generation comfort, performance and sustainable solutions across a wider range of footwear components.

In 2025, it introduced two new technologies, adding to its portfolio of 500+ formulations: **Slo-Mo™**, designed for slower recovery, and **Float™**, a lightweight, high rebound insole.

Scaling Breakthrough Innovations

Innovation is opening new avenues for growth beyond our core. In 2025, we introduced two new composite tape solutions under our **Xtru™** brand for specialist undersea pipeline applications, securing first commercial orders late in the year.

We also continue to expand our presence in high-performance materials and safety fabrics. The acquisition of **Viz Reflectives** enhances our leadership in high visibility applications with our **Signal Lucence™** brand and complements our investments in fire-science innovation.

Creating Value for Customers

Our platforms allow us to work closely with brands and manufacturers to co-create solutions tailored to their needs – strengthening long term relationships, improving operational performance and unlocking new opportunities for growth.



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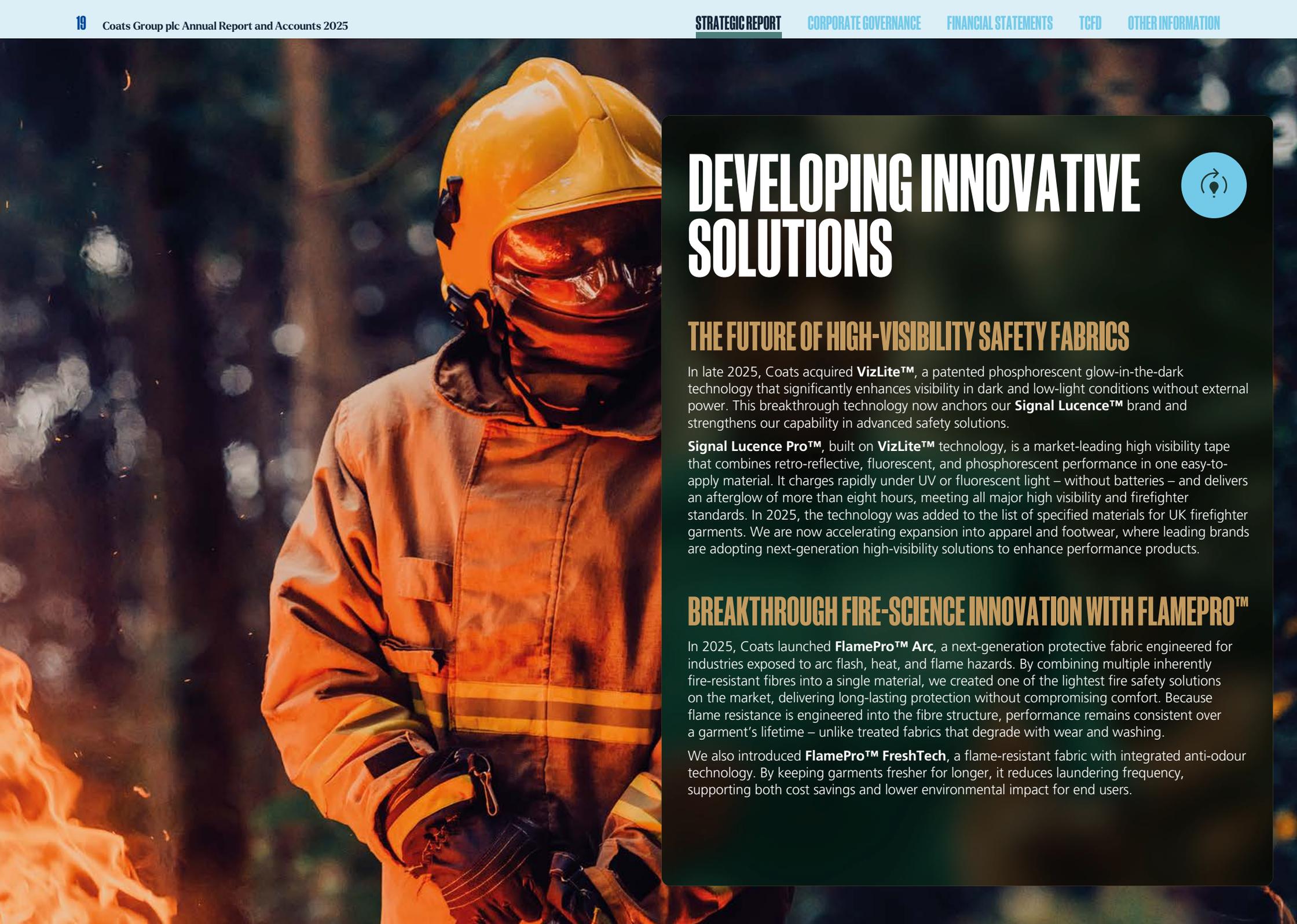
THE FUTURE OF HIGH-VISIBILITY SAFETY FABRICS



The global safety fabrics market – which includes flame-resistant, cut-resistant, chemical-resistant, and high-visibility materials and trims – is expanding rapidly as workplace safety regulations tighten, PPE requirements evolve, and high-visibility elements become more common in athletic apparel.

Innovation in the industry is accelerating as a result, shifting from performance-only solutions to materials that combine protection with comfort, durability, and sustainability. Drawing on our expertise in textile engineering, fire science and surface science, we have developed patented technologies that integrate fire-resistant threads and fibres into new high performance materials, as well as patented phosphorescent technologies – like those used in our **Signal Lucence™** brand – that elevate the performance and durability of high-visibility safety materials.

We have also built a highly efficient global supply chain, and we collaborate closely with customers already using our fire-resistant threads to co-create fabrics, materials and trims that extend protection across entire garment systems. In 2025, Coats strengthened its Safety Fabrics category, firmly establishing it as a scalable and strategically important adjacency within our wider growth agenda.



DEVELOPING INNOVATIVE SOLUTIONS



THE FUTURE OF HIGH-VISIBILITY SAFETY FABRICS

In late 2025, Coats acquired **VizLite™**, a patented phosphorescent glow-in-the-dark technology that significantly enhances visibility in dark and low-light conditions without external power. This breakthrough technology now anchors our **Signal Lucence™** brand and strengthens our capability in advanced safety solutions.

Signal Lucence Pro™, built on **VizLite™** technology, is a market-leading high visibility tape that combines retro-reflective, fluorescent, and phosphorescent performance in one easy-to-apply material. It charges rapidly under UV or fluorescent light – without batteries – and delivers an afterglow of more than eight hours, meeting all major high visibility and firefighter standards. In 2025, the technology was added to the list of specified materials for UK firefighter garments. We are now accelerating expansion into apparel and footwear, where leading brands are adopting next-generation high-visibility solutions to enhance performance products.

BREAKTHROUGH FIRE-SCIENCE INNOVATION WITH FLAMEPRO™

In 2025, Coats launched **FlamePro™ Arc**, a next-generation protective fabric engineered for industries exposed to arc flash, heat, and flame hazards. By combining multiple inherently fire-resistant fibres into a single material, we created one of the lightest fire safety solutions on the market, delivering long-lasting protection without compromising comfort. Because flame resistance is engineered into the fibre structure, performance remains consistent over a garment's lifetime – unlike treated fabrics that degrade with wear and washing.

We also introduced **FlamePro™ FreshTech**, a flame-resistant fabric with integrated anti-odour technology. By keeping garments fresher for longer, it reduces laundering frequency, supporting both cost savings and lower environmental impact for end users.

Our Strategic Enablers

DIGITAL: BUILDING A CONNECTED, DATA-DRIVEN COATS

Our goal is to build a connected ecosystem of digital platforms that make it faster, easier and more efficient for customers to work with us – from design and sampling through to ordering, tracking and payment.

By simplifying processes and improving data transparency, we strengthen customer relationships while improving our operational performance.

Enhancing the Customer Experience with ShopCoats

In 2025, we continued to invest in our proprietary ShopCoats platform to streamline the customer journey. Updates included enhanced sampling functionality, enabling customers to seamlessly move from one-off samples to bulk orders in a single workflow – as well as real-time order delivery tracking tools.

We also introduced AI-enabled order processing, with early results showing strong potential to reduce processing time and minimise human error.

We are evolving ShopCoats to fit seamlessly into our customers' busy lives and to support faster fashion cycles: in India, 32% of revenue now comes through the ShopCoats mobile app, representing more than six million order lines annually. More than 80% of our orders continue to come through ShopCoats.

Sharper Colour Decisions, Faster Product Development

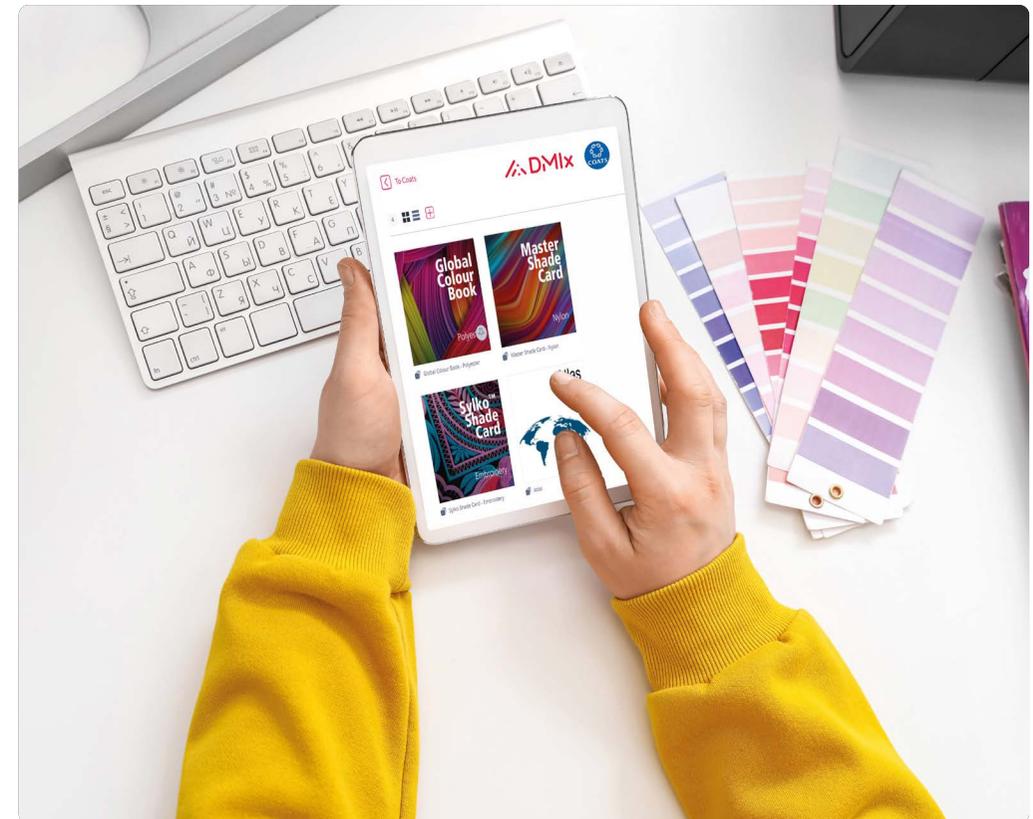
We strengthened our digital colour capabilities through a new partnership with DMix – a digital platform developed by ColorDigital GmbH – integrating spectral-based colour workflows, 3D asset libraries and digital twin technology into a single digital environment.

Customers can now design, visualise and sample colour selections accurately – and in real time – without producing any physical samples.

This complements our proprietary ColourStitch digital system which can identify, test, measure and mix colours. In 2025, we dyed more than 200,000 colours using one million different 'recipes' for Coats customers, ensuring quality, global consistency and faster decision making in every product, from anywhere in the world.

Connecting the Value Chain for the Future

Across all our platforms, our focus is on building a seamless, scalable digital ecosystem that connects design, development, production and delivery. This work supports better collaboration with customers and suppliers, improves speed to market and enhances visibility across the entire value chain.



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ENGINEERING DIGITAL SOLUTIONS FOR CUSTOMERS

COATS DIGITAL: SOFTWARE AS A SERVICE

As the apparel industry faces rising cost pressures, shorter lead times and increasingly fragmented orders, digital tools that improve planning accuracy and operational efficiency are becoming essential.

Coats Digital – a strategic adjacency within Coats – provides software solutions that help apparel manufacturers optimise capacity, improve productivity and strengthen cost competitiveness.

More than 1,250 factories around the world use Coats Digital solutions in their end-to-end operations. Currently, Coats Digital serves over 350 Tier 1 apparel manufacturers, representing approximately only 10% of existing Coats Tier 1 customers – leaving a significant opportunity for growth.

FAST REACT PLAN: TRANSFORMING PRODUCTION PLANNING

A typical apparel factory operates multiple sewing lines at once and must plan production across them with precision to avoid idle time, bottlenecks and missed delivery dates.

FastReactPlan creates a single, integrated, real-time digital production schedule that helps factories plan their production lines more efficiently. It replaces manual spreadsheets with an intuitive drag-and-drop tool that shows what needs to be made, when, and what materials are required – significantly reducing delays, waste and lead times.

In 2025, Coats Digital updated **FastReactPlan** with cloud-based functionality, improved usability and seamless ERP integration, resulting in measurable performance improvements for customers.

2025 by the Numbers

62%

subscription customers

>\$10M

in revenue

10%

increase in customer productivity

20%

improvement in customer OTDP (On Time, Delivery Performance)

10%

reduction in customer lead time

GSDQUEST: ACCELERATING ACCURATE COSTING THROUGH AI

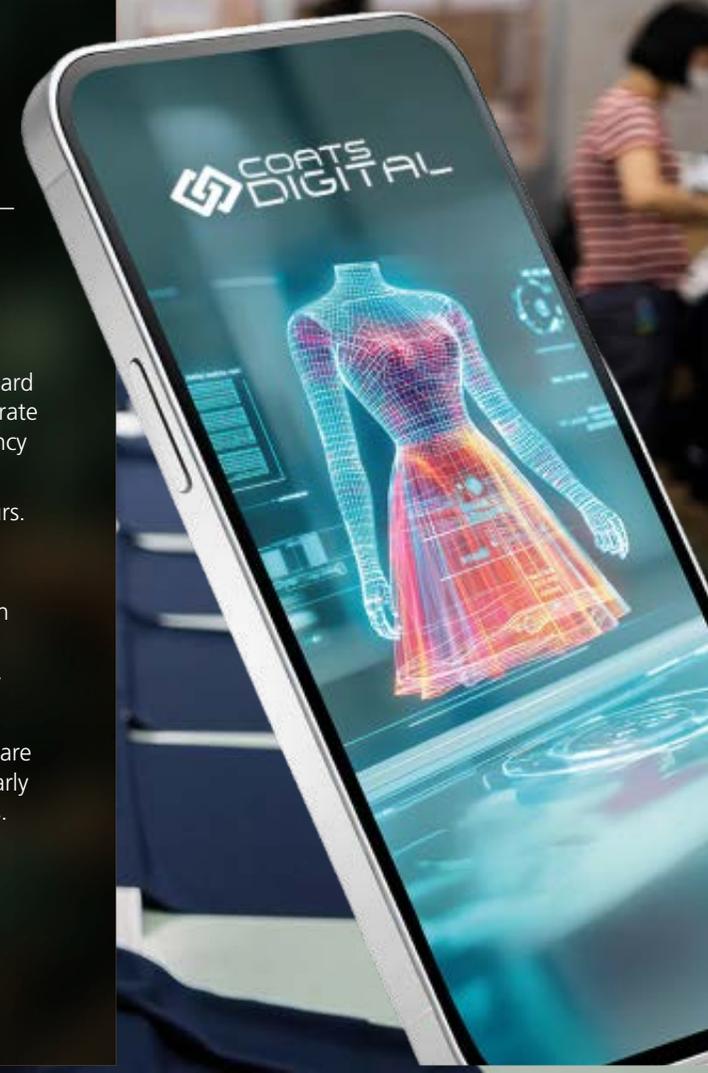
GSDCost is a long-established industry tool used to calculate the standard minute value (SMV) required to produce a garment. This supports accurate capacity planning and cost estimation, as well as labour cost transparency and fair wage practices.

Traditionally, calculating SMVs requires manual work that can take hours.

Launched in 2025, **GSDQuest** uses generative AI and a proprietary data library, built with 20+ years of data, to automate this process. After uploading a garment photo, users receive an SMV estimate within seconds – reducing work that once took hours to just two minutes.

The tool improves accuracy, increases costing speed and enables better informed commercial decisions.

More than 20 global apparel brands, including H&M, M&S, Lululemon are using **GSDCost** in their supply chain to drive cost improvements and early adopters are preparing to integrate **GSDQuest** as the solution matures.



Operating Review

APPAREL

Coats is the global market leader in supplying premium sewing thread to the Apparel industry. We are the trusted value-adding partner, providing critical supply chain components, services and software. Our portfolio of world-class products and services provide exceptional value creation for our customers, brands and retailers.



Revenue of \$769m (2024: \$770m) was flat on a reported basis and up 1% on a CER basis. This was a strong result in a year that started with market growth momentum but softened towards the end of April, following the US tariff changes, with market conditions remaining challenging through the rest of the year.

Against this market backdrop, the division outperformed the core thread markets which we estimate were down c.3% in the year as we continued to win market share, increasing to c.27% vs. c.26% in 2024. This was achieved through a strong focus on delivery and service in response to customer needs and was underpinned by our global manufacturing capabilities. The division also benefited from a favourable product mix in the year with growth in premium thread sales including continued strong growth in 100% recycled thread products. In addition, the division has been successful in driving strong growth in the China domestic market, requiring high levels of operational agility to meet demanding customer lead times. Our Apparel customers continue to value our focus on sustainability-led innovation and operational excellence supported by our proprietary technology platforms.

	2025	2024	Reported	CER ²
Revenue	\$769m	\$770m	0%	1%
Adjusted¹				
EBIT	\$156m	\$151m	3%	4%
EBIT Margin	20.2%	19.6%		

- Adjusted measures are non-statutory measures (Alternative Performance Measures). These are reconciled to the nearest corresponding statutory measure in note 14.
- Constant Exchange Rate (CER) metrics are 2024 results restated at 2025 exchange rates.

Adjusted EBIT increased by 4% on a CER basis to \$156m (2024: \$151m). EBIT margin was 20.2%, up 60bps (2024: 19.6%). The margin expansion reflects excellent pricing discipline, despite downward pressures from customers and favourable product mix, alongside prudent cost control and an ongoing focus on productivity gains. H2 2025 EBIT margin was 20.0%, in line with our expectations.

An attractive target growth adjacency for the division is the Coats Digital business, our software as a service business which helps customers optimise their production planning and costs. Despite the challenging market



conditions, the business delivered good revenue growth in 2025 and continued to innovate, bringing to market new product features, including GSDQuest. This automates production costing by the upload of a garment image, increasing process accuracy and reducing the time needed for costing by c.90%.

With effect from H1 2026, the Personal Protection and Industrials businesses (c.80% of Performance Materials) will become part of the Apparel division, reducing internal operational complexity.

Operating Review

FOOTWEAR

We are the trusted partner to the footwear industry, shaping the future of footwear for better performance through sustainable and innovative solutions. We are a global leader with a portfolio of highly engineered products including structural components, threads and insoles with strong brand component specification, primarily targeted at the attractive athleisure, performance, fashion and sports markets.



Footwear revenue increased to \$440m (2024: \$403m), primarily reflecting the acquisition of OrthoLite, with revenue 2% lower on an organic CER basis. The organic revenue performance reflects a period of good trading until the end of April with increased US tariffs resulting in customers taking a cautious approach to ordering and inventory management through the autumn. Towards the end of the year, we saw brands managing down inventory further in response to the uncertain 2026 outlook, consistent with trends

in the wider market. As such we estimate our core footwear end markets were down c.4-5% vs 2024 for the full year.

Despite this challenging backdrop, the division modestly outperformed with estimated market share growing to c.30%* (2024: 29%), driven by a focus on building market-leading positions in athleisure and casual footwear markets where customers value differentiated, engineered products. The division also successfully maintained pricing despite downward pressures.

Adjusted EBIT was \$105m (2024: \$95m), including two months contribution from OrthoLite, and was flat on an organic CER basis compared to the prior year. The adjusted EBIT margin was 23.9% (2024: 23.5%). The margin increase of 40bps reflected the benefits of an effective pricing strategy and prudent cost control measures alongside operational actions taken in the past year including footprint consolidation in Europe and a rebalancing of the division's manufacturing towards Indonesia.

	2025	2024	Reported	CER ²	Organic CER ³
Revenue	\$440m	\$403m	9%	8%	(2)%
Adjusted ¹ EBIT	\$105m	\$95m	11%	11%	0%
EBIT Margin	23.9%	23.5%			

- Adjusted measures are non-statutory measures (Alternative Performance Measures). These are reconciled to the nearest corresponding statutory measure in note 14.
- Constant Exchange Rate (CER) metrics are 2024 results restated at 2025 exchange rates.
- Organic figures are results on a CER basis and exclude contributions from the OrthoLite acquisition.

Footwear has continued its focus on innovation and bringing to market new, highly engineered products. This includes the ProWeave™ shoe upper, one of our target organic adjacencies, which offers light and strong materials for performance, including for sports and athleisure, as well as for luxury applications.

The acquisition of OrthoLite was completed at the end of October 2025, expanding Footwear into the attractive and complementary, premium insole segment. OrthoLite brings significant overlap in customer base, route-to-market and operational footprint, providing opportunities to accelerate growth through innovation and cross-selling. The 2025 performance was in line with our expectations, with above market



revenue growth and high levels of cash generation. In 2026, we will commence the footprint optimisation project, with Indonesia the first location, and have identified other cost synergy opportunities, including strategic procurement. Based on these initiatives, we expect to achieve annualised cost synergies of \$5m in 2026, in line with our plan to deliver \$20m of annualised cost synergies by 2028. We are committed to ensuring these initiatives don't affect the top-line growth capability of the business. Alongside this, we are also focused on the acceleration of joint innovation initiatives.

As previously announced, the Telecom & Energy business (c.20% of Performance Materials) has become part of the Footwear division. With effect from H1 2026, Footwear's external reporting will align to this structure.

* Footwear market share data excludes OrthoLite.



Operating Review

PERFORMANCE MATERIALS

We develop highly engineered solutions for industrial customers, including performance thread for different applications, safety materials and fabrics, and composite products for Telecom & Energy applications.



Revenue in the year was \$256m (2024: \$260m), flat on an organic CER basis and 1% down on a reported basis, reflecting a return to growth in the second half of the year of 2%. Industrial revenue was 1% lower than prior year, with share gains in automotive thread, partly offsetting softness in other industrial end markets. The division saw a strong demand for safety fabrics, a strategic adjacency, which delivered 40% revenue growth in the year. Telecom revenue was down 17%, reflecting a weakness in EMEA Telecoms markets, which was partially offset by energy market tapes which grew

21% in the full year, after a particularly strong performance in the second half.

Adjusted EBIT was \$29m (2024: \$26m), an increase of 10% on an organic basis, with a margin increase to 11.3% (2024: 10.2%). The organic margin improvement reflects the benefits of operational actions and the stronger second half trading, with Q4 run rate margins at 11.8%, approaching the bottom end of the medium-term targets set out in March 2025. During the year, the portfolio quality was improved with the exit from the non-core US Yarns business in Q2, following the closure of the Toluca, Mexico facility in December 2024. Divisional margins improved by 390 basis points including Americas results in the prior year comparator.

Investment in innovation has continued, with a particular focus on two of our target organic adjacencies where we expect strong growth: safety fabrics and composite tapes for Energy markets. Within safety fabrics, we brought to market the FlamePro™ ARC in the second half of the year. This is a lighter and more comfortable material, offering exceptional personal protection in markets

Continuing operations	2025	2024 ²	Reported	CER ³	Organic CER ⁴
Revenue	\$256m	\$260m	(1)%	0%	0%
Adjusted¹					
EBIT	\$29m	\$26m	10%	10%	10%
EBIT Margin	11.3%	10.2%			

1. Adjusted measures are non-statutory measures (Alternative Performance Measures). These are reconciled to the nearest corresponding statutory measure in note 14.
2. Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).
3. Constant Exchange Rate (CER) metrics are 2024 results restated at 2025 exchange rates.
4. Organic figures are results on a CER basis and exclude contributions from the Viz Reflectives acquisition.

where electrical safety is critical, including protection against heat, flame and flash risks, while also offering good durability. Following development and qualification, we also brought to market two new composite tapes for specialist and demanding undersea pipeline applications, with first orders received towards the end of the year.

In addition, the small acquisition of Viz Reflectives (VizLite™) was completed in October 2025 for an initial cash consideration of £3m (\$4m), with contingent consideration of up to £6m (\$8m), dependent upon performance. The unique VizLite phosphorescent (glow-in-the-dark) technology can be used in combination with



our existing retro-reflectivity and fluorescent colour capabilities, to offer a third layer of visibility for environments with reduced or no light. This combination has life-saving attributes for fire-fighting and other applications. We see VizLite™ as accelerating our safety fabrics strategy.

From H1 2026, Performance Materials results will be integrated into Apparel (c.80%) and Footwear (c.20%), enabling the adoption of a two-division Group structure. This change better aligns the Group's structure with its underlying technologies and reduces internal operating complexity.



Financial Review

STRONG PERFORMANCE



“Amidst a challenging macro-economic backdrop, we delivered a resilient performance and outperformed the market, reflecting the robustness of our strategy and the agility of our teams.”

Hannah Nichols
Group CFO

Financial performance

Continuing operations	FY 2025	FY 2024 ¹	FY 2025 vs FY 2024		
			Reported	CER	Organic CER
Revenue	\$1,465m	\$1,433m	2%	3%	0%
Adjusted²					
EBIT ⁴	\$290m	\$272m	7%	7%	3%
EBIT Margin	19.8%	19.0%			
Basic earnings per share	9.3c	9.7c	(5)%		
Reported³					
EBIT ⁴	\$241m	\$224m			
Basic earnings per share	6.8c	6.7c			
Final dividend per share (cents)	2.28c	2.19c			
Net debt (excl. lease liabilities)	\$815m	\$449m			

1. Represented to reflect the results of the Americas Yarns business as a discontinued operation see note 1.
2. Adjusted measures are non-statutory measures (Alternative Performance Measures). These are reconciled to the nearest corresponding statutory measure in note 14. Constant Exchange Rate (CER) metrics are 2024 results restated at 2025 exchange rates. Organic figures are results on a CER basis and excluding contributions from the OrthoLite acquisition.
3. Reported metrics refer to values contained in the IFRS column of the primary financial statements in either the current or comparative period.
4. EBIT (Earnings before interest and tax) relates to Operating Profit as shown on the face of the P/L. Reconciliation between the Adjusted EBIT and Reported EBIT is disclosed in the Financial Review section.

Operating Results

The Group has delivered a resilient performance in 2025 against a challenging market backdrop. Revenue from continuing operations was \$1,465m (2024: \$1,433m) up 2% on a reported basis and flat on an organic CER basis.

Adjusted EBIT from continuing operations was \$290m (2024: \$272m), an increase of 3% on an organic CER basis. EBIT margin improved by 80bps to 19.8% (2024: 19.0%), the improvement reflecting pricing discipline and mix coupled with cost control and operational improvement actions which more

than offset the impact of inflation. Margins also benefited from strategic projects savings including the Footwear footprint consolidation and a re-balancing of manufacturing towards Indonesia. OrthoLite contributed to \$11m of operating profit in the last two months of the year including \$1m of losses associated with Cirql*.

* Cirql is a newly-developed proprietary foam technology at an early stage of commercial development.

“2025 demonstrated the strength of our model — disciplined pricing, mix improvements and operational enhancements drove higher margins while the Group delivered exceptional cash performance and continued to invest for long-term value creation.”

FINANCIAL REVIEW CONTINUED

The table below provides further detail behind the EBIT movement in the year.

Continuing Operations	\$m	Margin %
2024 adjusted EBIT¹	272	19.0%
Volumes impact (direct and indirect)	(17)	
Price/mix	12	
Net inflation (including raw materials, wages, energy, freight)	(21)	
Productivity benefits (manufacturing and sourcing)	24	
Strategic projects savings	7	
Other SD&A decreases	2	
2025 adjusted EBIT¹ pre OrthoLite	279	
OrthoLite contribution	11	
2025 adjusted EBIT¹	290	19.8%
Exceptional items	(2)	
Acquisition related items	(47)	
2025 reported EBIT¹	241	

2025 reported EBIT, including exceptional and acquisition related items, increased to \$241m (2024: \$224m).

1. Adjusted measures are non-statutory measures (Alternative Performance Measures). These are reconciled to the nearest corresponding statutory measure in note 14.

Exceptional and Acquisition Related Items

In 2025 net exceptional items were \$2m (2024: \$26m). The level of exceptional items significantly reduced from the prior year with previous strategic projects now complete. 2025 exceptional items comprised:

- Strategic project costs: \$1.6m
- Costs to deliver Footwear acquisition integration synergies: \$0.2m

Acquisition related items were \$50m in 2025 (\$2024: \$21m), including:

- Amortisation of acquired intangible assets: \$27m
- Acquisition transaction costs, primarily relating to the OrthoLite acquisition: \$20m
- Acquisition transaction costs, relating to loan financing: \$3m

Further details of exceptional and acquisition related items are set out in note 3 to the Financial Statements. The non-cash elements of these charges were \$28m.

Non-Operating Results

As expected, the 2025 adjusted EPS was 9.3 cents (2024: 9.7 cents). Increased EBIT was offset by higher pension related interest charges following the 2024 pension buy-in, and the increased number of shares in issuance following the successful capital raise that took place in July 2025 to part fund the OrthoLite acquisition. Reported 2025 EPS was 6.8c (2024: 6.7 cents).

At \$38m (2024: \$28m) net interest costs, excluding the impact of exceptional and acquisition-related items were higher mainly due to the impact of the 2024 pension buy-in. Incremental interest costs associated with the purchase of OrthoLite were largely offset by investment income on the capital raise in the period prior to completion. On a reported basis interest costs were \$41m (2024: \$28m).

The adjusted taxation charge for the year was \$73m (2024: \$70m). Excluding the impact of exceptional and acquisition-related items, the effective tax rate on pre-tax profit remained at 29% (2024: 29%), in line with our guidance. The reported tax rate for the year was 32% (2024: 36%), after exceptional and acquisition related items.

Discontinued Operations

In December 2024 the Group closed its Performance Materials Division facility in Toluca, Mexico and in April 2025, announced the full exit from the non-core US Yarns business based in Kings Mountain, North Carolina.

The sale of the Kings Mountain plant was completed in June 2025 for cash proceeds, net of transaction costs, of around \$13m. This followed the strategic review of the Americas Yarns business, which started in Q4 2024.

The strategic review concluded that the Americas Yarns business did not fit with Coats' future strategy and the exit allowed management to focus on driving forward and growing other parts of the Group's attractive portfolio.

Amounts for year ended 31 December 2024 in the consolidated income statement have been represented accordingly to reclassify the results of the Americas Yarns business from continuing operations to discontinued operations. Note 13 provides further details of the sale. This has resulted in a reduction in previously reported 2024 revenues of \$68m and \$1m adjusted EBIT. Exceptional and acquisition related items for the year ended 31 December 2025 charged to operating loss from discontinued operations was \$17m (2024: \$22m).

Cash Generation

The Group delivered a strong cash performance in 2025 with an overall free cash inflow prior to shareholder distributions and M&A of \$160m (2024: \$2m), reflecting the low capital intensity, lower level of exceptional cash flows including no further contributions to the UK pension scheme and the cash generation capability of the enlarged Group, including a positive contribution from OrthoLite.

The working capital inflow in the year was \$13m, including a timing benefit from the OrthoLite acquisition. We have continued to manage net working capital closely, with a focus on inventory management without compromising service levels.

FINANCIAL REVIEW CONTINUED

We also continued our disciplined approach to payables and receivables management as an input to working capital efficiency. Working capital as a % of annualised sales was 11.0% in 2025 (2024: 12.4%). In 2026 we expect this ratio to return to a more typical level of c12%.

Capital expenditure was \$32m (2024: \$26m) as we continued investing in growth and efficiency projects which drive long-term returns.

We anticipate 2026 capital expenditure to increase to c. \$40-50m range reflecting the expansion of the Group following the OrthoLite acquisition.

Cash conversion¹ for 2025 was 114% (2024:101%), with the high conversion rate reflecting the working capital inflow in the year.

Exceptional cash flows were \$24m (2024: \$156m) including residual cash flow related to strategic projects, which are now complete. The 2024 exceptional cash flows included \$128m of cash outflows associated with the UK pension scheme.

Minority dividends of \$15m (2024: \$18m) were paid, as cash was repatriated from relevant overseas entities to the Group. Tax paid was \$71m (2024: \$69m). Interest paid was \$31m (2024: \$30m).

Balance Sheet and Liquidity

Group net debt (excluding lease liabilities) at 31 December 2025 was \$815m (2024: \$449m). Outflows in the year included \$54m for the 2024 final and 2025 interim dividends and \$471m on M&A activity, principally the OrthoLite acquisition (net of the inflow from the associated equity raise). Net debt at the year end includes lease liabilities under IFRS 16 of \$93m (31 December 2024: \$83m).

Our Balance Sheet remains in a strong position with total committed debt facilities of \$1,470m with a well-diversified source and tenor. The facilities comprise: \$420m revolving credit facility, \$600m USPP notes and a \$450m loan to support the OrthoLite acquisition, provided by existing banks through a \$300m bridge facility and a \$150m term loan. The committed headroom on our banking facilities was \$420m at 31 December 2025.

At 30 December 2025, our leverage ratio (net debt to EBITDA; both excluding lease liabilities) remains well within our 3x covenant limit at 2.2x. Given the strong cash generation capabilities of the combined Group, we expect leverage to fall below 2x by the end of 2026.

There was also significant headroom on our interest cover covenant at 31 December 2025 which was 11.2x, with a covenant limit of greater than 4x. The covenants are tested twice annually in June and December and monitored throughout the year.

Foreign Exchange

The Group reports in US Dollars and translational currency impacts can arise, as its global footprint generates significant revenue and expenses in a number of other currencies.

During the year, this was a headwind of 1% on revenue and adjusted EBIT. At latest exchange rates, we expect a minimal impact on revenue and adjusted EBIT for full year 2026 (excluding any future hyperinflation impact in Turkey, which cannot be forecast with accuracy).

UK Pension Update

In 2024 it was announced that the trustee of the Coats UK Pension Scheme (the "scheme") purchased a c.£1.3 billion (\$1.7 billion) bulk annuity policy ("buy-in") from Pension Insurance Corporation plc ("PIC") which insures benefits payable under the scheme in respect of the remaining 80% of the scheme's liabilities.

This is further to the purchase of a bulk annuity policy for 20% of the scheme liabilities in December 2022.

As a result of the buy-in, all the financial and demographic risks relating to the scheme's liabilities are now fully hedged, with the two policies paying the scheme a regular stream of income that matches its pension payments to all members. This buy-in is the final and most significant step in Coats fully insuring its UK pension obligations.

Subject to customary post-transaction data reconciliations and the scheme liquidating certain assets to meet a deferred element of the PIC premium, it will also give Coats the option to remove the scheme fully from the Group balance sheet in the future at very limited further administrative cost. This process remained on track during 2025.

The agreement with PIC is anticipated to require up to c.£100m (c.\$128m) of additional funding from the Group, with Coats making a £70m (c.\$90m) upfront cash contribution to the scheme and a further £30m (\$38m) provided initially as a loan to the scheme. The £100m cash contribution was made in H2 2024.

As previously reported, deficit repair contributions to the scheme, of around \$30m per annum, were temporarily switched off in January 2024 and have now permanently ceased as a result of this agreement.

Going Concern

On the basis of current financial projections and the facilities available, the Directors are satisfied that the Group and the Company has sufficient resources to continue in operation for the period from the date of this report to 30 June 2027, and, accordingly, consider it appropriate to adopt the going concern basis in preparing the financial statements. Further details of our going concern assessment, financial scenarios and conclusions are set out in note 1.

1. Defined as adjusted free cash flow as a percentage of profit attributable to equity shareholders of the company from continuing operations, before exceptional and acquisition related items.

People and Culture

THE FOUNDATION OF OUR SUCCESS

Our long-term strategy is underpinned by two essential strengths: **our people and our culture**.

Together, they power our performance, support our growth agenda, and create a resilient, future-ready organisation.

We are committed to being a responsible employer – one that provides a safe, healthy and inclusive environment where employees can thrive. At the same time, our culture is a competitive differentiator, enabling us to innovate, adapt and deliver at scale for our customers across the world.

Developing the Leaders of Tomorrow

In 2025, we continued to strengthen our global Grow talent strategy, identifying and developing potential at every level of the business. We expanded Grow through a new virtual learning platform, using AI to deliver personalised, bite-sized content directly into employees' daily workflows.

We also launched the Commercial Academy, a flagship programme focussed on building critical commercial capabilities across Coats. Delivered through four expert-led modules and supported by 60 trained facilitators, the Academy is strengthening skills in areas such as strategic selling, commercial mindset and negotiation excellence.

We will build on this foundation through the roll-out of our updated leadership capabilities framework in 2026.

Creating a Culture of Excellence

Our annual Your Voice Matters survey is a cornerstone of our people strategy. With action plans owned at business, function and team level, the survey ensures employee feedback directly informs future improvements.

It is complemented by listening sessions led by our Non-Executive Director responsible for workforce engagement.

- 96% participation rate
- 86% engagement score
- 7% increase in engagement since 2023

In 2025, we were certified as a Great Place to Work® in 23 countries, representing 99% of our global workforce – exceeding our 2026 goal of 88% coverage.

We also achieved an 89% score on the GPTW Trust Index, demonstrating the strength of our employee experience.

Building an Inclusive Culture

Our global People Principles set clear expectations for an environment free from harassment, bullying or unfair treatment of any kind.

We continue to voluntarily collect employee diversity data (including race, ethnicity, gender, sexual orientation and military status) to strengthen our engagement strategy and ensure employees feel a sense of belonging.

Through our global Coats for All platform, we embed diversity, equity and inclusion (DEI) in our culture and behaviours.

A key part of this is Coats for Her, which focuses on ensuring gender-balanced recruitment and increasing the visibility of women across the organisation.

These initiatives have helped increase women in leadership roles from 23% in 2023 to 33% in 2025, with an ambition to reach 40% by 2030.

At the end of 2025, 38% of our total workforce was female (vs 62% male), 33% were in senior leadership roles (vs 67% male) and 40% were Board Directors (vs 60% male).

Employee Well-Being

Our global Energy4Performance (E4P) programme promotes physical, mental, emotional and social well-being, with 591 local initiatives delivered worldwide in 2025.

This year also saw the introduction of Lyra Well-Being, an online hub providing employees with fast access to qualified therapists, coaches and mental health professionals on an as-needed basis.

Coats Cares

Now in its third year, Coats Cares celebrates employee-led community initiatives through a global competition, with winning teams receiving funding to expand their impact. In 2025, Coats Cares delivered over 4,141 volunteer hours, engaged 8,154 participants, and contributed more than \$438,000 in donations globally.



PEOPLE AND CULTURE CONTINUED

OUR VALUES

Our values shape how we work, and guide our decisions, our behaviours and our culture of performance.

WE ARE COLLABORATIVE

We work across geographies to deliver innovative solutions and exceptional service.

WE ARE AGILE

We adapt quickly to change, thriving in a fastmoving global supply chain.

WE HAVE A CAN-DO ATTITUDE

We bring confidence, energy and determination to every challenge.

WE ARE PASSIONATE

We are committed to excellence, our customers and our communities.

WE ARE DIVERSE

With c. 19,000 employees across 50 countries, we know diversity drives innovation.



Our Commitment to Protecting Human Rights

Coats is committed to protecting the Human Rights of our employees and those working in our supply chain.

We fully support the United Nations (UN) Guiding Principles on Business and Human Rights in our operations, and we uphold: the UN Declaration of Human Rights; the UN Convention on the Rights of the Child; the core International Labour Organisation (ILO) Conventions; and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the related Due Diligence Guidelines for the Garment and Footwear sector.

We conducted our latest biennial human rights risk assessment in 2025, and also assessed risks for our own workforce and upstream value chain as part of preparatory work for the Corporate Sustainability Reporting Directive.

Our Group Internal Audit (GIA) team includes aspects of Human Rights assessment in their regular audit programmes.

Details on the outcomes of our GIA audits in this area are included in our Sustainability Report on page 56.

Stakeholder Engagement

MAINTAINING HIGH PERFORMANCE RELATIONSHIPS

Engaging effectively with our stakeholders and listening to their feedback is part of our culture.

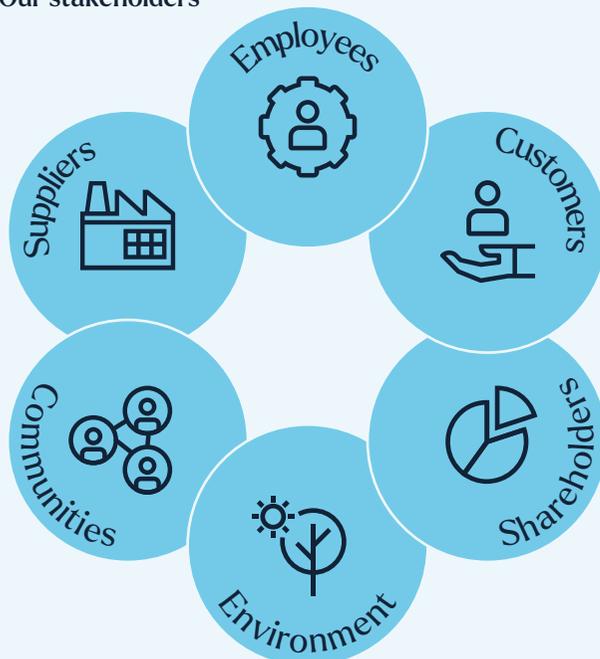
Maintaining open and constructive dialogue builds trust, strengthens relationships, and enables us to respond to evolving priorities. Their perspectives help shape our strategy, guide our actions, and ensure that we operate responsibly as we seek to fulfil our purpose and deliver long-term sustainable value.

The Board's engagement with stakeholders is both direct and via management reporting to

the Board on stakeholder engagement, the importance of which is embedded throughout our business.

On the following pages, we summarise our approach to stakeholder engagement during the year, highlighting: our key stakeholders and why they are important to us; what we understand to be their key interests; and how we have engaged with them in 2025.

Our stakeholders



Read our S172 statement, including how insights from stakeholders informed key decisions on pages 34-36



Customers

How the Board Engaged/Received Feedback in 2025

- Regular reporting by the Group CEO, covering performance (tracked by product line), key sales insights, and relevant customer feedback.
- Reviews of the innovation pipeline and inorganic opportunities.
- Detailed review of key customers on a divisional/regional basis as part of regular strategic updates.
- Deep dives into Customer Excellence and Operational Excellence workstreams, including consideration of how customer insights drove priorities.
- Direct engagement during the Directors' market visit to India in Q3.
- Detailed consideration of opportunities for customers and review of customer insights provided as part of OrthoLite and Viz Reflectives acquisition processes.

What we Believe Matters to Customers

- Commitment to quality, innovation and differentiation.
- Truly sustainable solutions.
- Maintaining effective relationships with exceptional service from our customer-facing teams.
- Agile supply chain with consistent, reliable, on-time delivery.

- Ensuring competitive value and exceptional service and support levels, and a continued drive to achieve greater efficiency through technology and automation where appropriate.

“Understanding our customers' needs allows us to provide innovative solutions to deliver additional value.”

Outcomes

- Expansion of product portfolio to meet changing customer needs in apparel, footwear and safety markets.
- Strategic acquisitions in footwear and safety to provide stronger customer value.
- Customer segmentation and operational innovation in key markets, driving even higher levels of customer satisfaction and share.
- Step up in customer-facing associate training, underpinning our relationships and customer satisfaction.
- Launch of SaaS **FastReactPlan** and **GSDQuest** in Coats Digital.
- Global customer survey in Footwear, underlining our key strengths and areas for further improvement.

STAKEHOLDER ENGAGEMENT CONTINUED



Shareholders

How the Board Engaged/Received Feedback in 2025

- Investor relations updates provided at every scheduled Board meeting.
- Regular engagement between key shareholders and our Group CEO and Group CFO through a programme of meetings and presentations, both in the UK and abroad.
- Group CEO and Group CFO presented to key (both new and existing) shareholders as part of the capital raise.
- The Board received timely updates on shareholder sentiment during the acquisition progress and detailed updates thereafter on the evolution of the Company's share register.
- The Company's brokers/advisors provided an update on shareholder perceptions of the Group and presented the detailed results of the H2 investor feedback survey.
- Remuneration Committee Chair was available to shareholders to discuss the proposed Remuneration Policy.
- The Senior Independent Director consulted with key shareholders regarding the extension of the Chair's tenure.
- Attendance at the 2025 AGM, including responding to questions from shareholders.

What we Believe Matters to Shareholders

- Clear strategy and focus on optimisation of portfolio.
- Operational and financial performance.
- Total shareholder returns.
- Effective leadership.
- Strong corporate governance, reputation and ethical standards.
- Sustainability.
- Value-adding communications.

“Regular and value-adding dialogue provides investors with a greater understanding of our business to ensure that they can more accurately assess its value.”

Outcomes

- Continuation of progressive dividends.
- Discussion on best use of capital.
- Reporting enhancements to aid better understanding of our business model and strategy.
- Successful completion of capital raise and retail offer to partially fund the acquisition of OrthoLite.
- Maintenance of high ESG ratings.
- Regular and effective engagement with Executive Directors and senior management.



Employees

How the Board Engaged/Received Feedback in 2025

- Direct engagement between Directors and local employees through Board meetings, site visits and events, including in the UK, Vietnam, India and Thailand.
- Insights from the Designated Non-Executive for Workforce Engagement gained from listening sessions, DEI calls and well-being-related townhalls.
- Regular review of culture-related reporting relating to employees, including: health and safety, succession planning, gender diversity, and Great Place to Work® (GPTW) certification.
- Review of talent development opportunities and programmes resulting from acquisitions and changes to the organisational structure.
- Regular review of employee-related items as part of strategic updates provided during the year by leadership teams.
- Annual review of remuneration levels of all employees by Remuneration Committee.
- Review of DEI matters by Nomination Committee.

“Attracting and retaining talent and effectively engaging with our people is essential to our continued success.”

What we Believe Matters to Employees

- Strong culture, with particular focus on: health and safety; DEI; sustainability; and well-being.
- Doing The Right Thing and high ethical standards.
- Recognition and reward.
- Training and development opportunities, with particular focus on Group programmes (Grow at Coats and Coats for All).
- Coats Cares programme providing opportunities to give back.
- Regular and effective communication, particularly relating to the changes in organisational structure.

Outcomes

- New Chief People Officer appointed in 2025.
- New opportunities in the two division-structure and in the recent acquisitions, combined with refreshed approach to talent and succession planning.
- 99% GPTW coverage (23/23 countries certified).
- 86% employee engagement score in annual Your Voice Matters survey.
- Simplification and standardisation of ways of working arising from Operational Excellence workstream.

STAKEHOLDER ENGAGEMENT CONTINUED

Environment

How the Board Engaged/Received Feedback in 2025

- Environmental metrics presented at every scheduled Board meeting and progress tracked across KPIs.
- External assurance processes of core ESG-related data undertaken and overseen by the Audit and Risk Committee.
- Strategic updates on divisions and business operations presented at the Board considered environmental and sustainability performance, and sustainability-related innovation.
- Detailed review of progress against 2030 and 2026 targets, and the considerations for both our energy and materials transition journeys (read more in our Sustainability Report online at coats.com/sustainability).
- Sustainability Committee composition reviewed and updated to include the Group CFO.
- Reporting line for Group Sustainability Director changed to report into Group CFO.
- Sustainability Committee met twice (read more about the topics it considered on page 72).

What we Believe Matters to the Environment

- Reducing our environmental impact remains a priority for all of our stakeholders.
- Increasing demand for truly sustainable products.
- Strong ESG ratings continue to be important to our shareholders and employees.
- Meeting our 2026 and 2030 goals.
- Keeping pace with regulatory and compliance requirements as complexity increases.

“Coats is working proactively to minimise the environmental impact of our industry.”

Outcomes

- Progress made to our 2026 and 2030 sustainability targets (read more on page 15).
- Launch of **Coats Textile-to-Textile Epic™** and **Gramax**, and expansion of **Gotex Xtru™**.
- External assurance obtained on certain ESG-related data.
- Launch of supplier decarbonisation programme with emphasis on emissions reduction.
- A- CDP rating for climate achieved in 2025.

Communities

How the Board Engaged/Received Feedback in 2025

- Regular reporting on health and safety, gender diversity and GPTW KPIs.
- Review of DEI-related data and forward-looking trends in this area by Nomination Committee.
- Strategic updates on acquisitions, divestments and divisional updates included sustainability and people-related topics, as well as consideration of the impact of our operations.
- Regular reporting on macroeconomic and sociopolitical events.
- Direct engagement between Directors and local communities during the year included: attendance at ‘Investing in Bright Futures’ award ceremony; ‘Women Skills Development’ workshop; and visit to a local hospital to see the impact of the support provided by the local operating team in India.

What we Believe Matters to Communities

- Positive impact of operations on the local economy.
- High reputational and ethical standards.
- Sustainability and the environment.
- Focus on health and safety, and wellbeing.
- Access to skills development and employment, in an organisation that promotes DEI and is committed to doing business in the right way.

“By empowering people and championing DEI, we contribute to local communities and strengthen our business.”

Outcomes

- Group-wide focus on health and safety, supported by mandatory training.
- Entry into new communities with the Viz Reflectives and OrthoLite acquisitions.
- Continuation of Coats Cares to deliver benefits tailored to local communities.
- Significant progress towards our 2026 and 2030 sustainability goals.
- Restricted Substances List (RSL) programme updated annually ensuring that our products do not present any risk to our customers and consumers. Application of our RSL is a requirement of our Group Supplier Code as all inputs into our processes have to be certified as compliant to our RSL, apart from a small number of industrial products with performance-driven exceptions that are approved at senior management level.

STAKEHOLDER ENGAGEMENT CONTINUED

Suppliers

How the Board Engaged/Received Feedback in 2025

- Regular reporting on key supply chain KPIs at every scheduled Board meeting.
- Group CEO updates on relevant supplier-related matters that should be brought to the attention of the Board.
- Insights from suppliers provided as part of divisional and regional strategic updates, which included consideration of supply chain issues and trends.
- Direct engagement with several key local suppliers during site visit to Indian operations.
- Review of Supplier payment terms and Supplier Code program (including consideration of the supplier audit process and training practices) undertaken by the Audit and Risk Committee.
- Review of Supplier decarbonisation programme undertaken by the Sustainability Committee.

What we Believe Matters to Suppliers

- Strategic alignment and growth opportunities.
- Quality and innovation.
- Fair contract and financial terms.
- Long-term relationships.
- Sustainability and the environment.
- Reputation for Doing The Right Thing.

“We continue to work to ensure reliable supply chains that meet our standards for compliance, innovation, quality and sustainability”

Outcomes

- 216 independent audits conducted by Bureau Veritas on Coats' behalf.
- Rollout of digital platform to enhance supplier ESG-compliance tracking.
- Review of contracts of significant value in line with Group Delegated Authorities Policy.
- Continuation of Doing The Right Thing campaign, supported by mandatory training, to enforce our zero-tolerance approach to any form of bribery, corruption or unethical behaviour in our operations and wider supply chains.
- Proactive management of risk of non-compliance with our Anti-Bribery and Anti-Corruption Policies by our upstream supply chain through our Group Supplier Code and associated Supplier audit programme.
- Regular review of key policies (i.e. Anti-Bribery & Anti-Corruption Policy, Competition Law Policy, Ethics code, Gifts & Entertainment Policy, Speak Up – Whistleblowing Policy and Undue Influence Policy).



S172 STATEMENT

Section 172 of the Companies Act 2006 requires the directors to promote the success of the Company for the benefit of its members as a whole, while having regard to the interests of its stakeholders in their decision-making (S172 Factors). When making decisions, the Board recognises the importance of considering the needs and priorities of our stakeholders to help determine what is most likely to drive sustainable, long-term value.

The ways in which the Board has engaged with our six principal stakeholder groups are outlined on pages 30 to 33, including what was learned from these engagements. The Board recognises the value of taking into account stakeholder views and the impact of the Company's activities on local communities, the environment and the Group's reputation.

Specific examples of Board decision-making, including how stakeholders were considered and how their input influenced outcomes, are shown on pages 35 to 36. Other information considered by the Board during 2025 relating to the S172 Factors is set out below:

S172 Factor	Relevant disclosures
a The likely consequences of any decision in the long term.	Group CEO's review (pages 6 to 11) Strategic enablers (pages 16 to 21) Principal risks and uncertainties (pages 38 to 46) Long-term viability statement (page 47) TCFD disclosures (pages 178 to 199)
b The interests of the Company's employees.	Business model (page 13) Sustainability KPIs (page 15) People and Culture (pages 28 to 29) Stakeholder engagement (page 31) The Board and culture (page 61)
c The need to foster the Company's business relationships with suppliers, customers and others.	Business model (page 13) Stakeholder engagement (pages 30 to 33) Operating Review (pages 22 to 24) Principal risks and uncertainties (pages 38 to 46)
d The impact of the Company's operations on the community and the environment.	Stakeholder engagement (page 32) Sustainability KPIs (page 15) Principal risks and uncertainties (pages 38 to 46) Directors' Report (SECR disclosures, pages 101 to 103) TCFD disclosures (pages 178 to 199)
e The desirability of the Company maintaining a reputation for high standards of business conduct.	People and Culture (pages 28 to 29) Non-Financial Information Statement (page 37) Principal risks and uncertainties (pages 38 to 46) Audit and Risk Committee Report (pages 66 to 71) Whistleblowing (page 100)
f The need to act fairly as between members of the Company.	Stakeholder engagement (page 31)

S172 STATEMENT CONTINUED

Examples of Board decision-making during the year and S172 Factors considered

Acquisition of OrthoLite

The Company has a well-established acquisition strategy which includes pursuing expansion into adjacent attractive markets to unlock long-term organic growth. As part of this strategy, the Group CEO provides regular updates on the M&A pipeline and activities at Board meetings.

OrthoLite is the global market leader in premium insoles. Following the acquisitions of Rhenoflex and Texon in 2022, the opportunity to purchase OrthoLite and accelerate Coats' strategy to create a Tier 2 supplier for footwear components was evaluated against clear acquisition criteria. The Board considered the need to act fairly as between members of the Company in relation to the funding of the acquisition.

Stakeholders

-  Communities
-  Customers
-  Employees
-  Environment
-  Shareholders
-  Suppliers

Key stakeholder considerations

- Price and funding mechanisms.
- Short- and medium-term growth case, including expected annualised cost synergies and enhanced Group EBIT margins, with EPS accretion expected from 2026.
- Long-term strategic rationale, particularly expansion into the high-growth premium insole segment and OrthoLite's strong sustainability credentials.
- Product fit and the opportunity to leverage the Company's experience in successfully delivering synergies from previous footwear acquisitions.
- Cultural fit, people and leadership skills, and long-term capability building.
- Significant customer, operational and route-to-market overlap, offering opportunities for accelerated growth through innovation and cross-selling.
- In assessing the overall deal, the Board considered the risks and opportunities offered by the acquisition and concluded that the acquisition would be beneficial for the Group and its stakeholders.

Outcome:

On 16 July 2025, the definitive agreement to acquire OrthoLite was announced. On 29 October 2025, the acquisition was completed following receipt of all required regulatory clearances. Post-completion, the Directors received regular updates on integration from a strategic, financial, operational and cultural perspective in order to evaluate the ongoing impact on stakeholders post-acquisition.

Capital Raise

Evaluation of the potential funding mechanisms available to the Company to purchase OrthoLite required assessment of both equity and debt options to determine the appropriate mix.

The Board noted that it had the authority granted by shareholders at the 2025 AGM to issue up to 19.99% of issued share capital on a non-pre-emptive basis. The Board carefully considered the need to act fairly as between members of the Company in relation to the funding of the acquisition, and analysed the benefits of launching a retail offer.

The Board considered the available debt financing options from existing lenders.

The Directors also considered the implications of proceeding with the capital raise if the acquisition did not complete.

-  Shareholders

- The capital raise was not conditional upon any further approval by shareholders.
- Where possible, the Company's major institutional shareholders were consulted on both the acquisition and the share capital increase, to minimise execution and market risk, cost, time to completion and use of management time.
- The consultation process confirmed the Board's view that the share capital raise and the acquisition were in the best interests of shareholders, as well as wider stakeholders in the Company.
- Directors listened to the views of shareholders on the acquisition price, potential funding methods and their impact on leverage and potential dilution impacts. Directors carefully considered these balances through the decision process.
- A retail offer provided retail investors with the opportunity to participate.
- The Directors and management were able to participate in the share capital raise.

Outcome:

The Directors confirmed that, if the acquisition did not proceed, it was their intention that the net proceeds of the share capital raise would be invested on a short-term basis while they evaluated other uses of the proceeds (which may have included other acquisition opportunities) or a return of capital.

Concurrent with the announcement of the acquisition of OrthoLite, on 16 July 2025 the Company announced a proposed capital raise and retail offer. The capital raise resulted in gross proceeds of approximately £246 million, with strong support from existing shareholders and participation by the Directors and management.

S172 STATEMENT CONTINUED

Examples of Board decision-making during the year and S172 Factors considered

Change of organisational structure

Following the exit from the non-core US Yarns business and the acquisition of OrthoLite, the Board considered the appropriate organisational structure to reflect the new profile and scale of the Group's core businesses and the impact of these in the long-term to meet the Company's ambitions for sustainable growth.

The Board emphasised the need for the structure to enable the business to focus on key priorities, while concurrently effectively integrating OrthoLite without disrupting day-to-day delivery and execution.

Stakeholders

-  Communities
-  Customers
-  Employees
-  Environment
-  Shareholders
-  Suppliers

Key stakeholder considerations

- The structural and operational improvements in Performance Materials which had delivered substantial margin progression and a return to organic growth.
- Cost synergies.
- Operational matters, including changing footprint of operations and the associated impact on local communities and environmental performance.
- Synergies from aligning underlying technologies.
- The benefits of reducing internal operating complexity for both internal and external stakeholders.
- Potential for further deepening relationships with customers and suppliers, accelerating innovation and delivering greater value.

Outcome:

The new two-division organisation structure was announced on 30 October 2025. Adrian Elliott would continue to lead the Apparel Division, which now included Personal Protection and Performance Threads businesses (c.80% of Performance Materials). Pasquale Abruzzese would lead the enlarged Footwear Division, which included Telecom & Energy business (c.20% of Performance Materials) as well as OrthoLite.

It was also confirmed that the Company's external reporting would align to this new structure with effect from the financial year ending December 2026.

NON-FINANCIAL & SUSTAINABILITY INFORMATION STATEMENT

The below table outlines how Coats meets the Non-financial Information and Sustainability reporting requirements contained within the Companies Act 2006.

Further disclosures can also be found in Coats 2025 Sustainability Report.

Reporting Requirement	Annual Report Section	Page(s)	Related policies and standards
Environmental matters, including the impact of the business on the environment and climate-related disclosures	– Stakeholder Engagement	32	– Environmental Policy
	– Section 172 statement	34 - 36	– Climate Change Policy
	– Principal risks and uncertainties	38 - 46	– Supplier Code
	– Directors' report	99 - 104	– Restricted Substances List
	– TCFD statement	178 - 199	
	– Also see 2025 Sustainability Report	Available from Coats.com	
Employees	– People and Culture	28 - 29	– Key People Principles
	– Section 172 section	34 - 36	– Health and Safety Policy
	– Principal Risks and Uncertainties	38 - 46	– Global Employment Standards
	– Directors' Report	100	– Speak Up – Whistleblowing Policy
			– Gifts and Entertainment Policy
			– Ethics Code
Social and community matters	– People and Culture	28 - 29	– Charitable Donations Policy
	– Section 172 section	34 - 36	
	– Also see 2025 Sustainability Report	Available from Coats.com	
Respect for human rights	– Principal Risks and Uncertainties	40	– Ethics Code
	– Also see 2025 Sustainability Report	Available from Coats.com	– Living Wage Policy
			– Modern Slavery Statement
			– Supplier Code
			– Conflict Minerals Code
Anti-bribery and corruption	– Stakeholder Engagement	33	– Competition Law Policy
	– Principal risks and uncertainties	46	– Ethics Code
	– Audit and Risk Committee Report	66 - 71	– Key People Principles
	– Also see 2025 Sustainability Report	Available from Coats.com	
Business model	– Group CEO's review	6 - 11	
	– Business model	13	
	– Financial review	25 - 27	
Principal risks and uncertainties	– Principal risks and uncertainties	38 - 46	
Non-financial key performance indicators	– Strategic report – Sustainability key performance indicators	15	

Principal Risks and Uncertainties

MANAGING RISKS FOR SUSTAINED PERFORMANCE

Effective risk management is integral to better decision-making; it protects our business and supports our sustainable, long-term growth.

Risk management

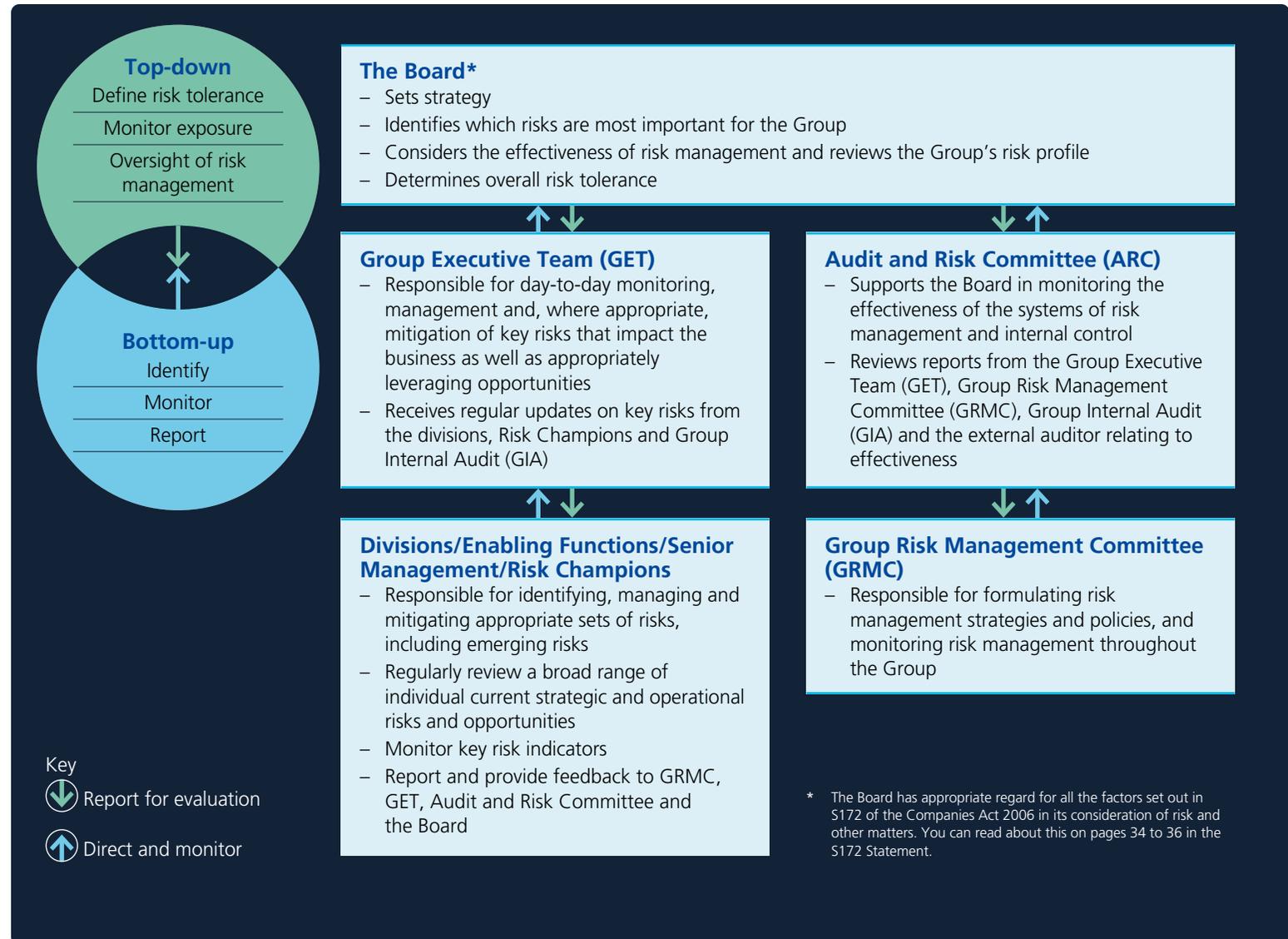
Our risk framework is built on a holistic approach to risk management, ensuring that risks are identified, evaluated, managed, and monitored in a consistent and proportionate manner across operations. This framework also facilitates the effective identification and leverage of opportunities. It is integrated with the Group’s internal control and compliance policies and is supported by both internal and external audit programmes. Risk monitoring is informed by a combination of internal insights and external data sources.

The framework is structured around five categories of principal risks – strategic, external, climate, operational and legacy – as well as key and emerging risks.

We believe that the strategic and operational benefits of proactive risk management are best realised when risk processes are closely aligned with the organisation’s strategic objectives and day-to-day operations. To support this, our risk-related ways of working are reviewed regularly to ensure they remain robust, relevant and fit for purpose within an increasingly dynamic macro-environment.

The Board retains overall responsibility for the stewardship of the Group’s system of risk management and internal control.

Climate-related risks, impacts and mitigating actions assessments form part of our Task Force on Climate-related Financial Disclosures (TCFD) (see page 178).



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

We use a ‘three lines of defence’ framework to strengthen our risk and internal control practices by ensuring that roles are clearly defined and supported through transparent reporting structures and delegated authorities. Aligned with this framework, the Group applies both a top-down and bottom-up approach to managing risk.



Responsibilities Within the Risk Framework

A summary of risk management responsibilities is set out in the diagram on page 38 with further details set out below.

The Board:

- retains overall ownership and accountability for risk management
- determines the nature and scope of the principal, key and emerging risks
- sets risk tolerance
- directs the external reporting of risk and viability
- ensures the Directors have the appropriate skills, knowledge and experience to carry out their risk-related duties effectively

Audit and Risk Committee (ARC)

- monitors, oversees and reviews the effectiveness of the risk management and internal control systems and processes implemented across the Group, and has confirmed to the Board that these all operated effectively during 2025

Read more about the ARC’s activities relating to risk management and internal controls on page 69.

Group Executive Team (GET) / Group Risk Management Committee (GRMC)

- responsible for operational delivery of the Group’s strategy, including day-to-day management of operations and detailed monitoring of performance of all aspects of the Group’s business
- considers risk reports from divisions/Risk Champions/GIA and undertakes timely and responsive risk assessment, resulting in agile action-taking, and reports to the Board as appropriate

The GRMC comprises all members of the GET and meets regularly.

Divisions/Enabling functions

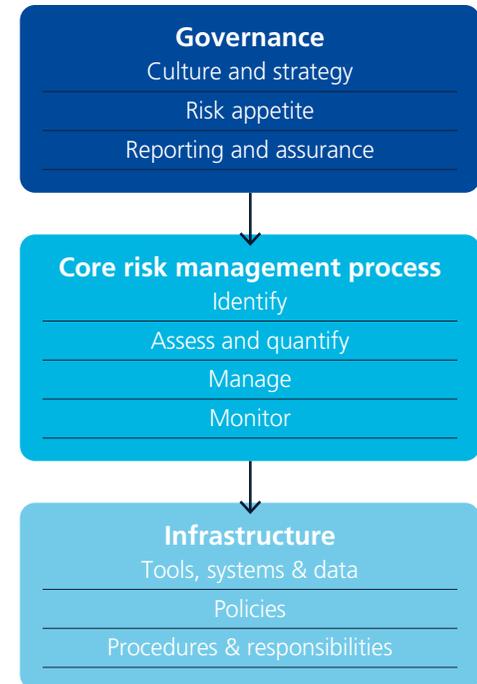
- Apparel and Footwear Leadership Teams are responsible for monitoring division-level risk, and implementing and maintaining an effective risk and control environment as part of day-to-day operations
- Enabling functions support and advise the divisional teams as appropriate

Group Internal Audit (GIA)

- embeds the relevant Group risks in their audit process by aligning review criteria with the Group Risk Register as well as the Key Control Framework (including areas such as anti-bribery and corruption, sustainability, health and safety and IT/cyber security)
- reviews units and functions on a risk prioritised basis, with appropriate focus on key markets
- reports findings to management and the ARC
- presents the results of the semi-annual risk questionnaire to allow the ARC to consider any exceptions or risks arising from operations

Group Head of Ethics & Risk

- reviews the Group Risk Register and unit and divisional risk registers regularly
- assesses the risk management practices in divisions, including: the frequency and adequacy of local risk management committee discussions; the risks identified and discussed; and the completion of the actions contained in the risk registers.



Risk Tolerance

Taking risk is an inherent and unavoidable aspect of conducting business. Accordingly, Coats’ risk management strategy does not seek to eliminate all risk, but rather to ensure that robust and effective mechanisms are in place to identify, assess and manage the risks to which the Group is exposed and appropriately leverage any related opportunities. It is imperative that our risk tolerance is clearly considered across each risk category, enabling a clear understanding of the level of risk the Group is prepared to assume in pursuit of its strategic objectives and the associated potential returns.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

The Board assesses the emerging, key and principal risks facing the Group, along with the risk trends and levels of risk tolerance for each of those risks using the four categories set out below on at least an annual basis.

Very risk averse	Where we are very cautious and seek to minimise the financial and reputational risk as far as possible. Mitigation costs are accepted albeit that they might exceed the potential loss.
Risk averse	Where we are cautious and seek to reduce the financial and reputational risk. Mitigation actions are proportional and based on cost-effectiveness.
Somewhat risk tolerant	Where we are willing to take some financial and reputational risk to achieve our objectives. Mitigation actions are again proportional and based on cost-effectiveness.
High degree of risk tolerance	Where we are willing to take significant financial risk to achieve our objectives. Mitigation involves an active management of risk-return trade-offs.

The Board appropriately considers the views of a range of stakeholders, including management and shareholders, when it considers the appropriate level of tolerance.

Changes in Risk Trend

The Board recently reviewed the risk trends for all current principal and key risks. Any changes to risk trends for principal risks are set out on pages 41 to 46. Risk trends for certain key risks were adjusted to reflect the current assessment of the risk environment within which each of those risks sits.

The Directors considered risk trends in light of the OrthoLite acquisition, and concluded that no further changes were required at this time but that this would remain under review.

Emerging Risks

We define emerging risks as risks that are considered potentially significant but are still in the relatively early stages of their evolution. We conduct horizon-scanning activities to identify developing trends and external events that could materially impact our industry or our business, from both a risk and opportunity perspective. This enables the GET to anticipate changes in the operating environment and take appropriate action.

Our bottom-up reviews incorporate emerging risk factors identified at unit and divisional level and are further informed through consultation with internal and external subject-matter experts. The emerging risks identified through these processes are subsequently reviewed by the GRMC, the GET and the Board.

During 2025, emerging risks – particularly those relating to Technology-related risks and opportunities – were closely monitored and assessed as part of these review cycles.

The Board continues to monitor the evolution of emerging risks and reassesses the landscape at least twice a year, taking into account the processes described above.

Modern Slavery

The Board approves the Group's Modern Slavery Statement on an annual basis. We remain committed to: addressing the potential risks of modern slavery and human rights abuses; acting in an ethical manner with integrity and transparency in all business dealings; and investing in the creation of effective systems and controls across the Group to safeguard against adverse human rights impacts. Our Modern Slavery Statement is available from coats.com.

Examples of Key Risk Management Developments in 2025

- Review of principal, key and emerging risks, risk trends and risk tolerances in context of OrthoLite and change to organisational structure.
- Initiated refresh of risk definitions used within unit and divisional risk registers to determine categories of risk and the associated parameters of those risks. This refreshed lens will continue to be used during 2026.
- Refresh of key risk indicators matrices for a range of risks including Operational and Infrastructure-related risks, Bribery and Anti Competitive-related risks, and Product Liability-related risks.

- Group-wide focus on reviewing and enhancing material controls environment in preparation for Provision 29 of the UK Corporate Governance Code 2024, becoming effective as of 1 January 2026. In partnership with PwC, the Controllership function has evaluated the evolving control environment and the adequacy of assurance activities. There has been regular reporting to the ARC.
- Cyber Security and Digital & Technology risk management reviews to assess the status of current risks and mitigation plans undertaken by GIA, supported by experts from BDO, with regular reporting to the ARC.

All such discussions: considered risks in isolation; considered the correlation between risks, and likelihood of one risk occurring at the same time as another or even triggering it; and considered the potential combined impact should that occur, along with any further mitigating actions that could be taken.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Key



Stable



Increasing

Our 11 principal risks, along with a summary of any changes to risk descriptions and/or risk trends, the measures we have put in place to manage and mitigate or leverage these risks and any related opportunities, are set out in the table below.

As stated above, the Board will continue to keep the management and mitigation of these principal risks, as well as the appropriateness of this list and the constantly changing broader risk environment, under ongoing review.

Principal risk	Action/mitigation
1. STRATEGIC	
<p>M&A programme ambition risk in light of Group's increasing ambition in scale of its acquisition programme and its ability to source, satisfactorily acquire and integrate suitable targets</p>	<ul style="list-style-type: none"> – Texon and Rhenoflex form Structural Components subdivision within Footwear Division and are fully integrated. – OrthoLite forms its own insoles subdivision within Footwear Division. Integration is progressing with strategic initiatives being appropriately prioritised. – Group strategic M&A agenda is overseen by experienced in-house specialists, ensuring activity remains aligned with both Group and divisional priorities. – A disciplined, prioritised opportunity pipeline is maintained, supported by internal expertise and external advisers, using clear evaluation criteria linked to Group strategic focus areas. – Constructive engagement with potential targets is pursued where appropriate, enabling early opportunity assessment and development of long-term relationships. – Proportionate, structured due diligence is carried out on prospective acquisitions, supported by specialist external advisers who provide comprehensive review functions and robust, cross-functional integration planning. – Clear accountability for initiation and approval of M&A activity is set out within Group Delegated Authorities Policy and Group M&A Process. – An established integration framework, led by internal M&A experts, supports consistent post-completion delivery, with progress and expected synergies monitored closely. – Board and GET receive regular updates covering opportunity pipeline activity, transactional progress and integration performance, ensuring effective oversight.
<p>Risk trend:</p>	
<p>Link to strategy</p> <ul style="list-style-type: none"> – Accelerate profitable sales growth – Transform the business – Create value 	

Principal risk	Action/mitigation
<p>Risk of ever-increasing customer product and sustainability expectations and Group's continuing ability to meet and exceed those expectations as part of its strategic growth and sustainability ambitions</p>	<ul style="list-style-type: none"> – OrthoLite provides strong alignment across customers, channels and operational footprint, and opportunities to accelerate growth through innovation and cross selling. – Commercial Excellence workstream introduced new customer segmentation modelling to enable more tailored value propositions and deeper customer engagement. – Launch of Commercial Academy embeds enhanced customer service training and drives greater consistency and quality across markets. – \$15m incremental revenue delivered from breakthrough innovation in 2025, primarily in Safety Fabrics and Energy.
<p>Risk trend:</p>	<ul style="list-style-type: none"> – Ongoing investment in core technology platforms – textile engineering, surface science, polymer science, fire science and colour science – strengthens capabilities across global Innovation hubs and spokes, and supports entry into adjacent markets.
<p>Link to strategy</p> <ul style="list-style-type: none"> – Accelerate profitable sales growth – Create value 	<ul style="list-style-type: none"> – Continued enhancement of customer-facing software and proprietary applications to improve customer experience. ShopCoats now includes enhanced sample functionality and GSDQuest, launched in 2025, uses generative AI to automate processes. – Regular engagement with customers across all organisational levels is supported by well-established communication channels and structured review forums. – Continuous monitoring of trends with potential to influence industry dynamics is undertaken at Group and divisional level, with insights tracked, assessed and escalated through established reporting processes. – Strong focus on maintaining an agile, resilient supply chain network ensures reliable service and swift responsiveness to evolving customer needs. – Ongoing emphasis on customer service and product quality delivers globally consistent, safe and trusted products that reinforce long term customer partnerships. – Notable progress in development of sustainability-led innovations supporting advancement towards 2030 sustainability goals, with launch of Coats Textile-to-Textile Epic™ and Gramax, and expansion of Gotex Xtru™.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risk	Action/mitigation
<p>Risk of failure to develop diverse and inclusive set of talent and capability to ensure robust succession planning for critical roles in organisation given ever-evolving business and external environment</p> <p>Risk trend:</p> 	<ul style="list-style-type: none"> – Global talent strategy developed and implemented to strengthen talent capabilities required to deliver 2030 strategy. – Assertive external talent acquisition approach adopted to build leadership pipeline bench strength and support long term succession needs. – Succession plans for senior and critical roles reviewed regularly at GET and Board meetings, ensuring robust oversight of future leadership planning. – Organisational structure simplified from three business units to two, creating broader development roles for internal talent and supporting progression into management board level positions. – Acquisition of OrthoLite adds further depth to talent pool across Coats. – Internal talent reviews conducted by GET identify high potential individuals and establish tailored development actions. Reviews discussed at least annually at Nomination Committee and Board. Variable pay incentives maintained, benchmarked and overseen by Remuneration Committee, with alignment to both Group and individual performance, and appropriate calibration of individual outcomes. – Formal performance cycle in place with clear objectives and individual development plans agreed between each employee and leader, incorporating both structured learning and experience-based development opportunities. – Employee engagement remains central to HR strategy. Partnership with Great Place To Work® (GPTW) and structured review of internal employee feedback provide comprehensive insights and inform action plans addressing priority themes. Actions tracked, with updates provided to Board annually. In 2025, Coats achieved GPTW certification across 23 countries, representing 99% of workforce. – Regular cultural monitoring activity and people-focused initiatives continued during 2025, with key focus areas including recognition and appreciation, belonging and DEI, well-being, philanthropy and role-appropriate flexibility.
<p>Link to strategy</p> <ul style="list-style-type: none"> – Accelerate profitable sales growth – Transform the business – Create value 	

Principal risk	Action/mitigation
<p>2. EXTERNAL</p> <p>Economic and geopolitical risk arising from significant macro-economic and demand uncertainty – across both key Asian and developed markets – including risk to free trade conventions and risk of tariffs and retaliatory actions leading to decrease in consumer confidence and spending – as well as global inflationary pressures and ongoing geopolitical developments</p> <p>Risk trend:</p> 	<ul style="list-style-type: none"> – Strength of Coats' global footprint supports continuity of service, with flexible production capability enabling customers to source from preferred locations. Active global supply chain management helps maintain operational resilience during volatile conditions. – Strong, long-standing customer partnerships are supported by local operational presence, technical expertise and consistent product quality. – Ongoing focus on differentiation through consistency, quality, innovation and sustainability strengthens customer value and competitive positioning. – Regular monitoring of legal and regulatory developments at Group and unit level, supported by external legal advisers where required. – Strategic analysis and scenario planning conducted at Group and divisional level use established modelling processes to assess impacts of potential shifts in external environment, including changes in global tariff regimes. – External consultants, specialist data sources and analytical systems are used (where appropriate) to supplement internal assessments and provide robust stress testing. – Regular and timely updates are provided to GET and Board to support informed and responsive strategic decision making. – Continuous review of potential strategic levers, including efficiency opportunities within cost base. – Central hedging activity and active currency-monitoring help manage FX volatility. – Bank financing remains accessible, supported by strong liquidity and substantial covenant headroom. – Appropriate insurance cover is maintained to mitigate financial impact of specific risk exposures.
<p>Link to strategy</p> <ul style="list-style-type: none"> – Accelerate profitable sales growth – Transform the business – Create value 	

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risk	Action/mitigation
<p>Risk of cyber incidents leading to corruption of applications, critical IT infrastructure, compromised networks, operational technology and/or loss of data</p> <p>Risk trend:  *</p> <p>Link to strategy</p> <ul style="list-style-type: none"> – Transform the business <p>* Risk trend for Cyber risk has increased from 'stable' to 'increasing' as a result of external threat environment.</p>	<ul style="list-style-type: none"> – Cyber Security Team responsible for all aspects of security across Coats' global organisation and is appropriately resourced. New Chief Information Officer and Chief Information Security Officer appointed in 2025, with full review of cyber-related processes, risks and mitigations underway, and identified enhancements progressing at pace. – Cyber Security and Digital & Technology risk-management reviews assessed status of current risks and mitigation plans in 2025. These were undertaken by GIA, supported by experts from BDO, with regular reporting to ARC. – Cyber Security Steering Committee oversees strategy, investment and delivery, with progress monitored throughout year. GRMC, ARC and Board receive regular progress updates. – Group-wide control areas, supported by maturing capabilities across Endpoint Detection and Response, Internet and Email Security Protection, Identity and Access Management, and ongoing education and awareness programmes, strengthen our ability to detect and mitigate threats in real time. – Communications and training initiatives, including phishing simulations and protection of key systems, further enhance operational resilience, support business continuity, and reduce potential impact of future cyber threats. – New controls introduced during 2025 include strengthened cloud security measures, network segmentation and regular phishing simulations. These initiatives will continue to mature through 2026. – Coats takes a proactive approach to managing risks associated with emerging artificial intelligence technologies, ensuring they are adopted responsibly to support safe, efficient and sustainable operations. – AI governance framework agreed with clear responsibilities defined for Board, ARC, GET, GRMC, Cyber Security Steering Committee and AI Governance Sub-Committee. – Group AI policy developed with enhancements planned for 2026, with tracking of generative AI and machine learning applications across divisions. – Board attended AI discussion hosted by external lawyers and attended by experts to discuss evolution of AI and industry implications.

Principal risk	Action/mitigation
<p>Risk of supplier non-performance, unavailability and/or price increases of raw materials, labour and freight and/or logistical challenges causing major disruption to Coats' supply chain and/or reputational damage as result of non-compliance with Group's ethical standards</p> <p>Risk trend: </p> <p>Link to strategy</p> <ul style="list-style-type: none"> – Accelerate profitable sales growth – Transform the business – Create value 	<ul style="list-style-type: none"> – Group maintains policy of securing strategic supply arrangements that balance cost efficiency with supply chains localised to production teams. – Contingency planning undertaken at Group and divisional level, supported by scenario analysis and continuity planning, with stocking policy adjustments implemented where required to ensure robust and reliable supply chain performance. – Supply chain strategy focuses on enhanced resilience, with optimised inventory management strengthening agility and flexibility against unforeseen shortages or market shifts. – 2025 focus on on-boarding new suppliers for recycled materials in line with Group strategic priorities, and relationships developed with Tier 1 and Tier 2 suppliers to enhance risk monitoring. – Global geopolitical and macro-economic factors monitored continuously to identify emerging risks and support timely engagement with key suppliers, enabling stock security and activation of alternate freight options where required. – All suppliers required to commit to compliance with Group Supplier Code as a condition of doing business with Coats, with mandatory on-site audits for suppliers above defined spend threshold or within high-risk categories. – In person and virtual workshops delivered to suppliers to strengthen understanding of, and compliance with, Group Supplier Code. – Programme of targeted audits continued during 2025 for high-risk suppliers. Bureau Veritas conducted 216 independent audits during 2025 on Coats' behalf.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risk	Action/mitigation
<p>Environmental non-performance risk given changing standards, increasing scrutiny, customer and investor demands and scale of Group's own self-imposed standards and ambitions, creating commercial, financial and reputational risks as well as opportunities</p> <p>Risk trend:</p> 	<ul style="list-style-type: none"> – Continued delivery against 2026 sustainability targets, with 2025 performance across all metrics remaining fully on track. – Leadership structure enhanced for environmental performance. – Zero Waste to Landfill* achieved across all business units, delivering 2026 commitment one year ahead of plan. – Independent assessment of Coats' environmental performance conducted by external Environment, Health & Safety (EHS) specialist, including visits to key manufacturing locations in Mexico, Turkey and Honduras. – Updated and expanded restricted substances list rolled out across operations, ensuring only approved chemistry is supplied to and used within any manufacturing facility globally. – Robust chemical management procedures implemented and maintained across all operational sites, complemented by drills and simulations to prepare site teams for real life scenarios, such as chemical spills and hazard identification. – Regional Environmental and Compliance Management structure tracks and implements new and revised legislative requirements using subscription-based environmental management software. – Permit management system maintained for permits and licences held in each country where Coats operates. – Annual sustainability assessment completed by all 31 apparel and footwear manufacturing units using Higg FEM, with independent verification completed for 30 units. Assessment covers environmental management systems, energy, GHG emissions, water, waste, wastewater, air emissions and chemical management. – Transparent reporting of root cause analysis, and corrective and preventative actions for environmental incidents via global software platform. – All facilities with direct effluent discharge into natural waterways equipped with online monitoring of key water quality parameters, ensuring compliance with local permit conditions and more stringent Roadmap to Zero effluent standards.
<p>Link to strategy</p> <ul style="list-style-type: none"> – Transform the business 	

* Excluding medical and asbestos waste.

Principal risk	Action/mitigation
	<ul style="list-style-type: none"> – Global Business Continuity Plans incorporate environmental emergency preparedness and response. Environmental risks tracked using environmental aspects and impacts management system, with environmental management plans delivered through DMAIC workstreams involving key stakeholders. – Further information on sustainability strategy provided in annual Sustainability Report (coats.com/sustainability).
<h3>3. CLIMATE</h3>	
<p>Climate change risk arising from either (i) impact of failing to sufficiently address need to decarbonise Company's operations and reduce emissions (including potentially as result of energy security challenges and inability to access sufficient renewable energy in relevant locations), leading principally to commercial and reputational risks and financial risk of emissions taxes or other legislative changes, or (ii) physical impact of climate change on Company's operations and business model and that of its customers in textile supply chain</p>	<ul style="list-style-type: none"> – GET, supported by Group Sustainability function, holds responsibility for oversight of environmental data reporting across business and for driving sustainability strategy and climate risk management processes. Board and Sustainability Committee provide strategic oversight and monitor execution of Company sustainability initiatives. ARC reviews processes for external reporting of environmental data. – A- rating received from CDP for climate, reflecting strong focus on, and leadership in, climate ambition and action. – Climate-related risks and opportunities evaluated for materiality and impact across short-, medium- and long-term horizons under multiple climate scenario pathways. – Climate-related training introduced for Sustainability Committee, including a specialist session delivered by Sir David King, former UK Government Chief Scientific Adviser and Head of Climate Crisis Advisory Group. – Assessment of physical climate risks completed using Munich Re Location Risk Intelligence Tool, enabling evaluation of a wide range of physical risk exposures for geo-tagged locations globally. Assessment covered all manufacturing units, irrespective of production volume, across risks including flood exposure, drought stress, extreme heat and precipitation stress. – 62% of electricity sourced from certified renewable suppliers in 2025, supporting delivery of a 30% reduction in Scope 1 and 2 emissions versus 2022 baseline. Coats continues to exceed progress required for 2030 SBTi approved Scope 1 and 2 emissions targets.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risk	Action/mitigation
Risk trend: 	<ul style="list-style-type: none"> – Membership of Cascale (formerly Sustainable Apparel Coalition) commenced in 2025, accompanied by launch of supplier decarbonisation programme using Cascale’s Higg FEM tool to evaluate strategic supplier environmental performance with emphasis on emissions reduction. – Net Zero transition plan developed, outlining key action areas required to deliver Coats’ SBTi-approved 2050 Net Zero target. – Further information on sustainability targets available in 2025 Sustainability Report (www.coats.com/sustainability). – Quantification and mitigation of climate-related risks and opportunities continue to follow TCFD Recommendations set out in Recommendations of Task Force on Climate-related Financial Disclosures (2017), supported by additional guidance from Implementing Recommendations of Task Force on Climate-related Financial Disclosures (2021). – Full details of 2025 TCFD disclosures provided in TCFD section of this Annual Report (pages 178 – 198), with disclosures also consistent with UK Companies Act requirements 414CA and 414CB.
Link to strategy <ul style="list-style-type: none"> – Accelerate profitable sales growth – Transform the business – Create value 	

Principal risk	Action/mitigation
4. OPERATIONAL	
Health & Safety risk – risk of (i) safety incident(s) leading to injury or fatality involving our employees or other interested parties such as contractors, visitors, on-site suppliers, etc. along with potential resulting prosecution, financial costs, business disruption and/or reputational damage; and/or (ii) physical and mental health issues impacting well-being, engagement, productivity	<ul style="list-style-type: none"> – Group CEO holds responsibility for health and safety across Group and provides reports at every Board meeting, supporting Board oversight of positive and proactive safety culture with strong focus on injury prevention. – Health and Safety “red lines” established as Company-wide non-negotiable rules, supported by comprehensive communication plan and global launch campaign. – Coats Health and Safety Peer Review Audit programme strengthened, with Peer Review Audits completed at 15 Priority sites and audit team capability enhanced targeted training. – New Safety Walk programme developed and initiated to increase span of control and enhance leadership engagement on shop floors. – Standardised training uplift delivered, including NEBOSH and IOSH programmes for key site and functional leaders. – Behaviour-Based Safety programme launched globally to build strong, consistent safety culture across all sites. – Machinery safety capability increased through updated assessments, strengthened guarding standards and specialised training delivered by external experts. – Digitalised Annual Fire Safety Building Inspection implemented to support improved audit consistency and data capture. – Intenseye AI platform integrated with Power BI to report Compliance Score and Critical Alert Count. Alert management functions enhanced and training delivered to more than 100 platform users. – Powered Industrial Truck procedure updated and supported by new training documentation and one page manager guide. Targeted training delivered to ensure effective rollout. – All Health and Safety procedures migrated into global document inventory, with chatbot functionality introduced for HSE personnel to support ease of access and improved document interaction. – Incident learning archive created to convert historical accident data into practical insights supporting safer operations. – More than 580,000 hours of health and safety training completed across global workforce.
Risk trend:  **	
Link to strategy <ul style="list-style-type: none"> – Transform the business 	
<p>** Risk trend has decreased from “increasing” to “stable” in light of actions taken by management and the pattern of the various metrics presented to the Board regularly throughout 2025.</p>	

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risk	Action/mitigation
<p>Legal and regulatory compliance risk – risk of breach of law in relation to areas such as anti-corruption, competition, sanctions, chemical compliance and ESG regulatory and reporting requirements, resulting in material fine(s) and/or reputational damage*</p> <p>* Risk description has been refined in 2024 to include reference to (i) chemical compliance and (ii) ESG regulatory and reporting requirements, given ever-increasing number and scope of such requirements</p> <p>Risk trend: </p> <p>Link to strategy</p> <ul style="list-style-type: none"> – Accelerate profitable sales growth – Transform the business 	<p>During 2025, an in-depth review, supported by PwC, was conducted of Group material controls as part of preparations for implementation of Provision 29 of UK Corporate Governance Code 2024 with appropriate review of Key Control Framework. In addition, Group's control framework was reviewed against best practice (identified through World's Most Ethical Companies™ benchmarking process). This included legal and regulatory compliance risk and informed enhancements to Group control framework, including to comprehensive corporate governance and compliance policies and procedures at both Group and unit level.</p> <ul style="list-style-type: none"> – Group Legal publishes a semi-annual Horizon Scanning document, highlighting new or forthcoming relevant legal and regulatory matters which may be relevant to business. In addition, bespoke regulatory and governance updates are shared with Board and its Committees. – In compliance with Economic Crime and Corporate Transparency Act 2023, comprehensive unit and function level risk assessment completed to identify material risks linked to failure to prevent fraud offence. Resulting actions included: creation of Fraud Risk Register; strengthening of controls across finance, procurement and agent engagement; update of policies; and targeted fraud-prevention training. – Workshops conducted to assess and document CSRD-related risks and compliance requirements, supported by consultancy firm CEN ESG and supplemented by training for Sustainability Committee. – Group policies covering Ethics at Work, Anti Bribery, Competition Law, Sanctions, Gifts & Entertainment, Cyber Security, Data Protection and Anti Slavery updated to incorporate new requirements and best practice, with translations rolled out across 23 employee languages.

Principal risk	Action/mitigation
	<ul style="list-style-type: none"> – Mandatory compliance training suite refreshed for delivery via bite-size Arist platform, ensuring annual completion by relevant employees and all new starters. Targeted training delivered for specialist areas including health and safety "red lines", chemical compliance, RSL, data protection, anti bribery and sanctions. – Global Doing The Right Thing programme used to highlight priority compliance risks, supported by local ethics champion network. 2025 focus areas included Data Protection, Ethics Code, Health and Safety, Sustainability and Fraud Prevention, with Global Ethics Day activities centred on Anti bribery. – Compliance verification maintained through sanctions checks for all new customers and vendors, semi-annual unit level compliance reviews and GIA regulatory compliance audits. During 2025, GIA completed seven market audits. – Whistleblowing arrangements maintained through dedicated email address and confidential multilingual web-based reporting platform, with reporting to GRMC and ARC.
5. LEGACY	
<p>Lower Passaic River legacy environmental matter</p> <p>Risk trend: </p> <p>Link to strategy</p> <ul style="list-style-type: none"> – Transform the business 	<ul style="list-style-type: none"> – Board continues to monitor developments very closely. – Board approved strategy in relation to Lower Passaic River proceedings.

LONG-TERM VIABILITY STATEMENT

In accordance with Provision 31 of the revision of the UK Corporate Governance Code 2024, the Directors have assessed the longer term viability of the Group over the period to December 2028. The Directors' assessment has been made with reference to the Group's current position and prospects, as detailed in the Strategic Report. This takes into account the Group's business model, strategy, approach to allocating capital and the potential impact of the principal risks and how these are managed. The Directors have also considered committed finance facilities which, following the refinancing exercises concluded in August and December 2024 and the acquisition of OrthoLite, have maturities which range from October 2026 through to 2034.

The Group's strategic objectives and associated principal risks are underpinned by an annual budget and Medium Term Plan process, which comprises financial projections for the next three years (2026–2028). The Medium Term Plan represents a common process with standard outputs and requirements at the Group level. The Board reviews and challenges the Medium-Term Plan annually. Although this period provides less certainty of outcome, the underlying methodology is considered to provide a robust planning tool against which strategic decisions can be made.

The Directors consider that the three year period considered by the Medium Term Plan reflects an appropriate period over which its business and investment cycles, as well as its

prospects, can be considered. The Medium-Term Plan and the severe but plausible downside scenarios (as set out below) both consider the implications of risks around sustainability and climate change over the three year assessment period. Longer term implications and prospects, including both risks and opportunities, of climate change have been considered as part of the Task Force on Climate-related Financial Disclosures report.

The Directors have taken into account the Group's current position and the potential impact of the principal risks set out on pages 38 to 46 as well as other risks that could crystallise during the medium term. The Directors have considered a range of severe but plausible scenarios that explore the Group's resilience to the potential impact of the principal risks as set out on pages 38 to 46 as well as other risks that could crystallise during the medium-term.

After assessing the potential impact of the principal risks, the specific areas considered as part of the severe but plausible scenarios include:

- Sales growth is lower than expected throughout the assessment period, with reduced margins and cash generation. Lower sales growth could result from a prolonged industry de-stocking cycle, lower demand because of macro-economic uncertainties, escalation in geopolitical tensions, resurgence of Covid or similar pandemic with resulting lockdowns and subsequent supply chain

challenges, as well as Coats being unable to meet customer expectations (including sustainability targets); and

- Supply chain challenges cause unavailability and/ or price increases of raw materials, labour, freight and/or logistical challenges causing major disruption to Coat's supply chain.

The Directors have also taken into account a number of assumptions that they consider reasonable within these assessments including:

- The assumption that funding facilities will continue to be available throughout the period under review: the core US private placement borrowings are due between 2027 and 2034, the revolving facility matures in 2028, following the approval of the first of two one-year extensions in 2025. During the assessment period it has been assumed that the US private placement borrowings maturing in December 2027 and February 2028 are successfully refinanced and the term of the revolving facility, maturing in August 2028, is successfully extended for a further year. The term loan and bridge facility used to fund the acquisition of OrthoLite mature in August 2028 and October 2026 respectively. The term loan can be extended for 1 year with bank consent, the bridge facility can be extended twice by 6 months, at Coats Option. During the assessment period it has been assumed that the term loan is extended by 1 year and the bridge facility is extended by 12 months, in the event

they are not refinanced before then, with subsequent refinancing of the bridge facility in October 2027;

- The assumption that following a material risk event, the Group would adjust capital management to preserve cash; and
- The assumption that the Group will be able to mitigate risks effectively through other available actions.

As part of the going concern assessment, the Directors also considered a reverse stress test flexing sales to determine what circumstance would be required to either reduce headroom to zero on committed borrowing facilities or breach borrowing covenants, whichever occurred first. As set out on page 124, the Directors consider the likelihood of the condition in the reverse stress test occurring to be remote.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment.

This Strategic Report was approved by order of the Board.

On behalf of the Board

David Paja
Group CEO

4 March 2026

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Chair's Introduction to Governance

EFFECTIVE GOVERNANCE TO ENABLE PERFORMANCE & DELIVERY



I am pleased to introduce the Governance report for the year ended 31 December 2025.

This report summarises how the Board has continued to oversee the progress of the Company's strategy to deliver long-term sustainable success for our stakeholders. Effective and robust governance practices underpin the Board's activities, enabling the effective stewardship of the business.

Year in Review

2025 was a pivotal year for Coats with significant progress made towards realising our strategic goals. During this transformational period, the Board ensured that its critical governance responsibilities were appropriately focussed on the correct balancing of stakeholders' interests, as well as considering the long-term impacts of decisions.

Leadership

The right leadership is key to ensuring both performance and delivery. During 2025, the Board carefully monitored the ongoing transition of the Executive Directors, ever mindful of the risks and opportunities associated with these changes.

As announced in January 2025, Hannah Nichols joined the Board on 24 April 2025 as an Executive Director and Group CFO designate and she then succeeded Jackie Callaway as Group CFO at the 2025 AGM.

The Board continues to appropriately assess the performance of the Executive Directors and is pleased with the outcomes of the transitions.

Additionally, Wu Gang joined the Board as an independent Non-Executive Director in July 2025, further strengthening our diverse set of skills and experiences.

As recently announced, Sarah Highfield will succeed Fran Philip as the Designated Non-Executive Director for Workforce Engagement at the conclusion of the 2026 AGM. The Board and I appreciate Fran's significant contributions during her tenure, and we look forward to working with Sarah in this capacity in the future.

The Board also maintained its oversight of changes to GET membership, responsibilities and succession arrangements, particularly in relation to changes to streamline the organisational structure.

Oversight of Culture and ESG

Our unique culture is a critical enabler of our success. In the context of the strategic evolution of the Group in 2025, the Board's role in embedding, assessing and monitoring culture, in a changing Group structure, has remained of vital importance.

Directors play a central role in overseeing the Group's ambitious ESG agenda through regular Board updates, Committee membership and clearly defined responsibilities at Board level. Overall responsibility for sustainability, including climate-related governance, rests with the Board and is supported by the Sustainability Committee.

Board Evaluation

In 2025, the Board and its Committees undertook an external effectiveness review, facilitated by Board Intelligence. Further details of the process and its outcomes, including focus areas for implementation during 2026, are set out on page 59.

I am delighted to report that the review confirmed that the Board and each of its Committees continued to perform to a high standard. In particular, the recognition of the positive Board culture and productive engagement with the GET was pleasing.

David Gosnell,
Chair, 4 March 2026

Chair Succession

As previously communicated, the Board has maintained a structured and transparent approach to Chair succession in line with Provision 19 of the UK Corporate Governance Code 2024 (Code).

In 2024 and 2025, the Senior Independent Director (SID) led the process, from which the Chair was recused throughout, which included targeted shareholder consultation. At both the 2024 and 2025 AGMs, the relevant resolutions to extend David Gosnell's term were approved by shareholders (subject to his annual re-election).

For the 2026 AGM, the Board is proposing David's re-election as Chair for a final year. David has served on the Board for ten years and has acted as Chair since May 2021. The search for his successor commenced in H2 2025, led by the SID with support from an independent external search firm. The Board will confirm an orderly transition timetable once the right candidate is identified.

The Board considers this approach to be appropriate and Code-aligned, reflecting the recent transformation of the Group and the need for continuity through integration and execution.

You can read more on page 65 and in the Notice of AGM.

CHAIR'S INTRODUCTION TO GOVERNANCE

A summary of how we have applied the principles of the UK Corporate Governance Code is set out below.

Subject matter	Page(s)	Subject matter	Page(s)
Board leadership and Company purpose		Composition, succession and evaluation	
Promoting the long-term sustainable success of the Company	6 to 27	Succession planning	63 to 65
Generating value for shareholders	12 to 27	Board diversity	64 to 65
Contributing to wider society	15 to 17 & 32	Board evaluation	59
Purpose, values and strategy, and how these and our culture are aligned	12 to 21, 28 to 29 & 61	Audit, risk and internal control	
Resources available to allow Coats to meet its objectives and measure performance against them	14 to 15	Independence and effectiveness of internal and external audit functions	69 to 71
Control framework	69 to 70	Fair, balanced and understandable reporting	67
Stakeholder engagement	30 to 33	Principal risks	38 to 46
Workforce policies and practices	28, 29 & 37	Remuneration	
Division of responsibilities		Remuneration policies and practices that support strategy and promote long-term sustainable success	73 to 98
The Chair	56	A formal and transparent procedure for developing policy on executive remuneration	73 to 98
Board roles	56	Exercise independent judgement and discretion when authorising remuneration outcomes	73 to 98
Non-Executive Directors	56		
Information and support	56 to 57		

The UK Corporate Governance Code

Compliance statement

Coats has applied all of the principles and complied with all the relevant provisions of the UK Corporate Governance Code 2024 (Code) during the course of the year ended 31 December 2025.



CORPORATE GOVERNANCE REPORT CONTINUED

GOVERNANCE AT A GLANCE

Board profiles:

Length of Service – Directors



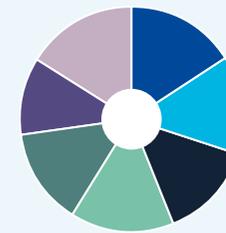
● 0-3 years	50%
● 3-6 years	20%
● 6-9 years	30%

Length of Service – Non-Executive Directors



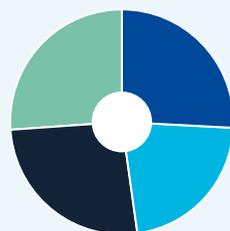
● 0-3 years	37.5%
● 3-6 years	25%
● 6-9 years	37.5%

Relevant Functional Experience



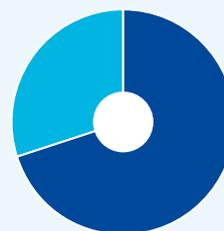
● People	16%
● Legal	14%
● Risk	14%
● Finance	15%
● Technology	14%
● Digital (and AI)	11%
● Customer	16%

Geographic Expertise



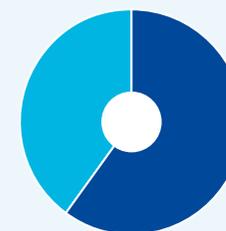
● Global Business Experience	26%
● US Market Experience	22%
● European Market Experience	26%
● Asia Market Experience	26%

Ethnic Diversity



● White British or other White (including minority-white groups)	70%
● Asian/Asian British	30%
● Mixed/Multiple Ethnic Groups	0%
● Black/African/Caribbean/Black British	0%
● Other ethnic group, including Arab	0%
● Not specified/prefer not to say	0%

Gender Diversity



● Men	60%
● Women	40%
● Not specified/prefer not to say	0%

Board of Directors as at 31 December 2025

BOARD BIOGRAPHIES



David Gosnell OBE
Chair of the Board

Appointed as a Non-Executive Director on 2 March 2015, Chair of the Board since 19 May 2021

Key skills and experience

- Strong and deep supply and procurement background in global multinational companies
- International and strategic mindset

Previous experience and external appointments

Non-Executive Director and Deputy Chair of Princes Group plc.

Was previously Chair of Old Bushmills Distillery Company Ltd and a Non-Executive Director of Brambles Ltd. David retired from Diageo plc in 2014, where he had most recently held the role of President of Global Supply and Procurement. Prior to joining Diageo, David spent 25 years at HJ Heinz in various operational roles.

Qualifications

David is a Fellow of the Institute of Engineering and Technology and holds a Bachelor of Science degree in Electrical and Electronic Engineering from Middlesex University. He has completed Supply Chain Manufacturing – Drive Operational Excellence at INSEAD (Singapore).

See the [Nomination Committee report on page 62](#) and the [Sustainability Committee report on page 72](#).



David Paja
Group CEO

Appointed as an Executive Director on 1 September 2024, Group CEO since 1 October 2024

Key skills and experience

- 30 years+ of leadership in automotive, aerospace & defense, and fire & security industries with expertise in managing global operations
- Proven success in scaling technologies, turning around businesses, and driving substantial growth

Previous experience and external appointments

David was CEO of GKN Aerospace, part of Melrose Industries PLC, where he played a major role in the successful turnaround of the business and delivery of profitable growth. Prior to this, David held senior leadership positions at Aptiv, Honeywell and Valeo.

Qualifications

David holds an Engineering degree from the University of Valladolid, as well as an MBA from INSEAD.

See the [Group CEO's statement on page 6](#).



Hannah Nichols
Group CFO

Appointed as an Executive Director on 24 April 2025, Group Chief Financial Officer since 21 May 2025

Key skills and experience

- Extensive financial expertise
- Considerable international experience and track record of driving transformational change

Previous experience and external appointments

Non-Executive Director of Oxford Instruments plc.

Previously Chief Financial Officer of Hill & Smith PLC (FTSE 250). Prior to that, Hannah spent 15 years at BT Group plc, most recently serving as Chief Financial Officer, Asia, Middle East and Africa for BT Global Services based in Singapore. She also held a number of commercial roles at Cable & Wireless plc, and qualified as a chartered accountant at Arthur Andersen.

Qualifications

Hannah is a member of the Institute of Chartered Accountants England and Wales (ICAEW). She has an MA in Classics from the University of Cambridge.

Key to Committee memberships

A Audit and Risk Committee

N Nomination Committee

R Remuneration Committee

S Sustainability Committee

○ Committee chair



Stephen (Steve) Murray
**Senior Independent
Non-Executive Director**

Appointed as a Non-Executive Director on 1 September 2022, Senior Independent Non-Executive Director since 22 May 2024

Key skills and experience

- 30+ years of experience in the apparel and footwear industry
- Strong background in general management and track record of delivering positive change globally and regionally

Previous experience and external appointments

Previously Global Brand President of The North Face and a member of the group executive leadership team at VF Corporation, one of the largest apparel, footwear and accessories companies and the parent company of The North Face, Timberland and Vans. Steve previously served as CEO of Airwair International (Dr. Martens, the iconic British footwear brand), and as Global Brand President of Vans, Global Brand President of Urban Outfitters and EMEA President of Deckers Brands.

Qualifications

Steve holds a bachelor's degree in Business Studies from Middlesex University, England.



Sarah Highfield
**Independent Non-Executive
Director**

Appointed 1 November 2023, Chair of the Audit and Risk Committee since 22 May 2024*

Key skills and experience

- Strong finance track record
- Significant experience of driving growth globally, including in the US and China

Previous experience and external appointments

Chief Financial Officer and Executive Director of Auction Technology Group plc. Previously Chief Financial Officer of Away Resorts Ltd, and Chief Executive Officer of Elvie, having also previously served as Chief Financial Officer. Prior to joining Elvie, Sarah was Group Chief Financial Officer at Costa Coffee for over five years, including during the c.£3.9bn sale to The Coca-Cola Company. She was also Chief Financial Officer of Tesco's Hungary and Slovakia businesses.

Qualifications

Sarah has a BSc in Mathematical Sciences from the University of Birmingham and is a qualified accountant, Chartered Institute of Management Accountants.

See the [Audit and Risk Committee report on page 66](#).

* Sarah will become Designated Director for Workforce Engagement at the conclusion of the 2026 AGM.

Changes to the Board during the year

- Hannah Nichols joined the Board as an Executive Director and Group CFO designate on 24 April 2025 before becoming Group CFO on 21 May 2025.
- Wu Gang was appointed as an Independent Non-Executive Director on 1 July 2025.
- Jackie Callaway stepped down as an Executive Director and Group CFO on 21 May 2025.



Hongyan Echo (Echo) Lu
Independent Non-Executive Director

Appointed 1 December 2017, Chair of the Remuneration Committee since 1 May 2021

Key skills and experience

- Global business experience gained in different sectors in Europe, Asia and the US
- Strong background in general management and track record of building strong teams and delivering positive change

Previous experience and external appointments

Managing Director, UK and ROI, of Sonova Group AG, the global leader for innovative hearing solutions.

Previously Chief Executive Officer of Haulfryn Group Ltd, Managing Director, International of Holland & Barrett International and Managing Director of Homebase Ltd as part of Home Retail Group plc. Echo spent ten years at Tesco plc in a variety of senior leadership roles. Echo was a Non-Executive Director of Dobbies Garden Centres and was a member of the Advisory Board for Diversity in Hospitality, Travel and Leisure.

Qualifications

Echo has a Bachelor of Arts in International Economy and Finance from Fudan University, Shanghai and a Master of Science in Industrial Relations and Human Resources from West Virginia University.

See the Remuneration Committee report on page 73.



Srinivas (Srini) Phatak
Independent Non-Executive Director

Appointed 1 September 2024

Key skills and experience

- Extensive technical and commercial finance expertise
- Strong track record of driving competitive and sustainable growth across categories and markets, and leading enterprise-wide transformation programmes

Previous experience and external appointments

Chief Financial Officer of Unilever Plc.

Srinivas has over 28 years of experience in the consumer products industry, working in the US, Europe, LATAM and India. Between 2017 and 2021, Srinivas was Chief Financial Officer and Executive Director of Hindustan Unilever Limited, a Unilever subsidiary listed in India with a market capitalisation of over €60bn. His other Unilever experiences include heading financial shared services, leading finance for supply chain in the Americas, large-scale M&A (including integration) and heading global treasury operations for Asia.

Qualifications

Srinivas has a postgraduate qualification in finance. He is a qualified accountant with professional degrees from the Institute of Chartered Accountants (ICAI) and the Institute of Cost Accountants (ICMAI).



Frances (Fran) Philip
Independent Non-Executive Director, Designated Director for Workforce Engagement

Appointed 1 October 2016*

Key skills and experience

- Extensive speciality retailing business experience
- Deep background in product innovation, design and development
- Workforce dynamics experience

Previous experience and external appointments

Non-Executive Director of Sea Bags. Previously Fran worked for The Gap, Williams Sonoma, The Nature Company, and LL Bean, where she initially served as Director of Product Development, Home Furnishings, going on to hold a number of roles including Vice President, Affiliated Brands, before becoming Chief Merchandising Officer until her retirement. Fran was previously a Non-Executive Director of Vera Bradley Inc., Regent Holdings, Totes Isotoner and Vista Outdoor Inc, and an industry executive for Freeman Spogli.

Qualifications

Fran has a degree in English and Sociology from Bowdoin College, Maine, and an MBA from the Harvard Business School.

Read about the activities of the Designated Director for Workforce Engagement on page 61.

* Fran will step down from the Board at the conclusion of the 2026 AGM

Key to Committee memberships

A Audit and Risk Committee

N Nomination Committee

R Remuneration Committee

S Sustainability Committee

○ Committee chair



Jakob Sigurdsson
Independent Non-Executive Director

Appointed 1 October 2020

Key skills and experience

- International business experience across a diverse range of sectors with particular emphasis on growth in new or developing markets
- Strong background in general management and track record of delivering positive change

Previous experience and external appointments

Previously Chief Executive Officer of Victrex plc, an innovative leader in high-performance polymer solutions. Jakob has over 25 years' experience in large listed and private multinational companies including with Rohm & Haas (now part of Dow Chemical) in the US. He served as Chief Executive of Alfesca, Chief Executive of Promens and Chief Executive Officer of VÍIS, the largest Icelandic insurance and reinsurance company. He has held various Non-Executive roles and was a Member of the University of Iceland Council and a Non-Executive Director of the Icelandic Technology and Development Board.

Qualifications

Jakob has a BSc in Chemistry from the University of Iceland and an MBA from the Northwestern University.



Wu Gang
Independent Non-Executive Director

Appointed 1 July 2025

Key skills and experience

- Strong strategic and financial advisory background
- Wealth of international experience, including in Asia and Europe

Previous experience and external appointments

Non-Executive Director of IG Group Holdings plc, Tritax Big Box REIT plc and Ashurst LLP, where he also chairs the Risk Committee.

Previously Non-Executive Director of Laird plc prior to its takeover by Advent and served as a senior advisor at Rothschild & Co. Wu Gang set up and ran European Corporate Finance at CITIC CLSA, the international investment banking platform of CITIC Securities in 2014. He has held senior level positions at ICBC International, The Royal Bank of Scotland, HSBC, Merrill Lynch and Goldman Sachs in Hong Kong and London.

Qualifications

Wu Gang graduated from Fudan University, Shanghai and received an MA degree from SOAS, University of London. He obtained an MBA degree from INSEAD.

CORPORATE GOVERNANCE REPORT CONTINUED

Board and Committee Attendance

The Directors' attendance record at the last AGM, scheduled Board meetings and Board Committee meetings regularly attended by Non-Executive Directors, for the year ended 31 December 2025, is set out in the table to the right.

For Board and Committee meetings, attendance is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

During the year, the Board held 11 meetings. The majority of meetings were held in person but all meetings offered the facility for remote attendance by Board members or other attendees to ensure effectiveness and efficiency. All Directors received appropriate materials for meetings in advance. There were also a number of Board briefings held to deal with time-sensitive matters.

The Board held strategy sessions in February and September 2025 and discussed a variety of topics relating to current business priorities.

During October 2025, the Board visited several of the Group's operations in India as part of the annual away week. In January 2026, a number of the Directors joined the Global Leadership Conference held in Thailand. During the course of the event, the Directors engaged with colleagues during the various sessions which covered strategic matters. You can read more about the Board's engagement with stakeholders on pages 30 to 33.

In addition to the scheduled meetings, the Senior Independent Director and the Non-Executive Directors meet once a year without the Chair present in order to appraise his performance. This process was led by Steve Murray in 2025.

The Chair and the Non-Executive Directors also periodically attend sessions without management present to discuss, amongst other things, the performance of key members of management.

	Board	Audit and Risk	Nomination ⁶	Remuneration	Sustainability	AGM
David Gosnell	11/11		2/2		2/2	1/1
David Paja	11/11				2/2	1/1
Jackie Callaway ¹	4/4					1/1
Hannah Nichols ²	9/9				1/1	1/1
Sarah Highfield	11/11	6/6	2/2		2/2	1/1
Echo Lu	11/11		2/2	6/6		1/1
Steve Murray	11/11	6/6	2/2	6/6		1/1
Srinivas Phatak	10/11 ⁴	5/6 ⁴	2/2			1/1
Fran Philip	11/11		2/2	5/6 ⁵	2/2	1/1
Jakob Sigurdsson	11/11	6/6	2/2			1/1
Wu Gang ³	6/7		2/2	1/2 ³		

1. Jackie Callaway stepped down from the Board on 21 May 2025.
2. Hannah Nichols joined the Board as an Executive Director and Group CFO designate on 24 April 2025. Hannah was appointed to the Sustainability Committee on 16 September 2025.
3. Wu Gang joined the Board as an independent Non-Executive Director on 1 July 2025. Wu Gang was unable to attend the Board meeting on 15 July 2025 due to a prior commitment and the relatively short notice with which the meeting had been scheduled to deal with a time-sensitive matter. Wu Gang was unable to attend the Remuneration Committee meeting held on 16 September 2025 due to a longstanding commitment that pre-dated his appointment to the Board. In both instances, Wu Gang discussed the business of the meeting with the Chair in advance and was also briefed on the outcomes of the meetings.
4. Srinivas Phatak was unable to join the Board and Audit and Risk calls on 5 March 2025 due to a longstanding commitment that pre-dated his appointment to the Board in September 2024. Srinivas had been involved in all previous discussions regarding the business of the meeting and was briefed by the Chair on the outcomes of the calls.
5. Fran Philip was unable to attend the Remuneration Committee call on 13 March 2025 due to a prior commitment and the relatively short notice with which the meeting had been scheduled to deal with a time-sensitive matter. Fran had discussed the business of the meeting in advance with the Chair and was briefed on the outcomes of the call.
6. Certain Nomination Committee discussions were conducted as part of scheduled Board meetings.



GROUP EXECUTIVE TEAM (GET)

as at 1 January 2026

The Group Executive Team, or GET, is the body through which the Group CEO exercises the authority delegated to him by the Board. The Group CEO leads the GET and has executive responsibility for the management, development and performance of the business. The Group CEO, Group CFO and the GET also take the lead in developing the strategy for review, constructive challenge and approval by the Board as part of the annual strategy review process.



David Paja: Group CEO

See biography on page 52

- Responsible for executive management of the Group as a whole and is accountable for the overall performance of the Group.
- Delivers strategic and commercial objectives within the Board's stated risk appetite (see page 38 for more detail on key risks).
- Responsible for health and safety.
- Builds positive relationships with all the Group's stakeholders (see page 30).



Hannah Nichols: Group CFO

See biography on page 52

- Responsible for financial management and implementing and monitoring effective financial controls.
- Supports the Group CEO in developing and implementing the Company's strategy.
- Oversees relationships with the investment and banking community.



Adrian Elliott: Apparel CEO and Group Chief Commercial Officer

Read about Apparel on page 22

- Responsible for the financial and operational performance of the Apparel division, including delivery of growth, competitive positioning, product portfolio, and the people agenda.
- Drives enhanced customer experience, digital, innovation and sustainability in alignment with Group goals.
- Leads the growth agenda across the Apparel and Footwear divisions by strengthening capability, driving adjacencies, and leading transformative technology initiatives for customer experience and profitable growth.



Pasquale Abruzzese: Footwear CEO and Chief Operating Officer

Read about Footwear on page 23

- Responsible for the overall performance of the Footwear division, including delivery of its strategy and achievement of financial and non-financial KPIs.
- Oversees all commercial and operational activities within the Footwear division while driving innovation and advancing sustainability in alignment with Group objectives.
- Defines standards of excellence in supply chain and operations across both the Apparel and Footwear divisions.



Frederic Verague: Executive Lead, Group Strategic Initiatives

- Responsible for leading priority Group Strategic Initiatives.
- Oversees cross-functional strategic work on behalf of the GET, partnering closely with the Apparel and Footwear divisions to accelerate key initiatives and ensure alignment with Group objectives.



Megan Giannini: Chief People Officer

Read about People and Culture on page 28

- Responsible for shaping and executing the Group's global HR strategy to enable long-term growth.
- Focused on building a high-performing culture through talent development.
- Drives initiatives that foster engagement, inclusion, and the creation of next-generation leaders.
- Leads transformation across the people agenda by embedding innovation in workforce practices, strengthening capabilities, and aligning talent strategies with the Group's growth ambitions.



Stuart Morgan: Chief Legal & Risk Officer and Group Company Secretary

Read about our principal risks and uncertainties on page 38

- Responsible for legal and compliance, governance, risk management and company secretarial matters.

GET changes

Farnaz Ranjbar (formerly Chief HR Officer) left the Group on 31 August 2025. Megan Giannini joined the GET on 1 November 2025 as Chief People Officer.

Pasquale Abruzzese (formerly Performance Materials, CEO) became Footwear CEO and Frederic Verague became Footwear CEO, Threads and Structural Components on 13 August 2025. Frederic subsequently became Executive Lead, Strategic Initiatives on 1 January 2026.

CORPORATE GOVERNANCE REPORT CONTINUED

GOVERNANCE STRUCTURE

Our governance framework enables effective decision making and ensures collaboration between the Board, its Committees and the GET while also maintaining clear separation of key Board roles to ensure the correct division of responsibilities.

Chair

- Primarily responsible for the overall effectiveness of the operation, leadership and governance of the Board.
- Leads the Board, sets the agenda and promotes a culture of open debate between Executive and Non-Executive Directors. Ensures that there is a focus on Board succession plans to maintain continuity of skilled resource. Responsible for CEO succession.
- Provides advice and acts as a sounding board to the Board and management. Has open and regular contact and interaction with the CEO.
- Ensures effective communication with our shareholders.

Senior Independent Director

- Provides a sounding board to the Chair.
- Leads the appraisal of the Chair's performance with the other Directors annually and leads process for Chair recruitment.
- Acts as an intermediary for other Directors, if needed.
- Available to respond to shareholder concerns if contact through the normal channels is inappropriate.

Non-Executive Directors

- Contribute to developing our strategy.
- Scrutinise and constructively challenge the performance of management in the execution of our strategy.
- Responsible for the governance of the Company.
- Bring their diverse expertise to the Board and the Board Committees.
- Devote such time as is necessary to the proper performance of their duties.

Company Secretary

- Provides support to the Board and ensures information is made available to the Board in a timely manner.
- Supports the Chair on meeting management arrangements including setting the agenda for the Board, administering effectiveness reviews, ensuring appropriate Board training and coordinating Board inductions.
- Provides advice on corporate governance matters.
- All directors have access to the advice of the Group Company Secretary.



The Board of Directors

The Board is collectively responsible for the long-term success of the Group and for ensuring leadership within a framework of effective controls. The key roles of the Board are:

- setting the strategic direction of the Group, including consideration of strategic acquisitions and divestments;
- overseeing implementation of the strategy and monitoring performance by ensuring that the Group is suitably resourced to achieve its aspirations;
- overseeing returns to shareholders and monitoring the share price;
- encouraging entrepreneurial leadership by providing a framework of prudent and effective controls which enables risk, including risk tolerance, to be assessed and managed, supported by robust systems of governance, ethics and compliance;
- engaging appropriately with stakeholders to understand their views; and
- setting and monitoring the Group's culture, supported by its values, and ensuring alignment with the Company's purpose and strategy.

See page 60 for examples of discussions of key strategic topics at Board meetings in 2025.

Nomination Committee

See page 62 for more information.

Audit and Risk Committee

See page 66 for more information.

Sustainability Committee

See page 72 for more information.

Remuneration Committee

See page 73 for more information.

Group CEO

See biography on page 52.

- Responsible for Executive Management of the Group as a whole.
- Leads the GET (see page 55).
- Delivers strategic and commercial objectives within the parameters agreed by the Board and within the Board's stated risk appetite (see pages 38 to 46 for more details on key risks).
- Builds positive relationships with all the Group's stakeholders (see pages 30 - 33).

Group CFO

See biography on page 52.

- Responsible for financial management and implementing and monitoring effective financial controls.
- Supports the Group CEO in developing and implementing the Company's strategy.
- Oversees relationships with the investment and banking community.

See page 63 for more information on the succession process for the Group CFO.

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD COMMITTEES

Nomination Committee

- Reviews the structure, size, composition and mix of skills and experience of the Board and its Committees.
- Identifies and nominates suitable executive and non-executive candidates to be appointed to the Board and reviews the talent pool.
- Considers wider elements of succession planning below Board level, including diversity and inclusion.
- Oversight of the diversity and inclusion-related social element of ESG.

See page 62 for more information.

Audit and Risk Committee

- Oversees and monitors the integrity of the Company's financial statements, accounting processes and audits (internal and external).
- Ensures that risks are carefully identified and assessed, and that effective systems of risk management and internal control are in place and appropriately monitored.
- Reviews matters relating to fraud.
- Oversight of the governance-related element of ESG.

See page 66 for more information.

Sustainability Committee

- Provides strategic oversight and monitors the execution of the Company's sustainability strategy and initiatives.
- Oversees, reviews and provides input as required to refine, enhance and accelerate the progress of the Company's sustainability strategy, projects and targets.
- Oversees the environmental and employee engagement-related social elements of ESG.

See page 72 for more information.

See also the TCFD section (from page 178 of this Report, and the Sustainability Report (available from coats.com/sustainability) for more information about our sustainability strategy and activities.

Remuneration Committee

- Reviews, recommends, and, where appropriate, approves the framework and policy for the remuneration of the Chair, Executive Directors, the Company Secretary, and senior executives, ensuring alignment with the Group's reward principles.
- Reviews workforce remuneration and related policies, and alignment of incentives and rewards with culture, to help inform the setting of the Directors' Remuneration Policy.
- Consults with shareholders on the Remuneration Policy.
- Considers the business strategy of the Group and how the Remuneration Policy reflects and supports that strategy.
- Oversight of the remuneration-related social element of ESG.

See page 73 for more information.

Other Committees

Disclosure Committee

The Disclosure Committee oversees the Company's compliance with its disclosure obligations. The Group CEO chairs the Committee, and its other members are the Group CFO and the Group Company Secretary.

Group Risk Management Committee (GRMC)

The GRMC is responsible for formulating risk management strategies and policies, and monitoring risk management throughout the Group. Its Chair is the Group CEO, and its membership is aligned to the GET.

See page 55 for information on the GET.

Acquisition Committee

The Acquisition Committee is authorised to oversee specified projects by the Board when appropriate. The Group CEO chairs the Committee, and it includes the Group CFO and the Group Company Secretary.

CORPORATE GOVERNANCE REPORT CONTINUED

CONFLICTS OF INTEREST, INDEPENDENCE, AND EXTERNAL APPOINTMENTS

The Company has procedures in place for managing conflicts of interest, including situational conflicts of interest. Potential situational conflicts of interest are identified prior to appointment, and the Board will consider and authorise these if appropriate.

If a conflict of interest has been identified and approved, the Group Company Secretary ensures that the Director in question is absented from relevant discussions and/or decision making. Should an existing Director become aware that they, or any of their connected parties, have an interest in an existing or proposed transaction with the Company, they should notify the Board in writing or at the next Board meeting. Internal controls are in place to ensure that any related party transactions involving Directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update the Board on any changes to these conflicts.

The Chair was considered to be independent on appointment. As set out in the 2026 Notice of AGM, David Gosnell has been proposed for re-election as a Director and Chair, notwithstanding that he has been a Director for ten years. You can read more about this in the Nomination Committee report on page 65. There are currently ten Directors of the Company: the Chair, the Senior Independent Director, six other Independent Non-Executive Directors and

two Executive Directors. The Board considers that all its Non-Executive Directors continue to demonstrate independence and maintain constructive and challenging debate in the Boardroom.

During the course of the year, Board members continued to inform the Chair of any proposed new external appointments which were considered and approved by the Board, including consideration of any potential conflicts. The Group Company Secretary maintains a register of Interests and Conflicts to track the commitments of the Directors and ensure these are in line with overboarding guidance. The Board is satisfied that the external commitments of its Chair and members do not conflict with their duties as directors of the Company and that any situational conflicts have been authorised in line with the process set out in the Company's Articles of Association.

“The Board considers that all its Non-Executive Directors continue to demonstrate independence and maintain constructive and challenging debate in the Boardroom.”

Articles of Association

The Articles of Association set out the rules agreed between shareholders as to how the Company is run, including the powers and responsibilities of the Directors.

Coats' Articles of Association were approved for adoption at the 2021 AGM, and the Company considers that these reflect best practice and current legal and governance standards.

Service Contracts

The Company maintains the terms of appointment of the Chair and Non-Executive Directors to ensure that they continue to meet the requirements of the Code. Details of the Executive Directors' service contracts and the Chair's and the Non-Executive Directors' letters of appointment are set out in the Directors' Remuneration Report on pages 82 and 91. These documents are available for inspection at the registered office of the Company during normal business hours and at the AGM venue. These documents will continue to be reviewed regularly.

Committee Terms of Reference

The Board is assisted by four Board Committees to which it delegates matters as appropriate.



Each Committee has full terms of reference that are reviewed annually and have been approved by the Board and which can be found on our website at coats.com/board-committees.

Directors' Indemnities

The Company maintains Directors' and Officers' liability insurance, which provides appropriate cover for any legal actions brought against its directors.

Each director has been granted indemnities in respect of potential liabilities that may be incurred as a result of their position as an officer of the Company. A Director will not be covered by the insurance or the indemnity in the event that they have been proven to have acted dishonestly or fraudulently.

Delegated Authorities

The Coats Delegated Authorities policy is an internal document that sets out the delegations below Board level. It is reviewed and approved regularly. It provides a structured framework to ensure the correct level of scrutiny of various decisions covering matters including contracts, capital expenditure, tax, treasury and human resourcing decisions.

CORPORATE GOVERNANCE REPORT CONTINUED

Board Effectiveness:

The 2025 Board effectiveness review was externally facilitated. A comprehensive selection process was undertaken. Initial interviews with the longlisted firms informed the shortlist. The Chair and Senior Independent Director agreed on the preferred firm, and the Chair conducted the final interview. Board Intelligence, a CGI accredited board performance reviewer, was appointed to undertake its first review of Coats. This adviser has no other connection with either the Company or any Director.

The review was conducted between September and November 2025 and comprised:

- Agreement of the review process, scope and objectives with the Chair, Senior Independent Director and Group Company Secretary
- Confidential one-to-one interviews with Board members and members of the Group Executive Team (GET)
- Observation of a Board meeting
- A detailed review of Board and Committee papers
- A structured online effectiveness survey designed to encourage open and constructive feedback

The survey assessed the Board's performance against a broad range of governance and value creation criteria, while Committee effectiveness was evaluated through tailored survey inputs. The Chair acted as the reviewers escalation point of contact.

The Board considered the findings at its December 2025 meeting and agreed a programme of actions to be progressed during 2026.

Key Outcomes:

Overall, the review concluded that the Board and its Committees were operating effectively and had performed well during the year. The review highlighted that the Board remained cohesive, committed and effective during a period of continued Group transformation.

Key strengths identified included:

- A positive Board culture and strong leadership underpinned by high levels of trust
- High performance of the Chairs of the Board and its Committees
- Effective governance frameworks and constructive, along with value adding, Committee oversight
- Clear mandates for all Committees and strong delivery against those mandates

Building on these strengths, the Board agreed a targeted set of enhancement actions for 2026 to further support effective governance and delivery of the Group's strategic ambitions:

- Continued strengthening of medium- to long-term succession planning at both Board and GET level to align with the Group's evolving strategic direction
- Continued enhancement of Board information and meeting management to support deeper strategic discussions on key value creating topics
- Further exploring emerging technologies and continuing oversight of culture of innovation

Board Intelligence has reviewed the disclosures relating to the Board effectiveness review as set out in this Annual Report.

Board Effectiveness Enhancements Implemented During 2025

The Board progressed the agreed action plan in relation to the feedback received as part of the 2024 Board internal effectiveness review and a summary is set out below:

Further focus on long-term strategy and strategy articulation	<ul style="list-style-type: none"> – Dedicated long term strategy sessions incorporated into the February and September Board meetings, with new medium-term targets agreed and communicated. – Completion of the OrthoLite acquisition and transition to a two-division structure to support long-term strategic alignment
Continued focus on executive succession planning and talent development	<ul style="list-style-type: none"> – Appointment of a new Chief People Officer and subsequent review of GET roles and responsibilities to align with the new two divisional structure. – Talent and succession focus in Board and GET discussions during and following the OrthoLite acquisition and organisation structure change to facilitate development opportunities, including deep dive into talent pipeline and focus areas for 2026.
Ongoing focus on the detail and length of papers presented to the Board	<ul style="list-style-type: none"> – Notable enhancements in Board materials, including clearer and more concise papers, increased use of key metrics and improved focus – reflected in feedback from the 2025 effectiveness review. – Continued area of focus for future years.





CORPORATE GOVERNANCE REPORT CONTINUED

How Governance Supports Group Strategy

Strategic goal	Accelerate profitable sales growth	Transform the business	Create value
Key stakeholders			
The Board's governance role	The Board approves the Group's strategy and annual operating plan, reviews subsequent progress and makes decisions related to matters reserved for the Board in order to support the delivery of this strategy.	The Board reviews the strategy for sustainable growth and leverages its collective experience to advise on related matters.	The Board reviews key proposals relating to business capability.
Read more	See page 12	See page 12	See page 12

Board discussions during 2025

Strategy	<ul style="list-style-type: none"> – Approved acquisition of OrthoLite and Viz Reflectives, share capital issue to fund acquisition and exit from the non-core US Yarns business. – Approved change to organisational structure with two divisions: Apparel and Footwear. – Received various strategic updates on key matters including Coats Digital, innovation, digital strategy including AI, talent and sustainability. – Regularly reviewed performance against strategy. 	<ul style="list-style-type: none"> – Reviewed divisional updates, which considered strategy, market update and outlook, retail segments/customer developments, performance against competitors, sustainability, innovation and internal talent. – Reviewed Group's tax strategy and policy. – Received reports on macro-economic environment and geopolitical developments. – Reviewed analyst and broker presentations.
Operational	<ul style="list-style-type: none"> – Reviewed key metrics at every Board meeting including market trends and supply chain updates. – Reviewed, approved and regularly monitored annual operating plan and Medium Term Plan. – Received updates on Operational and Commercial excellence workstreams. 	<ul style="list-style-type: none"> – Received deep dives into digital and technology including AI and cyber security. – Reviewed the Company's capital allocation and considered, and approved, interim and final dividends. – Considered going concern and long-term viability statement.
ESG	<ul style="list-style-type: none"> – Tracked ESG (including H&S, GPTW® and diversity) metrics at every Board meeting. – Received reports on workforce engagement, culture and results of the Your Voice Matters survey. – Received external limited assurance on ESG-related data overseen by the Audit and Risk Committee. 	<ul style="list-style-type: none"> – Reviewed talent strategy, DEI statistics and updates and considered succession planning at both Board and Nomination Committee meetings. – Conducted extensive assessment of all employee reward and living wage commitment at the Remuneration Committee. – Considered results of GIA reviews presented at the Audit and Risk Committee.
Governance	<ul style="list-style-type: none"> – Approved appointment of Hannah Nichols as an Executive Director and Group CFO and Wu Gang as a Non-Executive Director and approved changes to the GET. – Approved share issuance and reviewed regular IR updates including share register evolution. – Received quarterly whistleblowing and fraud report reviews and consideration of remedial actions. – Considered summary of findings of balance sheet review of operating units at the Audit and Risk Committee. – Reviewed supplier audits and supplier payment terms at the Audit and Risk Committee. – Preparation for the implementation of the remaining sections of the UK Corporate Governance Code 2024. 	<ul style="list-style-type: none"> – Reviewed insurance arrangements and risk register, including risk trends. – Received reports in relation to material legal matters, including disputes and regulatory and governance developments. – Regular reports from the Chairs of the Audit and Risk Committee, Nomination Committee, Remuneration Committee and Sustainability Committee. – Reviewed and approved key Board and Group policies including Modern Slavery. – Reviewed Board and Committee externally-facilitated performance review, including action tracking.

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD AND CULTURE

Our people and our culture are the foundation of our strategy and our long-term sustainable growth

We foster an inclusive and high performance culture that empowers teams to innovate, collaborate and deliver results. During this period of transformation, the Board continues to set the tone from the top, ensuring our culture remains embedded across the organisation and aligned with our purpose, values and strategy.

Key cultural outcomes in 2025

YVM survey highlights:

- 96% response rate
- employee engagement up 1% from 2024 to 86%
- Safety climate is highest scoring KPI

GPTW highlights:

- 99% coverage
- 89% in Trust Index
- 23 out of 23 countries certified

Further focus on developing and retaining talent, with our updated leadership capabilities being relaunched in 2026

Health and Safety “red lines” campaign for all employees

How the Board assesses and monitors culture and how the desired culture has been embedded:

The Board regularly reviews our business model and receives strategic updates to ensure these remain aligned with our purpose. There are a number of ways in which the Board monitors and assesses culture during the year, including:

- Your Voice Matters and Great Place to Work® (GPTW) are used to embed our values across the Group:
 - The global annual Your Voice Matters survey provides the Board with insights on employee engagement across the Group and business units, and themes raised. The survey results also give visibility of areas on which management must continue to focus. You can read more on page 28.
 - The Board regularly reviews GPTW coverage and progress, which provides consistent third-party benchmarking of the culture across the Group.
- Regular Board discussions of relevant topics, such as OrthoLite integration briefings covering cultural alignment, Divisional updates from management that include people-related matters and talent planning, and the Group CEO’s focus on people in regular Board reports (e.g. DEI and H&S metrics), ensure that culture is considered, whether implicitly or explicitly, at each Board meeting.
- During 2025, directors visited sites and had employee discussions in Vietnam and India, alongside engagements at all Board meetings and other events, providing first-hand cultural insights across regions and business areas.
- Regular Audit and Risk Committee and Board reporting on a broad range of risk and business activity matters including fraud, compliance, corruption and modern slavery, and Group Supplier Code adherence (including Supplier audit insights), enables assessment of practices and behaviours, at a thematic and individual level, and consideration of how these align with our desired culture and values. Group Internal Audit findings and corrective action closure rates also support cultural oversight.
- External auditors share cultural observations from site visits.
- The Nomination Committee considered DEI matters, including horizon scanning, and conducted an interim assessment of diversity levels in senior management.
- The Remuneration Committee continues to consider the effectiveness of performance measures linked to cultural drivers, including in relation to our sustainability targets, and monitors turnover rates.
- The Sustainability Committee reviews progress against our 2026 goals including diversity, ensuring progress is sufficiently paced, and GPTW coverage at each meeting.
- Mandatory training and regular policy reviews help ensure behaviours remain aligned to our culture and our Doing The Right Thing principles. The Board and its Committees regularly review and approve key policies to ensure these remain suitably

relevant. All employees, including Directors, have to complete mandatory online trainings on key areas including (but not limited to) H&S, Ethics, anti-bribery and corruption. This ensures our knowledge is up to date, helping to keep our people safe and maintain our desired culture.

In 2025, the Designated Non-Executive Director for Workforce Engagement undertook a comprehensive global listening programme, including in-person sessions in Vietnam and India and virtual sessions across Bangladesh, China, Indonesia, Turkey and Mexico, supported by broader initiatives such as DE&I Calls, Well-being Town Halls and Divisional CEO conversations with HR leaders.

Employees consistently highlighted trust, respect, collaboration, health and safety and a caring, inclusive culture as core strengths, while also identifying opportunities to enhance on-boarding, training, process standardisation and global mobility.

Employees across regions expressed pride in the Company’s values, global teamwork and commitment to ‘Doing the Right Thing’, alongside optimism about the evolving divisional structure and continued focus on talent development and operational excellence.

Fran Philip will step down from the Board at the 2026 AGM and Sarah Highfield will succeed her in the critical role as Designated NED. Fran reflected on the role as an honour, noting that each engagement had been energising and underscored the authenticity, passion and deep pride employees feel in the Company’s culture and purpose.

Nomination Committee report

NOMINATION COMMITTEE REPORT



David Gosnell
Nomination Committee Chair

Committee membership

Member	Meeting attendance
David Gosnell, Chair (Chair since November 2020) Member since 2015	2/2
Sarah Highfield Member since 2023	2/2
Echo Lu Member since 2017	2/2
Steve Murray Member since 2022	2/2
Srinivas Phatak Member since 2024	2/2
Fran Philip Member since 2016	2/2
Jakob Sigurdsson Member since 2020	2/2
Wu Gang Member since 1 July 2025	2/2

Principal objectives of the Nomination Committee

- To make sure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities.
- Oversight of the diversity- and inclusion-related elements of ESG.

Key responsibilities

- Ensuring the appropriate composition of the Board and its Committees, and overseeing a rigorous and transparent procedure for appointments to the Board.
- Maintaining ongoing succession plans for the Board and GET, and reviewing the leadership needs of the organisation.
- Ensuring diversity in the pipeline for senior management roles.

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2025.

This report outlines how the Committee has discharged its responsibilities, particularly in relation to Board and Committee succession planning and supervising transitions for new appointments. We aim to ensure that the Board comprises independent individuals from a broad range of backgrounds, with appropriate skills, experiences and capabilities to contribute to discussions on multiple complex topics.

Key areas of focus during the year included the planning and implementation of succession for key Board roles as our business continues to evolve. The Senior Independent Director has progressed our Chair succession plan as set out in last year's report and later in this report. Hannah Nichols joined the Board as an Executive Director and Group CFO, and we appointed a new independent Non-Executive Director, Wu Gang, to enhance our mix of skills and experience. Following the announcement of the acquisition of OrthoLite, the Board also considered a talent review and the impact of the new organisation structure on

opportunities for development for our senior leaders and future GET succession planning. The Committee also considered key DEI matters for 2025 and beyond.

In February 2026, we announced that Sarah Highfield would succeed Fran Philip as the Designated Non-Executive Director for Workforce Engagement. I would like to thank Fran for her service and acknowledge the valuable insights that she has brought to the Board as a result of her activities. I am delighted that Sarah has agreed to take on this important role, and I look forward to working with her.

An external Board and Committee performance review was undertaken during the year (see page 59). This included recommendations for some further enhancements but concluded overall that the Committee continued to perform effectively.

David Gosnell
Chair, Nomination Committee

4 March 2026

“The Board considered the impact of the new organisation structure on opportunities for development for our senior leaders”

NOMINATION COMMITTEE REPORT CONTINUED

Membership and meetings

The members of the Committee comprise independent Non-Executive Directors only. No Executive Directors are appointed to the Committee; however, they may attend by invitation if the matters to be discussed require their participation. You can read more about the skills, tenure and experience of the members of the Committee on pages 52 to 53.

During the year, the Committee met twice in separately scheduled meetings, with further discussions taking place as required and as part of scheduled Board meetings. All Committee members attended the maximum number of regularly scheduled meetings that they were eligible to attend.

Board and Committee Changes and Appointment/Reappointment Processes

The Committee, on behalf of the Board, regularly assesses the composition of the Board and its Committees in terms of skills, experience, diversity and capacity. The Board tenure tracker is regularly presented to ensure that discussions are held well in advance of planned departures, to allow appropriate skills-gap identification and timely succession.

As set out in last year's Report, Hannah Nichols joined the Board as an Executive Director and Group CFO designate on 24 April 2025. Hannah succeeded Jackie Callaway on 21 May 2025 as Group CFO after Jackie stepped down from the Board at the conclusion of the 2025 AGM. Hannah subsequently became a

member of the Sustainability Committee on 16 September 2025.

On 24 June 2025, we announced that Wu Gang would join the Board as an independent Non-Executive Director and would become a member of the Nomination and Remuneration Committees with effect from 1 July 2025. The appointment process began with a review of the skills matrix and various discussions as to the criteria for the candidate profile. An interview panel was identified to lead the process. Heidrick & Struggles was engaged to create a comprehensive and diverse longlist of candidates for the role. The shortlisted candidates were then interviewed, and the appropriate due diligence was undertaken to ensure the appropriate fit with the requirements, including consideration of their skillset and experience, their ability to contribute across the requisite range of Board topics, whether their appointment was in line with the Board's diversity aims and whether they could meet the expected time commitment. Recommendations were then made to the Board.

Any new Directors are appointed by the Board and, in accordance with the Company's articles of association, must be elected at the next AGM to continue in office. All existing Directors stand for re-election every year. This year, all Directors, with the exception of Fran Philip, who is not standing for re-election, will submit themselves for re-election or election at the AGM.

In making recommendations for the annual re-election of the Chair and Non-Executive Directors, the Committee and the Board considers the skills, knowledge, experience, independence and the time commitments of each Director to ensure that they have sufficient time to fulfil their responsibilities to the business. In addition to the regular consideration of Board members' performances, a standalone extensive appraisal is conducted for each Non-Executive Director that has served for a further term of three years from either election or from their last full appraisal. The Non-Executive Directors are considered independent. On appointment to the Board, the Chair was considered independent in accordance with the terms of the UK Corporate Governance Code 2024.

Induction

Following appointment, each new director receives an induction programme designed to be relevant to their experience, skills and Committee membership.

Typical induction programmes include:

- Briefings on the Company's purpose, strategy, values and culture
- Information on Board and Committee processes, including current Board areas of focus, and introductions to key stakeholders
- Review of Group policies and any mandatory training
- Sessions with Group Finance, the GET, the Head of GIA, Innovation,

Sustainability, Coats Digital and other members of management

- Site visits to operating businesses
- Meetings with the external advisors (e.g. Remuneration consultants, brokers, auditors etc)

2025 inductions

Following their appointments in 2025, both Hannah Nichols and Wu Gang undertook comprehensive induction programmes tailored to their roles.

Hannah Nichols

Hannah Nichols met key stakeholders internally and externally; this process was accelerated as Hannah led the interim results presentations and investor meetings in relation to the acquisition of OrthoLite and the associated capital raise. The Committee was pleased with the seamless transition of the role of Group CFO.

Wu Gang

The timing of Wu Gang's appointment was such that he received briefings on the divisions concurrent with the changing structure of the business with the acquisition of OrthoLite and move to a two-division structure.

NOMINATION COMMITTEE REPORT CONTINUED

Talent and Skills Review and Development

During 2025, the Committee reviewed the Board skills matrix and agreed to update this to address more specific cyber- and digital-related experiences. The skills matrix also supports the timely identification of any training needs or skills/experience gaps on the Board. The Board continues to undertake such regular training as is required for Group employees and also attended an AI-related discussion facilitated by external advisors.

The Board continued its focus on cyber security awareness. The Board Committees undertook training relevant to their areas of responsibility: the Audit and Risk Committee received training on key regulatory changes; the Remuneration Committee reviewed recent trends and practices in remuneration policies; and the Sustainability Committee undertook externally-facilitated CDP training.

The Board held several detailed sessions considering the succession plans for the GET and the talent available below GET level, in particular reviewing opportunities for development offered by the new organisational structure. Management provided an overview of the talent development plans for those talent pools. This will continue to be a focus area in 2026.

When reviewing the wider composition of the Board and GET, the Committee considered the various aspects of DEI, ensuring the desired culture of the Group is maintained, and also reviewing the required skills profile for the Group.

Diversity and Inclusion

The Board and Committee are committed to ensuring that the Board, Executive Committee and senior management have a diverse mix of skills, experience, knowledge and background.

The Board's approach to inclusion and diversity, underpinned by our Board Diversity Policy (available at coats.com), ensures that candidates for Board and GET roles are considered objectively from multiple perspectives, including: skills; experience; expertise; knowledge; gender; cultural and geographical background; ethnicity; and age.

In line with this policy, we aim to maintain at least 40% female representation on the Board and to have at least one director reflecting ethnic diversity, as defined by the Parker Review. The Committee is pleased to confirm that the diversity targets set out in the Board Diversity Policy and required by the FCA under the UK Listing Rules have been achieved: as at 31 December 2025, 40% of Board members were women, the Group CFO position was held by a woman, and the Board included at least one individual from a minority ethnic background.

Our global 'Coats for All' platform focusses on continually embedding DEI in our culture and behaviours. 'Coats for Her' is a specific initiative focussed on increasing gender diversity, and which has helped increase women in leadership roles from 23% in 2023 to 33% in 2025, with an ambition to reach 40% by 2030. These, together with our other employee-focussed campaigns,

continued to progress during 2025 and support the delivery of our strategic aims (read more about these programmes on page 28) and will continue to be a focus. The Board and Committee regularly review DEI data and monitor internal initiatives and outcomes to ensure the Company is tracking appropriately against our ambitious internal targets (see page 15).

In 2023, the Board set a target for 2027 that the Group should maintain circa 50% ethnic diversity in our senior leadership team (using

the definition recommended by the Parker Review), while recognising that periods of change in the composition of senior leadership may result in temporary periods when this balance is not achieved. The Board considers this that target remains appropriate and suitably challenging.

You can read more about our progress against our other sustainability objectives and the diversity of our global workforce in the Sustainability Report (coats.com/sustainability).

Board and GET/Executive Management Gender Identity or Sex as at 31 December 2025*

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management (GET and direct reports)	Percentage of executive management (GET and direct reports)
Men	6	60%	3	33	63%
Women	4	40%	1	19	37%
Other categories					
Not specified/prefer not to say					

At Coats, we define our senior management team as employees that are band three or above in the organisation (Senior Management). As at 31 December 2025, there were 63 women (33%) and 128 men (67%) in Senior Management.

NOMINATION COMMITTEE REPORT CONTINUED

Board and GET/Executive Management Ethnic Background as at 31 December 2025*

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management (GET and direct reports)	Percentage of executive management (GET and direct reports)
White British or other White (including minority-white groups)	7	70%	4	19	36.5%
Mixed/Multiple Ethnic Groups					
Asian/Asian British	3	30%		13	25%
Black/African/Caribbean/Black British					
Other ethnic group, including Arab				1	2%
Not specified/prefer not to say				19	36.5%

* The data in the tables above was collected directly from the Board and GET. Members of the Board and GET were asked to indicate their gender identity, sex and ethnic background against the categories in the table above.

Signed on behalf of the Nomination Committee by:

David Gosnell
Chair, Nomination Committee

4 March 2026

As previously communicated, the Board has maintained a structured and transparent approach to Chair succession, in line with Provision 19 of the UK Corporate Governance Code 2024 (Code).

In 2024 and 2025, the Senior Independent Director (SID) led the process, from which the Chair was recused throughout, which included targeted shareholder consultation. Throughout these processes, the majority of shareholders consulted indicated their support for the extension of David Gosnell's appointment for an additional three-year term (subject to annual re-election). At the 2024 and 2025 AGMs, shareholders approved the respective resolutions to extend David Gosnell's term of appointment, with in excess of 95% of votes cast being voted in favour. For the 2026 AGM, the Board, acting with David having recused himself, is proposing David's re-election to the Board and the Committees on which he sits for a final year. David has served on the Board for ten years and has acted as Chair since May 2021. The search for his successor commenced in H2 2025, led by the SID with support from Lygon Group, an independent external search firm which has no other connection to the Company or to any Director. The Board will confirm an orderly transition timetable once the right candidate is identified.

The Board considers this approach to be appropriate, reflecting the recent transformation of the Group and the need for continuity through integration and execution in respect of both the Board and its Committees.

The Board and Nomination Committee are satisfied that David continues to demonstrate independence and effective challenge in relation to both the Board and the Committees on which he sits, and that he facilitates Board effectiveness. Further, the Board considers that he continues to perform his duties effectively and devotes sufficient time and attention to his roles.

The Board considers that David's re-election will facilitate a timely and smooth transition process.

Audit and Risk Committee report

AUDIT AND RISK COMMITTEE REPORT



Sarah Highfield
Audit Committee Chair

Committee membership

Member	Meeting attendance
Sarah Highfield, Chair (Chair since May 2024) Member since 2023	6/6
Steve Murray Member since 2022	6/6
Srinivas Phatak Member since 2024	5/6*
Jakob Sigurdsson Member since 2020	6/6

*See page 54 for further details on attendance.

Principal objectives of the Audit and Risk Committee

- To monitor the integrity of the Group's financial reporting processes.
- To ensure the independence and effectiveness of internal and external audit functions.
- To ensure that risks are carefully identified and assessed, and that sound systems of risk management and internal control are in place.

Key responsibilities

- Oversee the accounting principles, policies and practices adopted in the Group's accounts.
- Oversee the Group's external financial reporting and associated announcements.
- Provide advice to the Board on whether the Annual Report and Accounts are fair, balanced and understandable and provide the necessary information to assess the Company's performance, business model and strategy.
- Ensure the adequacy and effectiveness of the internal control environment.
- Monitor the Group's risk management processes and performance.
- Review the resourcing, plans, reports and effectiveness of GIA.
- Oversee the appointment of, and monitor the performance of, the internal audit partner.
- Conduct a competitive tender process for external audit when required and oversee the appointment, independence, effectiveness and remuneration of the Group's external auditor, including the policy on the supply of non-audit services.
- Ensure the establishment and oversight of fraud prevention arrangements and consider reports under the whistleblowing policy in conjunction with the Board.
- Review the Group's compliance with the Code.
- Monitor forthcoming regulatory changes.

Dear Shareholder,

I am pleased to present the Audit and Risk Committee report for the year ended 31 December 2025.

This report outlines how the Committee has discharged its responsibilities, including monitoring and reviewing the integrity of the Group's financial information and external reporting, and providing assurance to the Board that the Group's internal controls and risk management processes were appropriate and subject to regular review.

During the year, the Committee continued to consider the effectiveness of the Group Internal Audit function (GIA), undertaking reviews of its work plan (to ensure this remained effectively aligned to the changing needs of the business) and its findings. It also continued to oversee the independence and work of the external auditor.

The Committee considers that the Group has complied with the provisions of the FRC's 'Audit Committee and the External Audit: Minimum Standard' (Minimum Standard).

Key areas of focus throughout the year included: the ongoing preparations for regulatory change, notably in relation to the UK Corporate Governance Code 2024 (Code) and the Economic Crime and Corporate Transparency Act; the plans for the integration of Group controls into OrthoLite; enhanced bi-annual balance sheet review processes for all business units; and the succession of the Group CFO. The Group's cyber security risk management processes were also kept under review by the Committee.

An external Board and Committee performance review was undertaken during the year (see page 59) which included recommendations for some further enhancements but concluded overall that the Committee continued to perform effectively.

Sarah Highfield,
Chair, Audit and Risk Committee

4 March 2026

“GIA reviews at unit level were prioritised on a risk basis, focussed on key markets, and were appropriately tailored to the particular circumstances, and the Committee continued its oversight of preparations for Provision 29 of the 2024 UK Corporate Governance Code.”

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Membership and Meetings

The members of the Committee are all independent non-executive directors. The Board has confirmed that it is satisfied that the members of the Committee collectively have a broad range of financial and sector expertise that enables them to provide oversight of both financial and risk matters, and to advise the Board accordingly.

For the purposes of the Code, in respect of the financial year ended 31 December 2025, Sarah Highfield and Srinivas Phatak were the members of the Committee determined by the Board as having recent and relevant financial experience. You can read more about the skills and experience of the members of the Committee on pages 52 to 53.

The Committee met privately with the external auditor and with GIA. To enable robust and timely discussion, the Group CFO, the Chief Legal & Risk Officer and Group Company Secretary, the Group Financial Controller, the Senior Financial Reporting Manager, the Head of GIA, and the external auditor attended parts of Committee meetings by invitation. The Group Chair and Group CEO also attended meetings when appropriate. The Deputy Company Secretary acts as Secretary to the Committee. The Chair of the Committee holds regular meetings with both internal and external auditors, and each has an opportunity to discuss matters with the Committee without management being present.

The Committee's structure and operations are governed by its terms of reference, which are reviewed and approved annually by the Board. These were last approved in February 2026.

Financial Reporting, Going Concern and Viability Statement

During the year, the Committee reviewed the interim results announcement, including the interim financial statements, the Annual Report and the associated preliminary results announcement, focussing on key areas of financial judgement and estimates made by management to ensure it was satisfied with the outcome. The Committee also reviewed critical accounting policies, disclosures (including those relating to contingent liabilities, climate change and principal and emerging risks) and provisioning, reviewing any changes to policies required in these areas.

Focus areas during the year were: the acquisition accounting and integration plans for OrthoLite; reviews of the Group's cyber security risk management processes, and enhanced bi-annual balance sheet review processes for all business units.

The Committee considered the Group's longer-term viability statement, set out on page 47. The Committee reviewed the process undertaken to ensure that the model used was consistent with the approved business plan and that the relevant scenario and sensitivity testing aligned clearly with the

principal and emerging risks of the Group. The Committee challenged the underlying assumptions used and reviewed the results of the detailed work performed. The Committee was satisfied that the analysis supporting the longer-term viability statement had been prepared on an appropriate basis. The Committee also reviewed the going concern statement, set out on page 101, and reviewed management forecasts for the Group's future cash flow performance, challenging the assumptions on which those forecasts are based. Following a robust assessment of the methodology, the Committee concluded that adoption of the going concern principle was appropriate for both the half year and full year results. The Committee also reviewed and approved the going concern disclosures that are included in the financial statements. The Committee made the relevant recommendations in relation to these statements to the Board.

The Committee continues to focus on both the basis of preparation of the going concern and longer-term viability analysis as well as the external disclosures, to ensure they are prepared in line with current FRC guidance.

Fair, Balanced and Understandable

As part of its review of the Company's Annual Report and associated disclosures, the Committee has considered whether the Annual Report report is 'fair, balanced and understandable' as required by the Code.

The Committee received assurance from the verification processes carried out on the content of the Annual Report that the reporting therein was consistent and that there were appropriate links between key messages and relevant sections of the Annual Report.

Taking the above into account, together with the views expressed by EY, the Committee recommended, and in turn the Board confirmed, that the 2025 Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

On this basis, the Committee recommended to the Board that it could make the required statement that the Annual Report is 'fair, balanced and understandable'.

“Focus areas during the year were: the acquisition accounting and integration plans for OrthoLite, reviews of the Group's cyber security risk management processes, and enhanced bi-annual balance sheet review processes for all business units”

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Significant Issues Relating to the Financial Statements

The Committee considered the following issues relating to the financial statements during the year. These include the matters relating to risks disclosed in the external auditor's report:

Issue	Review and conclusion
Exceptional and acquisition-related items	Exceptional and acquisition-related items of \$51.6m in 2025 have been recorded in profit before taxation; the disclosures in note 4 to the financial statements provide further details. The Committee assessed management's judgements, took into account the views of the external auditor and concluded that the accounting treatment was appropriate given the one-off nature of the events.
Acquisition accounting – purchase price allocation	Following the acquisition of OrthoLite, the Group carried out an exercise to allocate the purchase price to the identifiable assets acquired and liabilities assumed at fair value. The exercise resulted in the identification of provisional goodwill and intangible assets of \$811.3m; the disclosure in note 31 provides further details. The Committee assessed the approach and judgements taken by management, whilst also taking into account the views of the external auditor, and concluded the provisional fair values included in the financial statements were appropriate.
Exit of Americas Yarns business	The full exit of the Americas Yarns business was announced in April 2025. The Committee reviewed management's judgements on the accounting and reporting implications on the 2025 results, including the loss from discontinued operations of \$15.5m, and the presentation of results as discontinued operations. The Committee concluded that it was satisfied with the accounting treatment and disclosures made in the Annual Report.
US legacy environment provision	The Group has recognised a provision of \$10.1m in respect of remediation and legal/professional costs for the Lower Passaic River. The Committee considered management's position on the accounting and disclosure implications surrounding this environmental case, taking into account advice received from external counsel Sive Paget & Riesel P.C. Following the delivery of the US Environmental Protection Agency's Record of Decision in March 2016, the Committee has continued to review whether subsequent events, including those impacting other parties considered to be responsible for the most significant contamination in the river, have triggered the requirement to remeasure the level of remediation provisioning previously established. The Committee is satisfied that there is no requirement to remeasure the remediation provision as at 31 December 2025 and that the disclosures provided in note 28 to the financial statements are appropriate.
Taxation	The Group operates in numerous jurisdictions around the world, with different regulations applying in different territories. This complexity, together with intra-Group cross-border transactions, gives rise to inherent risks, including the risk of challenge by national tax authorities. In addition to reviewing the Group's adjusted effective tax rate, which remained at 29% in the current year, the Committee also considered the Group's uncertain tax provisions and deferred tax assets, which amount in total to \$58.3m (2024: \$26.0m) and \$17.9m (2024: \$13.6m) respectively. The increase in uncertain tax provisions in the year is primarily due to \$24.9m provisional assessment of uncertain tax liabilities acquired with OrthoLite. The Committee is satisfied with the approach and disclosures adopted by management as reflected in note 9 to the financial statements.
Carrying value of goodwill, acquired intangible assets and tangible fixed assets	The Committee reviewed and challenged management's impairment testing of goodwill, acquired intangible assets and tangible fixed assets for the Group's cash generating units. The recoverable amount has been determined based on value in use and fair value less costs of disposal calculations which rely on a number of key assumptions as described in notes 13 and 14. The Committee considered the key assumptions and methodologies used in the calculations, as well as the disclosures including the sensitivity to key assumptions. The Committee concluded that it was satisfied with the results of the impairment reviews and the disclosures made in the Annual Report.

The Committee also received regular updates on provisions made for litigation and tax matters and the Committee considered the appropriateness of the methodology applied.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Internal Audit

The Committee annually reviews and approves the GIA Audit Charter, which defines GIA's independence, objectivity and scope of internal activities, the latter of which is determined by an annual risk-based plan. In line with the GIA Charter, the Committee and management ensure that GIA has unrestricted access to the Group's records, physical properties, and personnel to the extent necessary to carry out its activities, and that it remains free from inappropriate management influence or any other restrictions that could compromise its ability to perform its work objectively and effectively.

The proposed GIA audit plan is presented for approval annually and is then reviewed at each Committee meeting. Updates are provided on audit coverage as well as any recommended changes to the schedule of work.

Further to the work undertaken in 2024, the Committee has continued to ensure that GIA's resourcing and remit is appropriately aligned with the current and evolving needs of the Group during 2025 and that GIA remains an effective business partner. GIA reviews at unit level were prioritised on a risk basis, focussed on key markets, and were appropriately tailored to the particular circumstances with supervisory reviews being issued at times to provide timely guidance.

The majority of GIA reviews were conducted on-site, and all were aligned to the 'Key Control Framework' controls and test activities. The 'guest auditor' from the business resourcing model was continued

in 2025, providing independent peer review and development opportunities.

The Committee reviewed the key findings and ratings from the 24 GIA reviews undertaken during 2025. It received detailed responses from management where appropriate and monitored the rate at which actions agreed with management were implemented. Enhanced processes for management monitoring of the execution of remediation plans were implemented during 2025. GIA presented its annual audit opinion at the February meeting of the Committee.

The Head of GIA presented a semi-annual review of in-country operational risks to the Committee, which considered matters relating to the Group's principal risks and any new risks that arose in the period, with agreement on appropriate actions and interventions.

BDO acts as a co-source partner to GIA, providing additional skills and expertise to supplement reviews as required as well as bringing its wider insights. BDO has joined GIA at Committee meetings during 2025 to present its findings.

The Committee reviewed the effectiveness of GIA at its December meeting and concluded that it was highly performing and acknowledged the positive evolution of the function in recent years. The Committee was satisfied that the quality, experience and expertise of GIA is appropriate for the business. The enhancements made in meeting materials had been welcomed and further refinements would be implemented in 2026.

Internal Control and Risk Management

The Board retains overall responsibility for overseeing risk and ensuring the effective operation of a robust risk management and internal control system. The Committee is responsible for reviewing the effectiveness of risk management and internal control systems. The day-to-day operation of these systems, encompassing financial, operational, and compliance controls, has been delegated to management and risk owners.

GIA grades the severity of all findings based on the prioritisation of the necessary action to manage the risk(s) arising in its reporting to the Committee, with the most significant finding being "catastrophic" risk to the business meaning urgent action is required to mitigate the significant or material risk. No findings were rated catastrophic during the period.

Provision 29 of the Code

During 2025, in preparation for the implementation of Provision 29 of the Code, there was a comprehensive review of the Group's material controls. This work involved identification of the Group's catastrophic and material reporting risks, confirmation of the controls that mitigate these risks and assessment of how these controls operate across the Group. It also included evaluation of current and target assurance levels, the development of action plans to address any gaps identified, and the conducting of effectiveness testing to validate control design and to identify any required remediation.

The Committee has monitored the results of the material controls processes, evaluated the evolving control and risk management environment, and considered the adequacy of assurance activities and suggested enhancements to these. Group Finance has partnered with PwC during this process, allowing access to additional expertise and insights.

Cyber Security and Digital & Technology risk management

The Committee received regular updates on the enhancements being made in relation to Cyber Security and Digital & Technology risk management. GIA, supported by relevant specialist experts from BDO, conducted robust reviews with management, and reported these to the Committee, to comprehensively assess the current status of the Group's cyber risks and mitigation plans, as well as agreeing enhancements. The Committee met with the newly appointed Chief Information Officer and agreed priority areas for the recently appointed Chief Information Security Officer. This will continue to be a focus area in 2026.

Other areas of Committee focus

Reviews of back office transactional services, indirect procurement processes, supplier payment terms and an update on the supplier audit programme were also considered by the Committee.

The Committee undertook its annual review of ESG reporting and disclosures, including consideration of the TCFD disclosures, and oversaw the external limited assurance processes of ESG-related data in this Annual Report.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

The Committee reviewed the minutes of all Group Risk Management Committee meetings and discussed any relevant matters that have arisen with management.

Following these assurance processes, the Committee was satisfied that the system of risk management and internal controls operate effectively in all material respects with no significant weaknesses identified and others remediated appropriately.

External Auditor

Ernst & Young LLP (EY) is the Group's external auditor and is engaged to conduct a statutory audit of, and express an opinion on, the Company's and the Group's financial statements. A competitive tender to select the auditor was last carried out in 2022. Shareholders confirmed the reappointment of EY at the Company's 2025 Annual General Meeting.

EY presented its proposed audit plan, as reviewed by management, to the Committee for discussion. The audit scope and approach were appropriate in light of the Group's structure and strategy. The audit was accordingly conducted in line with this plan.

EY attends each Committee meeting to present its findings and also meets with the Committee and the Committee Chair without management being present. EY can raise any matter of concern to the Committee Chair at any time without going through management. These regular discussions were useful to the Committee, but no matters of concern emerged.

Independence

The Committee is responsible for reviewing the independence and objectivity of EY and agreeing their terms of engagement and the scope of their audit.

EY has a policy of partner rotation, which complies with regulatory standards, and, in addition, has a structure of peer reviews for its engagements, which are aimed at ensuring that its independence is maintained. Maintaining an independent relationship with the Company's external auditor is a critical part of assessing the effectiveness of the audit process.

The Committee annually reviews its policy on non-audit fees to ensure it complies with latest FRC Ethical Standards. The key principles of the policy on non-audit services are:

- The auditor is prohibited from providing any services that are not included in the list of permitted non-audit services. Permitted services include audit-related services such as reviews of interim financial information or any other review of accounts required by law to be provided by the auditor.
- Any service that is included on the list of permitted non-audit services, if in excess of \$150,000, requires the approval of the Committee.

Fundamental components of the Company's internal control and risk management framework include:

a decentralised risk management framework, clear organisational responsibilities, robust governance structures and comprehensive financial and compliance processes;

appropriately drafted and communicated policies, procedures, and guidance to support business operations;

a thorough and coordinated annual planning process and strategy review, combined with comprehensive financial forecasting, reporting, and budgeting;

embedded tools and technology such as SAP and Concur;

a well-established sign-off system in relation to financial reporting and other business matters;

appropriate post-acquisition integration activities to ensure adherence to Group standards;

GIA activities and investigations; and

an externally operated whistleblowing helpline and robust process to allow anonymous reporting and suitable investigations.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

- During 2025, the external auditor provided non-audit services primarily in relation to the Group's ESG assurance. The external auditor has confirmed to the Committee that they did not provide any prohibited services and that they have not undertaken any work that could lead to their objectivity and independence being compromised. The ESG assurance work constitutes permissible non-audit service, authorised by those charged with governance, relating to sustainability reporting in accordance with ISAE 3000 (Revised).
- The non-audit fees in relation to the services supplied by the external auditor can be found in note 5 to the financial statements. Non-audit fees presented as a percentage of total audit fees is 8%.
- The lead audit engagement partner is rotated every five years. Anup Sodhi was appointed as the lead audit engagement partner in 2023.

The Committee also reviewed the level of audit and non-audit fees paid to EY.

The Group is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Assessment of Audit Process

The Committee assesses the performance and effectiveness of the external auditor on an annual basis. In 2025, this assessment was undertaken by way of a questionnaire-based internal review which was completed by regular attendees of Committee meetings

and those Coats colleagues globally who interact most frequently with the external auditor. Feedback was also provided by Committee members.

The items pertaining to the review of the external auditor, as listed in the Minimum Standard and the Code, were included in the review. The questionnaire covered topics such as the robustness of the audit and the quality of delivery, reporting and service as well as covering areas such as consideration of the auditor's culture and mindset, including free form questions to allow consideration of any other points that respondents wished to raise. The Committee appropriately assessed the auditor's view of the risks to audit quality and performance against the audit plan, and also considered the FRC's annual report on the auditor. The summary of the results of the questionnaire was reviewed and discussed by the Committee and appropriate feedback was shared with the external auditor.

Areas for Focus in 2026

In 2026, in addition to the recurring items within the Committee's remit, the Committee will continue to oversee compliance with Provision 29 of the Code and to maintain and further enhance its focus on cyber risk and governance.

Signed on behalf of the Audit and Risk Committee by:

Sarah Highfield,
Chair, Audit and Risk Committee

4 March 2026

Key areas of focus in 2025

Corporate reporting

Key stakeholders:



- Half and full year external reporting
- Interim and preliminary results announcements
- Annual Report and consolidated financial statements
- Review of tax and statutory filing status
- Reporting and external limited assurance of ESG data

Internal controls

Key stakeholders:



- GIA updates
- Semi-annual review of internal financial controls
- Monitoring agreed actions status
- Review and refinement of Key Controls Framework and assurance processes
- Review of updates to regulatory reform to ensure appropriate internal preparation

Risk management

Key stakeholders:



- Litigation, cyber tools, suppliers and tax risk reviews
- Bi-annual risk review including environmental compliance
- Horizon scanning for changes to regulatory environment for audit
- Review of Supplier payment terms and supplier audit programmes
- Regular review of Digital and Technology and Cyber Security risk management

External audit

Key stakeholders:



- Report on external audit at full year
- Insights and observations on reporting review
- Auditor independence and non-audit work reviews
- Review of management representation letters
- Review of fees of external auditor
- Review of the effectiveness of the external auditor

Sustainability Committee report

SUSTAINABILITY COMMITTEE REPORT



Committee membership

Member	Meeting attendance
David Gosnell, Chair (Chair since December 2021) Member since 2021	2/2
David Paja Member since 2024	2/2
Hannah Nichols Member since September 2025	2/2
Sarah Highfield Member since 2024	2/2
Fran Philip Member since 2021	2/2
Pasquale Abruzzese Member since January 2025	1/2
Adrian Elliott Member since 2024	1/2
Frederic Verague Member since 2024	2/2
Christopher Dearing Member since 2024	2/2

Principal objective of the Sustainability Committee

- To provide strategic oversight and monitor the execution of the Company's sustainability strategy and initiatives.

Key responsibilities

- To oversee, review and provide input as required to refine, enhance and accelerate the progress of the Company's sustainability strategy, projects and targets.
- To elicit and provide external experience and insights from other companies and industries.
- To provide input as required and appropriately monitor the environmental and employee engagement-related social elements of the Company's ESG activities.

Dear Shareholder,

I am pleased to present the Sustainability Committee report for the year ended 31 December 2025.

This report provides a high level summary of how the Committee has discharged its responsibilities during the year. Further information on each of the areas covered in this report is available in the Sustainability Report (see coats.com) and the TCFD section of this report (see page 178).

Membership

The Committee membership comprises the Chair of the Board, the Group CEO, two independent Non-Executive Directors, the Apparel CEO, the Footwear CEO, the Executive Lead of Group Strategic Initiatives and the Group Sustainability Director. On 16 September 2025, it was announced that Hannah Nichols (Group CFO) would join the Committee.

This composition provides an effective balance of Board and senior management oversight. The Board is satisfied that the Committee collectively has the skills and experience needed to advise it appropriately.

The Committee met twice during the year, and a separate Board session was held as part of the Strategy Day to review progress to date and determine further actions required to meet our 2030 targets.

Key Areas of Focus

In 2025, the Sustainability Committee focused on overseeing strong progress against the Group's sustainability targets, including the

early achievement of key Energy, Waste and People goals. It also refined the materials transition strategy to better align with long-term Scope 3 emissions reduction.

The Committee reviewed and approved a more commercially-viable pathway to meet the 2030 SBTi Scope 3 target and to advance supplier decarbonisation through expanded engagement and adoption of standardised measurement tools. It continued to monitor development of the Group's Net Zero transition plan and reviewed enhancements to climate-related disclosures in external publications.

The Committee also assessed evolving regulatory requirements, including CSRD and Digital Product Passports, to understand short-, medium- and long-term implications and evaluate preparedness. To ensure continued strategic focus, the Committee considered current ESG ratings performance, investor expectations, and regional sustainability outcomes. Targeted Committee training was provided, particularly in relation to CDP.

Effectiveness

An external Board and Committee performance review was undertaken during the year (see page 59) which included recommendations for some further enhancements but concluded overall that the Committee continued to perform effectively.

David Gosnell
Chair, Sustainability Committee

4 March 2026

Remuneration Committee report

REMUNERATION COMMITTEE REPORT



Echo Lu
Remuneration Committee Chair

Committee membership

Member	Meeting attendance
Echo Lu, Chair	
Member since 2017	6/6
Steve Murray	
Member since 2022	6/6
Fran Philip	
Member since 2016	5/6
Wu Gang	
Member since 1 July 2025	1/2

Principal objectives of the Remuneration Committee

- Our main objectives are to have fair, equitable and competitive reward packages that support our vision and strategy and help ensure that rewards are performance-based and encourage longer-term shareholder value creation.

Key responsibilities

- Implementing the Directors' Remuneration Policy (the Policy).
- Ensuring the competitiveness of reward.
- Designing the incentive plans.
- Setting incentive targets and determining award levels.
- Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with business strategy and culture.
- Engaging with shareholders on remuneration matters, including the Directors' Remuneration Policy.

Dear Shareholder,

As Chair of the Remuneration Committee (the Committee), I am pleased to introduce the Directors' Remuneration Report for the year ended 31 December 2025.

This report consists of three parts: this letter summarising the work of the Committee during 2025 and the decisions made, the Annual Report on Remuneration for 2025 (the Report), and the Directors' Remuneration Policy (the Policy). This letter and the Report will be subject to an advisory vote at our 2026 Annual General Meeting (AGM) whilst the Policy will be subject to a binding vote.

Highlights for 2025

- Enabled and supported smooth Executive Director succession with the new Group Chief Financial Officer (Group CFO) assuming the role following the 2025 AGM.
- Continuing to balance market volatility and the wider macroeconomic environment with shareholder interests through the remuneration arrangements for our Executive Directors and Group Executive Team (GET) and the wider workforce.
- Undertook a review of the Policy considering the extent to which it continues to support the delivery of business strategy, aligns to the interests of stakeholders and reflects developments in market best practice.
- Engaged with shareholders regarding the proposed changes to the Policy.

- Considered wider developments in market practice and their implications throughout the Group.
- Determined the 2024 annual bonus awards and the vesting of the 2022 LTIP award.
- Conducted an in-depth review of remuneration arrangements within the wider workforce including the annual review of our global Living Wage policy.
- Reviewed Executive Directors and Group Executive Team salaries.
- Considered and agreed the implementation of the Policy for 2026, including performance measures, targets and weightings.
- Supported the business and reviewed remuneration arrangements as part of the OrthoLite acquisition and divestitures during the year.

Areas of Focus for 2026

- Overseeing the effective implementation of the Policy for 2026.
- Continuing to monitor the impact of geopolitical and macroeconomic effects on the operation of the Policy.
- Setting incentive targets in a continuing challenging macro-environment, ensuring alignment with strategy and shareholder interests, as well as ensuring fairness and transparency.
- Continuing to review workforce remuneration policies to support our environmental, social and governance strategy as well as our Diversity, Equity and Inclusion objectives.

REMUNERATION COMMITTEE REPORT CONTINUED

Workforce Content

The 2025 salary increase for the Group CEO was aligned with the salary increase budget set for the UK as a whole at 2.5% of salary, effective 1 July 2025. The same principle was applied to the wider members of the GET that were eligible for an increase (i.e. increases, where made, were aligned to the salary budget appropriate for their geographic location). As detailed in last year's Directors' Remuneration Report Hannah Nichols joined the Company as Group CFO Designate in April 2025 and became Group CFO in May 2025 (on a salary of £465,000) and was therefore not eligible for an increase during the year.

Fran Philip, our Designated Non-Executive for Workforce Engagement, continued her programme of meetings with our employees in all our local markets, feeding back relevant comments to the Committee, such as employee sentiment on cost of living changes. Employees were encouraged to discuss matters of remuneration across the Group and raise any issues that they considered appropriate. Further details of feedback received is detailed on page 61.

Incentive structures remain aligned within the Coats business, therefore, the key metrics that apply to senior management compensation are applied consistently throughout the organisation, with our main bonus plan being subject to the same key financial measures as our Executive Directors'.

Executive Director Changes During 2025

As detailed in last year's report, Jackie Callaway the Group Chief Financial Officer (Group CFO) mutually agreed to step down from the Board following the 2025 AGM on 21 May 2025. As a result of leaving employment though mutually agreed succession planning, the Committee resolved that Jackie would retain the right to her in-flight incentives, subject to pro-rata reductions and the application of performance conditions on the original time frames.

Her successor, Hannah Nichols, joined Coats from 24 April 2025 as Group CFO designate and assumed the role on 21 May 2025.

Details of the remuneration arrangements for both Jackie and Hannah are set out later in this report.

Business Performance in 2025

In 2025, Coats delivered resilient performance during challenging market conditions, driven by continued caution in customer ordering patterns as a result of macroeconomic and tariff uncertainty. Against this backdrop, performance has generally been in line with the ambitious business plan set at the start of the year.

Financial performance highlights include:

- Group revenue was \$1,465m (2024: \$1,433m), primarily driven by continued success in gaining market share, outperforming core thread and footwear markets.

- Sales growth in Apparel, and margin improvement across all divisions.
- Group operating margins increased to 19.8%, which falls comfortably within our medium-term margin target of 19-21%, reflecting pricing discipline and flexing of the cost base.
- Cash generation has remained strong. As anticipated, leverage increased to 2.2x due to the completion of the OrthoLite acquisition. However, it remains consistent with our previous guidance, and we expect leverage to fall below 2.0x by the end of 2026, driven by sustained improvement in cash generation.

In addition to the financial performance set out above, the Group also made significant strategic progress. We completed the landmark acquisition of OrthoLite Holdings LLC. This acquisition significantly strengthened our existing business offering by expanding into the high growth insole segment. We also exited from the Americas Yarns business, accelerating the Performance Material margin recovery and enabling focus on core parts of the Group's portfolio. At the same time as completing the OrthoLite acquisition, we also successfully streamlined our business structure into two divisions: Apparel and Footwear, to reflect the transformation of the Group's profile. This change reduces internal complexity and aligns the divisions more closely with the underlying textile engineering and polymer science technologies. The strategic progress delivered ensures that Coats is well set for future growth.

Incentive outcomes

2025 Annual Bonus

The 2025 annual bonus was based on a scorecard of five measures, each with challenging performance targets. The assessment of performance against these targets determined that bonuses were payable of 75% of maximum for the Group CEO and Group CFO. The Former Group CFO earned a bonus of 65% of maximum.

The Committee reviewed the formulaic outcome in light of the wider financial and non-financial performance of the Group and considered the formulaic outcome to be appropriate. As a result, no adjustments were made. Further details of the assessment of performance for the 2025 annual bonus can be found on page 87.

REMUNERATION COMMITTEE REPORT CONTINUED

2023 Long-Term Incentive Plan

With regards to long-term performance, we achieved growth in Normalised EPS over the three-year period ending 31 December 2025 to 9.65 cents, delivered a strong total shareholder return of circa 38%. Consistently strong performance can be seen against our longer term sustainability goals. This resulted in 67.8% of the total award vesting. Further details of our approach to the pension buy-in are detailed on page 88.

As with the annual bonus the Committee reviewed this outcome in the context of performance delivered over the performance period, and the experience of our stakeholders, and concluded that this outcome was a fair reflection of performance. As a result, no adjustments to the formulaic outcome were made. Further details of the assessment of performance for the long-term incentive plan can be found on page 88.

Remuneration Policy Review and Proposed Changes

During the year, the Committee undertook a detailed review of the current Directors' Remuneration Policy. Whilst the review concluded that the overall Policy structure was working effectively, it was agreed that a small number of targeted amendments should be made. These changes are intended to ensure that the Policy continues to support the delivery of business strategy, aligns to the interests of stakeholders, and reflects developments in market best practice.

The principal changes are:

1 **Simplifying the maximum LTIP grant from 175% of salary in normal circumstances, with 200% in exceptional circumstances to 200% of salary** – under the existing Policy there is

a 'normal' maximum of 175% of salary and an 'exceptional' maximum of 200% of salary. The revised Policy will simplify this into a single maximum of 200% of salary. The resultant increase to the normal maximum was deemed appropriate in order to:

- i better align with up-to-date market levels of executive remuneration. The normal limit of 175% of salary has remained the same since 2021 and over that time we have seen many comparable FTSE 250 companies making material increases to incentive quantum – especially long-term incentives (the median FTSE 250 LTIP opportunity is 200% of salary); and
- ii give the Committee the flexibility needed to operate the Policy effectively over the three-year Policy period.

As both Executive Directors have been appointed within the past 18 months, the Committee does not consider it appropriate to increase their award levels for 2026. As a result, award levels will remain at 175% and 150% of salary

for the Group CEO and Group CFO respectively in 2026. To the extent that this headroom is used in future, the Committee would take the higher quantum into account when determining the appropriate degree of stretch in performance targets.

2 **Flexibility to reduce bonus deferral by 50% once share ownership guidelines have been met** – this reflects the

updated Investment Association Principles of Remuneration and emerging market practice. With our incentives purposefully weighted towards long-term performance, our robust malus and clawback provisions and 200% of salary share ownership guidelines, the Committee is comfortable that this approach balances alignment with shareholders and flexibility for executives.

Other minor/administrative changes to the Policy include broadening malus and clawback provisions to allow the Committee to lapse a "good leaver" share award if the individual takes up comparable employment with another company (for example, following retirement), and clarifications regarding the Policy language in respect of target setting to permit the use of graduated performance schedules.

As part of the development of the Policy, the Committee considered the Group's wider approach to workforce remuneration as well as engaging with major shareholders and leading advisory agencies.

The shareholder engagement process included writing to all shareholders owning 2% or more of the issued share capital of the Company. Feedback was received from 8 shareholders and some of the leading proxy agencies who were generally supportive of the changes proposed. The consultation provided a valuable opportunity to present the rationale for the proposed changes and to better understand the views of our shareholders, we are pleased to confirm as a result of the positive feedback received, no changes were made to our proposals. As a Committee we would like to thank all shareholders who participated in this engagement process – your feedback was gratefully received.

Implementation of Policy for 2026 Salary

Executive Directors' base salaries will be eligible for review, in line with the wider workforce salary review, with effect from 1 July 2026.

The Committee remains mindful of institutional investor guidance in relation to salary increases and the compounding impact of Executive Director increases during periods of higher inflation and will continue to balance this with the need to recognise the performance, experience and calibre of the Executive Directors.

REMUNERATION COMMITTEE REPORT CONTINUED

Annual Bonus

The 2026 annual bonus measures and weightings are unchanged from those operated in 2025 with only a minor change to the definition of free cash flow – measures and weightings are set out on page 97. The targets will be disclosed retrospectively in next year's Remuneration Report. The Committee is comfortable that the targets reflect our business objectives and will be appropriately stretching.

The maximum annual bonus opportunity will remain at 150% of salary for the Group CEO and 125% of salary for the Group CFO.

Long-Term Incentive Plan

To better align with our published medium term financial framework, there will be a modest re-weighting of measures. For the awards in 2026, the measures and their weightings will be 30% on EPS growth, 25% on free cash flow (increased from a 20% weighting on average cash conversion), 25% on relative TSR and 20% on sustainability measures (reduced from a 25% weighting in recognition of the decrease in 2024 from five

to three sustainability metrics). Further details regarding the measures, weightings and targets are set out on page 97.

As set out above, the 2026 grant sizes will remain unchanged at 175% and 150% of salary for the Group CEO and Group CFO respectively.

Conclusion

The Committee is satisfied that the decisions made during 2025 reflect the financial and non-financial performance of the Group during the year and the Policy has operated as intended.

I hope you find this report helpful and that you will be supportive of the remuneration resolutions on the Directors' Remuneration Policy and the Directors' Remuneration Report at our 2026 AGM.

Echo Lu
Chair, Remuneration Committee

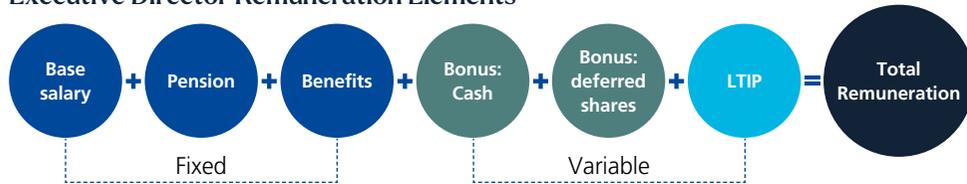
4 March 2026

Remuneration at a glance

REMUNERATION AT A GLANCE

2025 Policy Implementation and Outcomes

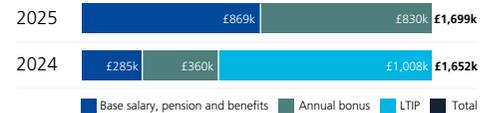
Executive Director Remuneration Elements



2025 Total Remuneration (£'000)

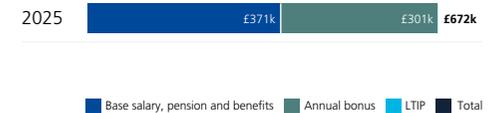
Group Chief Executive Officer

Single figure total remuneration for the Group CEO in 2025 vs 2024. Further details of the implementation of policy are provided below.



Group Chief Financial Officer

Single figure total remuneration for the Group CFO since the commencement of employment in 2025. Further details of the implementation of policy are provided below.



Executive Director Remuneration Elements

Element	Key features of current policy	Implementation in 2025	Key proposed policy changes for 2026
Base salary and benefits	<ul style="list-style-type: none"> Base salary is benchmarked against the FTSE 250 and selected comparator group of similar size and complexity Benefits are benchmarked to local market practice, taking account of the nature of the executive directors' role Pension benefits aligned to the workforce where the role is based 	<ul style="list-style-type: none"> Increase of 2.5% for David Paja effective from 1 July 2025 Hannah Nichols joined the Group on 24 April 2025 on a salary of £465,000 Jackie Callaway did not receive an increase in 2025 12% of salary pension benefit for all Executive Directors 	No change
Annual bonus	<ul style="list-style-type: none"> Maximum award opportunity: 150% base salary A proportion of annual bonus is subject to mandatory deferral Deferred bonuses are converted to share awards and are released after a three-year retention period to align value of annual incentives to longer term performance of the company 	<ul style="list-style-type: none"> David Paja received a maximum bonus opportunity of 150% of base salary for the year For Hannah Nichols and Jackie Callaway a maximum bonus opportunity of 125% of base salary, pro-rated for time served in the year was provided 50% of the bonus for David Paja and 40% of the bonus for Hannah Nichols is deferred into shares Performance targets and outcomes are shown on page 87 	<ul style="list-style-type: none"> No change to maximum bonus opportunity Flexibility to reduce bonus deferral by 50% once share ownership guidelines have been met
LTIP	<ul style="list-style-type: none"> Maximum LTIP award opportunity: 175% of base salary (200% exceptional circumstances) Awards are discretionary and may be made annually Vesting is conditional on three-year performance conditions, after which a two year holding period applies. Performance measures and targets are determined by the Committee, taking into account the balance of strategic priorities for Coats for the three-year performance period 	<ul style="list-style-type: none"> Grant of 175% of salary to David Paja and 150% to Hannah Nichols Three year performance period and two year holding period applies Performance targets are set out on page 88 No grant was made to Jackie Callaway in 2025 	<ul style="list-style-type: none"> Maximum LTIP opportunity: 200% of base salary Performance target ranges may be set on a graduated basis
Shareholding requirements	<ul style="list-style-type: none"> 200% of salary within five years of appointment Applies for 2 years post termination of employment based on the lower of the shareholding requirement or the actual shares held on termination 	Jackie Callaway's post employment shareholding requirement was fixed at 200% of her base salary on cessation	No change

Remuneration Policy Report

REMUNERATION POLICY REPORT

The Remuneration Policy was last approved by shareholders at the 2023 AGM. This updated policy will be subject to a binding shareholder vote at the 2026 AGM on 20 May 2026. If approved, the policy will apply for a period of up to three years from the date of approval.

As set out in the Remuneration Committee Chair's statement, the Committee concluded that the existing Policy continues to work effectively and that only minor changes are required.

Directors' Remuneration Policy

The Remuneration Committee has responsibility for determining remuneration for the Company's directors including the Group Chair but excluding the non-executive directors. The remuneration for non-executive directors, excluding the Group Chair, is determined by the Board, albeit the Non-Executive Directors are not present when their fees are discussed. The Committee takes into account the need to recruit and retain directors who have the suitable skills and experience to perform in the interests of the Company and its shareholders, while paying no more than is necessary.

Following an extensive review of the Remuneration Policy, a number of changes are proposed. The purpose of these changes is to ensure that the Policy enables the Committee to ensure that remuneration arrangements can continue to support business strategy and that it takes into account developing market best practice.

The changes proposed are as follows:

- 1 An increase to the maximum award under the Long-Term Incentive Plan to 200% of salary.
- 2 Introducing flexibility to reduce bonus deferral (by up to 50%) once the 200% of salary share ownership guidelines have been met.
- 3 A broadening of the current Malus & Clawback provisions which apply to variable remuneration to better align with market best practice.
- 4 Other minor administrative changes including adding additional flexibility in relation to target setting.

The Remuneration Policy set out below applies to all directors who serve on the Board during the life of this policy.

Executive Directors' Remuneration Policy table

FIXED REMUNERATION

Purpose and link to strategy	Operation and opportunity
Salary	
To attract and retain the key talent that the Company needs to achieve its objectives.	Salaries for new executive directors will be set by the Board, taking into account such factors as it determines to be necessary, as discussed above. Following recruitment, salaries will normally be reviewed annually with effect from 1 July (or such other date so as to align with the appropriate workforce review date). Salary reviews take account of factors including the market competitive level of pay in other companies, average salary increases applied elsewhere across the Group, the performance of the Company, the relative skills, performance and talent of the individual and any increase in the scope and/or responsibility of the individual's role. There is no set maximum salary but the Committee's approach will consider the median level of salary of similar positions in the FTSE 250 (excluding financial services), as well as companies in similar sectors and of a similar international scope and size to Coats, for UK-based roles, to reflect the global scope and dimensions of the Group's operations and the sector in which it operates. External benchmark data is considered only as a reference point and the median figure will not be regarded as a target level of remuneration.
Pension	
To provide a market competitive level of retirement provision.	Executive directors participate in a defined contribution scheme, on a non-contributory basis, with an employer contribution of up to the typical UK workforce (or other relevant local workforce where appropriate) rate which is currently 12% of salary, or will be provided with a cash alternative in lieu of any pension benefits of up to an equivalent value.
Benefits	
To provide a market competitive level of benefits.	Benefit provision to executive directors will be determined by the Committee, taking into account such factors as it determines to be necessary, with the aim of creating a competitive overall package. There are no set maximum levels. Benefits may include, but are not limited to, the provision of private medical insurance, ill-health protection and/or life insurance and a cash-for-car-allowance. In addition, the Company may provide assistance in connection with the relocation of an executive director and, in the event of an international transfer, may provide tax equalisation arrangements. Executive directors may also participate in any all-employee incentive plan operated by the Company from time to time, up to the same limit for participation as applies for other employees.

REMUNERATION POLICY REPORT CONTINUED

VARIABLE REMUNERATION

Purpose and link to strategy	Operation and opportunity	Performance
Annual bonus, Cash bonus and deferral into shares under the rules of the Deferred Bonus Plan		
<p>Annual bonus incentivises key individuals to achieve the objectives of the annual business plan.</p> <p>The deferred element ensures that the final value of the annual incentive is linked to the longer-term value of the Group.</p>	<p>Annual bonuses will be determined by reference to performance, measured over one financial year.</p> <p>The maximum annual bonus that may be awarded to any Executive Director will be 150% of salary.</p> <p>Any bonuses awarded will be subject to a mandatory deferral which is normally 50% of any bonus earned where the maximum bonus opportunity is 150% of salary, and 40% of any bonus earned where the maximum bonus opportunity is below 150% of salary. Once the shareholding requirement has been met, annual bonus deferral may be reduced by up to 50%.</p> <p>Deferred bonuses will be transferred into shares, to be held for a three year retention period, under the terms of the Deferred Bonus Plan.</p> <p>Deferral may operate so that shares will be held beneficially by the Executive Director during this period, in which case dividends will be payable on shares during such period. The deferral may alternatively be achieved by the grant of a share award or nil cost option in lieu of the deferred portion of the bonus, in which case an additional payment in cash or shares may be made to reflect dividends that may have been earned during the period from grant to vesting.</p> <p>The annual bonus including cash paid or deferred element of the bonus may be subject to Malus or Clawback. Details of Malus & Clawback terms are set out below.</p>	<p>The performance measures, weightings and targets for the annual bonus will be set by the Committee on an annual basis.</p> <p>Performance measures will normally include tests of both business and individual performance.</p> <p>The weighting for each objective will be determined annually by the Committee to reflect the strategic importance of each objective for the year ahead.</p> <p>For financial measures, the Target level of performance will result in a payment of 50% of the maximum award. The Committee will determine the Target level of remuneration on the basis that it feels is stretching and challenging. Below Target, payment will increase between Threshold performance and Target pay-out, on a straight-line or graduated basis. Above Target, payment will increase on a straight-line or graduated basis up to 100% for Maximum performance. For non-financial measures, as far as practicable similar principles will apply to target setting.</p> <p>The Committee will have the discretion to override vesting levels if it determines the result of the performance targets does not accurately reflect the financial health of the Company.</p> <p>All annual bonus payments and awards are made at the discretion of the Committee and the terms of the awards may be amended by the Committee at any time, provided that they remain within the terms of this policy.</p>

VARIABLE REMUNERATION continued

Purpose and link to strategy	Operation and opportunity	Performance
Long Term Incentive Plan		
<p>To incentivise key individuals to achieve key long term objectives, in line with the Group's long-term strategy.</p> <p>To create alignment between executives and shareholders.</p> <p>To retain key individuals.</p>	<p>Awards will be made annually, conditional on the achievement of three-year performance conditions. Any vested shares will be subject to an additional two-year holding period.</p> <p>Award levels for any Executive Director will be up to a maximum of 200% of salary.</p> <p>Awards will normally be made in the form of nil cost options, exercisable between the third and such anniversary of grant as determined at grant, up to the tenth anniversary (subject to the additional two-year holding period), although awards may be made in other forms. An additional payment in cash or shares may be made to reflect dividends that may have been earned on the proportion of the award that vests during the period from grant to the end of the holding period.</p> <p>Awards will be subject to Malus & Clawback provisions. The malus provisions give the Committee discretion to reduce the level of an award prior to vesting in the event of personal misconduct or if events have happened that caused the Committee to determine the grant level was not appropriate.</p> <p>Details of Malus & Clawback terms are set out overleaf.</p>	<p>The performance measures used, the weighting on each measure, the definition of the measures and the performance targets will be determined by the Committee, considering the balance of strategic priorities for the Company for the upcoming three-year performance period.</p> <p>In addition, the Committee may consider setting an underpin condition which must be satisfied prior to vesting of an award.</p> <p>No awards will vest for performance below Threshold, 25% of each element will vest for achieving Threshold performance, increasing on a straight-line or graduated basis to 100% for Maximum performance.</p> <p>The Committee will be able to override award vesting levels if it determines the result of the performance targets does not accurately reflect the financial health of the Company.</p> <p>Following grant of an award, the Committee will have power to amend performance measures and targets if events happen that mean they are no longer a fair test of performance, but not so as to make the assessment of performance materially less onerous.</p>

REMUNERATION POLICY REPORT CONTINUED

Shareholding Requirements

Executive directors will be required to attain a shareholding, over a five-year period, equivalent to 200% of salary. This requirement will apply for a two-year period post termination of employment, based on the lower of the in-post requirement and the executive director's actual shareholding on termination of employment. Any shares purchased by the executive director may be excluded from the calculation on cessation.

Malus & Clawback

The Committee may, at any time within three years of a cash bonus payment, LTIP or deferred bonus award vesting, determine that malus and/or clawback shall apply if the Committee determines that:

- there was a material misstatement of the financial statements of the Company upon which the performance targets were assessed, or an erroneous calculation was made in assessing the extent to which performance targets were met;
- the award holder has contributed to serious reputational damage to the Company or one of its business units;

- the award holder's conduct has amounted to serious misconduct, gross negligence, fraud, dishonesty, a breach of the Code of Business Conduct or material wrongdoing;
- where corporate failure or failure in risk management has occurred; or
- where an executive has been categorised as a Good Leaver by the Committee by way of retirement, but subsequently takes up comparable employment with another company.

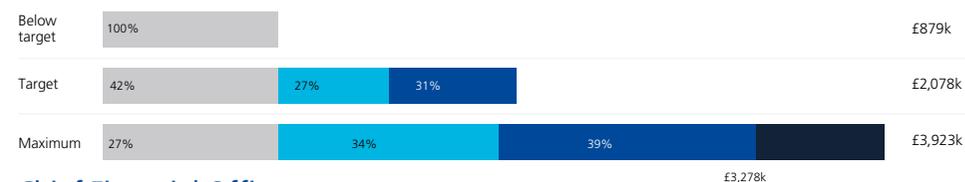
The Committee considers the Malus & Clawback provisions set out above to be appropriate considering the nature of the business and its business cycle. Provisions are in place to ensure that Malus & Clawback can be operated effectively if required.

Performance Measure Selection and Target-Setting

The measures used under the annual bonus and LTIP are selected annually to reflect the most important measures for the upcoming year and include both business and individual performance objectives. Performance targets are set taking into account the objectives for the business and the need to successfully progress the execution of the Group's long term growth strategy. Targets are also established on the basis that they should be stretching within an acceptable degree of risk.

Illustrations of the application of remuneration policy (figures in £000)

Chief Executive Officer



Chief Financial Officer



The above charts give an illustrative value of the remuneration package for each of the Executive Directors in the upcoming year.

- Minimum is the base salary and pension contributions as of 1 January 2026, plus the value of benefits as disclosed in the FY 2025 single figure table
- On target is the aforementioned minimum plus an assumed 50% pay-out of the annual bonus opportunity and 50% vesting of LTIP awards to be made in FY 2026
- Maximum is the aforementioned minimum with an assumed 100% pay-out of the annual bonus opportunity and full vesting of LTIP awards to be made in FY 2026
- Maximum + share price assumption shows maximum plus a 50% share price appreciation on the shares subject to vested LTIP awards to be made in FY 2026.

REMUNERATION POLICY REPORT CONTINUED

Legacy Matters in Respect of Future Executive Directors

In the event that an executive of the Group is promoted to the Board, the Company retains the discretion to honour any existing remuneration commitments. In particular, any long term awards, both cash and share awards, will continue to be capable of vesting on their existing terms. This would include awards previously granted under legacy Group incentive plans. This would also include any awards granted under the Long Term Incentive Plan or Deferred Bonus Plan prior to the individual being appointed as a Director (although it would be intended that any such awards would in any event comply with the Policy as set out above).

Recruitment Policy

When appointing an executive director, including a promotion to the Board of an executive from within the Group, the Committee will offer the recruit a remuneration package that it believes is appropriate, taking into account the skills and experience of the individual and the need to attract, retain and motivate individuals of the appropriate calibre. In determining the remuneration package that may be offered to a new executive director, the Committee may also take into account external and internal comparisons and relevant market factors, as well as any other factors which the Board determines to be relevant.

In the event of an interim internal promotion, additional remuneration may be provided by way of a temporary allowance as opposed to an increase in base salary.

External Appointment

In the cases of hiring or appointing a new executive director from outside the Company, the Committee may make use of all the existing components of remuneration, as follows:

Component	Approach	Maximum annual grant value
Base salary	Salaries for new appointees will be determined by reference to the relative skills and experience of the individual, the market competitive level of pay in other companies and any other relevant external or internal comparisons.	N/A
Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of private medical insurance, ill-health protection and/or life insurance and a cash-for-car-allowance, and, where appropriate, relocation, international transfer or tax equalisation arrangements.	N/A
Pension	New appointees will receive pension contributions or cash alternative in lieu of any pension benefit.	Currently 12% of salary if UK based
Annual bonus	The structure described in the policy table will apply to new appointees with the relevant maximum being prorated to reflect the proportion of employment over the year. Targets for the personal element will be tailored to each executive director. The Committee retains discretion to set different targets for a new executive director in the year of appointment to the other executive director(s)' targets depending on the timing of their appointment.	150% of salary
LTIP	New appointees will be granted awards under the LTIP on the same terms as other executive directors, as described in the policy table.	200% of salary

For external appointments, the Committee may determine that there may be exceptional circumstances where it would be appropriate, in order to secure the right candidate, to compensate for lost awards incurred by an individual as a result of leaving their former employer. In the case of any long-term incentive awards, save where such awards are close to vesting, any such award on appointment would normally be granted as a share-based award, subject to such vesting and/or performance conditions as the Committee determines to be appropriate, either under a one-off arrangement or under the terms of the Long Term Incentive Plan. In determining the terms of any such awards, the Committee would take account of the vesting schedule and conditions attached to the forfeited awards, but also other factors that it determines to be relevant, including the need to suitably incentivise and retain the individual during the initial years of their applicable appointment.

REMUNERATION POLICY REPORT CONTINUED

Internal Promotion

In cases of appointing a new executive director by way of internal promotion, the Committee and Board will be consistent with the policy for external appointees detailed above.

Service Contracts for Executive Directors

The Committee's policy is for service contracts for executive directors to reflect the Committee's understanding of best corporate practice for listed companies. However, in the event that an executive of the Group is promoted to the Board, the Committee may include terms in any new service contract which are consistent with that individual's existing service contract and legacy arrangements.

Subject to this, the key elements of a service contract offered to a UK-based executive director appointment are:

Notice period	Contracts are rolling with an indefinite term. The notice period is no more than 12 months (in the case of notice being given by the Company or the Executive Director). An executive director may be placed on garden leave during some or all of the notice period.
Payment in lieu of notice ('PILON')	Save in circumstances justifying summary termination, employment may be terminated without notice by paying a PILON comprising basic salary and contractual benefits. Subject to any legacy terms, the Company will have discretion to pay on a phased basis, which will normally be subject to mitigation.
Pension	The service contract may include entitlement to pension benefits, subject to the provisions and any limits set out in this Policy and the pension scheme rules or an annual allowance. The entitlement to pension benefits may continue during any notice period.
Benefits	The service contract may include entitlement to other benefits, subject to the provisions and limits set out in this Policy. The entitlement to benefits may continue during any notice period.
Incentive plans	The executive director will be eligible to be considered (at the Committee's discretion) to participate in the annual bonus and long term incentive arrangements operated from time to time, subject to the provisions and limits set out in this Policy. The terms of such arrangements would apply in the event of a cessation of office or employment, as set out in the table below.

Service contracts offered to non-UK based, external appointments will generally be in line with the provisions set out above, subject to any local law requirements. All Executive Director letters of appointment are available for inspection at the Company's registered office during normal hours of business, and will also be available at the Company's AGM.

Executive directors will be able to accept non-executive appointments outside the Company (as long as this does not lead to a conflict of interest) with the consent of the Board, as such appointments can enhance their experience and add value to the Company. Any fees received (excluding positions where the executive director is appointed as the Company's representative) may be retained by the executive director.

Policy on Payment for Loss of Office of Executive Directors

In the case of an executive of the Group who is promoted to the Board, the terms on cessation of office or employment would be governed by the terms of the individual's existing employment agreement. In addition, the terms of any incentive awards made to the individual prior to being appointed as an executive director, and the terms of any pre-existing participation in a pension scheme, would govern the treatment of such arrangements.

The policy that applies to the appointment of any executive director is shown below. The remuneration package may include the components of remuneration described below in the Executive Directors' Remuneration Policy table subject to the relevant limits as set out in the following tables.

Notice Periods, Salary and Contractual Rights

The notice periods and contractual rights on termination that would be included in a service contract offered to an external recruit are set out above. In addition, the executive director would be entitled to accrued but untaken holiday.

In respect of any awards made to an executive director under any all-employee share plan, the same leaver conditions will apply as apply in respect of employees generally.

Discretion

In considering the exercise of its discretion under the incentive arrangements, as referred to above, or otherwise in connection with the cessation of office or employment of an executive director, the Committee will take into account all relevant circumstances, having regard to their duties as directors.

In doing so, factors that the Committee may take into account shall include, but not be limited to, considering the best interests of the Company, whether the executive director has presided over an orderly handover, the contribution of the executive director to the success of the Company during their tenure, the need to ensure continuity, the need to compromise any claims that the executive director may have, whether the executive director received a PILON and whether, had the executive director served out their notice, a greater proportion of the outstanding award may have vested.

REMUNERATION POLICY REPORT CONTINUED

Other

The Company may enter into new contractual and financial arrangements with a departing executive director in connection with the cessation of office or employment, including (but not limited to) in respect of settlement of claims, confidentiality, restrictive covenants and/or consultancy arrangements, where the Committee determines it necessary or appropriate to do so. Appropriate disclosure of any such arrangement would be made.

Corporate Actions

On a corporate action affecting the Company, the rules of the Long Term Incentive Plan and Deferred Bonus Plan will apply. In summary, on a change of control, awards will vest, subject to the performance conditions and, unless the Committee determines otherwise, time pro-rating.

Deferred shares awarded under the terms of the Deferred Bonus Plan, which represent deferrals of previously earned bonuses, will vest in full. Under the Long Term Incentive Plan and Deferred Bonus Plan, the Committee may determine that a demerger or similar event shall constitute a corporate action.

On a variation of share capital or similar event, the Committee may make such adjustment to awards under the Long Term Incentive Plan and the Deferred Bonus Plan as the Committee considers appropriate.

Treatment of Variable Pay on Cessation

Incentive plans	Good leavers	Other leavers
Annual bonus	The Company does not consider it appropriate to set defined 'good leaver' and 'bad leaver' conditions in respect of the annual bonus arrangements. Instead, where an executive director has ceased to hold office or employment with the Group, or is under notice, other than due to personal misconduct, the Committee will determine whether or not the individual will be eligible to receive any annual bonus. If the Committee determines that a departing Executive Director is eligible to receive a bonus, the amount of the bonus will be assessed by reference to the performance targets set for that financial year. The deferral requirement in respect of any bonus awarded will continue to apply if the Committee so determines. The amount of any bonus will be pro-rated for time, provided that the Committee has discretion to waive time pro-rating.	Where the reason for cessation of office or employment is personal misconduct, no bonus will be payable. In other cases, unless the Committee determines that the departing Executive Director is eligible to receive a bonus, no bonus will be payable.

Incentive plans	Good leavers	Other leavers
Long Term Incentive Plan	A departing executive director will be a 'good leaver' on ceasing employment due to retirement, injury, disability, ill-health, death, redundancy or the sale of a business or subsidiary out of the Group. Awards held by 'good leavers' will normally vest on the normal vesting date (i.e. the third anniversary of grant) to the extent that the performance conditions are met, and prorated for time. Any awards that the Committee determines to have vested will ordinarily be subject to the additional two-year holding period, unless the Committee determines in its discretion to accelerate vesting to the date of cessation. The Committee also will have discretion to waive the time pro-rating requirement.	Unvested awards will lapse in full where the cessation of office or employment is on grounds of personal misconduct. In other cases, the Committee will have discretion to determine that unvested awards will vest (in which case the terms applicable to 'good leavers' will apply). Unless this discretion is exercised, unvested awards will lapse.
Deferred Bonus Plan	Unvested deferred shares (which represent deferrals of earned bonus) will vest in full on the normal vesting date (i.e. the third anniversary of grant), provided that the Committee will have discretion to accelerate vesting to the date of cessation.	Where the reason for cessation of office or employment is personal misconduct, unvested awards lapse in full.

Non-Executive Directors

The Chair and Non-Executive Directors receive an annual fee (normally paid in monthly instalments). Non-Executive Directors (excluding the Chair) may also receive an additional fee in respect of travel if over five hours of one-way flight time is required to attend a Board meeting, up to an annual cap. The fee for the Chair is set by the Remuneration Committee and the fees for the Non-Executive Directors are approved by the Board, on the recommendation of the Chair. In determining the appropriate level of fees, the Committee and the Chair consider advice from external sources and data on the fee levels in other similar companies. No individual is present when their own level of remuneration is discussed.

REMUNERATION POLICY REPORT CONTINUED

For non-executive directors, the remuneration arrangements will be in line with those set out in the relevant Section below.

Non-Executive Directors' Remuneration Policy Table

Element	Purpose and link to strategy	Operation
Fees	To attract and retain a high-calibre chair and non-executive directors by offering market competitive fee levels.	The Chair is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with supplementary fees payable for additional Board responsibilities and travel (if appropriate). The fee levels are reviewed on a periodic basis and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Additional payments may be made above the basic Board fee if duties significantly exceed expectations.
Supplementary fees		Supplementary fees may be payable to the Senior Independent Director, Chair of the Audit and Risk Committee, Chair of the Remuneration Committee and the Director responsible for employee engagement or any other roles with similar additional responsibility and/or time commitment.

Element	Purpose and link to strategy	Operation
Travel fees	The Board benefits from the diverse global business experience of its Non-Executive Directors, some of whom do not reside in the UK. However, the increasingly global nature of our business means that our Non-Executive Directors are required to travel, with recent meetings held in Brazil, China, Mexico, Sri Lanka, the USA and Vietnam. The Board wishes to recognise the additional time commitment required for Non-Executive Directors (excluding Chair) in travelling to Board meetings.	An additional fee may be payable to any Non-Executive Director (excluding the Chair) who is required to travel for more than a specified length of time to attend a Board meeting. The maximum total fees for travel will be subject to an annual cap. For 2026, a travel fee will be payable for any journey longer than 5 hours of one-way flight time and the maximum fee will be capped at the equivalent of 5 trips. The length of journey and maximum cap will be reviewed annually to ensure their continued relevance and appropriateness.

No benefits or other remuneration will be provided to Non-Executive Directors. However in some cases reimbursement of business travel, entertaining and accommodation expenses claimed in accordance with the UK expenses policy may be deemed taxable benefits under UK tax rules. The Company pays the resulting tax liability. In addition, professional fees may be paid to assist a non-UK tax resident Director submit appropriate UK income tax returns; the cost of these fees may be regarded as a taxable benefit, in which case the Company may pay the resulting tax liability.

In determining the level of fees for a new non-executive director, the Committee will take into account all factors it determines to be relevant, including the skills and experience of the individual and the need to attract non-executive directors of the appropriate calibre. The Committee will also take into account the level of fees offered by equivalent companies.

Under their respective Non-Executive Director appointment letters, all of the Non-Executive Directors are entitled to receive an annual fee. None of the appointment letters contains a set term of office. None of the appointment letters contains a notice period. There are no provisions in the Non-Executive Directors' letters of appointment that would give rise to any compensation payments for loss of office.

Removal of the Non-Executive Directors would be governed by the Articles of Association of the Company. All Non-Executive Director letters of appointment are available for inspection at the Company's registered office during normal hours of business, and will also be available at the Company's AGM.

REMUNERATION POLICY REPORT CONTINUED

Development of this Policy

Prior to setting the Remuneration Policy, the Committee considers the pay structures elsewhere in the Group. The approach to benchmarking identifies similar comparator companies in each local market that the Company wishes to recruit from; the same underlying principles of fairness, transparency and market competitiveness are applied to executive appointments and to local remuneration arrangements. Benefit provision follows the same principles of being in line with local market practice with an objective of promoting mental and physical well-being. There is a greater level of 'at risk' remuneration for more senior roles, reflecting the extent to which pay is conditional on company performance.

The Committee annually reviews the details, market competitiveness and quantum of the remuneration policies in each of the Company's major markets and compares that, where applicable, to senior leadership roles based in that location. This consideration is also extended to the implementation of the Company's Living Wage policy, which is reviewed annually to ensure it is relevant to all our employees and corrective actions are identified to increase compensation where this is required. Committee takes into account the impact on and comparison with pay arrangements throughout the Company. The Committee does not directly consult with employees when determining remuneration policy.

The structure of remuneration for Coats' senior management team is consistent with that for the Executive Directors. Senior executives participate in annual bonus and long-term incentive arrangements based on performance measures that are aligned to the measures applicable to Executive Directors.

Statement of Consideration of Shareholder Views

The Committee remains committed to shareholder dialogue and takes an active interest in voting outcomes. The Committee sought the views of our major shareholders before submitting this Policy for shareholder approval at the 2026 AGM.

The Committee may, without seeking shareholder approval, make minor changes to this Policy that do not have a material advantage to Directors.



A copy of the Remuneration Policy will be made available at coats.com/board-committees

Directors' remuneration report

DIRECTORS' REMUNERATION REPORT

This Annual Report on Remuneration has been prepared in accordance with the relevant provisions of the Companies Act 2006 and as prescribed in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the Regulations). Where indicated, information has been audited by Ernst & Young LLP.

The Annual Report on Remuneration will be subject to an advisory vote at the AGM on 20 May 2026.

Executive Directors

David Paja was appointed to the Board on 1 September 2024 and took on the role of Group CEO on 1 October 2024. Hannah Nichols was appointed to the Board on 24 April 2025 and appointed as Group Chief Financial Officer immediately following the AGM on 21 May 2025. Jackie Callaway, our former Group Chief Financial Officer, stepped down from the Board on 21 May 2025, remaining with the Group until 31 May 2025. Jackie's stepping down was mutually agreed as part of leadership succession planning at Coats.

Single Total Figure for Executive Directors' Remuneration for 2025 (audited information)

£000's	David Paja		Hannah Nichols		Jackie Callaway	
	2025	2024	2025	2024	2025	2024
Base salary	729.0	240.0	318.9	–	197.8	453.1
Benefits	52.6	15.7	13.5	–	11.6	28.1
Other	–	–	–	–	–	–
Pension	87.5	28.8	38.3	–	23.7	54.4
Total Fixed	869.1	284.5	370.7	–	233.1	535.6
Annual bonus	830.3	360.0	301.0	–	159.6	593.4
LTIP	–	1,007.7	–	–	311.7	623.3
Total Variable	830.3	1,367.7	301.0	–	471.3	1,216.6
Total	1,699.3	1,652.2	671.7	–	704.4	1,752.2

The figures in the table above have been calculated on the basis of the following:

- David Paja's remuneration has been disclosed from commencement of employment on 1 September 2024, resulting in the 2024 figures being pro-rated for his part year service.
- Hannah Nichols' remuneration has been disclosed from commencement of employment on 24 April 2025. She received a base salary of £465,000 (pro-rated).
- Benefits: this is the value of all benefits, including a car allowance, private medical insurance, life insurance and income replacement insurance, tax return support where applicable and legal fees where applicable. A car allowance of £20,000 per annum was paid to David Paja, with an allowance of £15,000 (pro-rated) per annum paid to Hannah Nichols and Jackie Callaway.
- Pension: represents the value of all employer contributions to any pension plan or cash payments paid in lieu of a pension benefit. No Executive Director participates in any defined benefit pension arrangement. All Executive Director pension benefits are based on 12% of base salary, being the rate received by the majority of the UK workforce.
- Annual bonus: is the total value in cash and shares of the annual bonus that is attributable to each year. 50% of the 2025 bonus outcome for David Paja and 40% for Hannah Nichols will be awarded in shares under the terms of the Deferred Annual Bonus Plan. Jackie Callaway's bonus was pro-rated to 31 May 2025, and in line with normal practice at Coats for a mutually agreed leaver at this stage in the year, payable in cash. Hannah Nichols' bonus was pro-rated from the commencement of her employment on 24 April 2025.

- The value of the LTIP awards shown for 2024 have been restated to reflect the value on the vesting date (06 March 2025) including dividend equivalents accrued to this date, using the mid-market closing share price on 6 March 2025 of £0.8595.
- Of the amount shown for 2024, £152,278 of this value represents the value attributable to share price growth over the three-year period (excluding dividend equivalents) to Jackie Callaway. No discretion was exercised in respect of these amounts.
- The value of the LTIP awards shown for Jackie Callaway for 2025 reflect the vesting of LTIP awards with a performance period ending in 2025. Of the amount shown, £9,837 of this value represents the value attributable to share price growth for Jackie Callaway, over the three-year period, based on the average share price for the last three months for 2025. No discretion was exercised in respect of these amounts.
- Hannah Nichols' buyout award has been excluded from the table as its expected vesting is unknown, further information will be provided in next years report.
- The value of the LTIP award shown for David Paja in 2024 reflects the buy-out award granted on 6 September 2024 based on the share price immediately prior to grant of £0.998. The award was granted over 1,009,693 shares, in partial compensation for awards forfeited from his previous employer in connection with joining Coats and reflects the structure of the forfeit award. The award is not subject to performance conditions, but remains subject to continued employment. Further details were set out in last year's report.

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual Bonus Outcome 2025 (audited information)

The annual bonus for 2025 was determined in accordance with the details provided in the 2024 Directors' Remuneration Report. Details of the bonus measures and opportunities are provided in the table below.

The measures were selected to incentivise a balance of outcomes that reflected the strategic priorities of the Group.

Annual bonus 2025	Weighting	Achievement			Performance achieved in 2025	Outcome as % of max
		Threshold (10% of max)	Target (50% of max)	Maximum (100% of max)		
Performance Measure						
Group Sales \$m	15%	1,459	1,483	1,516	1,405	0%
Earnings Before Interest and Taxation (EBIT) \$m	20%	262	277	292	277	10%
EBIT Margin (%)	20%	18.5%	18.7%	18.9%	19.7%	20%
Free Cash Flow (adjusted) (FCF) \$m	25%	105	120	135	162	25%
Individual objectives ¹	20%	–	–	–	See below	20%
Total	100%					75%

1. Individual performance relates to incumbent Executive Directors. Details of the former Group CFO's bonus are included below.

Targets were set in relation to budget for the 2025 financial year. OrthoLite was excluded from the bonus targets and actual performance against the targets, VizLite™ was treated in a similar manner but was considered deminimis. The impact of Americas Yarns has been removed from the 2025 bonus targets and outcome as a discontinued item, in line with the approach taken in prior years. These decisions were taken to ensure that the targets were tested on a consistent basis and were no more or less challenging than when originally set. All figures reflect the 2025 Plan exchange rates.

The performance reflected in the table above reflects the figures disclosed in this Annual Report adjusted to exclude the impact of OrthoLite and the following exchange rate fluctuations during the year of \$17.6m for Sales, \$2.3m for EBIT, and \$0.9m for FCF respectively.

For the 2025 annual bonus, challenging individual objectives were established by the Committee for each Executive Director that reflected activities and initiatives intended to improve the performance of the Group. The objectives established and assessed for 2025 are reflected in the section below.

Personal Objectives Linked to 2025 Bonus

At the beginning of the year, the Committee determined that the following personal objectives would be linked to 20% of the maximum annual bonus outcome. All personal objectives were equally weighted.

	Objective	Outcome
Group CEO – David Paja	Deliver 9.4% PM EBIT (excluding Yarns) and new PM strategy	Overall, PM EBIT margin finished the year over 11%, significantly exceeding the target set
	Deliver 2025 sustainability targets	Over delivery against all 2025 sustainability targets has been delivered with key action plans to ensure robust performance towards our 2030 goals. See page 15 for sustainability performance in 2025.
The Committee determined the outcome of 20% out of a possible 20% of maximum bonus as performance significantly exceeded target.		
Group CFO – Hannah Nichols	Develop tax optimisation strategy and overdrive vs 2025 plan	Delivered an ETR of 29% by the end of 2025 with an actionable plan in place to deliver a materially lower medium term target rate. Performance exceeded the target given the above expected progress made in 2025.
	Table at least one actionable acquisition project for approval	Completed successful acquisition of OrthoLite which was achieved following the delivery of an accelerated process covering both the final commercial terms of the transaction and its financing.
The Committee determined the outcome of 20% out of a possible 20% of maximum bonus as performance significantly exceeded target.		
Former Group CFO – Jackie Callaway	Develop tax optimisation strategy and overdrive vs 2025 plan	Worked towards the delivery of an ETR of 29% by the end of 2025. On track establishing a plan to reduce the Group's medium term ETR.
	Table at least one actionable acquisition project for approval	Successful progress in relation to headline terms of the OrthoLite acquisition which remained on-track at the time of cessation.
The Committee determined the outcome of 10% out of a possible 20% of maximum bonus as the performance was in line with the Board's plans but did not exceed.		

The above table includes the targets set and actual performance against them other than where information is considered price sensitive by the Remuneration Committee.

In making its final determination of performance against the targets, the Committee had regard to the exceptional financial performance and stakeholder experience during 2025, including a substantial shareholder return, which resulted in the Committee being comfortable that paying bonuses in line with the original formulas set was appropriate.

DIRECTORS' REMUNERATION REPORT CONTINUED

Summary 2025 Bonus Outcome

The Committee assessed the formulaic outcome and were comfortable that these outcomes were reflective of a holistic assessment of performance delivered during the year, reflected shareholder value, and the experience of employees during the year, who have generally excelled against their bonus targets. As a result, no adjustments to the formulaic outcomes were made.

	Bonus opportunity (% of salary)	2025 bonus outcome (% of maximum)	Bonus outcome (£)
Group CEO – David Paja	150%	75%	£830,273
Group CFO – Hannah Nichols	125%	75%	£300,984 ¹
Former Group CFO – Jackie Callaway	125%	65%	£159,568 ²

1. The amount of bonus for Hannah Nichols reflects the time between commencement of employment on 24 April 2025 and the end of the financial year.

2. The amount of bonus for Jackie Callaway was pro-rated to 31 May 2025.

Long Term Incentive Award Vesting (audited information)

On 17 March 2023, Jackie Callaway was granted an award over 786,352 shares under the terms of the Long Term Incentive Plan in the form of a nil cost option. The awards vest according to performance over the period from 1 January 2023 to 31 December 2025 (referred to as 2023 LTIP). Due to Jackie stepping down from the Board, her outstanding awards were pro-rated, resulting in 567,921 shares remaining under the 2023 LTIP after the cessation of employment, with these shares subject to the performance targets applicable to the award prior to vesting.

As set out in the table overleaf, 67.8% of the shares remaining outstanding will vest on 17 March 2026.

The performance measures were based upon Total Shareholder Return performance (TSR), Earnings Per Share CAGR (EPS), average Cash Conversion and sustainability measures relating to Coats Group plc. The achievement of the Long Term Incentive Plan performance measures and the consequent vesting of the awards are shown in the table below.

2023 LTIP: Performance Period 1 January 2023 to 31 December 2025

Measure	Weighting	Threshold (25% vesting)	Mid (62.5% vesting)	Maximum (100% vesting)	Actual	Outcome as % of max LTIP
EPS CAGR	30%	5% CAGR	10% CAGR	15% CAGR	5.7% CAGR	9.1%
Average Cash Conversion over 3 years	20%	70%	80%	90%	105%	20%
Total Shareholder Return versus the FTSE 250 excluding investment trusts	30%	Median	62.5th Percentile	Upper Quartile	62 Percentile	18.7%
Sustainability (vs 2022 baseline)	20%					20%
<i>Reduction in Scope 1 and 2 emissions</i>	5%	15%	15.75%	16.5%	30%	5%
<i>Growth in sustainable (non-virgin oil-based) materials</i>	5%	growth to 46%	growth to 65%	growth to 70%	growth to 75%	52%
<i>Reduction in waste to landfill</i>	5%	reduction	reduction	reduction	100%	5%
<i>Percentage representation of women in leadership population</i>	5%	21%	23%	25%	33%	5%
Total						67.8%

The EPS targets were set in 2023, EPS was adjusted for the impact of IAS 19 and wider pension finance charges and benefits of the pension buy-in which de-risked the pension scheme. These adjustments were consistent with the original intent when the targets were set of incentivising underlying performance. The Committee is comfortable this approach ensured the targets were no more or less challenging than originally intended when the target was set. There was no material impact on the Cumulative Free Cash Flow target over the performance period. As intended at the time the targets were set, the Committee intends to treat in-flight LTIP awards in a similar manner, with final determination being made prior to vest.

DIRECTORS' REMUNERATION REPORT CONTINUED

Share Awards Granted in 2025 (audited information)

The following share awards were granted to Executive Directors during the financial year ended 31 December 2025. The targets for achieving minimum performance for each measure, where these apply, are shown in the table later on this page.

The share price shown was used to calculate the number of shares awarded under the terms of the Coats Group plc Long Term Incentive Plan and is based on the average mid-market closing price for the five dealing days immediately preceding the grant date.

Awards were granted as nil cost options under the terms of the Coats Group plc Long Term Incentive Plan that was approved by shareholders on 22 May 2024. Awards were also granted to over 100 senior managers on similar terms. The LTIP awards will vest, subject to the achievement of performance measures, on the third anniversary of the date of grant (Hannah Nichols' award vests on the third anniversary of the main grant date, being 14 March). For Executive Directors, an additional two-year holding period applies. Dividend equivalents, delivered in shares, also apply on shares that vest.

Executive Director	Date of grant	Number of options awarded	Face value at award date	Award value as a % of salary	Share price to calculate no of shares	% vesting for minimum performance	Performance period	Vesting date
David Paja	14 Mar 25	1,541,472	£1,260,000	175%	£0.8174	25%	1 Jan 2025 to 31 Dec 2027	14 Mar 2028
Hannah Nichols	16 Dec 25	698,897	£558,000	120%	£0.7984			

No awards were granted to Jackie Callaway in 2025. Hannah Nichols' award was granted at 120% of base salary which included a reduction to the normal award level of the Group CFO role of 150% of salary as a result of Jackie joining employment during the financial year.

Long Term Incentive Plan Awards Performance Measures

The performance measures applicable to awards granted in respect of the three-year performance period that commenced on 1 January 2025 (LTIP 2025) are shown below.

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
EPS CAGR	30%	4%	12%
Total Shareholder Return versus the FTSE 250 excluding investment trusts	25%	Median	Upper quartile
Average Cash Conversion	20%	70%	90%
Sustainability (see details below)	25%	See below	See below

The EPS CAGR measure is based on normalised EPS, adjusted to exclude the impact of exceptional costs such as property gains or losses and the impact of variation of the IAS 19 (pensions finance) charge.

Total Shareholder Return is the total return to shareholders, which includes share price growth and ordinary dividends. The performance measure is assessed against a comparator group consisting of the FTSE 250, excluding investment trusts.

Average Cash Conversion is defined as the average of the adjusted Free Cash Flow divided by normalised Attributable Profit for each of the three years in the performance period. The adjusted Free Cash Flow is after maintaining the company's asset base, i.e. operating cash flow minus capital expenditures, adjusted for exceptional items such as property gains or losses.

The Sustainability targets are as follows:

Sustainability	Threshold (25% vesting)	Maximum (100% vesting)
Absolute reduction in Scope 1 and 2 emissions in tonnes from 2019 baseline	55%	65%
Absolute reduction in Scope 3 emissions in tonnes from 2019 baseline	22%	26%
Percentage of females in senior leadership roles	33%	37%

The Committee will test the extent of achievement against each equally weighted target shown above.

DIRECTORS' REMUNERATION REPORT CONTINUED

The range of performance targets were set with reference to internal planning and external market expectations for the Company's future performance and are considered similarly challenging to the targets set in prior years allowing for current market conditions. The Committee would consider appropriate adjustments to the financial performance targets to extent the Company undertook material acquisitions or divestments, or share buybacks, during the period from 1 January 2025 to 31 December 2027.

The Committee may adjust the overall level of vesting if it considers that the vesting outcome does not reflect the overall performance of the Company or stakeholder experience during the performance period.

Hannah Nichols Buy-out Awards

To facilitate the recruitment of Hannah Nichols, it was necessary to agree to grant replacement awards in lieu of those forfeited in connection with joining Coats. The terms of the awards forfeited were replicated in the replacement awards which were converted into Coats shares. The share price used to convert the value of Hill & Smith shares into Coats shares on joining was the mid-market closing price for the trading day immediately preceding commencement of employment of £0.73.

The replacement awards were granted as nil cost options and were intended to replace the 2023 and 2024 long-term incentive plan that Hannah Nichols forfeited on cessation of employment with her previous employer, Hill & Smith.

The structure of the awards mirror the structure of the awards forfeited on joining Coats. The same performance conditions that applied at Hill & Smith continue to apply (50% relating to EPS and 50% relating to TSR as set out in the Hill & Smith 2023 and 2024 Directors' Remuneration Report).

The awards, subject to performance, remain eligible to vest in line with their original vesting dates (or the date we become aware of the vesting outcome if later) and are subject to two year holding periods. Any vested shares (net of tax) need to be retained during the holding period and will count towards meeting the Company's share ownership guidelines.

Executive Director	Date of grant	Number of shares awarded	Face value at award date	Share price immediately preceding grant	% vesting for minimum performance	Performance Period	Vesting date
Hannah Nichols	16 Dec 25	862,643	£688,734	£0.7984	20%	1 Jan 23	16 Mar 2026
		771,229	£615,749			- 31 Dec 25	19 Mar 2027

The above buyout awards were granted under a standalone award agreement as permitted by the UK Listing Rules in connection with a recruitment. The terms of the awards are generally aligned with those of the Company's 2024 Long Term Incentive Plan (approved by shareholders at the 2024 AGM) albeit the awards can only be satisfied by market purchase shares.

Non-Executive Directors

Fees were increased by 2.5% with effect from 1 July 2025. Therefore, the base fee increased to £69,839; the supplementary Chair and Senior Independent Director fees increased to £13,857 and the fee for the Designated Non-Executive for Workforce Engagement increased to £8,314.

The fee for the Chair payable to David Gosnell following the extension of his term was increased by 2.5% to £263,938, aligning to market rates.

Single Total Figure for Non-Executive Directors' Remuneration for 2025 (audited information)

Non-Executive Directors, excluding the Chair, who are required to travel long haul (more than five hours one-way) to meetings are entitled to an additional travel allowance of £1,500 for each round trip subject to a maximum of five trips per annum. Additional fees may be paid for additional duties and time commitments that are undertaken outside the terms of appointment.

	Base fee £000		Supplementary fee £000		Benefits ¹ £000		Other fee ² £000		Total £000	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
David Gosnell	260.7	253.8	–	–	–	4.6	–	–	260.7	258.3
Sarah Highfield ⁴	69.0	67.1	13.7	8.3	–	0.5	3.0	3.0	85.7	78.9
Echo Lu	69.0	67.1	13.7	13.3	–	–	1.5	1.5	84.2	82.0
Stephen Murray	69.0	67.1	13.7	8.3	–	–	3.0	3.0	85.7	78.4
Fran Philip	69.0	67.1	8.2	8.0	4.0	2.2	6.0	7.5	87.2	84.8
Jakob Sigurdsson	69.0	67.1	–	–	–	–	3.0	3.0	72.0	70.1
Srinivas Phatak ⁵	69.0	22.7	–	–	–	–	1.5	–	70.5	22.7
Wu Gang	34.9	–	–	–	–	–	–	–	34.9	–
Total	709.6	612.2	49.3	37.8	4.0	7.2	18.0	18.0	780.8	675.2

- The figure under benefits for Non-Executive Directors relates to support with tax returns and any taxable expenses reported to the relevant tax authorities during the year.
- Fees under Other fee represent the £1,500 per trip travel fee payable for Directors (excluding the Chair) who travel long haul to attend Board meetings.
- Steve Murray was appointed Senior Independent NED in May 2024.
- Sarah Highfield was appointed Chair of the Audit and Risk Committee in May 2024.
- Srinivas Phatak was appointed to the Board effective 1 September 2024.
- Wu Gang was appointed to the Board effective 1 July 2025.

DIRECTORS' REMUNERATION REPORT CONTINUED

Payments for Loss of Office (audited information) & Payments to Former Directors (audited information)

As referenced in the 2024 Annual Report & Accounts, as a result of leaving Coats as part of a mutually agreed leadership transition process, the Committee approved the remuneration payments set out below for Jackie Callaway which were consistent with the default treatment and discretions afforded to the Committee under her contract and the relevant incentive plans:

- **Salary and benefits:** Jackie received her normal salary and benefits up to and including 31 May 2025. There were no payments made in connection with any unexpired notice, i.e. there were no further payments relating to her salary or benefits made thereafter.
- **Annual Bonus:** Jackie remained eligible to participate in the Coats Group Annual Bonus Plan pro-rata for her period of employment in the 2025 financial year. The bonus will be paid in cash on the normal payment date, remaining subject to malus, clawback and all the rules of the plan. This reflects standard practice at Coats. Further details are set out on page 87.
- **Deferred Annual Bonus Plan Awards:** outstanding awards (see page 93), will vest in full on their normal vesting date, subject to the rules of the DABP. Any dividend equivalents accrued in respect of these awards will be paid in the form of additional shares and capable of exercise thereafter.
- **Long Term Incentive Plan Awards:** in line with the discretion afforded to the Committee under the long-term incentive plan, as a result of leaving employment by mutual agreement, the Committee resolved to pro-rate her outstanding awards for the period worked during the vesting period, and will continue to vest on the normal vesting date, subject to the achievement of the relevant performance targets. The awards will remain subject to the two-year holding period and the LTIP rules. Jackie will remain eligible to exercise these up to one month following the end of the relevant holding period. Any accrued dividend equivalents will be paid in the form of additional shares.
- **Post-cessation shareholding guidelines:** Jackie is contractually bound to hold 200% of her base salary for two years following the cessation of employment.
- **Contribution to legal costs:** Jackie received a contribution of £3,000 in respect of the legal costs incurred in connection with the cessation of employment.

No other payments were made in connection with loss of office or to former Directors in the year that have not otherwise been disclosed.

Directors' Service Agreements and Appointment Letters

All Executive Directors have service agreements which are rolling with an indefinite term and provide for a notice period from either side of 12 months and all of this notice is unexpired. No appointment letters for Non-Executive Directors, including the Chair, contain a notice period. All service agreements and appointment letters for Directors are available for inspection at the Company's registered office during normal hours of business and will also be available for inspection at the Company's Annual General Meeting.

Non-Executive Director	Latest Letter of Appointment
David Gosnell	26 February 2024
Sarah Highfield	16 October 2023
Echo Lu	28 February 2024
Stephen Murray	26 February 2024
Fran Philip	28 February 2024
Srinivas Phatak	09 August 2024
Jakob Sigurdsson	26 February 2024
Wu Gang	23 June 2025

DIRECTORS' REMUNERATION REPORT CONTINUED

Statement of Directors' Shareholding and Share Interests (audited information)

The interests of the Directors who held office during the year, and their closely associated persons (if any), in the shares, options and listed securities of Coats Group plc and its subsidiaries, are listed below. For David Paja and Hannah Nichols, the below represents interests as at 31 December 2025 and for Jackie Callaway the below represents interests as at 31 May 2025.

	Shareholding requirement in 2025			Shares beneficially owned		Deferred bonus shares subject to vesting period		LTIP share options (subject to performance conditions)		Share options (no performance conditions)	
	Number of shares ³	Equivalent % of salary	Condition met?	1 Jan 2025 ¹	31 Dec 2025 ²	1 Jan 2025 ¹	31 Dec 2025 ²	1 Jan 2025 ¹	31 Dec 2025 ²	1 Jan 2025 ¹	31 Dec 2025 ²
Executive Director											
David Paja	1,828,388	200%	Yes	300,000	1,374,675	—	220,210	—	1,541,472	1,009,693	1,009,693
Hannah Nichols	1,152,033	200%	No	—	155,962	—	—	—	2,332,769	—	—
Jackie Callaway	1,204,072	200%	Yes	333,489	861,777	673,892	705,558	2,511,987	887,385	907,006	983,842
Chair and Non-Executive Directors											
David Gosnell			N/A	1,717,470	1,995,940	—	—	—	—	—	—
Sarah Highfield			N/A	—	72,214	—	—	—	—	—	—
Echo Lu			N/A	22,874	22,874	—	—	—	—	—	—
Stephen Murray			N/A	100,000	138,961	—	—	—	—	—	—
Srinivas Phatak			N/A	—	22,727	—	—	—	—	—	—
Fran Philip			N/A	75,984	88,971	—	—	—	—	—	—
Jakob Sigurdsson			N/A	77,244	109,711	—	—	—	—	—	—
Wu Gang			N/A	—	58,441	—	—	—	—	—	—

1. Or date of appointment, if later.

2. Or date of cessation, if earlier.

3. The target number of shares is based on the average share price for 2025 which was 80.73p, Jackie Callaway's requirement represents the number fixed on cessation.

4. Jackie Callaway's beneficial holding at 31 May 2025 includes 528,288 shares held in the corporate nominee due to the unexpired holding period following the exercise of her 2021 LTIP.

The Executive Directors' shareholding requirement must be met within five years of their appointment to the Board. There is no requirement for Non-Executive Directors. For the purposes of achieving this target, the total number of shares beneficially owned by the Executive Director or a closely associated person is considered as well as the estimated post-tax number of vested but unexercised share options or deferred bonuses that are not subject to a performance condition. All unexercised Long Term Incentive Plan awards granted to Executive Directors include a requirement to retain any vested shares (save for any shares that may be sold to satisfy income tax liabilities) until a minimum of the fifth anniversary of the date of grant.

DIRECTORS' REMUNERATION REPORT CONTINUED

Details of scheme interests as at 31 December 2025 (audited information)

David Paja

Award	Vesting date	Retention period	Expiry date	Number	Status	Performance conditions?
Deferred bonus shares subject to vesting period						
DABP25	14 Mar 28	N/A	14 Mar 31	220,210	Unvested	No
LTIP share options (subject to performance conditions)						
LTIP25	14 Mar 28	14 Mar 30	14 Mar 32	1,541,472	Unvested	Yes
Share options (no performance conditions)						
LTIP - Buyout Award	01 Sep 27	N/A	06 Sep 34	1,009,693	Unvested	No

Hannah Nichols

Award	Vesting date	Retention period	Expiry date	Number	Status	Performance conditions?
LTIP share options (subject to performance conditions)						
LTIP25	14 Mar 28	14 Mar 30	16 Dec 32	698,897	Unvested	Yes
Buyout - 2023	16 Mar 26	16 Mar 28	16 Dec 35	862,643	Unvested	Yes
Buyout - 2024	19 Mar 27	19 Mar 29	16 Dec 35	771,229	Unvested	Yes
Sub-total				2,332,769		

Jackie Callaway¹

Award	Vesting date	Retention period	Expiry date	Number ²	Status	Performance conditions?
Deferred bonus shares subject to vesting period						
DABP23	03 Mar 26	N/A	03 Mar 33	205,993	Unvested	No
DABP24	07 Mar 27	N/A	07 Mar 34	209,190	Unvested	No
DABP25	14 Mar 28	N/A	14 Mar 31	290,375	Unvested	No
Sub-total				705,558		
LTIP share options (subject to performance conditions)						
LTIP23	17 Mar 26	17 Mar 28	17 Mar 33	567,921	Unvested	Yes
LTIP24	22 Mar 27	22 Mar 29	22 Mar 34	319,464	Unvested	Yes
Sub-total				887,385		
Share options (no performance conditions)¹						
DABP22	04 Mar 25	N/A	04 Mar 32	258,709	Vested	No
LTIP22	04 Mar 25	04 Mar 27	04 Mar 32	725,133	Vested	No
Sub-total				983,842		

1. Jackie's awards are stated after being subject to pro-rata reduction for cessation.

2. Excludes dividend equivalents on vesting.

Share Options (exercised during the year)

During her employment, Jackie Callaway exercised her 2021 LTIP over 1,000,328 shares (inclusive of dividend equivalents), for a price of £0.831091 per share. The post-tax number of shares are being held in our corporate nominee account where they will remain for the remainder of any applicable holding periods.

After Jackie left employment with the Group, she exercised the DABP 22 and LTIP 22 awards detailed above on 18 June 2025 for a share price of £0.771136 per share.

No other share options were exercised by the Directors during the year. Exercises by Former Directors have been held, to the extent required, in the corporate nominee account and will be released for sale once the restrictions have lifted.

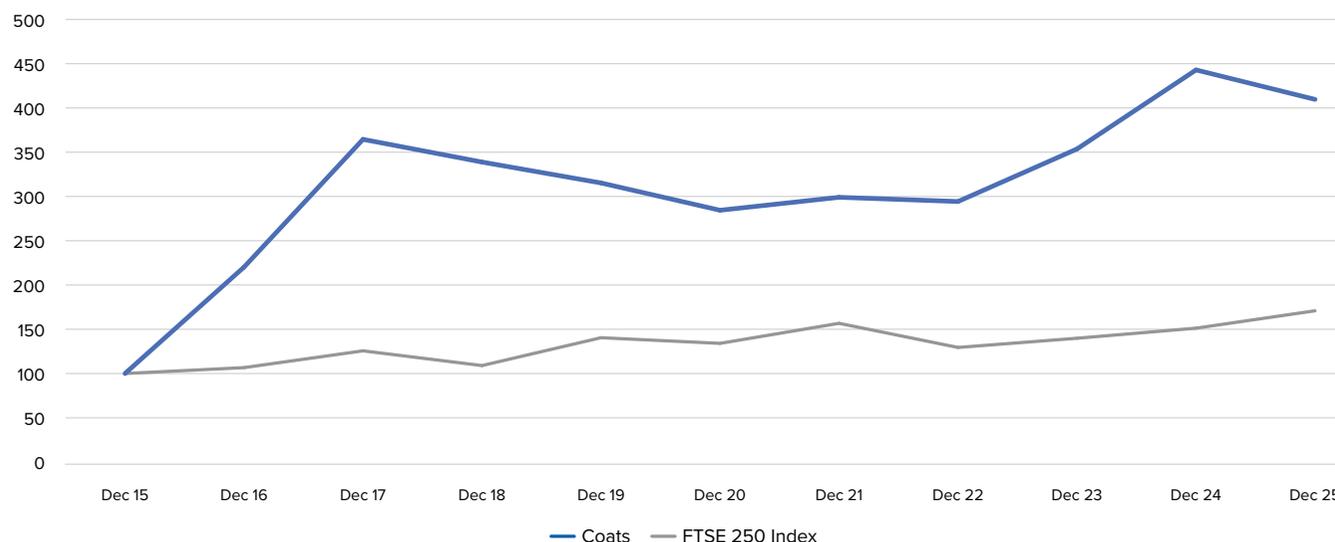
No options have been exercised or transactions entered into by any Director between the year end and the signing of this report.

The mid-market price of Coats Group plc shares at 31 December 2025 was 84.55 pence and the range during the year was 68.15 pence to 96.05 pence.

DIRECTORS' REMUNERATION REPORT CONTINUED

Review of Performance

The graph below shows the difference between investing £100 in the Company and the constituents of the FTSE 250 from 1 January 2016 to 31 December 2025. It is assumed dividends are reinvested over that period. The Board feels the FTSE 250 provides an appropriate comparator given the Company's market capitalisation and its presence on the London Stock Exchange.



Chief Executive Total Remuneration for the Last 10 Years¹

Executive Director	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024	2025	
Name	Paul Forman	Rajiv Sharma	David Paja	David Paja								
CEO single figure remuneration (£'000)	1,760.3	2,566.9	3,356.7	2,228.1	787.4	1,758.5	1,868.7	2,900.8	2,573.1	1,652.2	1,699.3	
Annual bonus as a % of maximum opportunity	77.0%	79.5%	66.7%	67.3%	5.0%	97%	84%	66.5%	100%	100%	75%	
LTIP award as a % of maximum opportunity	43.6%	60.0%	84.2%	95.8%	0%	0%	18.2%	96.27%	80.2%	N/A	N/A	

1. The CEO figures for 2017, 2018 and 2019 reflect the appointment of Rajiv Sharma and in particular the increase in benefits reflect the relocation and expatriate support that was offered to him following his appointment as CEO on 1 January 2017. The 2024 figures reflect the appointment of David Paja and departure of Rajiv Sharma.

DIRECTORS' REMUNERATION REPORT CONTINUED

Director's Remuneration – Annual Percentage Change

The table below shows the percentage change in the annual remuneration of Directors and the average UK colleague from 2020 onwards.

	Salary or fees ³ (% change)					Benefits ² (% change)					Bonus (% change)				
	2024 to 2025	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021	2024 to 2025	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021	2024 to 2025	2023 to 2024	2022 to 2023	2021 to 2022	2020 to 2021
David Paja	203.8%	N/A	N/A	N/A	N/A	234.6%	N/A	N/A	N/A	N/A	130.6%	N/A	N/A	N/A	N/A
Hannah Nichols	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jackie Callaway ²	-56.3%	7.6%	5%	4%	1.4%	-58.7%	28.9%	2.4%	35.7%	-0.6%	-73.1%	65.4%	-9.7%	-5.5%	100%
David Gosnell	2.7%	1.5%	0%	37.7%	163.4%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A
Sarah Highfield	9.3%	21.4%	N/A	N/A	N/A	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Echo Lu	2.7%	3.9%	6.6%	6%	22.5%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A
Stephen Murray	9.3%	18.7%	7.4%	0%	N/A	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Srinivas Phatak	2.7%	N/A	N/A	N/A	N/A	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fran Philip	0.7%	3.6%	6.4%	11.1%	2.9%	80.6%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A
Jakob Sigurdsson	2.6%	6.2%	4.9%	2.4%	-6.8%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A
Wu Gang	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average of all employees¹	4.2%	7.6%	5.5%	3.1%	0%	-2.0%	4.0%	10.8%	0%	0%	-22.7%	140%	-13.8%	N/A	N/A

- The average of all employees reflects the total number of employees based in the UK in the relevant years. The UK employee population includes employees across all levels of the organisation and for prior year comparisons, excludes acquisitions or disposals during the relevant year.
- Non-Executive Directors do not receive benefits-in-kind, however, figures are disclosed in the benefits Single Figure table to reflect business expense payments and tax support, where applicable, that are regarded as taxable by the UK tax authority. Year-on-year variations in the reported benefits value have been ignored for this purpose unless there is the provision of a material specific benefit or if the difference in benefit is greater than £5,000 from one year to the next.
- Hannah Nichols, David Paja, Srinivas Phatak, Sarah Highfield, Stephen Murray and Wu Gang do not have five years' worth of disclosure as they joined the business during this time. David Paja and Jackie Callaway's increased compensation reflects the shorter employment period in 2024 and 2025 respectively.
- To enable comparisons, non-executive leavers and joiners figures have been annualised. The figures for Stephen Murray, Sarah Highfield, David Gosnell, and Echo Lu in 2024, 2022 and 2021 reflect their increased fees following their appointments as SID, Audit Chair, Chair, and Remuneration Committee Chair respectively.

Alignment of executive director and typical UK workforce remuneration in 2025

Wider workforce	Element	Executive directors
Market & role-based, reviewed annually	Base Pay	Market-competitive, reviewed annually
Company contribution/cash allowance (12% salary)	Pension	Aligned to UK workforce majority (12% salary)
Health insurance, EAP, car allowance, life insurance, income protection	Benefits	Health insurance, car allowance, life insurance, income protection
Performance bonuses linked to financial, strategic & individual goals (where appropriate)	Short-term Incentives	Performance bonus linked to financial, strategic and personal objectives
LTIP with 3-year performance period	Long-term Incentives	LTIP with 3-year performance period + 2-year holding period

● Fixed pay ● Annual bonus (STIP) ● LTIP

DIRECTORS' REMUNERATION REPORT CONTINUED

Relative Importance of Spend on Pay

The table below shows the total pay for all of the Company's employees compared to other key financial indicators.

	Year to 31 December 2025 ²	Year to 31 December 2024	% change
Employee costs (US\$m)	300.6	291.1	3%
Distributions to shareholders ¹ (US\$m)	54.1	46.5	16%
Average number of employees	19,134	15,514	23%
Revenues from continuing operations (US\$m) – CER basis	1,464.9	1,423.7	3%
Operating profit pre-exceptional (US\$m) – CER basis	289.8	270.1	7%

1. By way of dividends.

2. Details of any adjustments are set out on in the notes to the financial statements.

Additional information on number of employees, total revenues and profit has been provided for context. The figures for employee costs, average number of employees, revenues and operating profit in 2025 and 2024 have been stated on the basis of continuing operations only which includes the acquired OrthoLite business from the respective acquisition date of 29 October 2025 to 31 December 2025. The figures for revenues and operating profit are on a constant exchange rate (CER) basis with amounts for 2024 restated at 2025 exchange rates.

CEO Pay Ratio

Coats is not required to publish a CEO pay ratio as the Group employs fewer than 250 employees in the UK. However, the Company publishes a disclosure on a voluntary basis. This ratio shows the CEO's pay relative to our UK employees.

Financial Year	Calculation methodology	Salary			Salary plus bonus			Total pay		
		P25	P50	P75	P25	P50	P75	P25	P50	P75
2019	A	21	12	8	37	20	11	58	36	19
2020	A	20	12	7	20	12	7	20	14	7
2021	A	16	12	8	37	27	13	41	27	12
2022	A ¹	15	10	6	34	21	10	42	23	11
2023	A ¹	14	9	5	28	17	8	50	30	14
2024	A ¹	11	8	5	27	18	10	37	24	14
2025	A	12	7	5	22	14	8	21	13	8

1. During 2022, Coats acquired Texon which had approximately 100 UK-based employees prior to the site closure. These employees have been excluded from the analysis, in prior years, however, based on high-level analysis, Coats was comfortable that the inclusion of these employees would not have had a material impact on the overall historical CEO pay ratios, and that the ratios are reflective of the overall Group.

The ratios have remained relatively stable over the year, with a slight reduction in total pay reflecting the fact the LTIPs have not yet vested for the Group CEO. The ratios in 2024 were influenced by a change in Group CEO during the year and a change in UK headcount.

The lower quartile, median and upper quartile employees in the table below were identified on the basis of full-time equivalent total remuneration and benefits in the 12-month period ending 31 December 2025 (this is referred to as methodology A according to the Regulations). This calculation methodology was selected as it was the closest comparative methodology to the basis on which the remuneration for the Group CEO is disclosed for the year ended 31 December 2025. The UK workforce is the most appropriate comparator group because the Group CEO is employed by the UK parent company and the pay of the global workforce is subject to very significant fluctuations due to local inflationary pressures and foreign exchange rate movements.

The Committee has considered the pay data for the three individuals and concludes that the median ratio is a fair reflection of pay and reward policies for the UK workforce as a whole. In addition, the data was compared to the average of five individuals above and below their remuneration in terms of total compensation and mix of pay for the year to 31 December 2025, to ensure the percentile ranking for each individual was comparable to all individuals within that quartile grouping. No adjustments have been made to the data other than to ensure full-time equivalence. Where a performance bonus is paid, an assumption about the estimated attainment for some of the personal objectives have been made. The Committee is satisfied that any assumptions do not have a material impact on the selected reference employee nor on the calculated ratio. The remuneration details for the individuals are shown below.

	CEO	Lower quartile	Median	Upper quartile
Base Pay	£729,000	£62,982	£101,478	£136,500
Base and Bonus	£1,559,273	£71,883	£114,827	£186,551
Total Remuneration	£1,699,348	£79,441	£133,880	£211,181

A significant proportion of the Group CEO's remuneration is appropriately linked to the Company's performance and share price movements, which may fluctuate materially over time. Therefore, to enable a more meaningful comparison to be made, we have also presented a ratio based on base pay plus annual bonus.

DIRECTORS' REMUNERATION REPORT CONTINUED

Corporate Governance Code Requirements

Remuneration arrangements are clearly communicated and straightforward. Incentives are linked to the key performance metrics of sales, profit and cash generation. These measures are aligned throughout the Group's incentive schemes and there is a balance between overall Group performance across all three metrics and each individual local business unit, where relevant. Personal performance is also an element, both in incentives and in salary reviews, but there is an overall link to the achievement of company performance to ensure that the risk of excessive rewards in cases of poor performance is managed. Teamwork is a key strength and cultural aspect for Coats, and incentives are managed to ensure that there is cooperation and flexibility in delivering performance and to ensure that incentive structures do not negatively impact the culture of the organisation.

Although the Company does not formally consult with employees in determining the Remuneration Policy, there are several routes by which employee engagement is achieved. Fran Philip is the Designated Non-Executive for Workforce Engagement and is also a member of the Remuneration Committee. During 2025, a programme of meetings was conducted by Fran with business unit leadership teams to discuss a variety of issues of interest to employees. All employees were encouraged to raise any areas of concern, including matters of remuneration, directly or through line managers. Further details of the Board's engagement with the workforce is set out on page 61. In addition, during 2025 the Committee considered in-depth for all employees the competitiveness of the remuneration offering, the level of any minimum Living Wage and whether any employees were below this level, as well as the gender profile and pay differentials of the workforce across the main operating countries.

Statement of Implementation of Remuneration Policy for 2026

Base salaries for Executive Directors and fees for the Non-Executive Directors will be reviewed on 1 July 2026.

David Paja's current base salary is £738,000 and he receives a car allowance of £20,000 and a pension contribution (aligned to the UK workforce) of 12%.

As set out in last years Directors' Remuneration Report, from appointment as Group CFO Hannah Nichols received a base salary of £465,000. She also receives a car allowance of £15,000 and a pension benefit (aligned to the UK workforce) of 12%.

All Executive Directors also receive private medical insurance, life and income replacement insurance and tax return support where it is considered necessary.

In line with the Policy, it is expected that the LTIP award for the Group CEO will be 175% and the maximum annual bonus opportunity will remain 150%. The Group CFO is anticipated to receive an LTIP of 150% and a maximum annual bonus opportunity of 125% of base salary.

A minimum shareholding requirement of 200% applies during employment and a post-employment shareholding requirement applies to all Executive Directors for two years following termination of employment, based on the lower of 100% of the minimum shareholding requirement or the actual shareholding at termination.

As detailed in the Chair's Introductory Letter, the annual bonus performance measures are unchanged relative to 2025, save for a slight adjustment to the underlying definition of free cash flow to free cash flow pre dividends and M&A. To better align with the metrics included in our published medium term financial framework, minor changes to the LTIP measures are being made for 2026. A 30% weighting is being retained on EPS, a slightly higher weighting on a revised cash metric (25% on free cash flow versus last year where we had a 20% weighting on average cash conversion), 25% on relative TSR and 20% on sustainability measures (reduced from a 25% weighting as a result of a reduction to the number of targets applying in 2026 at three from five in 2024). The full metrics are set out below:

Annual bonus		Long Term Incentive	
Measure	Weighting	Measure	Weighting
Sales	15%	Earnings Per Share CAGR	30%
Earnings Before Interest and Taxation Margin	20%	Cumulative Free Cash Flow	25%
Earnings Before Interest and Taxation	20%	Total Shareholder Return compared to the FTSE 250	25%
Free Cash Flow	25%	Sustainability	20%
Individual objectives	20%		

Annual bonus targets are based on EBIT, EBIT margin, free cash flow and individual objectives, excluding the impact of any exchange rate fluctuations. The Company does not publish annual bonus targets in advance as these figures are considered commercially sensitive but will do so at the time the bonus award is disclosed.

The Long Term Incentive Plan awards granted in 2026 will be subject to targets that will vest at a level no more than 25% (for each measure) for threshold performance and at 100% (for each measure) for performance at maximum. There will be straight-line vesting between threshold, maximum and any intervening points.

The specific targets for both the annual bonus and Long Term Incentive Plan are set by the Committee to be challenging having regard to internal planning expectations, external expectations for the Company's performance and economic conditions.

With the target setting process ongoing as at the date of signing the Annual Report, it is the Committee's intention to publish the targets in the announcement notifying the market of the grant of the award.

DIRECTORS' REMUNERATION REPORT CONTINUED

Consideration by the Directors of Matters Relating to Directors' Remuneration

In reviewing remuneration arrangements, the Committee considers the terms and conditions of employees across the Group. In this regard, Fran Philip, as a member of the Committee, is able to provide insight and support from her role as the Designated Non-Executive for Workforce Engagement.

The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report and the Committee's Terms of Reference. The Committee also received assistance from the Company Secretary (who also acted as Secretary to the Committee), Chief People Officer and the Reward function. No Directors are involved in deciding their own remuneration.

The Remuneration Committee receives independent external advice on executive remuneration from Korn Ferry, a member of the Remuneration Consultants Group and signatory to its Code of Conduct, who were appointed as remuneration advisors in 2022. Korn Ferry, who do not have any connection with any Directors of the Company, provide advice to the Remuneration Committee which supports robust and sound decision making. The Remuneration Committee is satisfied that its remuneration advisors act independently. Korn Ferry fees for advising the Remuneration Committee during 2025 were £95,700 (excl VAT).

Statement of Voting at the General Meeting

The table below sets out the result of the votes for the latest Directors' Remuneration Report and Remuneration Policy, at the 2025 AGM and 2023 AGM respectively.

	Votes for		Votes against		Votes total	Votes withheld
	Number	%	Number	%	Number	Number
Approval of Remuneration Report (resolution 2)	1,311,577,545	95.16%	66,707,827	4.84%	1,378,285,372	13,759
Approval of Remuneration Policy (resolution 3)	1,412,457,273	99.74%	3,641,947	0.26%	1,416,099,220	70,423

Committee performance and effectiveness

The Committee effectiveness in respect of the year ended 31 December 2025 was evaluated externally. The Committee considered the key points that were identified in previous year's assessment. The 2025 evaluation indicated that the Committee's ways of working and dynamics were working effectively and noted areas they can further enhance their performance in 2026.

Signed on behalf of the Remuneration Committee by:

Echo Lu
Chair, Remuneration Committee

4 March 2026

DIRECTORS' REPORT

Coats Group plc (Company) is the holding company of the Coats group of companies (Group).

Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held on 20 May 2026 at 14.30 at FTI Consulting, 200 Aldersgate, London EC1A 4HD.

Corporate Governance Statement

Together with this Directors' Report, the Corporate Governance Statement, prepared in accordance with rule 7.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, comprises the following sections of the Annual Report: the 'Strategic Report'; the 'Corporate Governance Report'; the 'Audit and Risk Committee Report'; the 'Nomination Committee Report'; and the 'Remuneration Committee Report'. As permitted by legislation, some of the matters required to be included in the Directors' Report have been included in the Strategic Report by cross-reference, including details of the Group's financial risk management objectives and policies, business review, future prospects, stakeholder engagement, Section 172 Statement and environmental policy.

The 2024 UK Corporate Governance Code is available from the Financial Reporting Council's website ([frc.org.uk](https://www.frc.org.uk)).

Directors

The names and biographical details of the current Directors are shown on pages 52 to 53 of this Annual Report. Particulars of their emoluments and beneficial and non-beneficial interests in shares are given in the Directors' Remuneration Report on pages 86, 90 and 92 to 93.

The appointment and removal of directors are governed by the Company's Articles of Association and the Companies Act 2006. The Directors may, from time to time, appoint one or more directors.

In accordance with the provisions of the Code, all Directors will retire and submit themselves for election or re-election at the forthcoming AGM.

Directors' Powers

The Board manages the business of the Company under the powers set out in the Company's Articles of Association. These powers include the Directors' ability to issue or buy back shares. Shareholders' authority to empower the Directors to make market purchases of up to 10% of its own ordinary shares is sought at the AGM each year (as set out in the Share Capital section below).

The Company's Articles of Association can only be amended, or new Articles adopted, by a resolution passed by shareholders in a general meeting by at least three quarters of the votes cast. The Company adopted new Articles at the AGM held in May 2021.

In the event that a Director raises any concerns about the operation of the Board or management of the Company that cannot be resolved, a record would be kept in the Board minutes, and this should also be noted in the Director's resignation letter.

Further discussion of the Board's activities, powers and responsibilities appears within the Corporate Governance Report on pages 48 to 61. Information on compensation for loss of office is contained in the Directors' Remuneration Report on page 91.

Directors' Indemnities

The Directors of the Company have entered into individual deeds of indemnity with the Company which constitute 'qualifying third-party indemnity provisions' for the purposes of the Companies Act 2006. The deeds indemnify the Directors, and the directors of the Company's subsidiary companies, to the maximum extent permitted by law. The deeds were in force for the whole of the year, or from the date of appointment for those appointed during the year. In addition, the Company had Directors' and Officers' liability insurance cover in place throughout the year.

“The AGM of the Company will be held on 20 May 2026 at 14.30 at FTI Consulting, 200 Aldersgate, London EC1A 4HD.”

Share Capital

Details of the Company's issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 26.

The Company has one class of ordinary shares with a nominal value of five pence each (ordinary shares), which does not carry the right to receive a fixed income. Each share carries the right to one vote at general meetings of the Company. There are no restrictions or agreements known to the Company that may result in restrictions on share transfers or voting rights in the Company. There are no specific restrictions on the size of a holding, on the transfer of shares, or on voting rights, all of which are governed by the provisions of the Articles of Association and prevailing legislation. Shareholder authority for the Company to purchase up to 159,781,039 (representing approximately 10% of the Company's issued shares as at the latest practicable date before the publication of the notice of the Annual General Meeting held in May 2025) of its own ordinary shares was granted at the 2025 AGM. No shares were purchased pursuant to this authority during the year.

Shareholder authority for the Company to allot ordinary shares up to an aggregate nominal amount of £53,255,020 was granted at the 2025 AGM.

319,562,076 shares were allotted pursuant to this authority during the year.

DIRECTORS' REPORT CONTINUED

The issued share capital of the Company at 31 December 2025 was approximately £79,890,520, divided into 1,917,372,461 ordinary shares.

Since 31 December 2025, 0 new shares have been issued as a result of the exercise of share options by the Company's share option scheme participants, and the total issued share capital at 4 March 2026 is 1,917,372,461 ordinary shares. The Company's ordinary shares are listed on the London Stock Exchange.

The register of shareholders is held in the UK. The number of ordinary shares of the Company in which the Directors were beneficially interested as at 31 December 2025 is set out in the Directors' Remuneration Report on pages 92 to 93.

Substantial Interests

Information provided to the Company pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company's website. The following information has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital.

	% as at 31 December 2025	% as at 4 March 2026	Nature of holding
Artemis Investment Management LLP	5.47	5.47	Indirect
FIL Limited	9.91	9.91	Indirect

* % holding based on total number of shares in issue at the time of respective notification.

The Company has not been notified of any other substantial interests in its securities. The Company's substantial shareholders do not have different voting rights. The Group, as far as is known by the Company, is not directly or indirectly owned or controlled by another corporation or by any government.

Change of Control

The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid. However, the Group's Revolving Credit Facility Agreement, Term Loan Facilities Agreement and US Private Placement would terminate upon a change of control of the Company. The Company does not have agreements with any Director or employee providing compensation for loss of office or employment that occurs because of a takeover bid, except for provisions in the rules of the Company's share schemes which result in options or awards granted to employees vesting on a takeover.

Political Donations

No contributions were made to political parties during the year (2024: £nil).

Whistleblowing Procedure

A whistleblowing, ethics and fraud report is a standing agenda item that is presented quarterly at Board meetings. Coats has a well-publicised whistleblowing procedure, which can be found on our website. This is designed to empower all employees, contractors and anyone else who is aware of, suspects, or is concerned about potential misconduct, illegal activities, fraud, abuse of assets or other violations of Company policy/ the Ethics Code to report these confidentially via email through the Group ethics channel or via an externally hosted web service whistleblowing hotline. Doing The Right Thing and ways to raise concerns are regularly communicated and discussed.

During the year ended 31 December 2025, there were 171 whistleblowing concerns raised (2024: 228). Of these concerns raised, following investigation, 25% (2024: 16%) of the closed cases were upheld and 5 cases are still under review. In the case of substantiated concerns, disciplinary action, up to and including termination, was taken whenever there was any evidence of misdemeanour, and training and enhanced controls were implemented wherever appropriate.

Concern is raised via whistleblowing procedure

Acknowledgement is sent to the whistleblower within seven days of receipt of the concern.

The investigation team, independent of the relevant operational business or function, is nominated by the Chief Legal & Risk Officer and Group Company Secretary, Chief People Officer and where appropriate the relevant GET member.

Allegation is investigated by the nominated team

Findings are presented to the Chief Legal & Risk Officer and Group Company Secretary, Chief People Officer and, where appropriate, the relevant GET member to decide appropriate remedial actions and any controls/process enhancements.

The outcome of the investigation is appropriately communicated to the whistleblower once any remedial actions and/or any controls/process enhancements (even in circumstances where the allegation has not been upheld) have been determined.

Reports and outcomes are reviewed by the Board and the Audit and Risk Committee.

DIRECTORS' REPORT CONTINUED

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chair's statement.

In addition, note 34 to the financial statements addresses the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Directors believe that the Group is well placed to manage its business risks successfully.

The Board expects to be able to meet any actual and contingent liabilities from existing resources. Further information on the Group's cash and borrowings is set out in note 30(g).

The Directors are satisfied that the Company and Group have sufficient resources to continue in operation for the period from the date of this report to 30 June 2027.

Accordingly, the Directors consider that the going concern basis of accounting is appropriate for the Company and the Group, and the financial statements have been prepared on that basis.

In assessing the Group's going concern position, the Directors have considered a number of factors, including the current balance sheet position and available liquidity, the principal and emerging risks which could impact the performance of the Group and compliance with borrowing covenants. Further details are provided in note 1 of the accounts.

Results and Dividends

The results of the Group are shown on page 118 and movements in reserves are set out in note 27 to the financial statements.

The Board is mindful of the importance of returns to shareholders and is pleased to propose a final dividend of 2.28 cents per share (2024 final dividend: 2.19 cents). Subject to approval at the forthcoming AGM, the final dividend will be paid on 28 May 2026 to ordinary shareholders on the register at 8 May 2026, with an ex-dividend date of 7 May 2026. Alongside the interim dividend of 1.00 cent per share, this makes a total of 3.28 cents per share for the full year 2025.

Greenhouse Gas (GHG) Emissions

Absolute emissions for last four years plus 2019 SBTi baseline¹

Thousand tonnes of CO ₂ e		2019	2019 ⁶	2022	2022 ⁶	2023	2023 ⁶	2024	2024 ⁶	2025
Scope 1 Direct ²		73.5	73.2	59.7	59.6	51.9	52.4	52.4	52.1	48.2
	Location-based	232.6	220.0	201.8	175.0	172.2	155.6	181.2	163.4	167.3
	Market-based	190.9	175.3	122.3	116.4	59.3	59.1	37.3	34.5	74.8
Scope 2 Indirect ³		1009.9	–	944.7	–	824.2	–	865.5	–	806.1
Scope 3 Value Chain ⁴										
Biogenic Emissions CO ₂ ⁵		38.2	49.4	27.5	40.4	24.1	28.2	25.7	28.6	30.7

1. All data is calculated following GHG Protocol guidelines.

2. Direct emissions relate to the use of fuels to generate energy on Group facilities, mainly the use of oil and gas to generate heat in the form of steam for use in processing. On-site generation of electricity using diesel or gas fired generators and the use of diesel, petrol and LPG for on-site transport is also included. The calculation methodology here is to convert fuel purchased in each country to kWh and then to CO₂e equivalent using DESNZ conversion factors; the data is consolidated globally.

3. Indirect emissions relate mainly to the purchase of electricity from third-party suppliers. This is mostly taken from local electricity grids, but does include some on-site generation of electricity or steam from third-party suppliers. The methodology converts the electricity or other purchased energy from kWh to CO₂e using the country level conversion factors published by the International Energy Authority (IEA) for electricity and DESNZ conversion factors for other energy types. This provides the location-based calculation. Market-based calculation deducts any certified renewable energy that is purchased by country and continues to calculate the residue of the energy consumed at the IEA country or DESNZ conversion factors as appropriate. The data is then consolidated globally.

4. Scope 3 value chain emissions cover all other emissions that occur throughout our product and business value chain. This includes the cumulative emissions to produce our raw materials and capital equipment and installations, product and people transport at all stages, downstream processing and consumer use of our sold products and treatment for our waste and our products at the end of their life. The methodology for this varies for each Scope 3 category and follows the GHG Protocol hierarchy of data quality to determine the best available inventory calculation approach. Calculation models are maintained for each individual category and are updated annually as required and consolidated globally.

5. Biogenic emissions cover CO₂ emissions that occur from burning bio-mass for the purposes of steam generation. These CO₂ emissions are excluded from our reported emissions, however the CH₄ and N₂O emissions associated with bio-mass are included in our reported.

6. Scope 1 and 2 emissions have been restated for 2019 to 2024 to reflect the sale of Americas yarns and associated Toluca facility closure and transfer of emissions calculations from manual Excel spreadsheet to use of Normative carbon accounting software.

DIRECTORS' REPORT CONTINUED

Scope 1 and 2 combined absolute emissions on a market-based approach increase by 42% between 2024 and 2025, however reduced by 30% between 2022 and 2025 versus a 2026 target to deliver a 22% reduction from our 2022 baseline. The increase in Scope 2 market-based emissions in 2025 is due to a regulatory change in Tamil Nadu, India, which has transferred ownership rights of energy attribute certificates (EACs) for offsite wind generated electricity from Coats India to the Tamil Nadu government. Due to this regulatory change, the proportion of our electricity covered by EACs reduced from 74% in 2024 to 62% in 2025, however continues to remain well above our level of 29% in 2022.

We remain ahead of our SBTi 2030 Scopes 1 and 2 emissions reduction, having reduced emissions by 51% from our 2019 baseline. In 2025 we had zero emissions from our UK facilities.

Emissions Intensity¹

Greenhouse gas emissions intensity per unit of production

kg CO ₂ e per kg of finished product	2022	2022 ³	2023	2023 ³	2024	2024 ³	2025
Scope 1 & 2 ²	1.5	1.5	1.1	1.1	0.8	0.8	1.2
Scope 3	7.8		8.1		7.7		7.6

Greenhouse gas emissions intensity per US\$ sales value

tonnes CO ₂ e per million \$ sales	2022	2022 ³	2023	2023 ³	2024	2024 ³	2025
Scope 1 & 2 ²	118.4	124.6	79.7	84.1	59.8	60.4	83.9
Scope 3	614		591		577		550

1. We have used these two ratios for several years. The first uses volume of finished goods production in tonnes (Kilo tonnes used for Scopes 1 & 2 are 2025: 107, 2024: 111, 2023: 101, 2022: 117 and hence relates directly to the industrial activity that drives emissions, while the second uses Group turnover and hence relates to overall commercial activity.
2. Figures are calculated on a market basis for Scope 2 emissions.
3. Scope 1 and 2 emissions intensity has been restated for 2022 to 2024 to reflect the sale of the Americas yarns business and associated Toluca facility closure and transfer of emissions calculations from manual Excel spreadsheet to use of Normative carbon accounting software.

Our Scope 1 and 2 volume emissions intensity shows a 47% increase between 2024 and 2025, and a 24% reduction between 2022 and 2025. The increase in 2025 versus 2024 is due to the previously mentioned regulatory change in Tamil Nadu, India.

Scope 3 volume intensity has reduced by 2.4% from 2024 to 2025 and reflects our further positive progress made in transition to non-virgin oil-based materials.

The overall value intensity for Scopes 1 & 2 emissions increased by 39% compared to 2024, with the Scope 3 value intensity reducing by 4.6%.

The difference between the volume and value intensity movements is largely related to movements in price and product mix.

Full details of all reportable greenhouse gas emissions and on the reporting methodology used for the above figures can be found in our online Sustainability Report.

Energy Consumption

Million kWh	2022	2022 ¹	2023	2023 ¹	2024	2024 ¹	2025
Direct (Fuels)	311	309	264	263	271	271	255
Indirect (bought electricity and steam)	446	417	390	373	410	395	396
Total	756	726	654	637	681	665	651

1. Energy consumption has been restated for 2022 to 2024 to reflect the sale of the US yarns business and associated Toluca facility closure.

Through 2025 we continued our focus on delivering improvements in energy efficiency, with our smart energy metering programme extended to include structural footwear components sites in China. External energy audits were conducted across a number of key sites. Energy efficiency initiatives focussed on improved use of natural lighting in factories to reduce artificial illumination requirements, use of invertors to optimise efficiency when running electric motors, and optimisation projects on compressed air generation.

Energy consumption in our UK facilities in 2025 was 18MWh and represented 0.003% of global energy consumption.

The following methodology is used for calculating emissions and energy consumption.

Boundary	All emissions from operating companies that are consolidated in the Group financial statements are included. Operational joint ventures are included based on equity share. OrthoLite emissions are excluded.
Scope 1	Fuel consumption data is collated monthly from all units, based on metered or invoiced consumption converted into kWh. We use DESNZ published gross calorific value conversion factors to standardise emissions.
Scope 2	Electricity or steam purchase volumes are collected from all units monthly. All electricity kWhs are converted using IEA country level conversion factors for the location-based data. For the market-based data certified renewable electricity purchased is not included and the remainder is converted using the same IEA country factors, or country level residual emissions factors where available.
Scope 3	Scope 3 emissions are calculated annually using multiple sources for data (including suppliers, lifecycle assessment data providers and industry data sources). Each category is calculated with the best available set of data sources, and is consistent over the three reported years. Products & Services, Upstream Energy and Transport are the main components of Scope 3 emissions. More detail on methodology is available in our Sustainability Report online.

DIRECTORS' REPORT CONTINUED

Auditor

A resolution to re-appoint Ernst & Young LLP as auditor will be proposed at the 2026 AGM.

A statement in respect of the current auditor, Ernst & Young LLP, in accordance with Section 418 of the Companies Act 2006, has been included below.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all reasonable steps to ascertain any relevant audit information and to ensure that the Company's auditor is aware of that information.

Branches

The Company, through various subsidiaries, has branches in several different jurisdictions in which the business operates outside the UK. The full list of subsidiary companies can be found from page 200.

This Directors' Report was approved by order of the Board.

On behalf of the Board

Stuart Morgan
Company Secretary

4 March 2026

Other Information

Other information relevant to this Directors' Report, and which is incorporated by reference, including information required in accordance with the UK Companies Act 2006 and Listing Rule 6.6.1, can be located as follows:

Subject matter	Page(s)
Important events since the financial year-end	171
Likely future developments in the business	11
Exposures to price risk, credit risk, liquidity risk and cash flow risk	162 - 170
Research and development	11
Information on financial instruments	162 - 170
Environmental policy	16
Energy efficiency	101 -102
Employment of disabled persons	28
Employee involvement	28, 31, 34 -36 & 61
Stakeholder engagement	30 - 33
Diversity policy	28 & 64

DIRECTORS' REPORT CONTINUED

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors are required to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The Directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in FRS 102 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether United Kingdom adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with the specific requirements in United Kingdom adopted international

- accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Annual Report including, the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 4 March 2026 and is signed on its behalf by:

David Paja
Group CEO

4 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC

Opinion

In our opinion:

- Coats Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Coats Group plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2025 which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2025	Balance sheet as at 31 December 2025
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 6 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 37 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of management's going concern assessment process, including how principal and emerging risks were considered.
- Obtaining the forecast cash flows to 30 June 2027 used by management in its going concern assessment and testing the arithmetical accuracy of the models, verifying inputs against budgets approved by the Board and agreeing the opening net debt to the audited 31 December 2025 consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

- Evaluating the appropriateness of the duration of the going concern assessment period to 30 June 2027 and considering the existence of any significant events or conditions beyond this period, based on our inquiries of management, Coats Group plc's viability statement and knowledge arising from other areas of the audit.
- Evaluating the impact of the OrthoLite acquisition on the going concern assessment including debt covenants and future cash flows as well as potential downside scenarios.
- Challenging the reasonableness of the cash flow forecast by performing analysis of management's historical forecasting accuracy and checking for consistency of the forecasts with other areas of the audit, including the impairment assessment.
- Evaluating key assumptions used by management in preparing the going concern models, and:
 - assessing contrary evidence by considering industry data, key customers' outlook, analyst expectations and information obtained from other areas of the audit;
 - assessing whether assumptions made were reasonable and appropriate, in light of the Group's relevant principal risks and uncertainties and our own independent assessment of those risks;
 - assessing the impact of Coats Group plc's climate commitments on the forecast cashflows.
- Ensuring management's downside scenarios were reflective of the principal risks of the business and had been quantified within the modelling appropriately including considering whether i) there are other potential downsides for the Group which are not modelled in management scenarios and the potential impact of these; ii) whether the downside risks were reasonably possible, but not unrealistic and iii) whether the adverse effects could arise individually and collectively.
- Obtaining the Group's existing borrowing facility agreements and:
 - reviewing the assumed extension and refinancing as applicable of the bridge facility, revolving credit facility and USPP notes by engaging internal debt specialists to evaluate the feasibility and timing of the proposed extension/refinancing, and to consider whether these plans are consistent with market conditions and checking that the terms attached to the new agreements were correctly factored into the going concern models and debt covenant compliance tests;
 - performing an examination of all agreements, to assess their continued availability to the Group throughout the going concern period and to ensure completeness of debt covenants identified by management.
 - assessing the accuracy of management's debt covenants forecast model on the base case, verifying inputs to board approved forecasts and facility agreement terms.
 - evaluating the compliance of the Group with debt covenants in the forecast period by reperforming calculations of the covenant tests;
 - assessing the impact of the downside risk scenarios on debt covenant compliance and performing sensitivity analysis on the remaining headroom.
- Challenging the appropriateness of management's 'reverse stress test' scenario, to understand how severe conditions would have to be to breach liquidity and/or debt covenant compliance and whether the required conditions have no more than a remote possibility of occurring.
- Assessing management's ability to execute controllable mitigating actions to respond to the downside risk scenarios including the reverse stress test based on our understanding of the Group and the sector.
- Performing an independent reverse stress test to understand the extent of reduction in sales required to breach the debt covenants.
- Assessing the potential impact of geopolitical developments in the Middle East on the going concern assessment including debt covenants and future cash flows.
- Considering whether management's disclosures in the financial statements sufficiently and appropriately reflect the going concern assessment including key judgements made and outcomes.

Our key observations

- The directors' assessment forecasts that the Group will maintain sufficient liquidity and covenant compliance throughout the going concern period to 30 June 2027. We observed that in management's base case and in the downside sensitivity scenarios there is liquidity headroom and covenant compliance without considering any identified controllable mitigations.
- Management also performed a reverse stress test, showing the business was able to withstand a more severe decline in performance. Management considers such a scenario to be remote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for the period to 30 June 2027.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> – We performed an audit of the complete financial information of 10 components (2024: 13), full audit procedures on specific balances for a further 17 (2024: 8) components and specified audit procedures on specific balances for a further 4 (2024: 3) components. – We performed centralised procedures on the following accounts: goodwill, acquired intangibles, borrowings, loans receivable, investment in joint ventures, funded and unfunded defined benefit obligations, equity (Group and parent company) including share-based payments, investment in subsidiaries (parent company), intercompany eliminations, consolidation journals and discontinued operations. – In addition to Group oversight procedures, we, as the primary team, performed supplementary procedures on certain accounts audited by component auditors being: revenue including rebates, cash and cash equivalents, exceptional and acquisition related items, income tax liabilities, deferred tax assets, deferred tax liabilities, inventories and leases.
Key Audit Matters	<ul style="list-style-type: none"> – OrthoLite acquisition accounting – Provisions for uncertain tax positions – Impairment of assets allocated to the US and Mexico Cash Generating Unit – Revenue recognition
Materiality	<ul style="list-style-type: none"> – Overall Group materiality of \$12.0m which represents approximately 5.0% of profit before tax adjusted for exceptional and acquisition related items – Parent Company materiality is determined to be \$16.7m which is 1.0% of equity.

An overview of the scope of the parent company and group audits

Tailoring the scope

We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the components' contribution to Group revenue and profit before tax, the number of significant account balances with associated risk of material misstatements, historical misstatements identified at each component, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We identified 21 (2024: 18) components as individually relevant to the Group due to relevant events and conditions underlying the identified risks of material misstatement of the Group financial statements being associated with the reporting components or a pervasive risk of material misstatement of the group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components.

We then identified 6 (2024: 3) components of the Group as individually relevant due to materiality or financial size of the component relative to the Group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the Group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. We selected 4 (2024: 3) components of the Group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Of the 31 components selected, we designed and performed audit procedures on the entire financial information of 10 (2024: 13) components ("full scope components"). For 17 (2024: 8) components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components"). For the remaining 4 (2024: 3) components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key Audit Matters section of our report on page 109.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors operating under our instruction.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor and delegates visit key locations on a rotational basis. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in Indonesia, Bangladesh and Vietnam. These visits involved performing the following procedures as appropriate: understanding the audit approach with the component team and any issues arising from their work; meeting with local management; attending planning and closing meeting; reviewing relevant audit working papers on risk areas. The Group audit team interacted regularly with all component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

Where relevant, the section on Key Audit Matters details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

We maintained continuous and open dialogue with the component audit teams in addition to holding formal meetings to ensure that we were fully aware of their progress and the results of their procedures. Close meetings for full, specific, and specified audit procedures components (excluding those performed by the primary audit team) were held via video conference in January and February 2026 and were attended by the Senior Statutory Auditor and/or other members of the primary audit team. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations will be from introduction of carbon taxes, disruption of water supply and extreme weather events (floods and extreme heat). These are explained on pages 178-199 in the required Task Force on Climate Related Financial Disclosures and on pages 39 to 46 in the principal risks and uncertainties. They have also explained their climate commitments on pages 15 to 16. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

As explained in note 1, the basis of preparation, consideration of climate change impact on the judgements in the accounts is not considered to have a material impact at this time. Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of United Kingdom adopted international accounting standards.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk being appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being the impairment tests of tangible and intangible assets and related disclosures.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to have a material impact on a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>OrthoLite Acquisition Accounting - \$569.1m acquired intangibles (2024: \$0m) and \$242.2m goodwill (2024: \$0m)</p> <p><i>Refer to the Audit Committee Report (page 68); Accounting policies (page 126); and Note 31 of the Consolidated Financial Statements (page 158)</i></p> <p>On 29 October 2025, Coats Group plc acquired OrthoLite Holdings LLC with an enterprise value of \$770m for a total cash outflow of \$829.3m. Management have accounted for this acquisition as a business combination in accordance with the requirements of IFRS 3 and have calculated the provisional fair value of the acquired assets and liabilities as at the date of acquisition.</p>	<p>In order to respond to the risk relating to the valuation of intangible assets, goodwill, and acquisition accounting, we:</p> <ul style="list-style-type: none"> – Performed a walkthrough of the acquisition and Provisional Purchase Price Allocation ('PPA') process and key controls. – Obtained and reviewed the sale and purchase agreement to ensure that the accounting transactions recorded were consistent with the terms and conditions of the deal, including the acquisition date on which control passed to the Group, being 29 October 2025. – Performed substantive testing over OrthoLite's opening balances and material fair value adjustments, including inventory provisions, PPE impairments, uncertain tax positions and deferred tax impacts. – Reviewed management's IFRS 3 accounting judgements and conclusions with respect to the assumptions underpinning the PPA. – Agreed the consideration transferred to the acquisition agreement and supporting documentation and to the total amount recorded and disclosed – Evaluated the work of the external expert engaged by management by making enquiries of the expert and assessed their competence, capability and objectivity. – With the assistance of our own valuation specialists, we challenged the completeness of intangible assets identified, and assessed the appropriateness of the valuation methodologies used. – With the assistance of our valuation specialists, we assessed and challenged, the prospective financial information underpinning the PPA, including key assumptions such as discount rate, customer attrition rate, royalty rates, revenue growth, EBIT margin, useful economic lives and synergies. 	<p>Based on our procedures performed, we concluded the provisional Purchase Price Allocation and associated accounting for intangible assets and goodwill arising from the purchase of OrthoLite to be appropriate.</p> <p>We are also satisfied that the acquisition of OrthoLite has been appropriately accounted for and concluded that the disclosure in the Consolidated Financial Statements in relation to the acquisition is appropriate.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>This included engaging external valuation specialists to perform a purchase price allocation and support in identifying and calculating the fair value of intangible assets, which were concluded as being customer relationships (\$437.4m), the "OrthoLite" trade name (\$59.3m) and acquired technology (\$72.4m). The Group also recognised a provisional goodwill balance of \$242.2m.</p> <p>The valuation of these assets requires management to exercise judgement and make assumptions in support of the valuation of the acquired intangibles.</p> <p>Given the size and importance of the acquisition to the Group as a whole, we determined the acquisition accounting of OrthoLite to be a key audit matter.</p>	<ul style="list-style-type: none"> – Assessed management's application of provisional accounting under IFRS 3 and the related disclosures given the measurement-period status. – Engaged tax specialists to assess tax assumptions underpinning the PPA, including deferred tax impacts and the recognition of uncertain tax positions under IFRIC 23. Refer to "Provisions for uncertain tax positions" key audit matter below for our conclusions. – We performed a stand-back analysis with the assistance of valuations specialists, to assess the reasonableness of the key assumptions underpinning the prospective financial information, the fair values of the acquired intangibles and the resulting goodwill. <p>All procedures were performed by the Group primary team covering 100% of the balance of acquired intangible assets, deferred tax balances and goodwill arising from the OrthoLite transaction, with the exception of certain account balances such as cash and cash equivalents, inventory and fixed assets physical verification, for which we engaged component teams to perform substantive testing.</p>	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Provisions for uncertain tax positions - \$58.3m (2024: \$26.0m)</p> <p><i>Refer to the Audit Committee Report (page 68); Accounting policies (page 130); and Note 9 of the Consolidated Financial Statements (page 136)</i></p> <p>The Group operates in a number of international jurisdictions, and as a result there is a risk of uncertain tax exposures arising around the Group, as well as heightened risk around estimates in determining the tax effect of cross border transactions, including transfer pricing arrangements. The Group is subject to tax authority audits and may have open tax enquiries in multiple jurisdictions at any point in time.</p> <p>Following the OrthoLite acquisition there are new uncertain tax positions that require management judgement and estimation.</p> <p>We focused on this area due to the complexity, subjectivity, quantification of the provision and the judgement around the trigger for recognition or release.</p>	<p>Our procedures on uncertain tax provisions were performed centrally by the Group team supported by subject matter specialists (including UK transfer pricing specialists) and overseas tax teams with expertise in local tax regulations where appropriate.</p> <p>To address the risk, we:</p> <ul style="list-style-type: none"> – Performed a walkthrough of the tax provisioning process and identified key controls in place noting that they were designed appropriately. We also evaluated the appropriateness of the Group’s transfer pricing and uncertain tax provisioning policies. – Inquired of management to understand the Group cross-border transactions, status of all significant tax positions, including those provided for, and any changes to management’s judgements in the year. – Reviewed correspondence with tax authorities and external advisors to inform our assessment of recorded estimates and evaluate the completeness of the provisions recorded, directly engaging with external advisors where appropriate. – Independently assessed management’s significant assumptions and judgements to record or release provisions following tax audits, settlements and the expiry of statute of limitations. – Tested the accuracy of the calculation of the year end provisions by inspecting underlying documentation and supporting schedules. – Engaged transfer pricing specialists to evaluate intercompany transactions for compliance with arm’s-length principles, ensuring alignment with OECD guidelines and local tax regulations including review of transfer pricing risks and related exposures. – In addition to the above we have specifically performed the following procedures for OrthoLite: <ul style="list-style-type: none"> – reviewed management’s specialist due diligence report prepared in respect of the OrthoLite acquisition to assess the identification and evaluation of uncertain tax positions. – Involved internal and local tax specialists to challenge management’s judgements over jurisdiction-specific OrthoLite tax risks, including interpretation of local tax legislation, historic audit activity and expected outcomes. – Assessed the appropriateness of the accounting treatment of OrthoLite uncertain tax positions under IFRS 3, including whether exposures were appropriately reflected. – Evaluated the adequacy of tax disclosures in the financial statements. 	<p>We are satisfied that management’s judgements in relation to the provisions for uncertain tax positions are supportable.</p> <p>We consider the disclosures with respect to uncertain tax positions to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Impairment of assets allocated to US and Mexico Cash Generating Unit ('CGU') (CGU carrying value: \$70.0m (2024: \$105.9m) <i>Refer to the Audit Committee Report (page 68); Accounting policies (page 126); and Note 14 of the Consolidated Financial Statements (page 148)</i></p> <p>The estimation of recoverable amount involves judgement including assumptions relating to prospective financial information (future cashflows, impact of US tariffs, LTGRs etc.), WACC and the success of strategic initiatives.</p>	<p>Our procedures on impairment were performed centrally by the Group team supported by EY valuation specialists where appropriate.</p> <p>To address the risk, we:</p> <ul style="list-style-type: none"> – Validated that management's impairment methodology is consistent with the requirements of IAS 36 Impairment of Assets. – Performed a walkthrough of the impairment testing process and identified the key controls in place noting that they were designed appropriately. – Understood the nature and risk of the assets in the CGU, noting these to largely be Land and Buildings, Plant and Machinery and allocation of central assets and working capital subject to separate valuation assessments. – Assessed management's indicators of impairment assessment and noted any events or conditions that require an impairment test to be performed. – Obtained management's value-in-use model and tested for mathematical accuracy. – Engaged EY valuation specialists to assess the appropriateness of the discount rate, long-term growth rates, and the overall methodology used in the value-in-use model prepared for the purposes of the US & Mexico CGU impairment test. – Assessed management's forecasting ability by comparing forecasts to actual results for this year and the prior year. – Understood management's strategy to grow Revenue and EBIT of the remaining business by making inquiries of the Coats Group Leadership Team. – Performed independent research, including on expected industry growth rates, to identify contrary information and evaluate assumptions for evidence of management bias. – Reviewed recent actual monthly performance against plan to assess the impact of strategic actions taken by management. – Performed sensitivity analysis over key assumptions underpinning management's forecasts including discount rate, long term growth rate and assumptions relating to revenue and margin growth. – We also assessed the appropriateness of the Group's related disclosures in the consolidated financial statements. 	<p>Based on our audit procedures we have concluded that no impairment of the assets in the US & Mexico Cash Generating Unit is required.</p> <p>We concur with management's impairment conclusion based on the strategic actions taken to date, including more simplified operating structure and targeted operational fixes and nature of the asset base in the CGU.</p> <p>We have concluded appropriate sensitivity disclosures for key assumptions have been included in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Revenue recognition (\$1,464.9m (2024: \$1,433.0m))</p> <p><i>Refer to the Audit Committee Report (page 68); Accounting policies (page 129); and Note 3 of the Consolidated Financial Statements (page 133)</i></p> <p>There is an incentive to overstate revenue for the financial year in order to meet individual or Company financial targets (principally adjusted operating profit and adjusted EPS targets).</p> <p>The process for accounting for revenue transactions at or near the year end contains manual elements and therefore there is opportunity for error (either accidental or with intent).</p> <p>Further, due to the varied incoterms across the Group (excluding OrthoLite) as well as some export products with longer delivery lead times, there is a risk of revenue being recorded prior to the performance obligations being satisfied.</p> <p>In addition, for OrthoLite, revenue recognition involves manual process, with reliance on batch-posted journals, which increases the risk of error.</p>	<p>We performed full or specific audit procedures over this risk area in 9 (2024: 11) full scope, 6 (2024: 4) specific scope and 4 (2024: 3) specified procedures components with material revenue balances, which covered 80% (2024: 83%) of the Group's revenue.</p> <p>Procedures around this risk area are primarily performed at a component level and therefore, form a significant part of our oversight procedures. We instructed our component teams and each of them performed walkthroughs to obtain an understanding of the revenue recognition processes and key controls.</p> <p>For entities with a higher risk of revenue cut-off, our teams:</p> <ul style="list-style-type: none"> – Obtained an understanding of management's cut off assessment at year-end, including the split between export and domestic sales and the delivery lead time assumptions utilised by management. – Tested revenue cut off by obtaining management's sales cut off assessment and, where material, and independently testing a sample of transactions therein by vouching to invoices and proof of delivery. – Tested an independent sample of transactions invoiced in the 21 days for the pre-year end period and 7 days for the post year end period. We stratified the population between revenue type and selected our sample based on the following criteria: <ul style="list-style-type: none"> – Key items based on a quantitative threshold or specific qualitative factors. – Statistical sample of items invoiced within the 21 days prior to the balance sheet date, which we considered to be of higher risk based on average delivery lead times. – We tested our sample by vouching to invoices and third-party evidence (e.g., proof of delivery, bill of lading) to assess whether the performance obligation is satisfied. – Tested a sample of journal entries recorded at or near year end as well as top-side adjustments by verifying to appropriate supporting documentation. <p>For OrthoLite, we note there are no material export sales and delivery of goods has a shorter lead time. However, revenue recognition involves a manual process, with reliance on batch-posted journals. In response, we have performed the following procedures around the risk of inappropriate manual journals posted to revenue related to OrthoLite:</p> <ul style="list-style-type: none"> – Obtained an understanding of the OrthoLite revenue recognition and reporting process. – We reviewed the OrthoLite consolidation process to identify manual journals to revenue. – Obtained a listing of underlying sales and reconciled this to the accounting system. <p>For the remaining components, constituting the residual 20% (PY: 17%) of revenue, we performed risk based analytical review procedures and we utilised a combination of data analytical tools and trend analysis to search for any unusual items near the year end.</p>	<p>We concluded that the revenue recognised at or near year end was properly accounted for and that revenue was appropriately recognised in accordance with the relevant accounting standards.</p> <p>We concluded that management's presentation and disclosures in relation to revenue are appropriate.</p> <p>As part of our procedures, we noted no indication of deliberate or other manipulation of revenue cut-off or management override through manual journals.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

In the current year, the following changes have been reflected in our Key Audit Matters ('KAMs'):

- For the year ended 31 December 2024, our auditor's report included a Key Audit Matter in relation to UK Defined benefit pension liability valuation. In the prior year we identified a significant risk on judgements related to the UK pension liability actuarial assumptions due to the subjectivity involved as well as the quantum of the balance. The risk has decreased following the de-risking of the UK pension scheme in the prior year after the completion of the buy-in transaction hence we concluded this no longer represents a Key Audit Matter.
- For the year ended 31 December 2025, due to the OrthoLite acquisition we have included a Key Audit Matter on OrthoLite acquisition accounting as this is inherently judgemental, requiring the use of forward-looking assumptions and estimates.

Our application of materiality

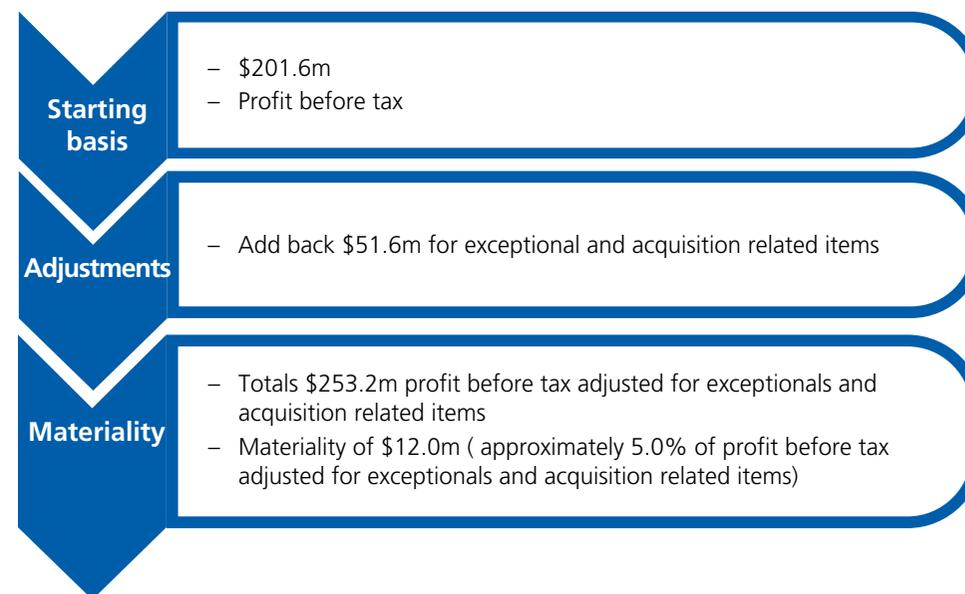
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be \$12.0m (2024: \$12.0m), which is approximately 5.0% (2024: 5.0%) of profit before tax adjusted for exceptional and acquisition related items. We believe that profit before tax adjusted for exceptional and acquisition related items provides us with appropriate measure given the prominence of this metric to investors, shareholders, and management.

We determined materiality for the Parent Company to be \$16.7m (2024: \$13.5m), which is 1.0% (2024: 1.0%) of equity which is the metric the investors and shareholders are most interested in.



Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, \$9.0m (2024: \$9.0m). We have set performance materiality at this percentage due to our assessment of the control environment and lower likelihood of undetected misstatements.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the Group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was \$1.8m to \$3.0m (2024: \$1.6m to \$2.5m).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$0.6m (2024: \$0.6m), which is set at 5.0% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 104, including taskforce on climate-related financial disclosures report, Group structure and five-year summary set out on pages 178 to 204, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 101;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 101;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 47 and 101;
- Directors' statement on fair, balanced and understandable set out on page 67;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 39;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 69; and
- The section describing the work of the audit committee set out on page 66.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 104, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (United Kingdom adopted international accounting standards, United Kingdom GAAP, the Companies Act 2006, UK Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code) and the relevant tax laws and

regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety, employees, environmental and bribery and corruption practices. We understood how Coats Group plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee, correspondence received from regulatory bodies and information relating to the Group's anti-money laundering procedures as part of our walkthrough procedures.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with finance and operational management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their potential to influence management to manage earnings or influence the perceptions of analysts. We have determined there is a risk of fraud associated to revenue recognition. We considered the policies, processes and controls that the Group has established to address the risks identified, including the design of controls over revenue recognition. We also considered the controls that the Group has that otherwise prevent, deter and detect fraud, and how senior management monitors these controls. We performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations including providing specific instructions to full scope and specific scope component teams. Our procedures included journal entry testing, with a focus on manual journal entries, consolidation journals and journal entries indicating large or unusual transactions using data analytics. We based this testing on our understanding of the business, enquiries of management, including internal audit, legal and other advisors, the company secretary and reading relevant reports. We performed specific searches derived from forensic investigations experience and leveraged our data analytics platform in performing our testing. We have also reviewed the whistleblowing reports issued during the year. Any instances of non-compliance with laws and regulations identified that might have an impact on components were communicated to the component audit teams and considered in our audit approach.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS GROUP PLC CONTINUED

Other matters we are required to address

- Following the recommendation of the Audit and Risk Committee, we were appointed by the company on 16 May 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ended 31 December 2023 to 31 December 2025.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anup Sodhi
(Senior statutory auditor)

for and on behalf of Ernst & Young LLP,
Statutory Auditor
Luton

4 March 2026

CONSOLIDATED INCOME STATEMENT

Year ended 31 December	Notes	2025			2024*		
		Before exceptional and acquisition related items US\$m	Exceptional and acquisition related items (see note 4) US\$m	Total US\$m	Before exceptional and acquisition related items US\$m	Exceptional and acquisition related items (see note 4) US\$m	Total US\$m
Continuing operations:							
Revenue	2,3	1,464.9	–	1,464.9	1,433.0	–	1,433.0
Cost of sales		(889.8)	(1.3)	(891.1)	(886.3)	(18.7)	(905.0)
Gross profit		575.1	(1.3)	573.8	546.7	(18.7)	528.0
Distribution costs		(126.4)	(0.4)	(126.8)	(119.7)	(0.5)	(120.2)
Administrative expenses		(158.9)	(46.7)	(205.6)	(155.1)	(28.2)	(183.3)
Operating profit	2,4,5	289.8	(48.4)	241.4	271.9	(47.4)	224.5
Share of profits of joint ventures	16	1.3	–	1.3	1.9	–	1.9
Finance income	6	11.0	–	11.0	3.1	–	3.1
Finance costs	7	(48.9)	(3.2)	(52.1)	(31.5)	–	(31.5)
Profit before taxation	5	253.2	(51.6)	201.6	245.4	(47.4)	198.0
Taxation	9	(73.4)	8.5	(64.9)	(70.0)	(1.5)	(71.5)
Profit from continuing operations		179.8	(43.1)	136.7	175.4	(48.9)	126.5
Loss from discontinued operations	32	0.4	(15.9)	(15.5)	(3.6)	(23.2)	(26.8)
Profit for the year		180.2	(59.0)	121.2	171.8	(72.1)	99.7
Attributable to:							
Equity shareholders of the company		162.4	(59.0)	103.4	152.2	(72.1)	80.1
Non-controlling interests		17.8	–	17.8	19.6	–	19.6
		180.2	(59.0)	121.2	171.8	(72.1)	99.7
Earnings per share (cents):							
Continuing operations:							
Basic				6.79			6.66
Diluted				6.75			6.58
Continuing and discontinued operations:							
Basic				5.91			4.99
Diluted				5.87			4.93
Adjusted earnings per share	37(d)	9.26			9.71		

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December	2025 US\$m	2024 US\$m
Profit for the year	121.2	99.7
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit schemes (note 10)	(10.1)	(225.1)
Tax on items that will not be reclassified	–	(0.6)
	(10.1)	(225.7)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	17.5	(20.4)
Other comprehensive income and expense for the year	7.4	(246.1)
Net comprehensive income and expense for the year	128.6	(146.4)
Attributable to:		
Equity shareholders of the company	110.8	(165.6)
Non-controlling interests	17.8	19.2
	128.6	(146.4)

Notes on pages 122 to 174 form part of these financial statements.

Notes on pages 122 to 174 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December	Notes	2025 US\$m	2024 US\$m
Non-current assets:			
Goodwill	13	372.9	120.4
Other intangible assets	13	1,002.3	443.5
Property, plant and equipment	14	248.7	226.3
Right-of-use assets	15	75.0	68.9
Investments in joint ventures	16	13.3	13.7
Other equity investments	16	0.5	0.6
Deferred tax assets	17	17.9	13.6
Pension surpluses	10	48.7	44.0
Loan receivable	10	43.6	38.3
Trade and other receivables	19	20.1	25.0
		1,843.0	994.3
Current assets:			
Inventories	18	173.5	176.1
Trade and other receivables	19	336.3	292.2
Pension surpluses	10	1.5	1.5
Cash and cash equivalents	30(g)	232.0	146.0
Non-current assets classified as held for sale		0.4	0.6
		743.7	616.4
Total assets		2,586.7	1,610.7
Current liabilities:			
Trade and other payables	21	(338.1)	(299.2)
Income tax liabilities		(76.5)	(49.5)
Bank overdrafts and other borrowings	23	(0.5)	(0.2)
Lease liabilities	15	(21.2)	(16.6)
Retirement benefit obligations:			
– Funded schemes	10	(0.4)	(0.4)
– Unfunded schemes	10	(6.8)	(7.5)
Provisions	25	(32.3)	(26.5)
		(475.8)	(399.9)
Net current assets		267.9	216.5

31 December	Notes	2025 US\$m	2024 US\$m
Non-current liabilities:			
Trade and other payables	21	(4.9)	(7.4)
Deferred tax liabilities	24	(107.5)	(58.0)
Borrowings	23	(1,046.2)	(595.1)
Lease liabilities	15	(71.7)	(66.6)
Retirement benefit obligations:			
– Funded schemes	10	(30.0)	(14.4)
– Unfunded schemes	10	(67.7)	(65.6)
Provisions	25	(19.6)	(25.1)
		(1,347.6)	(832.2)
Total liabilities		(1,823.4)	(1,232.1)
Net assets		763.3	378.6
Equity:			
Share capital	26	120.4	99.0
Share premium account	27	412.3	111.4
Own shares	26, 27	(3.2)	(5.3)
Translation reserve	27	(112.2)	(129.7)
Capital reduction reserve	27	59.8	59.8
Other reserves	27	246.3	246.3
Retained loss	27	(0.9)	(35.4)
Equity shareholders' funds		722.5	346.1
Non-controlling interests	27	40.8	32.5
Total equity		763.3	378.6

David Paja
Group Chief Executive Officer

Hannah Nichols
Group Chief Financial Officer

Approved by the Board 4 March 2026

Company Registration No.103548

Notes on pages 122 to 174 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US\$m	Share premium account US\$m	Own shares US\$m	Translation reserve US\$m	Capital reduction reserve US\$m	Other reserves US\$m	Retained (loss)/profit US\$m	Total US\$m	Non-controlling interests US\$m	Total equity US\$m
Balance as at 1 January 2024	99.0	111.4	(6.1)	(109.7)	59.8	246.3	157.4	558.1	31.3	589.4
Profit for the year	–	–	–	–	–	–	80.1	80.1	19.6	99.7
Other comprehensive income and expense for the year	–	–	–	(20.0)	–	–	(225.7)	(245.7)	(0.4)	(246.1)
Dividends	–	–	–	–	–	–	(46.5)	(46.5)	(18.0)	(64.5)
Purchase of own shares by Employee Benefit Trust	–	–	(8.7)	–	–	–	–	(8.7)	–	(8.7)
Movement in own shares	–	–	9.5	–	–	–	(8.6)	0.9	–	0.9
Share based payments	–	–	–	–	–	–	7.9	7.9	–	7.9
Balance as at 31 December 2024	99.0	111.4	(5.3)	(129.7)	59.8	246.3	(35.4)	346.1	32.5	378.6
Profit for the year	–	–	–	–	–	–	103.4	103.4	17.8	121.2
Other comprehensive income and expense for the year	–	–	–	17.5	–	–	(10.1)	7.4	–	7.4
Dividends (see notes 12 and 27)	–	–	–	–	–	–	(54.1)	(54.1)	(14.7)	(68.8)
Acquisition of business	–	–	–	–	–	–	–	–	5.2	5.2
Issue of ordinary shares	21.4	300.9	–	–	–	–	–	322.3	–	322.3
Purchase of own shares by Employee Benefit Trust	–	–	(9.0)	–	–	–	–	(9.0)	–	(9.0)
Movement in own shares	–	–	11.1	–	–	–	(10.8)	0.3	–	0.3
Deferred tax on share schemes	–	–	–	–	–	–	(0.7)	(0.7)	–	(0.7)
Share based payments	–	–	–	–	–	–	6.8	6.8	–	6.8
Balance as at 31 December 2025	120.4	412.3	(3.2)	(112.2)	59.8	246.3	(0.9)	722.5	40.8	763.3

Notes on pages 122 to 174 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December	Notes	2025 US\$m	2024 US\$m
Cash inflow from operating activities:			
Cash generated from operations	30(a)	330.8	196.7
Interest paid	30(b)	(35.3)	(31.5)
Taxation paid	30(c)	(70.8)	(69.4)
Net cash generated by operating activities		224.7	95.8
Cash outflow from investing activities:			
Investment income	30(d)	1.7	1.0
Net capital expenditure and financial investment	30(e)	(29.5)	(24.0)
Acquisition of businesses	30(f)	(552.0)	–
Disposal of business	30(f)	13.1	–
Loan made to UK Pension Scheme	30(a)	–	(38.3)
Net cash absorbed in investing activities		(566.7)	(61.3)
Cash inflow from financing activities:			
Issue of ordinary shares		322.9	–
Purchase of own shares by Employee Benefit Trust		(9.0)	(8.7)
Dividends paid to equity shareholders		(53.6)	(46.2)
Dividends paid to non-controlling interests		(14.7)	(18.0)
Payment of lease liabilities		(19.0)	(17.4)
Drawdown of acquisition loan facilities	31	450.0	–
Borrowings settled on completion of acquisitions	31	(247.6)	–
Issue of senior notes	30(g)	–	248.7
Repayment of senior notes	30(g)	–	(125.0)
Net decrease in other borrowings		(1.0)	(28.0)
Discontinued operations		(1.2)	(1.8)
Net cash generated from financing activities		426.8	3.6

Year ended 31 December	Notes	2025 US\$m	2024 US\$m
Net increase in cash and cash equivalents			
Net cash and cash equivalents at beginning of the year		145.8	111.5
Foreign exchange gains/(losses) on cash and cash equivalents		1.4	(3.8)
Net cash and cash equivalents at end of the year	30(g)	232.0	145.8
Reconciliation of net cash flow to movements in net debt			
Net increase in cash and cash equivalents		84.8	38.1
Drawdown of acquisition loan facilities	31	(450.0)	–
Issue of senior notes	30(g)	–	(248.7)
Repayment of senior notes	30(g)	–	125.0
Net decrease in other borrowings		1.0	28.0
Change in net debt resulting from cash flows (free cash flow)	37(e)	(364.2)	(57.6)
Net movement in lease liabilities during the year		(7.7)	1.0
Movement in fair value hedges		–	(1.6)
Other non-cash movements		(2.5)	(2.2)
Foreign exchange losses		(0.7)	(1.2)
Increase in net debt		(375.1)	(61.6)
Net debt at the start of the year		(532.5)	(470.9)
Net debt at the end of the year	30(g)	(907.6)	(532.5)

Notes on pages 122 to 174 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

The following are the principal accounting policies adopted in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The principal accounting policies adopted by the Group are set out in this note to the consolidated financial statements. Certain of the Group's accounting policies inherently rely on subjective assumptions and judgements, such that it is possible over time the actual results could differ from the estimates based on the assumptions and judgements used by the Group. Due to the size of the amounts involved, changes in the assumptions relating to the following policies could potentially have a significant impact on the result for the year and/or the carrying values of assets and liabilities in the consolidated financial statements.

Critical judgements in applying the Group's accounting policies

In the course of preparing the financial statements, the critical judgements set out below have had a significant effect on the amounts recognised in the financial statements for the year ended 31 December 2025.

Exceptional and acquisition related items

Judgement is used to determine those items which should be separately disclosed as exceptional and acquisition related items to provide valuable additional information for users of the financial statements in understanding the Group's performance. This judgement includes assessment of whether an item is of sufficient size or of a nature that is not consistent with normal trading activities. Please see note 4 for further details.

This critical accounting judgement made by management in applying the Group's accounting policies also applied to the consolidated financial statements for the year ended 31 December 2024. In addition, in the course of preparing the financial statements for the year ended 31 December 2025, a critical accounting judgement was made by management in relation to the strategic exit from the Americas Yarns business which has been presented as a discontinued operation as set out below

Discontinued operations

In December 2024 the Group closed its Performance Materials Division facility in Toluca, Mexico and in April 2025 announced the full exit from the non-core US Yarns business based in Kings Mountain, North Carolina. The sale of the Kings Mountain plant was completed in June 2025. This followed a strategic review of the Americas Yarns business which started in Q4 2024. The strategic review concluded that the Americas Yarns business did not fit with Coats' future strategy and the exit allows management to focus on driving forward and growing other parts of the Group's attractive portfolio.

The results of the Americas Yarns business have been presented as a discontinued operation in the consolidated income statement for the year ended 31 December 2025. Amounts for the year ended 31 December 2024 in the consolidated income statement have been represented to reclassify the results of the Americas Yarns business from continuing operations to discontinued operations. Note 32 provides further details.

Judgement is used by the Group in assessing whether a disposal of a business represents a disposal of a separate major line of business considering the facts and circumstances of each disposal. In determining whether a disposal represents a separate major line of business, the Group considers both quantitative and qualitative factors.

If the Group had concluded that the exit of the Americas Yarns business did not represent a discontinued operation, the Group's revenue and operating profit before exceptional and acquisition related items from continuing operations for the year ended 31 December 2025 would have been \$1,491.2m and \$290.3m respectively (2024: \$1,500.9m and \$269.6m respectively). The Group's revenue and operating profit before exceptional and acquisition related items from continuing operations for the year ended 31 December 2025 was \$1,464.9m and \$289.8m respectively (2024: \$1,433.0m and \$271.9m respectively) with the Americas Yarns business reported as a discontinued operation.

In addition total exceptional costs associated with the exit of the Americas Yarns business of \$16.7m for the year ended 31 December 2025 (2024: \$22.4m) would have been charged to operating profits from continuing rather than the loss from discontinued operations. As a result, total exceptional and acquisition related items charged to operating profits from continuing operations for the year ended 31 December 2025 would have been \$65.1m (2024: \$69.8m) compared to \$48.4m (2024: \$47.4m) that has been reported. See note 32 for further details on the results of the Americas Yarns business.

Key sources of estimation uncertainty

There are no sources of estimation uncertainty at the 31 December 2025 balance sheet date, that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Other areas of estimation uncertainty

Other areas of estimation uncertainty are as follows:

Goodwill and other intangible assets arising from the OrthoLite acquisition

The acquisition of OrthoLite during the year ended 31 December 2025 resulted in intangible assets being recognised by the Group which consisted of customer relationships, brands and trade names and technology. External professional valuation advisors were engaged to assist in identifying and valuing these intangible assets. Other intangible benefits that did not meet the criteria for recognition formed part of goodwill. Judgements and estimates were made in the determination of the valuation of these intangible assets. These judgments and estimates included expected future cash flows, customer attrition rates, royalty rates and the useful economic lives of the intangible assets acquired. See Note 31 for details of the OrthoLite acquisition.

Assumptions used in determining the value in use for the US and Mexico cash generating unit ("CGU")

A change in key revenue and margin growth assumptions could result in a change in the assessed recoverable amount of the CGU. The impact of sensitivities on key assumptions are set out in note 14.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

a) Accounting convention and format

The Group's financial statements for the year ended 31 December 2025 have been prepared in accordance with United Kingdom adopted international accounting standards and with the requirements of the Companies Act 2006, and complies with the disclosure requirements of the Listing Rules of the UK Financial Conduct Authority. The financial statements are prepared under the historical cost convention except for investments and derivatives which are stated at fair value and retirement benefit obligations which are valued in accordance with IAS 19 Employee Benefits.

Except for the changes arising from the adoption of new accounting standards, interpretations and amendments (as detailed in note 1), the same accounting policies, presentation and methods of computation have been followed in these consolidated financial statements as applied in the Group's annual financial statements for the year ended 31 December 2024.

b) Basis of preparation

Subsidiaries

Subsidiaries are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. The effective date is when control passes to or from the Group. Control is achieved when the Group has the power over the investee and is exposed, or has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in determining the existence or otherwise of control. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by the Group.

Where subsidiaries are not 100% owned by the Group, the share attributable to outside shareholders is reflected in non-controlling interests. Non-controlling interests are identified separately from the Group's equity, and may initially be measured at either fair value or at the non-controlling interests' share of the fair value of the subsidiary's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Changes in the Group's interests in subsidiaries, that do not result in a loss of control, are accounted for as equity transactions. Where control is lost, a gain or loss on disposal is recognised through the consolidated income statement, calculated as the difference between the fair value of consideration received (plus the fair value of any retained interest) and the Group's previous share of the former subsidiary's net assets. Amounts previously recognised in other comprehensive income in relation to that subsidiary are reclassified and recognised through the income statement as part of the gain or loss on disposal.

Discontinued operations

In December 2024 the Group closed its Performance Materials Division's plant in Toluca, Mexico and in April 2025 announced the full exit from the low-margin Americas Yarns business based in Kings Mountain, North Carolina. The sale of the Kings Mountain plant was completed in June 2025. This follows the strategic review of the Americas Yarns business. The results of the Americas Yarns business have been presented as a discontinued operation in the consolidated income statement for the year ended 31 December 2025. Note 32 provides further details.

Joint ventures

Joint ventures are entities in which the Group has joint control, shared with a party outside the Group. The Group reports its interests in joint ventures using the equity method.

Going concern

The Directors are satisfied that the Group and the Company has sufficient resources to continue in operation for the period from the date of this report to 30 June 2027. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements. In assessing the Group's going concern position, the Directors have considered a number of factors, including the current balance sheet position and available liquidity, the current trading performance as set out in the Full Year Results Overview section of the Chief Executive's Review on page 6, the principal and emerging risks which could impact the performance of the Group and compliance with borrowing covenants.

In order to assess the going concern status of the Group management has prepared:

- A base case scenario, aligned to the latest Group budget for 2026 as well as the Group's updated Medium Term Plan for 2027;
- A downside scenario has been prepared, which assumes that the global economic environment is depressed over the assessment period. This scenario assumes trading below 2025 levels, this scenario is considered to be severe but plausible given the current uncertain global macro-economic and geo-political environment; and
- A reverse stress test flexing sales to determine what circumstance would be required to either reduce headroom to nil on committed borrowing facilities or breach borrowing covenants, whichever occurred first.

As more fully described in the Outlook section on page 11, the Directors expect that the core apparel and footwear end markets will remain uncertain in 2026. The Directors expect the Group to grow organically in 2026, even under conditions of market uncertainty, with modest organic operating margin improvement in addition to the margin enhancement benefit of bringing OrthoLite into the Group. The Directors also expect another strong year of free cash flow generation. The severe but plausible downside scenario includes further management actions that would be deployed if required (for example further reduction in costs).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

The reverse stress test noted an implausible decrease in trading performance, with revenues almost 20% below the base case, would be required. The test also includes further controllable management actions that could be deployed if required (for example no bonus payments, reduced discretionary costs and significantly reduced capital expenditure). The outcome of the reverse stress test was that the leverage covenant would be breached, however, at the breaking point in the test the Group still maintained sufficient liquidity on committed borrowing facilities. The Directors consider the likelihood of the condition in the reverse stress test occurring to be remote on the basis that the Group has not experienced such a decline historically.

Liquidity headroom

As at 31 December 2025 the Group's net debt (excluding IFRS 16 leases liabilities) was \$814.7m (2024: \$449.3m). The Group's committed debt facilities total \$1,470m across its Banking and US Private Placement group, with a range of maturities from October 2026 through to 2034. The only facility which matures during the going concern assessment period is the bridge facility of \$300m used to fund the acquisition of OrthoLite, this facility has an initial term of 12 months and matures in October 2026. This initial term can be extended by a further 12 months at Coats option. The going concern assessment assumes that the option to extend the bridge facility by 12 months is exercised, in the event it is not refinanced before then. As of 31 December 2025 the Group had around \$441m of headroom against these committed banking facilities. In each scenario liquidity headroom exists throughout the assessment period.

Covenant testing

The Group's committed borrowing facilities are subject to ongoing covenant testing. Covenants are measured twice a year, at full year and half year on a twelve month rolling basis and are measured under frozen accounting standards and therefore exclude the effects of IFRS 16. The financial covenants under the borrowing agreements are for leverage (net debt / EBITDA) to be less than 3.0 and interest cover (EBITDA / interest charge) to be in excess of 4.0. All banking covenants tests were met at 31 December 2025, with leverage of 2.2x and interest cover of 11.2x. The base case forecast indicates that banking covenants will be met throughout the assessment period. Under the severe but plausible downside scenario covenant compliance is still projected to be achieved throughout the assessment period.

Conclusion

In conclusion, after reviewing the base case, the severe but plausible downside scenario and considering the remote likelihood of the scenario in the reverse stress test occurring, the Directors have formed the judgement that, at the time of approving the consolidated financial statements, there are no material uncertainties that cast doubt on the Group's and the Company's going concern status and that it is appropriate to prepare the consolidated financial statements on the going concern basis for the period from the date of this report to 30 June 2027.

c) Functional currency

The functional currency of Coats Group plc the company continued to be United States dollars (USD) during the year ended 31 December 2025.

d) Foreign currencies

Foreign currency translation

The Group's presentation currency is USD. Transactions of companies within the Group are recorded in the functional currency of that company. Currencies other than the functional currency are foreign currencies.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the period end. All currency differences on monetary items are taken to the consolidated income statement with the exception of currency differences that represent a net investment in a foreign operation, which are taken directly to equity until disposal of the net investment, at which time they are recycled through the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

Group companies

Assets and liabilities of subsidiaries whose functional currency is not USD are translated into the Group's presentation currency at the rates of exchange ruling at the period end and their income statements are translated at the average exchange rates for the year.

The exchange differences arising on the retranslation since 1 January 2004 are taken to a separate component of equity. On disposal of such an entity, the deferred cumulative amount recognised in equity since 1 January 2004 relating to that particular operation is recycled through the consolidated income statement. Translation differences that arose before the date of transition to IFRS in respect of all such entities are not presented as a separate component of equity.

Goodwill and fair value adjustments arising on acquisition of such operations are regarded as assets and liabilities of the particular operation, expressed in the currency of the operation and recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

The principal exchange rates (to the US dollar) used in preparing these financial statements are as follows:

		2025	2024
Average	Sterling	0.76	0.78
	Euro	0.88	0.92
	Chinese Renminbi	7.19	7.20
	Indian Rupee	87.12	83.66
	Turkish Lira*	39.52	32.82
Period end	Sterling	0.74	0.80
	Euro	0.85	0.97
	Chinese Renminbi	6.99	7.30
	Indian Rupee	89.85	85.55
	Turkish Lira	42.95	35.34

* Cumulative inflation rates over a three-year period exceeded 100% in Turkey in May 2022 and since then Turkey is considered as hyperinflationary. As a result, IAS 29 "Financial Reporting in Hyperinflationary Economies" has been applied. In accordance with IAS 29, the financial statements of the Company's subsidiary in Turkey are translated into the Group's US Dollar presentational currency at the year end exchange rate. Monetary assets and liabilities are not restated. All non-monetary items recorded at historical rates are restated for the change in purchasing power caused by inflation from the date of initial recognition to the year end balance sheet date. The income statement of the Company's subsidiary in Turkey is adjusted for inflation during the reporting period. A net gain of \$2.0m for the year ended 31 December 2025 (2024: \$0.3m) was recognised within finance income on non-monetary items held in Turkish Lira. The inflation rate used is the consumer price index published by the Turkish Statistical Institute, TurkStat. The movement in the price index for the year ended 31 December 2025 was 31% (2024: 44%).

e) Operating segments

Operating segments are components of the Group about which separate financial information is available that is evaluated by the Coats Group plc Group Executive Team in deciding how to allocate resources and in assessing performance. See note 2 for further details.

f) Operating profit

Operating profit is stated before the share of results of joint ventures, investment and interest income, finance costs and foreign exchange gains and losses from financing activities.

g) Exceptional and acquisition related items

The Group has adopted an income statement format which seeks to highlight significant items within the Group results for the year. Exceptional items may include significant restructuring associated with a business or property disposal, litigation costs and settlements, profit or loss on disposal of property, plant and equipment, non-actuarial gains or losses arising from significant one-off changes to defined benefit pension obligations, regulatory investigation costs and impairment of assets. Acquisition related items include amortisation of acquired intangible assets, acquisition transaction costs, contingent consideration linked to employment and adjustments to contingent consideration. Please see note 4 for further details on why management consider these items to be exceptional.

Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be presented in the income statement and disclosed in the related notes as exceptional items. In determining whether an event or transaction is exceptional, materiality is a key consideration and qualitative factors, such as frequency or predictability of occurrence, are also considered. This is consistent with the way financial performance is measured by management and reported to the Board.

h) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairments.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment, and major components that are accounted for separately. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	50 years to 100 years
Leasehold improvements	10 years to 50 years or over the term of the lease if shorter
Plant and equipment	3 years to 20 years
Vehicles and office equipment	2 years to 10 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each period end.

i) Business combinations and Intangible assets

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are recognised in the consolidated income statement, as incurred, in operating costs.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is recognised as an asset and tested for impairment at least annually. Any impairment is recognised immediately in the income statement. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. CGUs represent the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Negative goodwill is recognised immediately in the income statement.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The estimated useful lives (other than Coats Brand) are as follows:

Brands and trade names	5 years to 20 years
Technology	4 years to 15 years
Customer relationships	9 years to 20 years

The useful life of the Coats Brand is considered to be indefinite.

Other intangibles

Acquired computer software licences and computer software development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives of up to 5 years.

Intellectual property, comprising trademarks, designs, patents and product development which have a finite useful life, are carried at cost less accumulated amortisation and impairment charges. Amortisation is calculated using the straight-line method to allocate the cost over the assets' useful lives, which vary from 5 to 10 years.

The amortisation charge for both acquired and other intangibles assets is included within the distribution costs and administrative expense lines in the consolidated income statement.

Impairment of property, plant and equipment, right-of-use assets and intangible assets excluding goodwill

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purposes of assessing impairment, assets are measured at the CGU level.

Research and development

All research costs are expensed as incurred.

An internally-generated intangible asset arising from development is recognised only if all of the following conditions are met:

- an asset is created that can be separately identified;
- it is probable that the asset created will generate future economic benefits; and
- the development costs can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

j) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as assets with a value of US\$5,000 or less when new). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that do not depend on an index are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

k) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant financial instrument.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

Financial assets

(i) Investments in equity securities

Investments in equity securities are recognised and derecognised on a trade date basis and are initially measured at fair value, plus directly attributable transaction costs and are remeasured at subsequent reporting dates at fair value, with movements recorded in other comprehensive income. Listed investments are stated at market value. Unlisted investments are stated at fair value based on directors' valuation, which is supported by external experts' advice or other external evidence.

(ii) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits maturing in less than three months. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(iii) Trade and other receivables

Trade receivables are recognised at fair value (which ordinarily reflects the invoice amount) and carried at amortised cost, less an allowance for expected lifetime losses as permitted under the simplified approach in IFRS 9. Fully provided balances are not written off from the balance sheet until the Group has decided to cease enforcement activity.

Financial liabilities

(i) Trade payables

Trade payables are not interest-bearing and are recognised at fair value, and measured subsequently at amortised cost.

(ii) Borrowings

Interest-bearing loans and overdrafts are initially measured at fair value, net of direct issue costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised over the period of the relevant liabilities. Financial liabilities designated as hedged items in a fair value hedge are subsequently measured at fair value.

(iii) Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument, and this amount is recorded as a liability at amortised cost. The equity component is the fair value of the compound instrument as a whole less the amount of the liability component, and is recognised in equity, net of income tax effect, without subsequent remeasurement.

(iv) Derivative financial instruments and hedge accounting

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is regulated by the Board or that of the relevant operating subsidiary in accordance with their respective risk management strategies. Changes in values of all derivatives of a financing nature are included within finance costs in the income statement.

Derivative financial instruments are initially measured at fair value at contract date and are remeasured at each reporting date.

The Group designates hedging instruments as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of interest rate risk are accounted for as fair value or cash flow hedges.

At the inception of each hedge transaction the issuing entity documents the relationship between the hedging instrument and the hedged item and the anticipated effectiveness of the hedge transaction, and monitors the ongoing effectiveness over the period of the hedge. Hedge accounting is discontinued when the issuing entity revokes the hedging relationship, the hedge instrument expires, is sold, exercised or otherwise terminated, and the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the income statement from that date.

(v) Fair value hedges

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recognised immediately through the income statement, together with any changes in the fair value of the related hedged items due to changes in the hedged risks. On discontinuation of the hedge the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the consolidated income statement from that date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

(vi) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. Once the related hedged item is recognised in the income statement, the amounts deferred in equity are recycled through the consolidated income statement. The gain or loss arising from any ineffective portion of the hedge is recognised immediately through the consolidated income statement.

(vii) Hedges of net investments in foreign operations

Gains and losses on hedging instruments relating to the effective portion of such hedges are recognised through the translation reserve, and recycled through the consolidated income statement on disposal of the respective foreign operations. The gain or loss arising from any ineffective portion of such hedges is recognised immediately through the consolidated income statement.

l) Revenue

Revenue comprises the fair value of the sale of goods and services, net of sales tax and discounts and rebates, and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sales of goods

Sales of goods are recognised in revenue at a single point in time when control of the goods has been transferred to the buyer. The point in time at which control is deemed to have transferred varies depending on the commercial terms agreed with the buyer.

(ii) Sales of services

Sales of services are recognised in the period in which the services are rendered, as follows:

- Software implementation and licensing income – performance obligations are satisfied over a period of time and therefore revenue is recognised by reference to the stage of completion at the period end. The Group uses labour hours expended to assess the stage of completion as it is deemed to be the most appropriate basis to measure progress.
- Maintenance income – performance obligations are satisfied evenly over a fixed period of time and therefore revenue is recognised on a straight line basis over the maintenance period.

Advances received from customers are included within contract liabilities.

(iii) Income from sales of property

Income from sales of property is recognised on completion when legal title of the property passes to the buyer.

m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials are valued at cost on a first-in, first-out basis.

The costs of finished goods and work in progress include direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for obsolete, slow-moving and defective inventories.

n) Employee benefits

(i) Retirement and other post-employment obligations

For retirement and other post-employment benefit obligations, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period by independent actuaries.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the consolidated statement of financial position with a charge or credit to the consolidated statement of comprehensive income in the period in which they occur. Remeasurement recorded in the consolidated statement of comprehensive income is not recycled.

Current and past service costs, along with the impact of any settlements or curtailments, are charged to the consolidated income statement. The net interest expense on pension plans' liabilities and the expected return on the plans' assets is recognised within finance expense in the consolidated income statement.

In addition, pension scheme administrative expenses including the Pension Protection Fund (PPF) levy and actuary, audit, legal and trustee charges are recognised as administrative expenses.

The retirement benefit and other post-employment benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes (net of taxes) or reductions in future contributions to the schemes and refunds expected from the schemes to fund other Group defined benefit schemes, in accordance with relevant legislation.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

(ii) Share-based compensation

Cash-settled

Cash-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at each reporting date. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in liabilities.

Equity-settled

The Group operates an equity-settled Long Term Incentive Plan for executives and senior management. Awards under this Plan are subject to both market-based and non-market-based vesting criteria.

The fair value at the date of grant is established by using an appropriate simulation method to reflect the likelihood of market-based performance conditions being met. The fair value is charged to the consolidated income statement on a straight-line basis over the vesting period, with appropriate adjustments being made during this period to reflect expected vesting for non-market-based performance conditions and forfeitures. The corresponding credit is to equity shareholders' funds.

To satisfy awards under this Plan, shares may be purchased in the market by an Employee Benefit Trust over the vesting period.

(iii) Non-share-based long-term incentive schemes

The anticipated present value cost of non-share-based incentive schemes is charged to the consolidated income statement on a straight-line basis over the period the benefit is earned, based on remuneration rates that are expected to be payable.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the period end are discounted to present value.

o) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never

taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the period end.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation is measured on a non-discounted basis. The following temporary differences are not provided for: goodwill not deducted for tax purposes, the initial recognition of assets or liabilities that affect neither accounting, nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the period end. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying values of deferred tax assets are reviewed at each period end.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

p) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

r) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from an insurer, a receivable is recognised as an insurance reimbursement asset and included separately within other receivables if it is virtually certain that reimbursement from the insurer will be received and the amount of the receivable can be measured reliably.

s) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

t) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

u) Assets held for sale and discontinued operations

Non-current assets and businesses which are to be sold (disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets (and disposal groups) are classified as held for sale if their carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when such a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are classified as held for sale from the date these conditions are met, and such assets are no longer depreciated.

Discontinued operations are classified as held for sale and are either a separate major line of business or geographical area of operations that is part of a single coordinated plan to sell. Once an operation has been identified as discontinued, or is reclassified as discontinued, the comparative information in the Income Statement is restated.

v) Climate change

In preparation of the consolidated financial statements, consideration has been given to the impact of climate change on the Group's key accounting policies, estimates and judgements. As noted in the Taskforce on Climate-related Financial Disclosures (TCFD) on pages 178-199 we are exposed to specific transitional and physical climate related risks. The key areas in the consolidated financial statements that were identified for consideration of potential impacts from these climate related risks were the assumptions used to support impairment reviews of cash generating units (CGUs) and accounting policies on estimated useful lives of tangible fixed assets.

(i) Impairment of assets

The key climate related risks considered were the introduction of carbon taxes, disruption of water supply and extreme weather events (floods and extreme heat). These risks as well as any potential mitigations were considered when assessing the appropriateness of the assumptions used to project future cash flows to support the value in use of a CGU. No specific significant financial impacts relating to climate related risks were identified in relation to the CGUs that were subject to an impairment review during the year ended 31 December 2025 (see note 13). In addition, no significant short to medium term (pre 2045) climate related impacts have been identified for individual assets or other CGUs in the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Principal accounting policies continued

(ii) Fixed asset useful lives

Consideration was given as to whether the impact of physical risks relating to extreme weather events (e.g. flood risk damage) may require a reassessment of the estimated useful lives of fixed assets. As noted in the physical risks section in our TCFD disclosures, no significant impacts are currently expected in the short to medium term (pre 2045), after which point the majority of the Group's current fixed asset portfolio will be fully depreciated. As such, the reassessment of fixed asset useful lives to reflect potential impacts of climate change was not deemed necessary.

In light of the above, the Group's current assessment is that the climate related risks detailed in the TCFD disclosures section of the Annual Report do not have a material impact on the key accounting policies, estimates and judgements that form the basis of these consolidated financial statements.

New IFRS accounting standards, interpretations and amendments adopted in the year

During the year, the Group has adopted the following standards, interpretations and amendments:

- Lack of Exchangeability (Amendments to IAS 21).

The adoption of these standards has not had a material impact on the financial statements of the Group.

New IFRS accounting standards and interpretations not yet adopted

The following published standards and amendments to existing standards, which have not yet all been endorsed by the UKEB, are expected to be effective as follows:

From the year beginning 1 January 2026:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.
- Contracts Referencing Nature-dependent Electricity– Amendments to IFRS 9 and IFRS 7.
- Annual Improvements to IFRS Accounting Standards – Volume 11

From the year beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, although the full assessment is not complete.

2 Segmental analysis

Operating segments are components of the Group's business activities about which separate financial information is available that is evaluated regularly by the chief operating decision maker (the Group Executive Team) in deciding how to allocate resources and in assessing performance.

The Group's customers throughout the year ended 31 December 2025 were grouped into three segments Apparel, Footwear and Performance Materials which have distinct different strategies and differing customer/end-use market profiles. The Footwear Division includes the results of the acquired OrthoLite business (see note 31). On 30 October 2025 the Group announced that it was streamlining its organisation structure into two divisions: Apparel and Footwear, to reflect the transformation of the Group's profile following the exit from the Americas Yarns business and the acquisition of OrthoLite. This change reduces internal complexity and aligns the divisions more closely with the underlying textile engineering and polymer science technologies.

Effective 1 January 2026 the Group's new organisational structure and reporting structure consisted of two divisions: Apparel and Footwear. The Group will report its financial results on this new segmental basis from half year 2026 and, from 1 January 2026, this is the basis on which financial information will be reported internally to the chief operating decision maker (CODM) for the purpose of allocating resources between segments and assessing their performance. The Personal Protection and Performance Threads business (approximately 80% of Performance Materials) has become part of the Apparel division. The Telecoms & Energy business (approximately 20% of Performance Materials) has become part of the Footwear division.

As at 31 December 2025, this internal reorganisation had not been completed and segment results were grouped into three segments Apparel, Footwear and Performance Materials. The CODM was provided financial information throughout the year ended 31 December 2025 on this basis to assess performance and allocate resources.

a) Segment revenue and results

	Apparel US\$m	Footwear US\$m	Performance Materials US\$m	Total US\$m
Year ended 31 December 2025				
Continuing operations				
Revenue	768.7	440.0	256.2	1,464.9
Segment profit	155.5	105.3	29.0	289.8
Exceptional and acquisition related items (note 4)				(48.4)
Operating profit				241.4
Share of profits of joint ventures				1.3
Finance income				11.0
Finance costs				(52.1)
Profit before taxation from continuing operations				201.6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Segmental analysis continued

Year ended 31 December 2024*	Apparel US\$m	Footwear US\$m	Performance Materials US\$m	Total US\$m
Continuing operations				
Revenue	769.8	403.5	259.7	1,433.0
Segment profit	150.6	94.8	26.5	271.9
Exceptional and acquisition related items (note 4)				(47.4)
Operating profit				224.5
Share of profits of joint ventures				1.9
Finance income				3.1
Finance costs				(31.5)
Profit before taxation from continuing operations				198.0

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Exceptional and acquisition related items are not allocated to segments. In addition, no measures of total assets and total liabilities are reported for each reportable segment as such amounts are not regularly provided to the chief operating decision maker.

b) Geographic information

Year ended 31 December	Revenue by origin		Revenue by destination		Non-current assets	
	2025 US\$m	2024* US\$m	2025 US\$m	2024* US\$m	2025 US\$m	2024 US\$m
Europe, Middle East & Africa (EMEA)						
UK	17.3	29.2	7.3	9.1	271.6	263.1
Rest of EMEA	266.5	273.1	236.1	236.7	173.6	160.9
Americas						
USA	49.6	56.5	55.8	62.7	823.6	29.9
Rest of Americas	113.2	110.0	123.7	116.4	41.0	45.1
Asia						
India	170.8	173.6	170.7	173.3	38.9	38.9
China and Hong Kong	285.8	276.9	227.9	242.0	258.1	259.3
Vietnam	262.8	232.1	246.8	213.7	47.1	34.8
Other	298.9	281.6	396.6	379.1	78.8	66.4
	1,464.9	1,433.0	1,464.9	1,433.0	1,732.7	898.4

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

Non-current assets excludes derivative financial instruments, investments, pension surpluses, pension loan receivable and deferred tax assets.

3 Revenue

An analysis of the Group's revenue is as follows:

Year ended 31 December	2025 US\$m	2024* US\$m
Goods transferred at a point in time	1,452.7	1,421.7
Software solutions services transferred over time	12.2	11.3
	1,464.9	1,433.0
Finance income	11.0	3.1
	1,475.9	1,436.1

The software solutions business is included in the Apparel segment.

Disaggregation of revenue

The following table shows revenue disaggregated by primary geographic markets which reconciles with the Group's reportable segments:

Year ended 31 December	2025 US\$m	2024* US\$m
Continuing operations:		
Asia	1,018.3	964.2
Americas	162.8	166.5
EMEA	283.8	302.3
	1,464.9	1,433.0
Continuing operations:		
Apparel	768.7	769.8
Footwear	440.0	403.5
Performance Materials	256.2	259.7
	1,464.9	1,433.0

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

The revenue of OrthoLite for the period from its acquisition on 29 October 2025 to 31 December 2025 of \$42.6m is included in the amount above for the Footwear segment of which \$42.1m is included in Asia and \$0.5m is included in EMEA.

The Group had no revenue from a single customer which accounts for more than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 Exceptional and acquisition related items

The Group's consolidated income statement format is presented before and after exceptional and acquisition related items. Adjusted results exclude exceptional and acquisition related items on a consistent basis with the previous reporting period to provide valuable additional information for users of the financial statements in understanding the Group's performance and reflects how the performance of the business is managed and measured on a day-to-day basis. Further details on alternative performance measures are set out in note 37.

Exceptional items may include significant restructuring associated with a business or property disposal, litigation costs and settlements, profit or loss on disposal of property, plant and equipment, non-actuarial gains or losses arising from significant one off changes to defined benefit pension obligations, regulatory investigation costs and impairment of assets. Acquisition related items include amortisation of acquired intangible assets, acquisition transaction costs, contingent consideration linked to employment and adjustments to contingent consideration.

Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, are presented in the income statement and disclosed in the related notes as exceptional items. In determining whether an event or transaction is exceptional, materiality is a key consideration and qualitative factors, such as frequency or predictability of occurrence, are also considered. This is consistent with the way financial performance is measured by management and reported to the Board.

Total exceptional and acquisition related items charged to profit before taxation from continuing operations for the year ended 31 December 2025 were \$51.6m (2024: \$47.4m) comprising exceptional items for the year ended 31 December 2025 of \$1.8m (2024: \$26.1m) and acquisition related items for the year ended 31 December 2025 of \$49.8m (2024: \$21.3m), which includes amortisation charges of acquired intangible assets for the year ended 31 December 2025 of \$27.0m (2024: \$21.3m). Taxation in respect of exceptional and acquisition related items is set out in note 9.

Exceptional items

Exceptional items charged to profit before taxation from continuing operations during the year ended 31 December 2025 are set out below:

Year ended 31 December	2025 US\$m	2024* US\$m
Exceptional items:		
Strategic project costs:		
– Cost of sales	1.3	18.7
– Distribution costs	0.2	–
– Administration costs	0.1	4.3
	1.6	23.0
Costs to deliver Footwear acquisitions integration synergies:		
– Distribution costs	0.2	0.5
– Administration costs	–	0.8
	0.2	1.3
UK pension scheme costs:		
– Administration costs	–	1.8
Total exceptional items charged to profit before taxation from continuing operations	1.8	26.1

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

Strategic project costs – Strategic project initiatives commenced during 2022 to optimise the Group's portfolio and footprint and improve the overall cost base efficiency. These exceptional strategic project activities were largely completed at the end of 2024. Exceptional restructuring costs totalling \$1.6m were incurred during the year ended 31 December 2025 (2024: \$23.0m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 Exceptional and acquisition related items continued

Costs to deliver Footwear acquisitions integration synergies – During the year ended 31 December 2025 exceptional costs of \$0.2m (2024: \$1.3m) were charged to the profit and loss account relating to the integration of the Texon and Rhenoflex businesses, which were acquired in 2022.

UK Pension Scheme costs – There were no exceptional costs relating to the UK pension scheme during the year ended 31 December 2025. Exceptional costs of \$1.8m for the year ended 31 December 2024 related to the purchase of the bulk annuity policy (“buy-in”) in September 2024. As a result of the buy-in, all the financial and demographic risks relating to the scheme’s liabilities are fully hedged. This buy-in represented a significant step in Coats fully insuring its UK pension obligations.

Acquisition related items

Acquisition related items are set out below:

Year ended 31 December	2025 US\$m	2024* US\$m
Acquisition related items:		
Administrative expenses:		
Acquisition transaction costs	19.6	–
Amortisation of acquired intangible assets	27.0	21.3
	46.6	21.3
Finance costs:		
Acquisition transaction costs	3.2	–
Total acquisition related items charged to profit before taxation from continuing operations	49.8	21.3

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

Acquisition transaction costs including legal and advisory fees charged to administrative expenses during the year ended 31 December 2025 were \$19.6m in connection with the acquisitions of OrthoLite and Viz Reflectives. Acquisition transaction costs charged to finance costs during the year ended 31 December 2025 of \$3.2m relate to the \$550.0m term loan facilities agreement used to finance the acquisition of OrthoLite (see note 31).

Acquisition transaction costs and amortisation of intangible assets acquired through business combinations are not included within adjusted operating profit and adjusted earnings per share. These costs are acquisition related and management consider them to be capital in nature and are not included in profitability measures by which management assess the performance of the Group.

Excluding amortisation of intangible assets acquired through business combinations and recognised in accordance with IFRS 3 “Business Combinations” from adjusted results also ensures that the performance of the Group’s acquired businesses is presented consistently with its organically grown businesses. It should be noted that the use of acquired intangible assets contributed to the Group’s results for the years presented and will contribute to the Group’s results in future periods as well. Amortisation of acquired intangible assets will recur in future periods. Amortisation of software is included within operating results as management consider these cost to be part of the trading performance of the business.

5 Profit for the year (including discontinued operations)

Year ended 31 December	2025 US\$m	2024 US\$m
Profit for the year is stated after charging/(crediting):		
Amortisation and impairment of intangible assets	28.5	26.2
Depreciation of owned property, plant and equipment	23.9	25.4
Depreciation of right-of-use assets	17.8	18.0
Impairment of property, plant and equipment and other assets	13.5	18.9
Profit on disposal of property, plant and equipment	(2.3)	(2.4)
Fees charged by EY LLP		
Group audit fees:		
– Fees payable for the audit of the Company’s annual accounts	2.4	1.9
– Fees payable for the audit of the Company’s subsidiaries	1.7	1.4
Fees payable to the Company’s auditor in respect of non-audit related services ¹	0.4	0.5
Total fees charged by EY LLP	4.5	3.8
Research and development expenditure	6.1	5.7
Expected credit losses	0.9	3.6
Net foreign exchange losses/(gains)	3.7	(2.8)
Rental income from land and buildings	(0.1)	(0.1)
Inventory as a material component of cost of sales	575.3	602.3
Inventory write-downs to net realisable value	6.7	5.9

1. Includes assurance services provided by EY in relation to the Sustainability Report and the interim results review.

6 Finance income

Year ended 31 December	2025 US\$m	2024 US\$m
Income from investments	0.2	0.3
Net gain arising from hyperinflation accounting (see note 1)	2.0	0.3
Other interest receivable and similar income	8.8	2.5
	11.0	3.1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Finance costs

Year ended 31 December	2025 US\$m	2024* US\$m
Interest on bank and other borrowings	37.3	31.3
Interest expense on lease liabilities	4.1	4.0
Net interest on pension scheme assets and liabilities	2.3	(4.2)
Other finance costs including unrealised gains and losses on foreign exchange contracts	8.4	0.4
	52.1	31.5

Other finance costs for the year ended 31 December 2025 include acquisition related transaction costs of \$3.2m (2024: \$nil) incurred in connection with the new \$550.0m term loan facilities agreement used to finance the acquisition of OrthoLite (see notes 4 and 31).

8 Staff costs

The average monthly number of employees was:

Year ended 31 December	2025	2024*
Continuing operations¹:		
Manufacturing	15,659	12,624
Other staff	3,475	2,890
	19,134	15,514
Discontinued operations	93	364
Total number of employees	19,227	15,878
Comprising:		
UK	95	75
Overseas	19,132	15,803
	19,227	15,878
The total numbers employed at the end of the year were:		
UK	100	90
Overseas	18,789	15,772
Discontinued operations	–	180
Total number of employees	18,889	16,042

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

1. The 2025 average number of employees for continuing operations includes the acquired OrthoLite business from the respective acquisition date of 29 October 2025 through to 31 December 2025 (see note 32).

Year ended 31 December	2025 US\$m	2024* US\$m
Employee aggregate remuneration comprised (including directors):		
Wages and salaries	265.4	258.0
Social security costs	29.4	27.2
Other pension costs (note 10)	5.8	5.9
	300.6	291.1
Discontinued operations	4.7	13.2
	305.3	304.3

9 Tax on profit from continuing operations

Year ended 31 December	2025 US\$m	2024* US\$m
Current tax charge	(70.5)	(72.6)
Deferred tax credit	5.6	1.1
Total tax charge	(64.9)	(71.5)

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

The current tax charge includes withholding tax charges for the year ended 31 December 2025 of \$15.0m (2024: \$16.7m) including withholding taxes arising from the repatriation of earnings and payment of intra-group charges mainly to the United Kingdom. The United Kingdom current corporation tax charge at 25% (2024: 25%) was \$nil for the year ended 31 December 2025 and 2024.

For the year ended 31 December 2025 the tax credit in respect of exceptional and acquisition related items was \$8.5m (2024: charge of \$1.5m). This includes tax credits in connection with acquisition transaction costs of \$1.3m (2024: \$1.4m in connection with exceptional strategic projects), an acquisition related tax credit totalling \$7.2m (2024: \$4.3m) relating to the unwinding of deferred tax liabilities on the amortisation of acquired intangible assets, which in 2025 includes OrthoLite, and an exceptional deferred tax charge on writing down deferred tax assets in Mexico of \$nil (2024: \$7.2m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Tax on profit from continuing operations continued

The tax charge for the year can be reconciled as follows:

Year ended 31 December	2025			2024*		
	Adjusted US\$m	Exceptional and acquisition related items US\$m	Total US\$m	Adjusted US\$m	Exceptional and acquisition related items US\$m	Total US\$m
Profit before tax	253.2	(51.6)	201.6	245.4	(47.4)	198.0
Expected tax charge/ (credit) at the UK statutory rate of 25% (2024: 25%)	63.3	(12.9)	50.4	61.4	(11.9)	49.5
Differences between overseas and UK taxation rate	(5.9)	1.2	(4.7)	(6.2)	0.8	(5.4)
Non-deductible expenses and other adjustments	15.4	4.0	19.4	2.0	3.4	5.4
Non-taxable income	(2.5)	–	(2.5)	(1.2)	(0.1)	(1.3)
Local tax incentives	(3.2)	–	(3.2)	(2.3)	–	(2.3)
Utilisation of unrecognised deferred tax assets	(5.4)	–	(5.4)	(1.0)	–	(1.0)
Potential deferred tax assets not recognised	4.8	–	4.8	5.0	9.3	14.3
Impact of changes in tax rates	–	(1.9)	(1.9)	–	–	–
Prior year adjustments	(2.1)	1.1	(1.0)	(2.9)	–	(2.9)
Withholding tax on remittances (net of double tax credits)	9.0	–	9.0	15.2	–	15.2
Income tax charge/ (credit)	73.4	(8.5)	64.9	70.0	1.5	71.5
Effective tax rate	29%	(16)%	32%	29%	(3)%	36%

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

The Group's adjusted effective tax rate is higher than the blended rate of the countries we operate in primarily due to the impact of unrecognised tax losses and the impact of withholding taxes on the repatriation of earnings and payment of intra-group charges to the UK.

Excluding exceptional and acquisition related items, the adjusted effective rate on pre-tax profits was 29% (2024: 29%).

Pillar Two

For the year ended 31 December 2025 the tax charge in the income statement related to Pillar Two income taxes was \$0.9m (2024: \$1.2m). This current tax charge mainly relates to profits earned in Honduras, Hungary and Singapore, which either have statutory tax rates of less than 15% or where the Group is able to take advantage of a tax holiday. The acquisition of OrthoLite had no material impact on the 2025 Pillar Two tax charge, and the Group continues to assess the Pillar Two impact of the acquisition on its future financial performance. The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes for the current financial year.

Uncertain tax positions

The Group's tax liability includes a number of tax provisions, which together total \$58.3m (2024: \$26.0m). The increase in the year is primarily due to \$24.9m provisional assessment of uncertain tax liabilities acquired with OrthoLite, and \$7.2m arising from in-year reassessments of various existing open tax positions, reflected in the 'Non deductible expenses and other adjustments' line in the above tax reconciliation table reflected in the 'Non deductible expenses and other adjustments' line in the above tax reconciliation table. These provisions relate to management's estimate of the amount of tax payable on open tax returns yet to be agreed with the local tax authorities.

The final outcome on resolution of open issues with the relevant local Tax Authorities may vary significantly due to the uncertainty associated with such tax items and the continual evolution and development of local Tax Authorities. There is a wide range of possible outcomes and any variances in the final outcome to the provided amount will affect the tax financial results in the year of agreement.

The amount provided for uncertain tax positions has been made using the best estimate of the tax expected to be ultimately paid, taking into account any progress on the discussions with local Tax Authorities, together with expert in-house and third-party advice on the potential outcome and recent developments in case law, Tax Authority practices and previous experience.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Tax on profit from continuing operations continued

Taxation paid

During the year the Group made Corporate Income Tax payments in respect of continuing operations (including withholding and dividend distribution taxes) of \$70.8m (2024: \$69.4m). The amount of tax paid in each jurisdiction is as follows:

Year ended 31 December	2025 US\$m	2024 US\$m
Vietnam	18.0	12.4
UK	13.9	16.0
Indonesia	7.8	6.6
Hong Kong	6.1	6.8
China	5.2	4.8
India	4.4	5.5
Bangladesh	3.0	2.5
Pakistan	2.8	2.5
Others (26 countries each less than \$2.5m)	9.6	12.3
Total Corporate Income Tax paid	70.8	69.4

The taxes paid in the UK are withholding taxes on royalties, group charges and dividends, deducted and paid at source. In the year ended 31 December 2025 the Group paid withholding taxes of \$14.0m (2024: \$16.8m).

10 Retirement and other post-employment benefit arrangements

a) Pension and other post-employment costs

Pension and other post-employment costs charged to operating profit for the year (continuing and discontinued operations) were:

	Year ended 31 December 2025 US\$m	Year ended 31 December 2024 US\$m
Defined contribution schemes	2.3	2.8
Defined benefit schemes – funded and unfunded schemes	3.5	3.2
Past service credit	(0.1)	(6.4)
Settlements	0.1	–
Administrative expenses for defined benefit schemes	0.6	11.9
	6.4	11.5

Included in the above table for the year ended 31 December 2024 is a net exceptional charge relating to the UK pension scheme of \$1.8m. This consists of a provision for estimated administration costs relating to the UK pension scheme of \$8.5m, offset by an exceptional past service credit of \$6.7m which arose due to adjustments made to member benefits during the year ended 31 December 2024.

b) Defined contribution schemes

The Group operates a number of defined contribution plans around the world to provide pension benefits.

c) Defined benefit schemes

The Group operates various defined benefit pension and other post-employment arrangements in most of the countries in which it operates. The most significant defined benefit pension schemes are the Coats UK Pension Scheme and the Coats North America Pension Plan (US Plan), both of which are closed to future accrual.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Retirement and other post-employment benefit arrangements continued

Coats UK Pension Scheme

The Coats UK Pension Scheme ("the Scheme") is administered by a trustee. Its assets are held in funds that are legally separated from the Group and are subject to UK legislation with oversight from the Pensions Regulator. It was formed in 2018 by bringing together three historic UK schemes, the last of which closed to future accrual in 2016. The trustee board is composed of representatives of both the Group and scheme members together with two independent trustees. The trustee board is required by law and the Scheme's rules to act in the interest of the Scheme's members and other stakeholders (for example the Group).

The sponsor of the Scheme is Coats Limited and the Company provides a guarantee to the Scheme.

The trustee board is responsible for setting the Scheme's investment policy following consultation with the wider Group.

The Scheme is subject to full actuarial valuations every three years using assumptions agreed between the trustee board and the wider Group. In December 2024, the Group and the trustee board agreed the latest actuarial valuation of the scheme with an effective date of 31 March 2024. The next triennial valuation will be as at 31 March 2027.

Buy-ins

Pensioner buy-in

In December 2022, the trustee board purchased a circa £350m bulk annuity policy from Aviva, which insures all the benefits payable in respect of around 3,700 pensioner members (a "pensioner buy-in"). This policy saw all financial and demographic risks, including those related to longevity, covered for approximately 20% of Scheme members.

Additional buy-in

In September 2024, the trustee board purchased a circa £1.3bn bulk annuity policy from Pension Insurance Corporation plc ("PIC"), which insures all the benefits payable in respect of the remaining 80% of the scheme's liabilities. As a result of the buy-in, all the financial and demographic risks relating to the scheme's liabilities are now fully hedged. This buy-in represents a significant step in Coats' fully insuring its UK pension obligations.

The agreement with PIC required up to c.£100m (\$128m) of additional funding from the Group, with Coats making a £70m (\$90m) upfront cash contribution to the scheme and a further £30m (\$38m) provided initially as a loan to the Scheme. As the insurance premium for the purchase of the PIC policy was higher than the pension liabilities measured on an IAS 19 basis, an actuarial loss arose, which for the year ended 31 December 2024 totalled \$224.9m.

At 31 December 2025 the loan receivable from the UK pension scheme including accrued interest was \$43.6m (2024: \$38.3m) which is included in the Group's consolidated balance sheet within non-current assets. The UK pension scheme has the equivalent amount payable to the Group which is included in retirement benefit obligations within non-current liabilities and therefore offsets overall in the Group's consolidated balance sheet. The loan is due for repayment on 4 September 2029 or on winding up of the UK Pension Scheme, whichever is earlier, or at an earlier date if agreed between the parties. The loan is expected to be recovered in full on or before 4 September 2029. The interest rate on the loan is SONIA (Sterling Over Night Indexed Average) plus 150 basis points per annum. The interest on the loan for the year ended 31 December 2025 was \$2.3m (2024: \$0.8m). The loan was made to the UK pension scheme in connection with the premium payable to PIC in respect of the buy-in transaction and provides the UK pension scheme with cash until certain long-term assets are realised. Excluding the loan payable to the company, the UK Pension Scheme has a surplus of \$18.4m as at 31 December 2025 (2024: \$29.2m).

The two bulk annuity policies are assets of the Scheme and form part of the total Scheme assets disclosed below. Under IAS 19 it is deemed a qualifying insurance policy, due to it exactly matching the amount and timing of benefits payable by the Scheme to the covered members. Under IAS 19, the value of the bulk annuity policy is therefore set equal to the corresponding IAS 19 liabilities for covered members; not the premium paid.

Coats North America Pension Plan

The Coats North America Pension Plan (Coats US) is a defined benefit scheme, the assets of which are held in funds that are legally separated from the Group. The Plan closed to new hires from 1 January 2020 and closed to future accrual from 1 January 2022.

Overall Group position

The UK and US schemes represent around 95% of the Group's total defined benefit obligations. Both these schemes are pre-funded, whereas the majority of the Group's other arrangements (most significantly in Germany) are unfunded and benefits are met on an ongoing basis by the Group. The overall balance sheet position for the Group in respect of the retirement and other post-employment defined benefit arrangements on an IAS 19 basis, was a net deficit of \$11.1m as at 31 December 2025, excluding a loan payable by the Coats UK Pension Scheme to the Group of \$43.6m. Including the loan of \$43.6m as a liability of the Coats UK Pension Scheme payable to the Group, the net deficit for the Group's retirement and other post-employment defined benefit, on an IAS 19 basis, was \$54.7m as at 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Retirement and other post-employment benefit arrangements continued

The following disclosures are required in accordance with the requirements of IAS 19 and do not include information in respect of schemes operated by joint ventures. The information provided below for defined benefit plans has been prepared by independent qualified actuaries based on the most recent formal actuarial valuations of the schemes (effective at 31 March 2024 and 1 January 2025 for the UK and US respectively), updated to take account of the valuations of assets and liabilities as at 31 December 2025.

i) Principal risks

The Group is exposed to actuarial and investment risks, the principal risks are:

Risk	Description	Commentary
Interest rate risk	The present value of the defined benefit plan liabilities is calculated using a discount rate determined by reference to bond yields. A decrease in bond yield rates will increase defined benefit obligations.	The impact of the movement in discount rates are shown on page 145. The Trustees of the UK and US schemes hedge these sensitivities through physical bonds, derivatives and insurance policies. The buy-ins for the Coats UK Pension Scheme means this risk is fully hedged in the UK.
Inflation	The present value of the defined benefit liabilities are calculated by reference to assumed future inflation rates. An increase in inflation rates will increase defined benefit obligations.	The impact of the movement in inflation rates are shown on page 145. The Trustees of the UK and US schemes hedge these sensitivities through physical bonds, derivatives, real assets and insurance policies. The buy-ins for the Coats UK Pension Scheme means this risk is fully hedged in the UK.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of member life expectancies. An increase in life expectancy will increase liabilities.	The impact of an increase in life expectancy is shown on page 145. The buy-ins for the Coats UK Pension Scheme means this risk is fully hedged in the UK.
		The UK funded scheme's bought in status means investment risk is carried on the illiquid assets still held whilst awaiting their redemption.
		The US scheme is fully funded and has a significant proportion of fixed income. The fixed income is invested directly to protect the funded status of the scheme. Trustees work with fixed income managers to consider the liabilities (including key period durations, credit spread duration and convexity) and have created a custom fixed income benchmark to match the liabilities and protect the funded status. In addition the schemes' investment policies recognise the need to generate cash flows to meet members' benefits as they fall due.
Investment risk	The scheme assets are shown on a mark-to-market basis. A decrease in asset values at a relevant measurement date, to the extent assets do not hedge liabilities, would lead to an increased disclosed deficit or reduced surplus.	
	The scheme needs available financial resources to meet obligations when they fall due. Not being able to sell assets in a timely manner for the expected valuation could lead to an increased disclosed deficit or reduced surplus.	The schemes' investment policies recognise the need to generate cash flows to meet members' benefits as they fall due. The buy-ins for the Coats UK Pension Scheme means income equal to the benefits payable is being received on a monthly basis.
Liquidity risk		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Retirement and other post-employment benefit arrangements continued

ii) Principal assumptions

The principal assumptions for the UK and US schemes are as follows:

	Coats UK Pension Scheme %	Coats US %	Other %
Principal assumptions at 31 December 2025			
Rate of increase in salaries	–	–	5.8
Rate of increase for pensions in payment	Various	–	1.7
Discount rate	5.4	5.5	6.7
Inflation assumption	2.9	–	4.8
Principal assumptions at 31 December 2024			
Rate of increase in salaries	–	–	5.9
Rate of increase for pensions in payment	Various	–	1.7
Discount rate	5.4	5.6	6.7
Inflation assumption	3.3	–	5.0

The rate of increase for pensions in payment for members of the combined Coats UK Pension Scheme vary in accordance with each member's former scheme category and period of membership. For former Coats UK plan members the increases for pensions in payment are assumed to be at a rate of 2.8% (2024: 3.1%). For former Staveley scheme members, the majority of the increases for pensions in payment fall within the range 2.2%–2.8% (2024: 2.3%–3.1%). For former Brunel scheme members, the majority of the increases for pensions in payment fall within the range 3.3%–4.0% (2024: 3.4%–4.0%).

The assumed life expectancy on retirement is:

	Year ended 31 December 2025		Year ended 31 December 2024	
	Coats UK Pension Scheme Years	Coats US Years	Coats UK Pension Scheme Years	Coats US Years
Retiring today at age 60:				
Males	25.2	25.1	24.8	25.0
Females	27.8	27.3	27.6	27.2
Retiring in 20 years at age 60:				
Males	26.3	26.8	26.0	26.7
Females	28.9	28.9	28.8	28.8

iii) Amounts recognised in the consolidated income statement

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	Coats UK Pension Scheme US\$m	Coats US US\$m	Other US\$m	Group US\$m
Year ended 31 December 2025				
Current service cost	–	–	(3.5)	(3.5)
Past service credit	–	–	0.1	0.1
Settlements	–	–	(0.1)	(0.1)
Administrative expenses	–	(0.6)	–	(0.6)
	–	(0.6)	(3.5)	(4.1)
Interest on defined benefit obligations – unwinding of discount	(90.1)	(1.4)	(4.8)	(96.3)
Interest income on pension scheme assets	89.6	5.4	0.7	95.7
Effect of asset ceiling	–	(1.7)	–	(1.7)
	(0.5)	2.3	(4.1)	(2.3)
Year ended 31 December 2024				
Current service cost	–	–	(3.2)	(3.2)
Past service credit/(cost)	6.7	–	(0.3)	6.4
Administrative expenses	(11.4)	(0.5)	–	(11.9)
	(4.7)	(0.5)	(3.5)	(8.7)
Interest on defined benefit obligations – unwinding of discount	(82.4)	(1.2)	(4.6)	(88.2)
Interest income on pension scheme assets	89.9	5.0	0.6	95.5
Effect of asset ceiling	(1.5)	(1.6)	–	(3.1)
	6.0	2.2	(4.0)	4.2

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Retirement and other post-employment benefit arrangements continued

iv) Amounts recognised in the consolidated statement of comprehensive income

Actuarial gains and losses were as follows:

	Year ended 31 December 2025 US\$m	Year ended 31 December 2024 US\$m
Effect of changes in demographic assumptions	(6.7)	39.3
Effect of changes in financial assumptions	42.4	142.2
Effect of experience adjustments	(23.0)	(46.7)
Remeasurement on assets (excluding interest income)	(20.8)	(398.0)
Adjustment due to asset ceiling	(2.0)	38.1
Included in the statement of comprehensive income	(10.1)	(225.1)

v) Amounts recognised in the consolidated statement of financial position

The amounts included in the consolidated statement of financial position arising from the Group's defined benefit arrangements are as follows:

	Coats UK Pension Scheme US\$m	Coats US US\$m	Other US\$m	Total US\$m
Year ended 31 December 2025				
Cash and cash equivalents	23.9	1.2	3.2	28.3
Other scheme liabilities	(113.8)	–	–	(113.8)
Equity instruments:				
US	0.6	13.9	–	14.5
UK	0.1	1.2	–	1.3
Eurozone	0.6	4.1	–	4.7
Other regions	–	8.1	2.1	10.2
Debt instruments:				
Corporate bonds (Investment grade)	–	45.8	–	45.8
Corporate bonds (Non-investment grade)	9.6	1.7	–	11.3
Government/sovereign instruments	–	29.1	–	29.1
Global real estate	45.0	–	–	45.0
Assets held by insurance company:				
Insurance contracts	1,734.1	–	1.0	1,735.1
Other	–	–	4.8	4.8
Total market value of assets	1,700.1	105.1	11.1	1,816.3
Actuarial value of scheme liabilities	(1,725.3)	(25.2)	(85.7)	(1,836.2)
Net asset/(liability) in the scheme	(25.2)	79.9	(74.6)	(19.9)
Adjustment due to asset ceiling ¹	–	(34.8)	–	(34.8)
Recoverable net asset/(liability) in the scheme	(25.2)	45.1	(74.6)	(54.7)

1. The accounting surplus under IAS 19 for the Coats US pension scheme is presented net of tax on the consolidated statement of financial position. Please see section viii for further details.

The other scheme liabilities for the Coats UK Pension Scheme in the above table include a \$43.6m loan payable to the Group and a \$67.3m (2024: \$86.8m) deferred premium balance payable to PIC in respect of the buy-in transaction.

The insurance contract asset for the Coats UK Pension Scheme in the above table includes excess insurance of \$25.6m (2024: \$16.3m), which will be subject to customary post-transaction data reconciliations. This will be utilised during the buy-in transaction completion process, which will include insuring the incremental defined benefit obligations arising as a result of the Guaranteed Minimum Pension equalisation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Retirement and other post-employment benefit arrangements continued

Year ended 31 December 2024	Coats UK Pension Scheme US\$m	Coats US US\$m	Other US\$m	Total US\$m
Cash and cash equivalents	16.9	1.0	2.5	20.4
Other scheme liabilities	(129.9)	–	–	(129.9)
Equity instruments:				
US	–	13.1	–	13.1
UK	2.2	1.2	–	3.4
Eurozone	0.5	3.9	–	4.4
Other regions	–	7.4	1.7	9.1
Debt instruments:				
Corporate bonds (Investment grade)	–	44.4	–	44.4
Corporate bonds (Non-investment grade)	25.2	1.3	–	26.5
Government/sovereign instruments	–	25.5	–	25.5
Global real estate	78.1	–	–	78.1
Assets held by insurance company:				
Insurance contracts	1,664.6	0.2	0.8	1,665.6
Other	(1.9)	–	2.2	0.3
Total market value of assets	1,655.7	98.0	7.2	1,760.9
Actuarial value of scheme liabilities	(1,664.8)	(25.4)	(82.0)	(1,772.2)
Net asset/(liability) in the scheme	(9.1)	72.6	(74.8)	(11.3)
Adjustment due to asset ceiling ¹	–	(31.1)	–	(31.1)
Recoverable net asset/(liability) in the scheme	(9.1)	41.5	(74.8)	(42.4)

1. The accounting surplus under IAS 19 for the Coats UK and US pension schemes is presented net of tax on the consolidated statement of financial position. Please see section viii for further details.

The amounts are presented in the consolidated statement of financial position as follows:

Year ended 31 December	2025 US\$m	2024 US\$m
Non-current assets:		
Funded	48.7	44.0
Current assets:		
Funded	1.5	1.5
Current liabilities:		
Funded	(0.4)	(0.4)
Unfunded	(6.8)	(7.5)
Non-current liabilities:		
Funded	(30.0)	(14.4)
Unfunded	(67.7)	(65.6)
	(54.7)	(42.4)

The above overall net deficit balance for the Group's retirement and other post-employment defined benefit arrangements of \$54.7m (2024: \$42.4m) includes the \$43.6m (2024: \$38.3m) loan payable by the Coats UK Pension Scheme to the Group.

Excluding the loan payable by the Coats UK Pension Scheme to the Group of \$43.6m (2024: \$38.3m), the net deficit for the Group's retirement and other post-employment defined benefit arrangements was \$11.1m as at 31 December 2025 (2024: \$4.1m).

The schemes disclosed as part of the 'other' column in the tables above include surplus positions of \$5.0m (2024: \$4.1m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Retirement and other post-employment benefit arrangements continued

	Year ended 31 December 2025 US\$m	Year ended 31 December 2024 US\$m
Movements in the present value of defined benefit obligations were as follows:		
At 1 January	(1,772.2)	(2,008.9)
Current service cost	(3.5)	(3.2)
Increase in liabilities on settlements	(0.1)	–
Past service credit	0.1	6.4
Interest on defined benefit obligations – unwinding of discount	(96.3)	(88.2)
Actuarial losses on obligations	12.7	134.8
Benefits paid	154.7	154.3
Net movement due to acquisitions and disposals of subsidiaries	(0.6)	–
Exchange difference	(131.0)	32.6
At 31 December	(1,836.2)	(1,772.2)
Movements in the fair value of scheme assets were as follows:		
At 1 January	1,760.9	2,137.6
Interest income on scheme assets	95.7	95.5
Remeasurement on assets (excluding interest income)	(20.8)	(398.0)
Contribution from sponsoring companies	9.5	108.2
Benefits paid	(154.7)	(154.3)
Administrative expenses paid from plan assets	(0.6)	(0.5)
Exchange difference	126.3	(27.6)
At 31 December	1,816.3	1,760.9
Administrative expenses paid from plan assets excludes those expenses paid directly by the Group. The reconciliation of the effect of the asset ceiling is as follows:		
Unrecognised surplus at 1 January	31.1	65.9
Interest cost on unrecognised surplus	1.7	3.1
Changes in the effect of limiting a net defined benefit asset to the asset ceiling (excluding interest)	2.0	(38.1)
Exchange difference	–	0.2
Unrecognised surplus at 31 December	34.8	31.1

vi) Assets without a quoted price in an active market

For the Coats UK Pension Scheme, all assets in the table in section v of this note do not have a quoted price in an active market. For the Coats US scheme, included in the table in section v of this note are \$45.8m (2024: \$44.4m) of corporate bonds (Investment grade), \$1.7m (2024: \$1.3m) of corporate bonds (Non-investment grade) and \$0.2m (2024: \$0.2m) of insurance contracts without a quoted price in an active market. All other assets have a quoted price in an active market.

vii) Basis of asset valuation

Under IAS 19, plan assets must be valued at the bid market value at the balance sheet date. For the main asset categories:

- Equities and bonds listed on recognised exchanges are valued at closing bid prices;
- Other bonds are measured using a combination of broker quotes and pricing models making assumptions for credit risk, market risk and market yield curves;
- Global real estate assets are valued on either a fair value approach as provided by the investment manager or notional bid valuations provided by the investment managers due to investments being held within a single priced pooled investment vehicle. Valuations are prepared in accordance with the current RICS Valuation – Global Standards (1 July 2017) and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015);
- Certain unlisted investments, for example derivatives and insurance contracts, are valued using a model based valuation such as a discounted cash flow; and
- Diversified investment funds are valued at fair value which is typically the Net Asset Value provided by the investment manager.

viii) Recoverability of plan surplus

The recoverable surplus on the Coats US scheme has been recognised in line with the annual refunds expected from the scheme to fund the US post-retirement medical scheme in accordance with relevant US legislation, and the residual surplus recognised net of applicable US taxes. The pension scheme was in a surplus position of \$79.9m at 31 December 2025 of which a recoverable surplus of \$45.1m is recognised on the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Retirement and other post-employment benefit arrangements continued

ix) Duration of plan liabilities

The weighted average duration of benefit obligations is 10 years (2024: 10 years) for the Coats UK scheme and 10 years (2024: 10 years) for the Coats US scheme.

x) Sensitivities

Sensitivities regarding the discount rate, inflation (which also impacts the rate of increases in salaries and rate of increase for pension in payments assumptions for the UK scheme) and mortality assumptions used to measure the liabilities of the principal schemes, along with the impact they would have on the scheme liabilities, are set out below. Interrelationships between assumptions might exist and the analysis below does not take the effect of these interrelationships into account:

	Year ended 31 December 2025		Year ended 31 December 2024	
	+0.25% US\$m	-0.25% US\$m	+0.25% US\$m	-0.25% US\$m
Coats UK Pension Scheme discount rate	(40.9)	42.6	(39.5)	41.1
Coats US discount rate	(0.6)	0.6	(0.6)	0.6
Coats UK Pension Scheme inflation rate	28.4	(22.0)	26.1	(22.7)
Coats US inflation rate	-	-	-	-

An increase of 1.0% in the discount rate would result in the Coats UK Pension Scheme and the Coats US scheme liabilities decreasing by \$154.2m and \$2.2m (2024: \$149.1m and \$2.3m). A decrease of 1.0% in the discount rate would result in the Coats UK Pension Scheme and the Coats US scheme liabilities increasing by \$181.2m and \$2.7m (2024: \$175.3m and \$2.7m) respectively. The above sensitivity analysis (on a IAS 19 basis) considers the impact on the scheme liabilities only and excludes any impacts on scheme assets from changes in discount and inflation rates. As noted on page 140, the Coats UK Pension Scheme is currently fully bought in and so changes in scheme liabilities due to movements in discount and inflation rates would have fully offsetting impacts from the buy-in assets.

If members of the Coats UK Pension Scheme live one year longer the scheme liabilities will increase by \$60.6m (2024: \$61.2m), however, there would be no balance sheet impact as the buy-in asset would also increase by the same amount. If members of the Coats US scheme live one year longer scheme liabilities will increase by \$0.4m (2024: \$0.4m), however, there would be no overall impact on the recoverable surplus.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

	Year ended 31 December 2025		Year ended 31 December 2024	
	+1% US\$m	-1% US\$m	+1% US\$m	-1% US\$m
Sensitivity of medical schemes to medical cost trend rate assumptions:				
Effect on total service cost and interest cost components of other schemes	-	-	-	-
Effect on defined benefit obligation of other schemes	0.6	(0.5)	0.5	(0.3)

xi) Expected contributions for 2026

The total estimated amount to be paid in respect of all of the Group's retirement and other post-employment benefit arrangements during the 2026 financial year (excluding administrative expenses paid by the Company) is \$6.1m.

d) United Kingdom Pension Benefits — High Court of Justice Ruling on Actuarial Confirmations

In June 2023, the High Court ruled in the case between Virgin Media and the NTL Pension Trustees II Limited (and others) that the absence of a "Section 37" certificate accompanying an amendment to benefits in a contracted-out pension scheme would render the amendment void, which could potentially lead to additional liabilities for some pension schemes and sponsors. The appeal on the Virgin Media and the NTL Pension Trustees II Limited (and others) case was dismissed on 25 July 2024.

The Trustee's legal advisers have carried out a high-level due diligence exercise on the deeds of amendment covering the most consequential changes since April 1997 (which all relate to the historic Coats schemes which merged to form the Scheme) and have concluded that overall, there appears to be a good indication of compliance with section 37.

On 5 June 2025, the Government announced that it will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Given this, the Group's current expectation is that no adjustments to the Coats UK Pension Scheme defined benefit obligations will be required. The Group and the Trustee of the Coats UK Pension Scheme will continue to keep this matter under review.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Earnings per share

The calculation of basic earnings per ordinary share from continuing operations is based on the profit from continuing operations attributable to equity shareholders and the weighted average number of Ordinary Shares in issue during the year, excluding shares held by the Employee Benefit Trust but including shares under share incentive schemes which are not contingently issuable. The weighted average number of Ordinary Shares includes the capital raise during the year ended 31 December 2025 (see note 26).

The calculation of basic earnings per ordinary share from continuing and discontinued operations is based on the profit attributable to equity shareholders. The weighted average number of ordinary shares used for the calculation of basic earnings per ordinary share from continuing and discontinued operations is the same as that used for basic earnings per ordinary share from continuing operations.

For diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to include all potential dilutive ordinary shares. The Group has two classes of dilutive potential Ordinary Shares: those shares relating to awards under the Group Deferred Bonus Plan which have been awarded but not yet reached the end of the three year retention period and those long-term incentive plan awards for which the performance criteria would have been satisfied if the end of the reporting period were the end of the contingency period.

Year ended 31 December	2025 US\$m	2024* US\$m
Profit from continuing operations attributable to equity shareholders	118.9	106.9
Profit from continuing and discontinued operations attributable to equity shareholders	103.4	80.1

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

Profit from continuing operations attributable to equity shareholders for the year ended 31 December 2025 of \$118.9m (2024: \$106.9m) comprises the profit from continuing operations for the year ended 31 December 2025 of \$136.7m (2024: \$126.5m) less non-controlling interests for the year ended 31 December 2025 of \$17.8m (2024: \$19.6m) as reported in the income statement.

Year ended 31 December	2025 Number of shares m	2024 Number of shares m
Weighted average number of ordinary shares in issue for basic earnings per share	1,750.6	1,604.5
Adjustment for share options and LTIP awards	10.6	20.1
Weighted average number of ordinary shares in issue for diluted earnings per share	1,761.2	1,624.6

Year ended 31 December	2025 cents	2024* cents
Continuing operations:		
Basic earnings per ordinary share	6.79	6.66
Diluted earnings per ordinary share	6.75	6.58
Continuing and discontinued operations:		
Basic earnings per ordinary share	5.91	4.99
Diluted earnings per ordinary share	5.87	4.93

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

12 Dividends

Year ended 31 December	2025 US\$m	2024 US\$m
2025 interim dividend paid – 1.0 cents per share	19.2	–
2024 final dividend paid – 2.19 cents per share	34.9	–
2024 interim dividend paid – 0.93 cents per share	–	14.8
2023 final dividend paid – 1.99 cents per share	–	31.7
	54.1	46.5

The proposed final dividend of 2.28 cents per ordinary share for the year ended 31 December 2025 is not recognised as a liability in the consolidated statement of financial position in line with the requirements of IAS 10 Events after the Reporting Period and, subject to shareholder approval, will be paid on 28 May 2026 to ordinary shareholders on the register on 8 May 2026, with an ex-dividend date of 7 May 2026.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 Intangible assets

Cost	Acquired intangibles						Total US\$m
	Goodwill US\$m	Brands & trade names US\$m	Technology US\$m	Customer relationships US\$m	Total acquired US\$m	Computer software US\$m	
At 1 January 2024	126.1	285.1	58.2	169.0	512.3	74.9	713.3
Currency translation differences	(3.1)	(1.0)	(1.6)	(3.7)	(6.3)	(1.0)	(10.4)
Additions	–	–	–	–	–	1.1	1.1
Disposals	–	–	–	–	–	(0.1)	(0.1)
At 31 December 2024	123.0	284.1	56.6	165.3	506.0	74.9	703.9
Currency translation differences	6.8	2.1	3.4	7.7	13.2	1.4	21.4
Acquisition of subsidiaries (see note 31)	245.7	59.7	77.2	439.7	576.6	0.6	822.9
Additions	–	–	–	–	–	1.6	1.6
Disposals	(2.6)	(1.3)	(0.7)	–	(2.0)	(0.8)	(5.4)
At 31 December 2025	372.9	344.6	136.5	612.7	1,093.8	77.7	1,544.4
Cumulative amounts charged							
At 1 January 2024	–	8.3	20.1	19.0	47.4	69.1	116.5
Currency translation differences	–	(0.2)	(0.7)	(0.6)	(1.5)	(1.1)	(2.6)
Amortisation charge for the year	–	4.7	5.7	11.2	21.6	1.6	23.2
Impairment charge	2.6	–	0.4	–	0.4	–	3.0
Disposals	–	–	–	–	–	(0.1)	(0.1)
At 31 December 2024	2.6	12.8	25.5	29.6	67.9	69.5	140.0
Currency translation differences	–	0.6	1.9	1.6	4.1	1.6	5.7
Amortisation charge for the year	–	5.1	6.6	15.3	27.0	1.5	28.5
Disposals	(2.6)	(1.3)	(0.7)	–	(2.0)	(0.4)	(5.0)
At 31 December 2025	–	17.2	33.3	46.5	97.0	72.2	169.2
Net book value at 31 December 2025	372.9	327.4	103.2	566.2	996.8	5.5	1,375.2
Net book value at 31 December 2024	120.4	271.3	31.1	135.7	438.1	5.4	563.9

The carrying value of the Coats brand at 31 December 2025 and 31 December 2024 is \$239.6m. There is no foreseeable limit to the net cash inflows from royalties, which are generated from continued sales of thread resulting from the Coats brand, and the brand is therefore assessed as having an indefinite useful life, and as such, is reviewed for impairment annually. The recoverable amount of the Coats brand has been estimated using the relief from royalty method to calculate the fair value and is re-assessed annually by reference to the discounted cash flow arising from the royalties generated by the Coats brand. The fair value measurement is categorised in its entirety in line with level 3 of the fair value hierarchy. The valuation has been based on the latest budget and Medium Term Plan approved by the Board, covering the period to 31 December 2028, applying a pre-tax discount rate of 10.8% (2024: 10.5%) and long-term growth of 2.6% (2024: 2.5%). Management believes that no reasonable potential change in any of the above key assumptions would cause the carrying value to exceed its recoverable amount. The Coats brand is allocated to cash-generating units (CGUs) that are expected to benefit from the Coats brand for the purposes of impairment testing of CGUs.

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The Group completed two acquisitions during the year obtaining control of OrthoLite and acquiring the trade and assets of Viz Reflectives (see note 31). The provisional goodwill arising from these acquisitions has initially been allocated to standalone Footwear Insoles and Viz Reflectives CGUs. These initial allocations will be reviewed next year following further integration of Footwear Insoles and Viz Reflectives with the pre-existing Coats Footwear and Apparel businesses.

The carrying amount of goodwill has been allocated as follows:

Year ended 31 December	2025 US\$m	2024 US\$m
Footwear Insoles	242.2	–
Footwear thread and structural components	103.2	98.6
Gotex	13.5	11.9
Coats Digital	8.8	8.2
Viz Reflectives	3.5	–
Other	1.7	1.7
	372.9	120.4

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 Intangible assets continued

The carrying value of the provisional goodwill allocated to the Footwear Insoles and Viz Reflectives CGUs, relating to the OrthoLite and Viz Reflectives businesses, which were acquired during the second half of 2025 was tested for impairment at the year end. The original business case cash flow forecasts which underpinned the amount of provisional goodwill recognised were reviewed, factoring in management's latest view of the future outlook. No material adjustments were deemed necessary to the original business case cash flow forecasts, and therefore no impairment issue was identified.

The carrying value of the goodwill allocated to the Footwear thread and structural components, Gotex and Coats Digital CGUs has also been tested for impairment during the year by comparing the carrying value of the CGU to their value in use.

The value in use calculations were based on projected cash flows, derived from the latest budgets approved by the Board and factoring in the most recent trading activity. Projected cash flows are discounted at CGU specific, risk adjusted, discount rates to calculate the net present value.

The calculation of 'value in use' is most sensitive to the following assumptions:

- CGU specific operating assumptions that are reflected in the budget and Medium Term Plan periods for the financial year to December 2028;
- discount rates; and
- growth rates used to extrapolate risk adjusted cash flows beyond the medium-term period.

CGU specific operating assumptions are applicable to the cash flows for the years 2026 to 2028 and relate to revenue forecasts and forecast operating margins. A short-term growth rate is applied to the December 2028 plan to derive the cash flows arising in 2029–2030 and a long-term rate is applied to 2030 to determine a terminal value.

The pre-tax discount rates applied to the cash flow forecasts are derived from the Group's post-tax weighted average cost of capital. The Group's weighted average cost of capital is based on estimations of the assumptions that market participants operating in similar sectors to Coats would make, using the Group's economic profile as a starting point and adjusting appropriately. The pre-tax base discount rate of 10.8% (2024: 10.5%) has been adjusted for economic risks that are not already captured in the specific operating assumptions. This results in the impairment testing using a pre-tax discount rate of 11.6% for Footwear thread and structural components, 13.3% for Gotex and 14.7% for Coats Digital.

Revenue growth rate assumptions in 2029-2030 are 7.0-7.0% for Footwear thread and structural components, 10.0-5.0% for Gotex, and 16.0-16.0% for Coats Digital, and terminal value growth rate assumptions are 2.6% for Footwear, 1.7% for Gotex, and 2.6% for Coats Digital.

No reasonably possible changes to the above assumptions would lead to an impairment.

14 Property, plant and equipment

Cost	Land and buildings US\$m	Plant and equipment US\$m	Vehicles and office equipment US\$m	Total US\$m
At 1 January 2024	131.0	458.9	51.9	641.8
Currency translation differences	(2.1)	(11.7)	(0.7)	(14.5)
Application of IAS 29 (see note 1)	–	1.5	–	1.5
Additions	4.8	22.4	1.9	29.1
Disposals	(1.2)	(3.5)	(2.1)	(6.8)
At 31 December 2024	132.5	467.6	51.0	651.1
Currency translation differences	0.2	4.3	0.7	5.2
Application of IAS 29 (see note 1)	–	1.4	–	1.4
Acquisition of subsidiaries (see note 31)	16.3	9.9	0.8	27.0
Transfer to non-current assets held for sale	(0.4)	–	–	(0.4)
Additions	4.9	22.5	2.0	29.4
Disposals	(5.5)	(16.5)	(2.0)	(24.0)
At 31 December 2025	148.0	489.2	52.5	689.7
Cumulative amounts charged				
At 1 January 2024	60.7	293.3	44.6	398.6
Currency translation differences	(1.1)	(8.4)	(0.9)	(10.4)
Depreciation charge for the year	4.4	18.9	2.1	25.4
Impairment charge (see note 4)	2.5	14.6	0.1	17.2
Disposals	(0.5)	(3.8)	(1.7)	(6.0)
At 31 December 2024	66.0	314.6	44.2	424.8
Currency translation differences	1.2	1.9	0.9	4.0
Depreciation charge for the year	4.2	17.8	1.9	23.9
Impairment charge (see note 32)	1.1	4.3	–	5.4
Disposals	(2.5)	(12.9)	(1.7)	(17.1)
At 31 December 2025	70.0	325.7	45.3	441.0
Net book value at 31 December 2025	78.0	163.5	7.2	248.7
Net book value at 31 December 2024	66.5	153.0	6.8	226.3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Property, plant and equipment continued

Analysis of net book value of land and buildings 31 December	2025 US\$m	2024 US\$m
Freehold	63.9	54.5
Leasehold improvements:		
Over 50 years unexpired	0.6	2.4
Under 50 years unexpired	13.5	9.6
	78.0	66.5

The property, plant and equipment for the US and Mexico CGU has been reviewed for impairment using the value in use method (including plant and machinery with a carrying amount of approximately \$15m). The revenue and margin growth assumptions used in the US and Mexico CGU are sensitive to change. A change in these key assumptions could result in a change in the assessed recoverable amount of the CGU. Revenue growth and operating margin improvement assumptions in 2029–2030 for the US and Mexico CGU are as follows:

	Revenue growth 2029 %	Revenue growth 2030 %	Operating margin improvement 2029 %	Operating margin improvement 2030 %	Terminal value growth rate %
US and Mexico	6.4	5.5	1.5	0.1	2.2

Operating margins improvements in 2026–2028 are expected to exceed the amounts shown above with improvements reducing to these levels in 2029–2030.

The following isolated changes would result in headroom being completely eliminated in the US and Mexico value in use impairment assessment:

- the discount rate increasing by 310 bps; or
- revenue CAGR for 2026–2030 decreasing to 3.1%; or
- Operating margin for 2030 and the terminal period decreasing by 250 bps.

These scenarios do not represent reasonably possible changes in key assumptions.

15 Leases

The Group leases several assets including buildings, plants, vehicles and office equipment. The average lease term is 4 years (2024: 4 years). The Group's consolidated balance sheet includes the following amounts relating to leases:

Right-of-use assets

	Land and buildings US\$m	Plant and equipment US\$m	Vehicles and office equipment US\$m	Total US\$m
Net carrying amount				
At 1 January 2025	59.0	4.4	5.5	68.9
At 31 December 2025	65.9	3.6	5.5	75.0
Depreciation expense for the year ended				
31 December 2024*	13.3	1.0	2.7	17.0
31 December 2025	13.5	1.1	3.2	17.8

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

Additions to the right-of-use assets during the year ended 31 December 2025 were \$18.9m (2024: \$18.3m).

Lease liabilities

Year ended 31 December	2025 US\$m	2024 US\$m
Current	21.2	16.6
Non-current	71.7	66.6
	92.9	83.2

Lease liability maturity analysis	Undiscounted 2025 US\$m	Undiscounted 2024 US\$m	Discounted 2025 US\$m	Discounted 2024 US\$m
Payable within one year	25.7	20.8	21.2	16.6
Payable between one and two years	22.6	17.7	18.8	14.0
Payable between two and five years	43.4	43.4	37.1	37.0
Payable after more than five years	19.3	19.3	15.8	15.6
At 31 December 2025	111.0	101.2	92.9	83.2

The net increase in lease liabilities during the year ended 31 December 2025 was \$9.7m (2024: decrease \$3.6m) which includes lease liabilities of \$11.4m relating to the OrthoLite acquisition. The total cash outflow for leases in the year ended 31 December 2025 was \$25.4m (2024: \$24.3m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Leases continued

The Group's consolidated income statement includes the following amounts relating to leases:

Year ended 31 December	2025 US\$m	2024* US\$m
Depreciation expense	17.8	17.0
Interest expense on lease liabilities	4.1	4.0
Expenses relating to short-term leases	0.3	0.2
Expenses relating to leases of low value assets	0.1	0.1
Expense relating to variable lease payments not included in the measurement of the lease liability	1.9	1.8
Impairment of right-of-use assets (see note 32)	7.5	3.3
Income from subleasing right-of-use assets	(0.1)	(0.1)

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

The Group subleases some of its right-of-use assets. At the balance sheet date, the Group had contracted with tenants for receipt of the following minimum lease payments:

Year ended 31 December	2025 US\$m	2024 US\$m
Receivable within one year	0.1	0.1
Receivable between one and two years	–	0.1
	0.1	0.2

16 Non-current investments

Year ended 31 December	2025 US\$m	2024 US\$m
Interests in joint ventures (see below)	13.3	13.7
Investments in equity securities: Unlisted investments	0.5	0.6
	13.8	14.3

Interests in joint ventures	US\$m
At 1 January 2024	13.7
Dividends receivable	(1.7)
Share of profit after tax	1.3
At 31 December 2025	13.3

Year ended 31 December	2025 US\$m	2024 US\$m
Share of net assets on acquisition	10.6	10.6
Share of post-acquisition retained profits	2.7	3.1
Share of net assets	13.3	13.7

The following table provides summarised financial information on the Group's share of its joint ventures, relating to the period during which they were joint ventures, and excludes goodwill:

Year ended 31 December	2025 US\$m	2024 US\$m
Summarised income statement information:		
Revenue	28.4	28.7
Profit before tax	1.8	2.5
Taxation	(0.5)	(0.6)
Profit after tax	1.3	1.9

Year ended 31 December	2025 US\$m	2024 US\$m
Summarised balance sheet information:		
Non-current assets	4.7	5.2
Current assets	18.1	17.4
	22.8	22.6
Liabilities due within one year	(9.5)	(8.9)
Net assets	13.3	13.7

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Deferred tax assets

The Group's deferred tax assets are included within the analysis in note 24.

The movements in the Group's deferred tax asset during the year were as follows:

	2025 US\$m	2024 US\$m
At 1 January	13.6	18.0
Currency translation differences	0.5	(0.3)
Acquisition of subsidiaries (note 31)	1.5	–
Credited/(charged) to the income statement	2.8	(3.5)
Credited/(charged) to other comprehensive income and expense	0.2	(0.6)
Charged to equity	(0.7)	–
At 31 December	17.9	13.6

18 Inventories

Year ended 31 December	2025 US\$m	2024 US\$m
Raw materials and consumables	95.1	93.8
Work in progress	8.6	17.0
Finished goods and goods for resale	69.8	65.3
	173.5	176.1

19 Trade and other receivables

Year ended 31 December	2025 US\$m	2024 US\$m
Non-current assets:		
Trade receivables	3.7	6.5
Other receivables	11.2	13.7
Current income tax assets	1.6	2.4
Prepaid pension contributions	3.6	2.4
	20.1	25.0
Current assets:		
Trade receivables	269.5	245.7
Current income tax assets	5.7	2.8
Prepayments and accrued income	16.1	7.3
Derivative financial instruments	0.9	0.9
Prepaid pension contributions	0.5	2.2
Other receivables	43.6	33.3
	336.3	292.2

The fair value of trade and other receivables is not materially different to the carrying value. Other receivables includes VAT and other taxes receivable.

Interest charged in respect of overdue trade receivables is immaterial.

Included within trade receivables is \$10.4m (2024: \$14.8m) relating to software solutions revenue contracts, for which performance obligations are fulfilled over a period of time (see note 21).

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. Credit risk is minimised due to the quality and short-term nature of the Group's trade receivables as well as the fact that the exposure is spread over a large number of customers. An allowance has been made for expected losses on trade receivables of \$9.7m (2024: \$10.1m).

The Group monitors receivables for any significant increases in credit risk, and fully provides for trade receivables which are more than 6 months overdue, unless there are specific circumstances which would indicate otherwise. For all other trade receivables, when determining expected losses, the Group takes into account the historical default experience and the financial position of the counterparties, as well as the future prospects considering various sources of information. Impairment has been considered for other receivables, and is considered not to be significant.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Trade and other receivables continued

The loss allowance has been determined as follows:

	Current	1–3 months past due	3–6 months past due	6+ months past due	Total 2025
Expected loss rate	0.2%	2%	25%	85%	
Gross carrying amount (US\$m)	242.3	28.6	2.4	9.6	282.9
Loss allowance provision (US\$m)	0.4	0.5	0.6	8.2	9.7

	Current	1–3 months past due	3–6 months past due	6+ months past due	Total 2024
Expected loss rate	0.2%	3%	35%	83%	
Gross carrying amount (US\$m)	226.6	23.0	3.1	9.6	262.3
Loss allowance provision (US\$m)	0.4	0.6	1.1	8.0	10.1

The movements in the expected loss allowance are analysed as follows:

	2025 US\$m	2024 US\$m
At 1 January	10.1	7.3
Currency translation differences	–	(0.3)
Acquisition of subsidiaries	0.1	–
Charged to the income statement	0.9	3.6
Amounts written off during the year	(1.4)	(0.5)
At 31 December	9.7	10.1

As at 1 January 2024, trade receivables amounted to \$241.0m (net of loss allowance of \$7.3m).

20 Derivative financial instruments – assets

Derivative financial instruments within current assets comprise:

Year ended 31 December	2025 US\$m	2024 US\$m
Fair value through the income statement:		
Forward foreign currency contracts	0.9	0.9
Amounts shown within current assets	0.9	0.9

21 Trade and other payables

The fair values of these financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest and foreign currency rates prevailing at the year end.

Year ended 31 December	2025 US\$m	2024 US\$m
Amounts falling due within one year:		
Trade payables	194.6	167.2
Amounts owed to joint ventures	16.0	16.1
Other tax and social security payable	4.2	4.3
Other payables	37.0	23.9
Accruals	44.3	43.1
Contract liabilities	7.9	9.5
Derivative financial instruments	0.7	2.3
Employee entitlements	33.4	32.8
	338.1	299.2
Amounts falling due after more than one year:		
Contract liabilities	4.9	7.2
Employee entitlements	–	0.2
	4.9	7.4

The fair value of trade and other payables is not materially different to the carrying value.

Interest paid to suppliers in respect of overdue trade payables is immaterial.

Contract liabilities amounting to \$8.7m (2024: \$7.2m) which were outstanding at 31 December 2024 were released to revenue during the year ended 31 December 2025, with the remainder expected to be released in 2026.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 Derivative financial instruments – liabilities

Derivative financial instruments within current liabilities comprise:

Year ended 31 December	2025 US\$m	2024 US\$m
Fair value through the income statement:		
Forward foreign currency contracts	0.7	2.3
Amounts shown within current liabilities	0.7	2.3

The fair values of these financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest and foreign currency rates prevailing at the year end.

23 Borrowings

Year ended 31 December	2025 US\$m	2024 US\$m
Bank overdrafts	0.1	0.2
Borrowings repayable within one year	0.4	–
Due within one year	0.5	0.2
Borrowing repayable between one and two years	400.0	–
Borrowings repayable between two and five years	496.9	246.8
Due after more than five years	149.3	348.3
Due after more than one year	1,046.2	595.1
Bank overdrafts	0.1	0.2
Series A and Series B Senior Notes	596.2	595.1
Bank and other borrowings	450.4	–
	1,046.7	595.3

On 29 October 2025, the Group drew down \$450m on a \$550m term loan facilities agreement to fund the purchase of OrthoLite (see note 31). The facilities consist of a one year \$300m bridge loan facility with the option for two six month extensions and a three year term loan of \$150m with the option of a one year extension. The facilities bear interest at the risk free rate plus a margin.

In December 2024, the Group completed the refinancing of the \$125m Series A Senior Notes, issued in 2017, via the US private placement (USPP) market with \$250m of notes. \$100m 5.36% Series A Senior Notes are due on 4 December 2030, \$100m 5.44% Series B Senior Notes are due on 4 December 2031 and \$50m 5.54% Series C Senior Notes are due on 4 December 2034.

In August 2024 the Group refinanced its bank facility and entered into a \$420m three year bank facility, with the ability for two one-year extensions. The facility bears interest at the risk free rate plus a margin.

In February 2023, the Group completed the refinancing of the Texon acquisition term loan of \$240m, which had been fully drawn down in July 2022, via the US Private Placement (USPP) market with \$250m of notes. \$150m 5.26% Series A Senior Notes are due on 16 February 2028 and \$100m 5.37% Series B Senior Notes are due on 16 February 2030.

The Group also issued \$100m of 4.07% Series B Senior Notes in December 2017, which are due on 6 December 2027.

Interest on all Senior Notes is payable semi-annually in arrears. The Senior Notes are unsecured and rank equally with all the Group's other unsecured and unsubordinated indebtedness.

The currency and interest rate profile of the Group's borrowings is included in note 34 on page 167.

24 Deferred tax liabilities

	2025 US\$m	2024 US\$m
At 1 January	58.0	63.9
Currency translation differences	2.3	(1.7)
Acquisition of subsidiaries	49.8	–
Credited to the income statement	(2.8)	(4.2)
Charged to other comprehensive income and expense	0.2	–
At 31 December	107.5	58.0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24 Deferred tax liabilities continued

	2025		2024	
	Provided/ (recognised) US\$m	Unprovided/ (unrecognised) US\$m	Provided/ (recognised) US\$m	Unprovided/ (unrecognised) US\$m
The Group's net deferred tax liabilities/ (assets) are analysed as follows:				
Accelerated tax depreciation on tangible fixed assets	(2.0)	1.4	(1.3)	0.2
Other temporary differences	(17.3)	(21.1)	(20.6)	(8.8)
Revenue losses carried forward ¹	(95.3)	(442.1)	(59.6)	(408.1)
Capital losses carried forward	–	(376.4)	–	(369.5)
Investment in subsidiaries	17.0	19.4	12.0	14.2
Acquired intangibles	179.6	–	107.1	–
Retirement benefit obligations	7.6	(8.8)	6.8	(10.9)
	89.6	(827.6)	44.4	(782.9)

1. Revenue losses include restricted interest amounts available for future reactivation.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2025	2024
	Provided/ (recognised) US\$m	Provided/ (recognised) US\$m
Deferred tax assets (note 17)	(17.9)	(13.6)
Deferred tax liabilities	107.5	58.0
	89.6	44.4

The increase in the net deferred tax liability in the year is primarily due to \$49.0m of deferred tax acquired with OrthoLite (see note 31). The Group has recognised provisional values for deferred tax assets and liabilities in respect of the US tax basis adjustments arising from the acquisition of OrthoLite, including the step-up in the tax basis of certain intangible assets. These balances have been measured using information available to management at the reporting date, including the purchase accounting exercise and the tax basis analyses performed to date.

A deferred tax liability is recognised in respect of the taxable temporary difference on the Coats brand intangible asset owned in the UK. This is fully offset by an equivalent deferred tax asset recognised in respect of tax attributes in the same jurisdiction. These tax attributes are expected to be utilised against the taxable income arising on a reversal of the taxable temporary difference in respect of the brand. In the analysis of the Group's deferred tax balances above, the amounts are disclosed on a gross basis.

The amount of the UK deferred tax asset that can be recognised is dependent on the time period over which the taxable temporary difference reverses, and in certain jurisdictions including the UK, is impacted by the restriction on utilisation of brought forward tax losses, after utilisation of current year tax attributes. For the purpose of deferred tax asset recognition the Group takes the view that any future reversal of the taxable temporary difference on the Coats brand intangible will take place over an extended period of time, and consequently any taxable income will be fully offset by available losses and other tax attributes in each individual accounting period.

At 31 December 2025 the Group had approximately \$2.4bn (2024: \$1.9bn) of unused gross revenue losses, approximately \$1.5bn (2024: \$1.4bn) of unused gross capital losses. A deferred tax asset of \$95.3m (2024: \$59.6m) has been recognised in respect of \$429.2m (2024: \$251.2m) of such income tax losses. No deferred tax asset has been recognised in respect of the remaining losses due to lack of certainty regarding the availability of future taxable income.

The Group's income tax losses can be analysed as follows:

	2025 US\$m	2024 US\$m
Expiring within 5 years	16.4	24.7
Expiring in more than 5 years	128.6	53.7
Available indefinitely	2,224.8	1,824.8
	2,369.8	1,903.2

At 31 December 2025, the Group has not recognised a deferred tax asset in respect of other gross deductible temporary differences of \$111.9m (2024: \$69.6m). These deferred tax assets have not been recognised on the basis that their future economic benefit is uncertain. Timing differences are only recognised in the financial statements to the extent that it is considered more likely than not that sufficient future taxable profits will be available for offset.

At 31 December 2025, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$19.4m (2024: \$14.2m). Deferred tax on distribution of these profits of \$238.5m at 31 December 2025 (2024: \$184.7m) has not been provided on the grounds that the Group is able to control the timing of the reversal of the remaining temporary differences and it is probable that they will not reverse in the foreseeable future.

25 Provisions

	2025 US\$m	2024 US\$m
Year ended 31 December		
Provisions are included as follows:		
Current liabilities	32.3	26.5
Non-current liabilities	19.6	25.1
	51.9	51.6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 Provisions continued

Provisions are analysed as follows:

Year ended 31 December	2025 US\$m	2024 US\$m
Property related provisions	2.1	2.3
UK pension related provisions	9.0	14.5
Other provisions	40.8	34.8
	51.9	51.6

	Property related provisions US\$m	UK pension related provisions US\$m	Other provisions US\$m	Total US\$m
At 1 January 2025	2.3	14.5	34.8	51.6
Currency translation differences	0.1	1.0	0.9	2.0
Acquisition of subsidiaries (see note 31)	–	–	12.7	12.7
Charged to the income statement	0.2	0.3	9.9	10.4
Charged to other comprehensive income	–	0.3	–	0.3
Utilised in year	(0.5)	(7.1)	(17.5)	(25.1)
At 31 December 2025	2.1	9.0	40.8	51.9

Other provisions include amounts in relation to acquisition related costs and contingent consideration of \$9.0m, provisions in respect of discontinued operations of \$5.4m, as well as amounts set aside to cover certain legal and other regulatory claims, including \$10.1m in respect of the Lower Passaic River (see note 28 for further details), which are expected to be substantially utilised within the next ten years.

26 Share capital

During the year ended 31 December 2025 the Company issued 319,562,076 Ordinary shares of 5p each in connection with a capital raise (2024: nil). The par value of the shares issued was \$21.4m and the amount credited to share premium, net of costs, was \$300.9m. The proceeds raised, net of costs, of \$322.3m were used to fund the acquisition of OrthoLite (see note 31).

	2025		2024	
	Number	US\$m	Number	US\$m
At 1 January	1,597,810,385	99.0	1,597,810,385	99.0
Issue of ordinary shares	319,562,076	21.4	–	–
At 31 December	1,917,372,461	120.4	1,597,810,385	99.0

The company has one class of Ordinary share of 5p each which carry no right to fixed income.

The own shares reserve of \$3.2m at 31 December 2025 (2024: \$5.3m) represents the cost of shares in Coats Group plc purchased in the market and held by an Employee Benefit Trust to

satisfy awards under the Group's share based incentive plans. The number of shares held by the Employee Benefit Trust at 31 December 2025 was 3,010,519 (2024: 4,905,769).

Details of share awards outstanding under the Group's LTIP and Deferred Bonus Plans are set out in note 35.

27 Reserves and non-controlling interests

	Share premium account US\$m	Own shares US\$m	Translation reserve US\$m	Capital reduction reserve US\$m	Other reserves US\$m	Retained loss US\$m	Non-controlling interests US\$m
At 1 January 2025	111.4	(5.3)	(129.7)	59.8	246.3	(35.4)	32.5
Dividends	–	–	–	–	–	(54.1)	(14.7)
Currency translation differences	–	–	17.5	–	–	–	–
Actuarial losses on employee benefits	–	–	–	–	–	(10.1)	–
Acquisition of business	–	–	–	–	–	–	5.2
Issue of ordinary shares	300.9	–	–	–	–	–	–
Purchase of own shares	–	(9.0)	–	–	–	–	–
Movement in own shares	–	11.1	–	–	–	(10.8)	–
Deferred tax on share schemes	–	–	–	–	–	(0.7)	–
Share based payments	–	–	–	–	–	6.8	–
Profit for the year	–	–	–	–	–	103.4	17.8
At 31 December 2025	412.3	(3.2)	(112.2)	59.8	246.3	(0.9)	40.8

Other reserves of \$246.3m in the above table relate to legacy non-distributable reserves, which arose during the period when the Group was part of the Guinness Peat Group.

The table below shows financial information of non-wholly owned subsidiaries of the Group that have non-controlling interests:

	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	Year ended 31 December 2025 US\$m	Year ended 31 December 2024 US\$m	31 December 2025 US\$m	31 December 2024 US\$m
EMEA	0.3	–	1.4	1.4
Asia	17.5	19.6	39.4	31.1
	17.8	19.6	40.8	32.5

The proportion of ownership interests and voting rights of non-wholly owned subsidiaries of the Group held by non-controlling interests is set out on pages 200 to 207.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 Contingent liabilities and environmental matters

Environmental matters

As noted in previous reports, in 2009 the US Environmental Protection Agency ('EPA') identified over 100 potentially responsible parties, including Coats & Clark, Inc. ('CC'), under the US Superfund law for investigation and remediation costs at the 17-mile Lower Passaic River Study Area ('LPR') in New Jersey. The Group analysed alleged operations of CC's predecessor facilities in that area prior to 1950, and believes it has valid defences, including that it is not responsible for the contaminants that are EPA's primary focus. An EPA-appointed allocator agreed, placing CC in the lowest tier with a de micromis share and correctly concluded that Occidental Chemical Corporation ('OCC') and other parties are responsible for most of the remedial costs.

In 2022 CC and other parties entered into a cash-out settlement with EPA in which the settling parties agreed to pay \$150m toward remediation of the LPR in exchange for a release for those matters addressed in the settlement. The District Court approved that settlement, and that approval is presently on appeal by OCC. The settlement does not address claims for natural resource damages by federal natural resource trustees; the Group believes that CC's share, if any, of such costs would be de micromis.

In 2018, OCC filed a separate lawsuit against approximately 120 defendants, including CC, seeking recovery of past environmental costs and contribution toward future environmental costs. That proceeding has been stayed while OCC appeals the District Court's approval of the settlement.

In early 2026, OCC's parent completed a series of transactions resulting in OCC's assets being sold and OCC's LPR liabilities purportedly being transferred to a special purpose entity. Numerous parties to the cash-out settlement, including CC, have filed a lawsuit requesting that the court clarify the effect of the transactions, if any, on the LPR litigation.

In 2015, a provision totalling \$15.8m was recorded for LPR remediation costs and the estimated associated legal and professional defence costs. This charge to the income statement was stated on a net present value basis. In 2018, an additional \$8m provision was recorded to cover legal and professional fees. Following the sale of CC in 2019, Coats North America Consolidated Inc. ('CNAC') retains the control and responsibility for the eventual outcome of the ongoing LPR environmental matters. At 31 December 2025, the remaining provision was \$10.1m (31 December 2024: \$11.2m). The remaining provision may be reduced if the courts approve the settlement and bar further litigation against CC and other settling parties. However, additional provisions may be recorded based on potential changes in the government's position, further judicial decisions, negotiations among the parties and other future events.

29 Capital commitments

As at 31 December 2025, the Group had commitments of \$7.1m in respect of contracts placed for future capital expenditure (2024: \$5.0m).

30 Notes to the consolidated cash flow statement

a) Reconciliation of operating profit to cash generated from operations

Year ended 31 December	2025 US\$m	2024* US\$m
Operating profit ¹	241.4	224.5
Depreciation of owned property, plant and equipment	23.9	24.3
Depreciation of right-of-use assets	17.8	17.0
Amortisation and impairment of intangible assets	28.5	22.9
Impairment of property, plant and equipment and other assets	1.4	8.7
Decrease/(increase) in inventories	13.7	(7.2)
Decrease/(increase) in debtors	9.2	(18.1)
Increase in creditors	9.0	25.4
Provisions and pension movements	(22.4)	(95.8)
Foreign exchange and other non-cash movements	6.1	2.1
Discontinued operations	2.2	(7.1)
Cash generated from operations	330.8	196.7

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

1. Refer to the consolidated income statement for a reconciliation of profit before taxation to operating profit from continuing operations.

In September 2024 the Group and the UK pension scheme Trustees agreed to purchase a bulk annuity policy ("buy-in"), which insured the remaining 80% of the UK scheme's pension liabilities. In connection with the buy-in, additional funding was provided to the UK pension scheme in the year ended 31 December 2024 totalling \$127.8m. The Group made a \$89.5m (£70m) upfront cash contribution to the scheme and a further \$38.3m (£30m) was provided to the scheme as a loan. The upfront cash contribution was included in cash generated from operations in the consolidated statement of cash flows for the year ended 31 December 2024. The cash paid to the scheme as a loan was included in cash absorbed in investing activities in the consolidated statement of cash flows for the year ended 31 December 2024. Cash generated from operations and net cash from operations (after interest and tax paid) for the year ended 31 December 2024 was \$286.2m and \$185.3m respectively excluding the upfront cash contribution to the UK pension scheme.

b) Interest paid

Year ended 31 December	2025 US\$m	2024* US\$m
Interest paid	(34.2)	(30.3)
Discontinued operations	(1.1)	(1.2)
	(35.3)	(31.5)

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 Notes to the consolidated cash flow statement continued

c) Taxation paid

Year ended 31 December	2025 US\$m	2024* US\$m
Overseas tax paid	(70.8)	(67.5)
Discontinued operations	–	(1.9)
	(70.8)	(69.4)

d) Investment income

Year ended 31 December	2025 US\$m	2024 US\$m
Dividends received from joint ventures	1.7	1.0

e) Capital expenditure and financial investment

Year ended 31 December	2025 US\$m	2024* US\$m
Purchase of property, plant and equipment and intangible assets	(32.1)	(25.7)
Proceeds from disposal of property, plant and equipment	0.9	3.0
Discontinued operations	1.7	(1.3)
	(29.5)	(24.0)

f) Acquisitions and disposals of businesses

Year ended 31 December	2025 US\$m	2024 US\$m
Acquisition of businesses	(552.0)	–
Disposal of discontinued business	13.1	–
	(538.9)	–

g) Summary of net debt

Year ended 31 December	2025 US\$m	2024 US\$m
Cash and cash equivalents	232.0	146.0
Bank overdrafts	(0.1)	(0.2)
Net cash and cash equivalents	231.9	145.8
Borrowings (see note 23)	(1,046.6)	(595.1)
Net debt excluding lease liabilities	(814.7)	(449.3)
Lease liabilities (see note 15)	(92.9)	(83.2)
Total net debt	(907.6)	(532.5)

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

For financial covenant purposes under the Group's borrowing arrangements, the Group's leverage is calculated on the basis of net debt without IFRS 16 lease liabilities and at the Coats Group Finance Company Limited level. Net debt excluding IFRS 16 lease liabilities at the Coats Group Finance Company Limited level at 31 December 2025 for covenant purposes was \$818.7m (31 December 2024: \$454.3m).

The components of net debt and movements during the periods are set out below:

	Series A and Series B Senior Notes US\$m	Bank loans US\$m	Lease liabilities US\$m	Total financing activity liabilities US\$m	Bank overdrafts US\$m	Cash at bank and in hand US\$m	Net debt US\$m
At 1 January 2024	(472.3)	(23.3)	(86.8)	(582.4)	(20.9)	132.4	(470.9)
Financing cash flows	(123.7)	28.0	19.2	(76.5)	–	–	(76.5)
Other cash flows	–	–	5.2	5.2	20.7	9.8	35.7
Non-cash movements	0.9	(4.7)	(18.2)	(22.0)	–	–	(22.0)
Foreign exchange	–	–	(2.6)	(2.6)	–	3.8	1.2
At 31 December 2024	(595.1)	–	(83.2)	(678.3)	(0.2)	146.0	(532.5)
Financing cash flows	–	(201.4)	20.2	(181.2)	–	–	(181.2)
Other cash flows	–	–	5.2	5.2	0.1	50.9	56.2
Acquisition of subsidiaries (see note 31)	–	(248.6)	(11.4)	(260.0)	–	33.7	(226.3)
Non-cash movements	(1.5)	–	(21.6)	(23.1)	–	–	(23.1)
Foreign exchange	–	–	(2.1)	(2.1)	–	1.4	(0.7)
At 31 December 2025	(596.6)	(450.0)	(92.9)	(1,139.5)	(0.1)	232.0	(907.6)

The non-cash movement during the year ended 31 December 2025 of \$21.6m (2024: \$18.2m) within lease liabilities relates to the following: the unwind of lease liabilities of \$5.2m (2024: \$5.2m) and the impact of entering into new leases, disposals and modification of existing leases of \$16.4m (2024: \$13.0m).

Total interest paid during the year ended 31 December 2025 was \$35.3m (2024: \$31.5m), which primarily relates to the above Senior Notes, bank loans and overdrafts and lease liabilities. Total interest charged to the profit and loss account for the year ended 31 December 2025 for the above Senior Notes, bank loans and overdrafts and lease liabilities was \$41.4m (2024: \$35.3m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 Notes to the consolidated cash flow statement continued

Total net debt is presented in the consolidated statement of financial position as follows:

Year ended 31 December	2025 US\$m	2024 US\$m
Current assets:		
Cash and cash equivalents	232.0	146.0
Current liabilities:		
Bank overdrafts and other borrowings	(0.5)	(0.2)
Lease liabilities	(21.2)	(16.6)
Non-current liabilities:		
Borrowings	(1,046.2)	(595.1)
Lease liabilities	(71.7)	(66.6)
Total net debt	(907.6)	(532.5)

31 Acquisitions

On 16 July 2025 the Group announced it had signed a definitive agreement to acquire OrthoLite Holdings LLC ('OrthoLite'), the global market leader of premium insoles, for an initial enterprise value of \$770m.

The acquisition strengthens the product portfolio and capabilities of the existing Coats footwear business through expansion into the attractive, high growth premium insole market segment. OrthoLite is highly complementary, with significant overlap in customers, route to market and operational footprint, and provides opportunities to accelerate growth through innovation and cross-selling.

On 29 October 2025 the acquisition was completed and the Group obtained control acquiring the entire share capital of OrthoLite for cash consideration of \$581.7m. On completion, the Group immediately settled OrthoLite's external bank debt of \$247.6m such that the total cash outflow was \$829.3m. The acquisition of OrthoLite was funded through an equity raise of \$322.3m net of costs and a new \$550.0m term loan facilities agreement of which \$450m was drawn down.

The acquisition of OrthoLite has been accounted for as a business combination using the acquisition method in accordance with IFRS 3 'Business Combinations.' A provisional assessment of the fair values of identified assets acquired and liabilities assumed has been undertaken with assistance provided by external valuation specialists.

In the provisional accounting, adjustments are made to the book values of the net assets acquired to reflect their provisional fair values to the Group. Previously unrecognised assets and liabilities at acquisition are included. As part of this exercise, material accounting policies are aligned with

those of the Group and as the acquisition was made in the last quarter of the year and given OrthoLite's global footprint, the fair values presented below are provisional as the assessment will be completed within 12 months from the acquisition date.

The provisional fair values of the identifiable assets and liabilities of OrthoLite as at the date of acquisition are as follows:

	Provisional fair values recognised on acquisition of OrthoLite US\$m
Assets	
Acquired intangible assets	
– Customer relationships	437.4
– Brands and trade names	59.3
– Technology	72.4
	569.1
Computer software	0.6
Property, plant and equipment	26.9
Right-of-use-assets	11.3
Deferred tax assets	1.5
Inventories	23.6
Trade and other receivables	47.3
Cash and cash equivalents	33.7
	714.0
Liabilities	
Trade and other payables	(54.0)
Deferred tax liabilities	(50.5)
Borrowings	(248.6)
Lease liabilities	(11.4)
Provisions	(6.0)
	(370.5)
Non-controlling interests	(5.2)
Total identifiable net assets acquired at provisional fair values	338.3
Goodwill recognised on acquisition (provisional)	242.2
Total net assets acquired at provisional fair values	580.5
Cash purchase consideration paid	581.7
Completion and other adjustments	(1.2)
Total consideration payable	580.5

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Acquisitions continued

The fair value assessed for intangible customer relationship assets was \$437.4m. This will be amortised over a twenty year useful economic life. As fair value level one observable market prices are not available for these assets, management engaged external professional valuation advisors to assist in identifying and valuing these assets. The excess earnings method was used to value these customer relationships which considers the use of other assets in the generation of projected cash flows to isolate the economic benefit generated by the relationships.

The fair value assessed for brands and trade names was \$59.3m and for technology was \$72.4m. The relief from royalty method was used to value both the technology and the trade names which will be amortised over a useful economic life of fifteen and ten years respectively. The relief from royalty method looks at the savings from owning the trade name and technology compared to paying royalties for their use based on comparable market royalty rates.

Provisional fair value adjustments were also made which reduced property, plant and equipment by \$8.7m and inventories by \$3.7m. Right-of-use assets and lease liabilities were recognised in accordance with IFRS 16. The fair value of receivables acquired shown above approximate to the gross contractual amounts receivable. The amount of gross contractual receivables not expected to be recovered is not material and there are no material contingent liabilities recognised in accordance with paragraph 23 of IFRS 3.

The total net assets acquired at provisional fair values include adjustments made relating to the deferred tax impact of the fair values recognised for acquired intangible assets, US tax attributes and other fair value adjustments at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that were enacted or substantively enacted. Adjustments were also made to provide for uncertain tax positions on a provisional basis utilising expert in-house and third-party advice on potential outcomes, tax authority practices and previous experience. Corporation tax liabilities, deferred tax assets and deferred tax liabilities recognised in relation to these and other items as a result of the acquisition totalled \$24.3m, \$1.5m and \$50.5m respectively as at the acquisition date.

Provisional goodwill of \$242.2m represents the premium attributable to purchasing an established business with an assembled workforce, opportunities for synergies and exploitation of the general technological capabilities and knowledge base. The total amount of provisional goodwill that is expected to be deductible for tax purposes is approximately \$198m.

Goodwill is not amortised but tested annually for impairment. For the purposes of annual impairment testing the provisional goodwill has initially been allocated to a new Footwear Insoles cash generating unit. This initial allocation will be reviewed during 2026 following integration of OrthoLite with the pre-existing Coats footwear business.

Provisional goodwill and intangible assets acquired totalled \$811.3m. From the date of acquisition of OrthoLite to 31 December 2025, amortisation charges for acquired intangible assets amounted to \$5.7m.

From the date of acquisition, the contribution by OrthoLite to revenues in the year to 31 December 2025 was \$42.6m. The contribution to operating profit excluding exceptional items and amortisation of acquired intangible assets in the year to 31 December 2025 was \$10.5m. The profit after taxation in the year to 31 December 2025 (after exceptional items and amortisation of acquired intangible assets) was \$3.1m.

If the acquisition had taken effect at the beginning of the reporting period (1 January 2025), the Group's revenues for the year ended 31 December 2025 would have been \$231.5m higher and the Group's profit after tax would have been \$19.7m higher based on unaudited management accounts.

Under the terms of the transaction, contingent consideration of up to \$10m is payable based on full year 2025 performance. The fair value of this contingent consideration at the acquisition date was \$nil and based on 2025 performance no contingent consideration is payable. The final cash consideration is subject to customary completion adjustments. The final cash consideration payable is subject to customary completion adjustments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Acquisitions continued

The purchase consideration was paid in cash with the amounts included in the statement of consolidated cash reconciled as follows:

	US\$m
Purchase consideration paid to previous owners	581.7
Cash and cash equivalents acquired	(33.7)
Acquisition of businesses – investing cash flows	548.0
External bank borrowings settled on completion – financing cash flows	247.6
Total cash out flow on the acquisition date	795.6

The repayment of the external bank borrowings of OrthoLite on the completion date of the acquisition is presented as a financing cash flow.

Acquisition of Viz Reflectives

On 6 October 2025 the Group completed the small acquisition of the trade and certain assets of Viz Reflectives for an initial cash consideration of \$4.0m with further contingent consideration of up to \$8.4m payable based on certain milestones and performance.

The unique VizLite phosphorescent (glow-in-the-dark) technology of the business can be used in combination with Coats' existing retro-reflectivity and fluorescent colour capabilities, to offer a third layer of visibility for environments with reduced or no light. This combination has life-saving attributes for fire-fighting and other applications. The acquisition will accelerate the Group's PPE fabrics strategy.

The acquisition of Viz Reflectives has been accounted for as a business combination using the acquisition method in accordance with IFRS 3 'Business Combinations.' A provisional assessment of the fair values of identified assets acquired has been undertaken.

The fair values assessed for technology, brand and trade names and customer relationships were \$4.8m, \$0.4m and \$2.3m respectively. The relief from royalty method was used to value both the technology and the trade names which will be amortised over a useful economic life of ten and five years respectively. The excess earnings method was used to value customer relationships which will be amortised over a useful economic life of ten years.

The provisional fair value of acquired property, plant and equipment and inventories was \$0.1m and \$0.2m respectively. No liabilities were assumed. As a result the total identifiable net assets acquired at provisional fair values was \$7.8m.

A provision of \$7.3m has been made for the expected contingent consideration payable. Provisional goodwill of \$3.5m represents the premium attributable to purchasing the business with opportunities for synergies as part of the Group's safety fabrics strategy. The total amount of provisional goodwill that is expected to be deductible for tax purposes is approximately \$3.5m.

Goodwill is not amortised but tested annually for impairment. For the purposes of annual impairment testing the provisional goodwill has initially been allocated to a single standalone cash generating unit. This initial allocation will be reviewed during 2026 following integration of Viz Reflectives with the pre-existing Coats business.

Provisional goodwill and intangible assets acquired totalled \$11.0m. From the date of acquisition of Viz Reflectives to 31 December 2025, amortisation charges for acquired intangible assets amounted to \$0.2m.

From the acquisition date, the contribution of Viz Reflectives to revenues in the year to 31 December 2025 was \$0.6m. The contribution to operating profit excluding exceptional items and amortisation of acquired intangible assets in the year to 31 December 2025 was \$0.3m. For the year to 31 December 2025, the financial results of Viz Reflectives are included in the Performance Materials segment.

Cash outflows for the acquisition of OrthoLite and Viz Reflectives including transaction costs

Transaction costs totalling \$22.8m relating to the acquisitions of OrthoLite and Viz Reflectives have been expensed and are included in the consolidated income statement (see note 4). Transaction costs of \$19.6m have been charged to administrative expenses and \$3.2m has been charged to finance costs relating to the \$550.0m term loan facilities agreement for the acquisition of OrthoLite. In addition costs of \$7.5m were incurred in connection with the equity raise to finance the acquisition of OrthoLite which have been charged to the share premium reserve.

Transaction costs paid in the year ended 31 December 2025 relating to the acquisitions was \$8.5m and is included in cash flows generated from operating activities in the consolidated cash flow statement.

The total cash outflow for the acquisitions of OrthoLite and Viz Reflectives in the year ended 31 December 2025 was \$808.1m comprising the total cash outflow on the acquisition dates of \$799.6m plus transaction costs paid of \$8.5m.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

32 Discontinued operations

Strategic exit from the Americas Yarns business

In December 2024 the Group closed its Performance Materials Division facility in Toluca, Mexico and in April 2025 announced the full exit from the non-core US Yarns business based in Kings Mountain, North Carolina. The sale of the Kings Mountain plant was completed in June 2025. This followed a strategic review of the Americas Yarns business which started in Q4 2024. The strategic review concluded that the Americas Yarns business did not fit with Coats' future strategy and the exit allowed management to focus on driving forward and growing other parts of the Group's attractive portfolio.

The results of the Americas Yarns business has been presented as a discontinued operation in the consolidated income statement for the year ended 31 December 2025. Amounts for the year ended 31 December 2024 in the consolidated income statement have been represented to reclassify the results of the Americas Yarns business from continuing operations to discontinued operations.

The results of the discontinued Americas Yarns business are presented below:

Year ended 31 December	2025 US\$m	2024* US\$m
Revenue	26.3	67.9
Cost of sales	(40.6)	(84.9)
Gross profit	(14.3)	(17.0)
Distribution costs	(1.0)	(3.6)
Administrative expenses	(2.1)	(4.1)
Other operating income	1.2	–
Operating loss	(16.2)	(24.7)
Finance costs	–	(1.2)
Loss before taxation	(16.2)	(25.9)
Taxation	0.7	(0.4)
Loss from discontinued operations	(15.5)	(26.3)

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

The operating profit before exceptional and acquisition related items of the Americas Yarns business for the year ended 31 December 2025 was \$0.5m (2024: loss of \$2.3m). Exceptional and acquisition related items for the year ended 31 December 2025 charged to operating loss from discontinued operations was \$16.7m (2024: \$22.4m). As a result the operating loss of the Americas Yarns business for the year ended 31 December 2025 was \$16.2m (2024: \$24.7m).

Exceptional and acquisition related items of the Americas Yarns business (charged)/credited to loss from discontinued operations are set out below:

Year ended 31 December	2025 US\$m	2024* US\$m
Costs of exiting Americas Yarns business		
– Cost of Sales	(16.0)	(15.3)
– Administrative expenses	(1.9)	–
	(17.9)	(15.3)
Strategic project costs:		
– Cost of sales	–	(2.8)
– Distribution costs	–	(1.0)
	–	(3.8)
Administrative expenses:		
Acquired intangible assets – amortisation and impairment charges	–	(3.3)
Other Operating income:		
Profit on disposal of property	1.2	–
Total exceptional and acquisition related items – discontinued operations	(16.7)	(22.4)

Exceptional costs of exiting the Americas Yarns business includes non-cash impairment charges of property, plant and equipment and right-of-use leased assets of \$12.1m for the year ended 31 December 2025 (2024: \$9.7m).

Exceptional administrative costs charged to the loss from discontinued operations for the year ended 31 December 2024 in addition to the above were \$0.5m relating to businesses disposed in prior years.

The tax credit in respect of exceptional and acquisition related items for the year ended 31 December 2025 was \$0.8m (2024: tax charge of \$0.3m).

Exceptional and acquisition related items, net of tax, for the year ended 31 December 2025 in total were \$15.9m (2024: \$23.2m).

Loss per ordinary share from discontinued operations

The loss per ordinary share from discontinued operations is as follows:

Year ended 31 December	2025 Cents	2024* Cents
Loss per ordinary share from discontinued operations:		
Loss per ordinary share	(0.88)	(1.67)
Diluted loss per ordinary share	(0.88)	(1.65)

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

32 Discontinued operations continued

Cash flows from discontinued operations

Year ended 31 December	2025 US\$m	2024* US\$m
Net cash inflow/(outflow) from operating activities	1.1	(10.2)
Net cash inflow/(outflow) from investing activities	14.8	(1.3)
Net cash outflow from financing activities	(1.2)	(1.8)
Net cash flows from discontinued operations	14.7	(13.3)

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

The cash consideration, net of transaction costs, received from the sale in June 2025 of the Kings Mountain, US business, property, plant and equipment and inventories amounted to \$13.1m which is included in cash flow from investing activities for the year ended 31 December 2025.

33 Related party transactions

Remuneration of key management personnel

The Group Executive Team and Non-Executive Directors are deemed to be the key management personnel of the Group. The remuneration of the Group Executive Team and Non-Executive Directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information regarding the remuneration of individual directors is provided on pages 86 to 98 in the audited part of the Directors' Remuneration Report.

Year ended 31 December	2025 US\$m	2024 US\$m
Short-term employee benefits	9.8	8.7
Share based payments	3.0	3.9
	12.8	12.6

33 Related party transactions

Trading transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures are disclosed below.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Sale of goods		Purchase of goods	
	2025 US\$m	2024 US\$m	2025 US\$m	2024 US\$m
Joint ventures	0.9	1.9	63.3	63.2

Amounts owing by/(to) joint ventures at the year end are disclosed in notes 19 and 21. All transactions with joint ventures are at an arm's length and payment terms are consistent with normal trading terms with third parties.

34 Derivatives and other financial instruments

The Group's main financial instruments comprise:

Financial assets:

- cash and cash equivalents;
- trade and other receivables that arise directly from the Group's operations; and
- derivatives, including forward foreign currency contracts and interest rate swaps.

Financial liabilities:

- trade, other payables and certain provisions that arise directly from the Group's operations;
- bank borrowings and overdrafts; and
- derivative forward foreign currency contracts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Derivatives and other financial instruments

Financial assets

The Group's financial assets are summarised below:

Year ended 31 December	2025 US\$m	2024 US\$m
Financial assets carried at amortised cost:		
Cash and cash equivalents	232.0	146.0
Trade receivables (note 19)	273.2	252.2
Loan receivable (note 10)	43.6	38.3
Other receivables (note 19), net of non-financial assets \$33.7m (2024: \$31.7m)	21.1	15.3
	569.9	451.8
Financial assets carried at fair value through the income statement:		
Derivative financial instruments (note 20)	0.9	0.9
	0.9	0.9
Other financial assets carried at fair value through the statement of comprehensive income:		
Other investments (note 16)	0.5	0.6
	0.5	0.6
Total financial assets	571.3	453.3

Financial liabilities

The Group's financial liabilities are summarised below:

Year ended 31 December	2025 US\$m	2024 US\$m
Financial liabilities carried at amortised cost:		
Trade payables (note 21)	194.6	167.2
Amounts owed to joint ventures (note 21)	16.0	16.1
Other financial liabilities	73.9	67.0
Provisions	8.3	0.7
Lease liabilities (note 15)	92.9	83.2
Borrowings (note 23)	1,046.7	595.3
	1,432.4	929.5
Financial liabilities carried at fair value through the income statement:		
Derivative financial instruments (note 22)	0.7	2.3
Total financial liabilities	1,433.1	931.8

Other financial liabilities include other payables, other than taxation, contract liabilities, employee entitlements, advances and other statutory liabilities.

Fair value of financial assets and liabilities

The fair value of the Group's financial assets and liabilities is summarised below:

Year ended 31 December	2025		2024	
	Book value US\$m	Fair value US\$m	Book value US\$m	Fair value US\$m
Primary financial instruments:				
Cash and cash equivalents	232.0	232.0	146.0	146.0
Trade receivables	273.2	273.2	252.2	252.2
Loan receivable	43.6	43.6	38.3	38.3
Other receivables	21.1	21.1	15.3	15.3
Other investments	0.5	0.5	0.6	0.6
Trade payables	(194.6)	(194.6)	(167.2)	(167.2)
Amounts owed to joint ventures	(16.0)	(16.0)	(16.1)	(16.1)
Other financial liabilities and provisions	(82.2)	(82.2)	(67.7)	(67.7)
Borrowings	(1,046.7)	(1,046.7)	(595.3)	(595.3)
Derivative financial instruments:				
Forward foreign currency contracts	0.2	0.2	(1.4)	(1.4)
Net financial liabilities	(768.9)	(768.9)	(395.3)	(395.3)

Unlisted investments are stated at fair value. For floating rate financial assets and liabilities, and for fixed rate financial assets and liabilities with a maturity of less than 12 months, it has been assumed that fair values are approximately the same as book values. Fair values for forward foreign currency contracts have been estimated using applicable forward exchange rates at the year end. All other fair values have been calculated by discounting expected cash flows at prevailing interest rates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Derivatives and other financial instruments continued

Fair value measurements recognised in the statement of financial position

The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not observable market data (unobservable inputs).

Financial assets measured at fair value

Year ended 31 December	Total US\$m	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m
2025				
Financial assets measured at fair value through the income statement:				
Trading derivatives	0.9	–	0.9	–
Financial assets measured at fair value through the statement of comprehensive income:				
Other investments	0.5	–	–	0.5
2024				
Financial assets measured at fair value through the income statement:				
Trading derivatives	0.9	–	0.9	–
Financial assets measured at fair value through the statement of comprehensive income:				
Other investments	0.6	–	–	0.6

Financial liabilities measured at fair value

Year ended 31 December	Total US\$m	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m
2025				
Financial liabilities measured at fair value through the income statement:				
Trading derivatives	(0.7)	–	(0.7)	–
Contingent consideration provision	(7.3)	–	–	(7.3)
	(8.0)	–	(0.7)	(7.3)
2024				
Financial liabilities measured at fair value through the income statement:				
Trading derivatives	(2.3)	–	(2.3)	–

Level 2 financial instruments are measured by discounted cash flow. For foreign exchange contracts future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the various counterparties.

The contingent consideration provision classified in level 3 of the fair value hierarchy relates to the Viz Reflectives acquisition (see note 31). The fair value of contingent consideration is determined considering the expected payments under the terms of the acquisition agreement.

The main risks arising from the Group's financial instruments are as follows:

- currency risk;
- interest rate risk;
- capital risk;
- market price risk;
- liquidity risk; and
- credit risk.

The Group's policies for managing those risks are described on pages 164 to 170 and, except as noted, have remained unchanged since the beginning of the year to which these financial statements relate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Derivatives and other financial instruments continued

Currency risk

The income and capital value of the Group's financial instruments can be affected by exchange rate movements as a significant portion of both its financial assets and financial liabilities are denominated in currencies other than US Dollars, which is the Group's presentational currency. The accounting impact of these exposures will vary according to whether or not the Group company holding such financial assets and liabilities reports in the currency in which they are denominated.

The Board recognises that the Group's US Dollar statement of financial position will be affected by short-term movements in exchange rates, particularly the value of Sterling, Euro and Indian Rupee. The Group's investments reflect the requirements of its customers, which results in investments in potentially more volatile developing market currencies. However, as a diverse global business, there are many natural offsets within the Group that tend to mitigate the risk associated with any individual currency volatility.

The Group uses forward foreign currency contracts to mitigate the currency exposure that arises on business transacted by group companies in currencies other than their functional currency. Such foreign currency contracts are only entered into when there is a commitment to the underlying transaction. The contracts used to hedge future transactions typically have a maturity of between three months and one year.

Interest rate risk

In 2025, the Group financed its operations through shareholders' funds, bank borrowings, Senior Notes and overdrafts. The Group's trading subsidiaries use a mixture of fixed and floating rate debt. The Group also has access to committed bank facilities amounting to some \$420.0m, of which \$nil had been drawn down at year end, \$450.0m of term loan facilities and \$600.0m of Senior Notes (see note 23).

Interest rate risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings using interest rate swap contracts. Interest rate swaps are accounted for as fair value or cash flow hedges, depending on initial designation. Hedging activities are evaluated regularly to align with interest rate views and risk appetite. In order to achieve hedge effectiveness, when entering into interest rate swap contracts, the cash flows, interest rate references and maturity of the underlying exposure of the hedged item are considered so as to match the hedging instrument. The ratio of fixed to floating rate hedging is established according to Group policy which prescribes a banded range for the fixed to floating ratio. The ratio of fixed to floating will decrease over a rolling 5-year period.

As at 31 December 2025 the Group did not have any interest rate swap contracts designated as fair value or cash flow hedges.

The Group's interest income does not vary significantly from the returns it would generate through investing surplus cash at floating rates of interest since the interest rates are re-set on a regular basis.

A reasonably possible change of one per cent in market interest rates would reduce profit before tax by approximately \$0.1m (2024: \$0.8m), and would reduce shareholders' funds by approximately \$0.1m (2024: \$0.8m). If interest rates fluctuate by a different rate, the aforementioned approximate impact can be linearly interpolated.

Trade and other receivables and trade and other payables are excluded from the following disclosure (other than the currency disclosures) as there is limited interest rate risk.

Capital risk management

The Group manages its capital so as to ensure that the Company and the Group will be able to continue as a going concern.

The Group's capital structure comprises cash and cash equivalents and borrowings (see summary of net debt on page 158), and share capital and reserves attributable to the equity shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Derivatives and other financial instruments continued

Currency exposure

The table below shows the extent to which Group companies have financial assets and liabilities, excluding forward foreign currency contracts, in currencies other than their functional currency. Foreign exchange differences arising on retranslation of these assets and liabilities are taken to the Group income statement. The table excludes loans between Group companies that form part of the net investment in overseas subsidiaries on which the exchange differences are dealt with through reserves, but includes other Group balances that eliminate on consolidation.

Functional currency 2025	Net foreign currency financial assets/(liabilities)					
	Sterling US\$m	US dollars US\$m	Euro US\$m	Indian Rupees US\$m	Other US\$m	Total US\$m
Sterling	–	(0.7)	3.3	–	–	2.6
United States dollars	(20.0)	–	(3.1)	2.0	(13.1)	(34.2)
Euros	0.1	(9.3)	–	–	0.1	(9.1)
Indian Rupees	–	3.4	–	–	–	3.4
Other currencies	(0.2)	16.7	6.1	–	12.2	34.8
	(20.1)	10.1	6.3	2.0	(0.8)	(2.5)

Functional currency 2024	Net foreign currency financial assets/(liabilities)					
	Sterling US\$m	US dollars US\$m	Euro US\$m	Indian Rupees US\$m	Other US\$m	Total US\$m
Sterling	–	2.5	2.9	–	–	5.4
United States dollars	(16.4)	–	(1.8)	0.9	6.4	(10.9)
Euros	–	(3.4)	–	–	0.4	(3.0)
Indian Rupees	–	3.2	(0.5)	–	–	2.7
Other currencies	(1.7)	12.8	3.9	–	8.6	23.6
	(18.1)	15.1	4.5	0.9	15.4	17.8

The following table shows the impact on pre-tax profit and shareholders' funds of reasonably possible changes in exchange rates against each of the major foreign currencies in which the Group transacts:

2025	Sterling US\$m	Euro US\$m	Indian Rupees US\$m
Increase in US dollar exchange rate	10%	10%	10%
(Decrease)/increase in profit before tax	(2.2)	0.6	(0.1)
Increase in shareholders' funds	3.7	7.4	6.1

2024	Sterling US\$m	Euro US\$m	Indian Rupees US\$m
Increase in US dollar exchange rate	10%	10%	10%
Decrease in profit before tax	(2.1)	0.2	(0.2)
Increase in shareholders' funds	6.8	4.3	6.5

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Derivatives and other financial instruments continued

Currency profile of financial assets

The currency profile of the Group's financial assets was as follows:

31 December	2025					2024				
	Investments US\$m	Cash and cash equivalents US\$m	Trade and other receivables US\$m	Derivative financial instruments US\$m	Total US\$m	Investments US\$m	Cash and cash equivalents US\$m	Trade and other receivables US\$m	Derivative financial instruments US\$m	Total US\$m
Currency:										
Sterling	–	0.1	47.7	15.9	63.7	–	–	42.1	–	42.1
United States dollars	–	136.5	171.1	(52.5)	255.1	–	81.7	138.1	10.5	230.3
Euros	–	5.2	29.8	(0.4)	34.6	0.1	3.9	26.4	(12.6)	17.8
Indian Rupees	0.5	29.1	28.1	–	57.7	0.5	17.8	29.9	–	48.2
Other currencies	–	61.1	61.2	37.9	160.2	–	42.6	69.3	3.0	114.9
Total financial assets	0.5	232.0	337.9	0.9	571.3	0.6	146.0	305.8	0.9	453.3

The investments included above comprise unlisted investments in shares and bonds. Trade and other receivables in the above table include the pension loan receivable.

Currency and interest rate profile of financial liabilities

The currency and interest rate profile of the Group's financial liabilities was as follows:

31 December	2025					2024						
	Floating rate US\$m	Fixed rate US\$m	Interest free US\$m	Lease liabilities US\$m	Derivative financial instruments US\$m	Total US\$m	Floating rate US\$m	Fixed rate US\$m	Interest free US\$m	Lease liabilities US\$m	Derivative financial instruments US\$m	Total US\$m
Currency:												
Sterling	–	–	22.7	1.9	0.1	24.7	–	–	2.1	2.7	(11.3)	(6.5)
United States dollars	450.0	596.2	119.3	28.6	12.4	1,206.5	–	595.1	115.1	23.9	58.0	792.1
Euros	0.2	–	20.7	9.4	(10.9)	19.4	0.2	–	17.5	8.5	(0.2)	26.0
Indian Rupees	0.3	–	36.5	5.7	(2.8)	39.7	–	–	34.3	5.8	–	40.1
Other currencies	–	–	93.6	47.3	1.9	142.8	–	–	82.0	42.3	(44.2)	80.1
Total financial liabilities	450.5	596.2	292.8	92.9	0.7	1,433.1	0.2	595.1	251.0	83.2	2.3	931.8

The benchmark for determining floating rate liabilities in the UK is the risk-free rate for both sterling and US\$ amounts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Derivatives and other financial instruments continued

Details of fixed and non interest-bearing liabilities (excluding derivatives and trade and other payables) are provided below:

	2025			2024		
	Fixed rate financial liabilities	Weighted average period for which rate is fixed (months)	Financial liabilities on which no interest is paid	Fixed rate financial liabilities	Weighted average period for which rate is fixed (months)	Financial liabilities on which no interest is paid
Year ended 31 December	Weighted average interest rate %	Weighted average period for which rate is fixed (months)	Weighted average period until maturity (months)	Weighted average interest rate %	Weighted average period for which rate is fixed (months)	Weighted average period until maturity (months)
Currency:						
Sterling	–	–	18	–	–	18
United States dollars	5.15	49	–	5.15	61	–
Weighted average	5.15	49	18	5.15	61	18

Currency profile of foreign exchange derivatives

	Assets		Liabilities	
	2025 US\$m	2024 US\$m	2025 US\$m	2024 US\$m
Year ended 31 December				
Currency:				
Sterling	15.9	11.3	(0.1)	–
United States dollars	22.2	18.8	(63.7)	(66.4)
Euros	–	0.2	(12.8)	(12.6)
Indian Rupee	2.8	–	–	–
Other currencies	45.7	52.8	(9.8)	(5.5)
	86.6	83.1	(86.4)	(84.5)

Market price risk

The Group has equity investments at 31 December 2025 of \$0.5m (2024: \$0.6m) held for strategic rather than trading purposes. The Group does not actively trade these investments and is not materially exposed to price risk.

The sensitivity analyses below have been determined based on the exposure to reasonably possible price changes for the investments held at the year end.

Year ended 31 December	2025 US\$m	2024 US\$m
Impact of a 10% increase in prices:		
Increase in pre-tax profit for the year	–	–
Increase in equity shareholders' funds	0.1	0.1

Liquidity risk

The Group typically holds cash balances in deposits with a short maturity. Additional resources can be drawn through committed borrowing facilities at operating subsidiary level. During the year the Group has complied with all externally imposed capital requirements.

The Group had the following undrawn committed borrowing facilities in respect of which all conditions precedent had been met at the year-end:

Year ended 31 December	2025 US\$m	2024 US\$m
Expiring between two and five years	420.0	420.0

Maturity of undiscounted financial assets (excluding derivatives)

The expected maturity of the Group's financial assets, using undiscounted cash flows, was as follows:

Year ended 31 December	2025 US\$m	2024 US\$m
In one year or less, or on demand	518.7	403.0
In more than one year but not more than two years	51.1	10.5
In more than two years but not more than five years	–	38.3
In more than five years	0.5	0.6
	570.3	452.4

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Derivatives and other financial instruments continued

Maturity of undiscounted financial liabilities (excluding derivatives)

The expected maturity of the Group's financial liabilities, using undiscounted cash flows, was as follows:

Year ended 31 December	2025 US\$m	2024 US\$m
In one year or less, or on demand	314.7	271.6
In more than one year but not more than two years	422.6	17.7
In more than two years but not more than five years	543.4	293.4
In more than five years	171.1	370.6
	1,451.8	953.3

The above table comprises the gross amounts payable in respect of borrowings (including interest thereon), lease liabilities, trade and other non-statutory payables and certain provisions, over the period to the maturity of those liabilities.

Maturity of undiscounted financial derivatives

The maturity of the Group's financial derivatives (on a gross basis), which include interest rate and foreign exchange swaps, using undiscounted cash flows, was as follows:

Year ended 31 December	Assets		Liabilities	
	2025 US\$m	2024 US\$m	2025 US\$m	2024 US\$m
In one year or less, or on demand	86.6	83.0	(86.4)	(84.4)
	86.6	83.0	(86.4)	(84.4)

Credit risk

Year ended 31 December	2025 US\$m	2024 US\$m
The Group considers its maximum exposure to credit risk to be as follows:		
Cash and cash equivalents	232.0	146.0
Derivative financial instruments	0.9	0.9
Trade receivables (net of impairment provision)	273.2	252.2
Loan receivable	43.6	38.3
Other receivables	21.1	15.3
	570.8	452.7
Financial assets considered not to have exposure to credit risk:		
Other investments	0.5	0.6
Total financial assets	571.3	453.3
Analysis of trade receivables over permitted credit period:		
Trade receivables up to 1 month over permitted credit period	21.6	15.3
Trade receivables between 1 and 2 months over permitted credit period	5.1	5.2
Trade receivables between 2 and 3 months over permitted credit period	1.4	1.9
Trade receivables between 3 and 6 months over permitted credit period	1.8	2.0
Trade receivables in excess of 6 months over permitted credit period	1.4	1.6
Total trade receivables (net of impairment provision) in excess of permitted credit period	31.3	26.0
Trade receivables within permitted credit period	241.9	226.2
Total net trade receivables	273.2	252.2
Analysis of trade receivables impairment provision:		
Trade receivables up to 1 month over permitted credit period	0.5	0.5
Trade receivables between 1 and 2 months over permitted credit period	0.2	0.1
Trade receivables between 2 and 3 months over permitted credit period	0.2	0.4
Trade receivables between 3 and 6 months over permitted credit period	0.6	1.1
Trade receivables in excess of 6 months over permitted credit period	8.2	8.0
Total impairment provision	9.7	10.1

Trade receivables consist of a large number of customers, spread across diverse geographical areas and industries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Derivatives and other financial instruments continued

Customers requesting credit facilities are subject to a credit quality assessment, which may include a review of their financial strength, previous credit history with the Group, payment record with other suppliers, bank references and credit rating agency reports. All active customers are subject to an annual, or more frequent if appropriate, review of their credit limits and credit periods.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables (see note 19).

When determining expected losses for trade receivables, the Group takes into account the historical default experience and the financial position of the counterparties, as well as the future prospects considering various sources of information.

The Group does not have a significant credit risk exposure to any single customer.

Hedges

During 2025, the Group has hedged the following exposures:

- currency risk – using forward foreign currency contracts.

At 31 December 2025, the fair value of forward foreign currency contracts was a net asset of \$0.2m (2024: net liability \$1.4m).

35 Share-based payments

The total cost recognised in the consolidated Income Statement in respect of equity settled share-based payment plans was as follows:

Year ended 31 December	2025 US\$m	2024 US\$m
Long Term Incentive Plan (LTIP)	5.9	7.0
Deferred bonuses	0.9	0.9
	6.8	7.9

The average share price for the year ended 31 December 2025 was 80.7p (2024: 86.4p).

LTIP

Under the terms of the Coats Group LTIP, executive directors and key senior executives may be awarded each year conditional entitlements over ordinary shares in the Company in the form of nil cost options. The vesting of awards is usually subject to the satisfaction of a three year performance period, determined by the Remuneration Committee at the time of grant. Where performance conditions have applied, these include both market and non-market based measures.

Details of options outstanding under equity settled awards:

	2025 Options	2024 Options
Outstanding at 1 January	32,955,479	35,570,376
Granted during the year	11,493,763	11,317,541
Vested during the year	(1,931,972)	(432,103)
Lapsed during the year	(2,157,385)	(4,474,341)
Exercised during the year	(8,137,938)	(9,025,994)
Outstanding at 31 December	32,221,947	32,955,479
Exercisable at 31 December	5,419,006	5,731,656

The options outstanding at 31 December 2025 had a weighted average remaining contractual life of 7.7 years (2024: 7.6 years).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

35 Share-based payments continued

The fair value of the market-based component of these awards was calculated using the Monte Carlo simulation method to reflect the likelihood of the market-based Total Shareholder Return (TSR) performance condition, which attach to 25% (2024: 25%) of the award, being met, using the following assumptions:

	2025	2024
Vesting period	3 Years	3 Years
Share price at valuation date	81.7p	78.8p
Exercise price	Nil	Nil
Risk free rate	4.02%	3.93%
Expected dividend yield	0%	0%
Expected volatility	30.81%	34.16%
Fair value per share	41.8p	49.2p

Deferred bonuses

Under the terms of the Coats Group Deferred Bonus Plan, any bonuses awarded to executive directors and key senior management will be the subject of a mandatory 25% to 50% deferred into shares, to be held for a three year retention period. Annual bonuses will be determined by reference to performance, in the normal course measured over one financial year. Awards are normally exercisable after three years.

The options outstanding at 31 December 2025 had a weighted average remaining contractual life of 8.1 years (2024: 7.9 years).

36 Post balance sheet events

There are no material post balance sheet events requiring adjustment or disclosure.

37 Alternative performance measures

This Annual Report contains both statutory measures and alternative performance measures which, in management's view, provide valuable additional information for users of the financial statements in understanding the Group's performance.

The Group's alternative performance measures and key performance indicators are aligned to the Group's strategy and together are used to measure the performance of the business. A number of these measures form the basis of performance measures for remuneration incentive schemes.

Alternative performance measures are non-GAAP (Generally Accepted Accounting Practice) measures and provide supplementary information to assist with the understanding of the Group's financial results and with the evaluation of operating performance for all the periods presented. Alternative performance measures, however, are not a measure of financial performance under United Kingdom adopted international accounting standards ('IFRS') and should not be considered as a substitute for measures determined in accordance with IFRS. As the Group's alternative performance measures are not defined terms under IFRS they may therefore not be comparable with similarly titled measures reported by other companies. A reconciliation of alternative performance measures to the most directly comparable measures reported in accordance with IFRS is provided below.

a) Organic growth on a constant exchange rate (CER) basis

Organic growth measures the change in revenue and operating profit before exceptional and acquisition related items after adjusting for acquisitions. The effect of acquisitions is equalised by:

- removing from the year of acquisition, their revenue and operating profit; and
- in the following year, removing the revenue and operating profit for the number of months equivalent to the pre-acquisition period in the prior year.

The effects of currency changes are removed through restating prior year revenue and operating profit at current year exchange rates. The principal exchange rates used are set out in note 1.

Organic revenue growth on a CER basis measures the ability of the Group to grow sales by operating in selected geographies and segments and offering differentiated cost competitive products and services.

Adjusted organic operating profit growth on a CER basis measures the profitability progression of the Group.

Adjusted operating profit is calculated by adding back exceptional and acquisition related items (see note 4 for further details).

Year ended 31 December	2025 US\$m	2024* US\$m	% Growth
Revenue from continuing operations	1,464.9	1,433.0	2%
Constant currency adjustment	–	(9.3)	
Revenue on a CER basis	1,464.9	1,423.7	3%
Revenue from acquisitions ¹	(43.3)	–	
Organic revenue on a CER basis	1,421.6	1,423.7	–

1. Revenue and operating profit from acquisitions relates to the acquisitions of the OrthoLite and Viz Reflectives businesses (see note 31).

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37 Alternative performance measures continued

Year ended 31 December	2025 US\$m	2024 * US\$m	% Growth
Operating profit from continuing operations ²	241.4	224.5	8%
Exceptional and acquisition related items (note 4)	48.4	47.4	
Adjusted operating profit from continuing operations	289.8	271.9	7%
Constant currency adjustment	–	(1.8)	
Adjusted operating profit on a CER basis	289.8	270.1	7%
Operating profit from acquisitions ¹	(10.8)	–	
Organic adjusted operating profit on a CER basis	279.0	270.1	3%

1. Revenue and operating profit from acquisitions relates to the acquisitions of the OrthoLite and Viz Reflectives businesses (see note 31).

2. Refer to the consolidated income statement for a reconciliation of profit before taxation to operating profit from continuing operations.

b) Adjusted EBITDA

Adjusted EBITDA is presented as an alternative performance measure to show the operating performance of the Group excluding the effects of depreciation of property, plant and equipment and right-of-use, amortisation and impairments and excluding exceptional and acquisition related items.

Operating profit from continuing operations before exceptional and acquisition related items and before depreciation of property, plant and equipment and right-of-use assets and amortisation (Adjusted EBITDA) is as set out below:

Year ended 31 December	2025 US\$m	2024 * US\$m
Profit before taxation from continuing operations	201.6	198.0
Share of profit of joint ventures	(1.3)	(1.9)
Finance income (note 6)	(11.0)	(3.1)
Finance costs (note 7)	52.1	31.5
Operating profit from continuing operations ¹	241.4	224.5
Exceptional and acquisition related items (note 4)	48.4	47.4
Adjusted operating profit from continuing operations	289.8	271.9
Depreciation of owned property, plant and equipment	23.9	24.3
Amortisation of intangible assets	1.5	1.6
Adjusted EBITDA including IFRS 16 depreciation of right-of-use assets (Pre-IFRS 16 basis)	315.2	297.8
Depreciation of right-of-use assets	17.8	17.0
Adjusted EBITDA	333.0	314.8

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

1. Refer to the consolidated income statement for a reconciliation of profit before taxation to operating profit from continuing operations.

Net debt including lease liabilities under IFRS 16 at 31 December 2025 was \$907.6m (2024: \$532.5m).

This gives a leverage ratio of net debt including lease liabilities to adjusted EBITDA at 31 December 2025 of 2.7 (2024: 1.7).

Net debt excluding lease liabilities under IFRS 16 at 31 December 2025 was \$814.7m (2024: \$449.3m).

This gives a leverage ratio on a pre-IFRS 16 basis at 31 December 2025 of 2.6 (2024: 1.5).

The Group's proforma leverage on a pre-IFRS 16 basis at 31 December 2025 is 2.2 after adjusting EBITDA to include OrthoLite and Viz Reflectives as if the acquisitions had taken effect at the beginning of the reporting period (1 January 2025).

For the definition and calculation of net debt including and excluding lease liabilities see note 30 (g).

For financial covenant purposes under the Group's borrowing arrangements, leverage is measured at the Coats Group Finance Company consolidated level under frozen accounting standards and excludes the effects of IFRS 16 and includes the results of acquisitions from the beginning of the reporting period. Leverage for covenant purposes at 31 December 2025 was 2.2 (2024: 1.6). The financial covenant under the Group's borrowing arrangements is for leverage to be less than 3.0 and this covenant was met at 31 December 2025 and 31 December 2024.

c) Adjusted effective tax rate

The adjusted effective tax rate removes the tax impact of exceptional and acquisition related items to arrive at a tax rate based on the adjusted profit before taxation.

Year ended 31 December	2025 US\$m	2024 * US\$m
Profit before taxation from continuing operations	201.6	198.0
Exceptional and acquisition related items (note 4)	51.6	47.4
Adjusted profit before taxation from continuing operations	253.2	245.4
Taxation charge from continuing operations	64.9	71.5
Tax credit/(charge) in respect of exceptional and acquisition related items	8.5	(1.5)
Adjusted tax charge from continuing operations	73.4	70.0
Adjusted effective tax rate	29%	29%

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37 Alternative performance measures continued

d) Adjusted earnings per share

The calculation of adjusted earnings per share is based on the profit from continuing operations attributable to equity shareholders before exceptional and acquisition related items as set out below. Adjusted earnings per share growth measures the progression of the benefits generated for shareholders.

Year ended 31 December	2025 US\$m	2024 * US\$m
Profit from continuing operations	136.7	126.5
Non-controlling interests	(17.8)	(19.6)
Profit from continuing operations attributable to equity shareholders	118.9	106.9
Exceptional and acquisition related items net of non-controlling interests (note 4)	51.6	47.4
Tax (credit)/charge in respect of exceptional and acquisition related items	(8.5)	1.5
Adjusted profit from continuing operations	162.0	155.8
Weighted average number of Ordinary Shares	1,750,596,612	1,604,461,401
Adjusted earnings per share (cents)	9.26	9.71
Adjusted earnings per share (decline %)	(5%)	

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

The weighted average number of Ordinary Shares used for the calculation of adjusted earnings per share for the year ended 31 December 2025 is 1,750,596,612 (2024: 1,604,461,401), the same as that used for basic earnings per ordinary share from continuing operations (see note 11).

e) Adjusted free cash flow

Net cash generated by operating activities, a GAAP measure, reconciles to changes in net debt resulting from cash flows (free cash flow) as set out in the consolidated cash flow statement. A reconciliation of free cash flow to adjusted free cash flow is set out below.

Consistent with previous periods, adjusted free cash flow is defined as cash generated from continuing activities less capital expenditure, interest, tax, dividends to minority interests and other items, and excluding exceptional and discontinued items, acquisitions, purchase of own shares by the Employee Benefit Trust and payments to the UK pension scheme.

Adjusted free cash flow measures the Group's cash generation that is available to service shareholder dividends, pension obligations and acquisitions.

Year ended 31 December	2025 US\$m	2024 * US\$m
Change in net debt resulting from cash flows (free cash flow)	(364.2)	(57.6)
Acquisition of businesses	808.1	–
Issue of ordinary shares in connection with the acquisition of OrthoLite	(322.9)	–
Disposal of business and net cash flow from discontinued operations	(14.7)	13.3
Dividends paid to equity shareholders	53.6	46.2
Free cash flow pre-shareholder dividends and M&A	159.9	1.9
Net cash flows in respect of exceptional items	15.4	21.7
Purchase of own shares by Employee Benefit Trust	9.0	8.7
Payment to UK pension scheme in connection with pension buy-in	–	127.8
Tax inflow in respect of adjusted cash flow items	–	(2.0)
Adjusted free cash flow	184.3	158.1

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37 Alternative performance measures continued

f) Adjusted return on capital employed

Adjusted return on capital employed (ROCE) is defined as operating profit before exceptional and acquisition related items adjusted for the full year impact of acquisitions divided by period end capital employed as set out below. Adjusted ROCE measures the ability of the Group's assets to deliver returns.

Year ended 31 December	2025 US\$m	2024 * US\$m
Operating profit from continuing operations before exceptional and acquisition related items adjusted for full year impact of acquisitions ¹	344.6	271.9
Non-current assets:		
Acquired intangible assets	1,128.3	317.2
Property, plant and equipment	248.7	212.3
Right-of-use assets	75.0	58.9
Trade and other receivables	20.1	25.0
Current assets:		
Inventories	173.5	162.8
Trade and other receivables	336.3	286.5
Current liabilities:		
Trade and other payables	(338.1)	(290.7)
Lease liabilities	(21.2)	(15.3)
Non-current liabilities		
Trade and other payables	(4.9)	(7.4)
Lease liabilities	(71.7)	(54.4)
Capital employed	1,546.0	694.9
Adjusted ROCE	22%	39%

1. Operating profit from continuing operations before exceptional and acquisition related items for the year ended 31 December 2025 has been adjusted to include OrthoLite and Viz Reflectives as if the acquisitions had taken effect at the beginning of the reporting period (1 January 2025). Including full year proforma results, rather than the actual consolidated results of these acquired businesses, better reflects the return from the capital position at the period end. Therefore this provides reliable and more relevant information on the financial performance of the Group to a user of the financial statements. Refer to note 4 for details of exceptional and acquisition related items.

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1). Amounts for non-current assets, current assets, current liabilities and non-current liabilities at 31 December 2024 exclude the discontinued Americas Yarns business.

COMPANY BALANCE SHEET

31 December	Notes	2025 US\$m	2024 US\$m
Fixed assets:			
Investments	4	1,676.3	1,354.0
Current assets:			
Trade and other receivables		1.6	1.1
Cash at bank and in hand		0.1	0.1
		1.7	1.2
Creditors: amounts falling due within one year:			
Loans from subsidiary undertakings		(0.9)	–
Trade and other payables		(1.6)	(1.1)
Net current (liabilities)/assets		(0.8)	0.1
Net assets		1,675.5	1,354.1
Capital and reserves:			
Share capital	5	120.4	99.0
Share premium account		412.3	111.4
Capital redemption reserve		14.1	14.1
Share options reserve		18.5	18.5
Capital reduction reserve		59.8	59.8
Own shares	5	(3.2)	(5.3)
Profit and loss account		1,053.6	1,056.6
Shareholders' funds		1,675.5	1,354.1

The Company reported a profit for the financial year ended 31 December 2025 of \$55.5m (2024: \$54.1m).

David Paja
Group Chief Executive Officer

Hannah Nichols
Group Chief Financial Officer

Approved by the Board 4 March 2026

Company Registration No.103548

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital US\$m	Share premium account US\$m	Capital redemption reserve US\$m	Share options reserve US\$m	Capital reduction reserve US\$m	Own shares US\$m	Profit and loss account US\$m	Total equity US\$m
1 January 2024	99.0	111.4	14.1	18.5	59.8	(6.1)	1,049.9	1,346.6
Profit and total comprehensive expense for the year	–	–	–	–	–	–	54.1	54.1
Dividends to equity shareholders	–	–	–	–	–	–	(46.5)	(46.5)
Purchase of own shares	–	–	–	–	–	(8.7)	–	(8.7)
Movement in own shares	–	–	–	–	–	9.5	(0.9)	8.6
31 December 2024	99.0	111.4	14.1	18.5	59.8	(5.3)	1,056.6	1,354.1
Profit and total comprehensive expense for the year	–	–	–	–	–	–	55.5	55.5
Issue of ordinary shares	21.4	300.9	–	–	–	–	–	322.3
Dividends to equity shareholders	–	–	–	–	–	–	(54.1)	(54.1)
Purchase of own shares	–	–	–	–	–	(9.0)	–	(9.0)
Movement in own shares	–	–	–	–	–	11.1	(4.4)	6.7
31 December 2025	120.4	412.3	14.1	18.5	59.8	(3.2)	1,053.6	1,675.5

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies of the Company are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a) General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) as issued by the Financial Reporting Council. The going concern basis is set out in note 1 of the Group consolidated financial statements. The Company is deemed a qualifying entity under FRS 102, and so may take advantage of the reduced disclosures permitted under the standard.

As a result, the following disclosures have not been provided:

- A statement of cash flows and related disclosures under Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d); and
- Disclosures about share-based payments under Section 26 (paragraphs 26.18(b), 26.19 to 26.21 and 26.23) of FRS 102 have not been provided as equivalent disclosures are included in the consolidated financial statements of Coats Group plc.

Functional currency

The functional currency of the Company continued to be United States dollars (USD) during the year ended 31 December 2025.

b) Fixed assets – investments

Investments in subsidiary undertakings are reflected at cost less provisions for any impairment.

c) Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at transaction price. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

d) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss and the assets is reduced to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

e) Share-based payments

Cash-settled

Cash-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at each reporting date. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in liabilities.

Equity-settled

The Group operates an equity-settled Long Term Incentive Plan for executives and senior management, settlement is in the form of Coats Group plc shares. Awards under this plan are subject to both market-based and non-market-based vesting criteria.

The fair value at the date of grant is established by using an appropriate simulation method to reflect the likelihood of market-based performance conditions being met. As the Long Term Incentive Plan relates to employees of a subsidiary, when there is no recharge of the cost, the fair value is charged to Investments on a straight-line basis over the vesting period, with appropriate adjustments being made during this period to reflect expected vesting for non market-based performance conditions and forfeitures. The corresponding credit is to shareholders' funds.

To satisfy awards under this Plan, shares may be purchased in the market by an Employee Benefit Trust (EBT) over the vesting period. Coats Group plc is the sponsoring employer of the EBT and its activities are considered an extension of the Company's activities. Therefore the shares purchased by the EBT are included as a deduction from shareholders' funds and other assets and liabilities of the EBT are recognised as assets and liabilities of Coats Group plc.

f) Taxation

Provision is made for taxation assessable on the profit or loss for the year as adjusted for disallowable and non-taxable items. Deferred taxation is provided in full in respect of timing differences which have arisen but not reversed at the balance sheet date, except that deferred tax assets (including those attributable to tax losses carried forward) are only recognised if it is considered more likely than not that they will be recovered. Deferred taxation is measured on a non-discounted basis.

g) Dividends

Dividends proposed are recognised in the period in which they are formally approved for payment.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

h) Critical accounting judgements and key sources of estimation uncertainty

Carrying value of investments:

The carrying values of investments are assessed annually for indicators of impairment. If an impairment review is required judgement is involved in calculating the recoverable amount. No indicators of impairment were identified during the year ended 31 December 2025.

There are no sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 Result for the year

The Company has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The profit for the year attributable to shareholders was \$55.5m (2024: \$54.1m). Fees paid for the audit of the Company's annual accounts are disclosed on page 135.

Details of directors' remuneration are set out on pages 86 to 98 within the Remuneration Report and form part of these financial statements.

3 Dividends

Dividends amounting to \$54.1m in respect of the year ended 31 December 2025 were payable to Coats Group plc shareholders (2024: \$46.5m). Details of the proposed final dividend for the year ended 31 December 2025 are set out in note 12 of the consolidated financial statements.

4 Investments

	Investments in subsidiary undertakings US\$m
At 1 January 2025	1,354.0
Additions (see note 26)	322.3
At 31 December 2025	1,676.3

The carrying value of investments at 1 January 2024 was \$1,354.0m.

5 Share capital and reserves

There are 1,917,372,461 Ordinary Shares of 5p issued and fully paid at 31 December 2025 (2024: 1,597,810,385).

The own shares reserve at 31 December 2025 of \$3.2m (2024: \$5.3m) represents the cost of shares in Coats Group plc purchased in the market and held by an Employee Benefit Trust to satisfy awards under the Group's share based incentive plans. The number of shares held by the Employee Benefit Trust at 31 December 2025 was 3,010,519 (2024: 4,905,769).

As at 31 December 2025 the Company had distributable profits of \$287.9m (2024: \$288.7m).

6 Related party transactions

Amounts due from and to other Group companies are disclosed on the face of the Balance Sheet on page 175.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Introduction

We are pleased to present our 2025 report in response to the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. This report addresses our approach to climate change governance, outlining how Coats integrates climate-related risks and opportunities into the Group's risk management framework, strategic planning, and decision-making processes. These efforts are aligned with our net zero targets and our transition plan, as detailed on page 195 of this report.

Our TCFD Report outlines how climate considerations are embedded into our risk management, strategic planning and decision making, aligned with our net zero ambition, and we regularly review the financial impacts of our climate related risks and opportunities.

This report covers the four disclosure pillars as detailed in the adjacent table.

Recommendation	Recommended disclosures	Reference	Compliant
Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Page 179	✓
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 179	✓
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 180	✓
	b) Describe the organisation's processes for managing climate-related risks	Page 180-181	✓
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 181	✓
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Page 183-194	✓
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Page 183-194	✓
	c) Describe the resilience of the organisation's strategy, scenarios, including a 2°C or lower scenario taking into consideration different climate-related risks	Page 194	✓
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 195	✓
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Page 101, 183-194	✓
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 195	✓

TCFD CONTINUED

Basis of preparation

The report has been prepared with reference to TCFD All Sector Guidance and Supplemental Guidance for Non-Financial Groups.

The Board has noted recommendations in relation to the mandatory disclosures of climate-related financial risk arising from FCA Listing Rule 6.6.6R. In complying with the requirements of the Listing Rule on climate-related disclosures, we consider our disclosure to be consistent with all of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures as detailed in 'Recommendations of the Task Force on Climate-related Financial Disclosures', 2017, with use of additional guidance from "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", 2021. A quantitative assessment of climate-related risks and opportunities related to the October 2025 acquisition of OrthoLite has not been undertaken; instead, a qualitative assessment of applicable risks and opportunities has been included with further detail provided in the strategy section. A wider assessment of OrthoLite risks and opportunities will be included with our 2026 disclosures.

In this report references are made to other sections in this Annual Report and Accounts (ARA) and in our Sustainability Report (SR). To make it easier to locate these references they are always shown in the following formats: (ARA page X) and (SR page X).

Governance

The Board of Directors of Coats oversees and is ultimately responsible for the evaluation of our sustainability strategy, the management of climate-related risks and opportunities, and progress against our sustainability targets, including our interim and long-term net zero targets and net zero transition plan. At management level, the Group Executive Team (GET) is responsible for climate-related deliverables, with the Board receiving regular progress updates during the year (3 updates provided to the Board in 2025). The GET is responsible for operational delivery of the Group's sustainability strategy, including day-to-day management of operations and responsibility for monitoring detailed performance of all related aspects of the Group's business, and monitoring of our emission reduction (Scope 1, 2 and 3) plan including costs and investment related to our materials transition strategy.

Two Board sub-committees have important roles to play in managing climate-related risks and opportunities: the Sustainability Committee and the Audit and Risk Committee.

The Sustainability Committee is responsible for the sustainability strategy and governance, including on climate-related issues, and receives updates on KPI performance from the GET including on mitigating actions related to climate change. In 2025, the composition of the Sustainability Committee was reviewed in line with changes to our organisational structure. Reflecting the importance of sustainability to Coats, the Group Chair remains as Chair, and this year our Chief Financial Officer joined the Committee to facilitate greater integration of the financial impacts of climate-related risks and opportunities. Other members include our Group Chief Executive, two Non-Executive Directors, our two Divisional Chief Executives and our Group Sustainability Director. The Audit and Risk Committee monitors and reviews the effectiveness of climate-related risk management systems and relevant internal controls, and approves reporting statements.

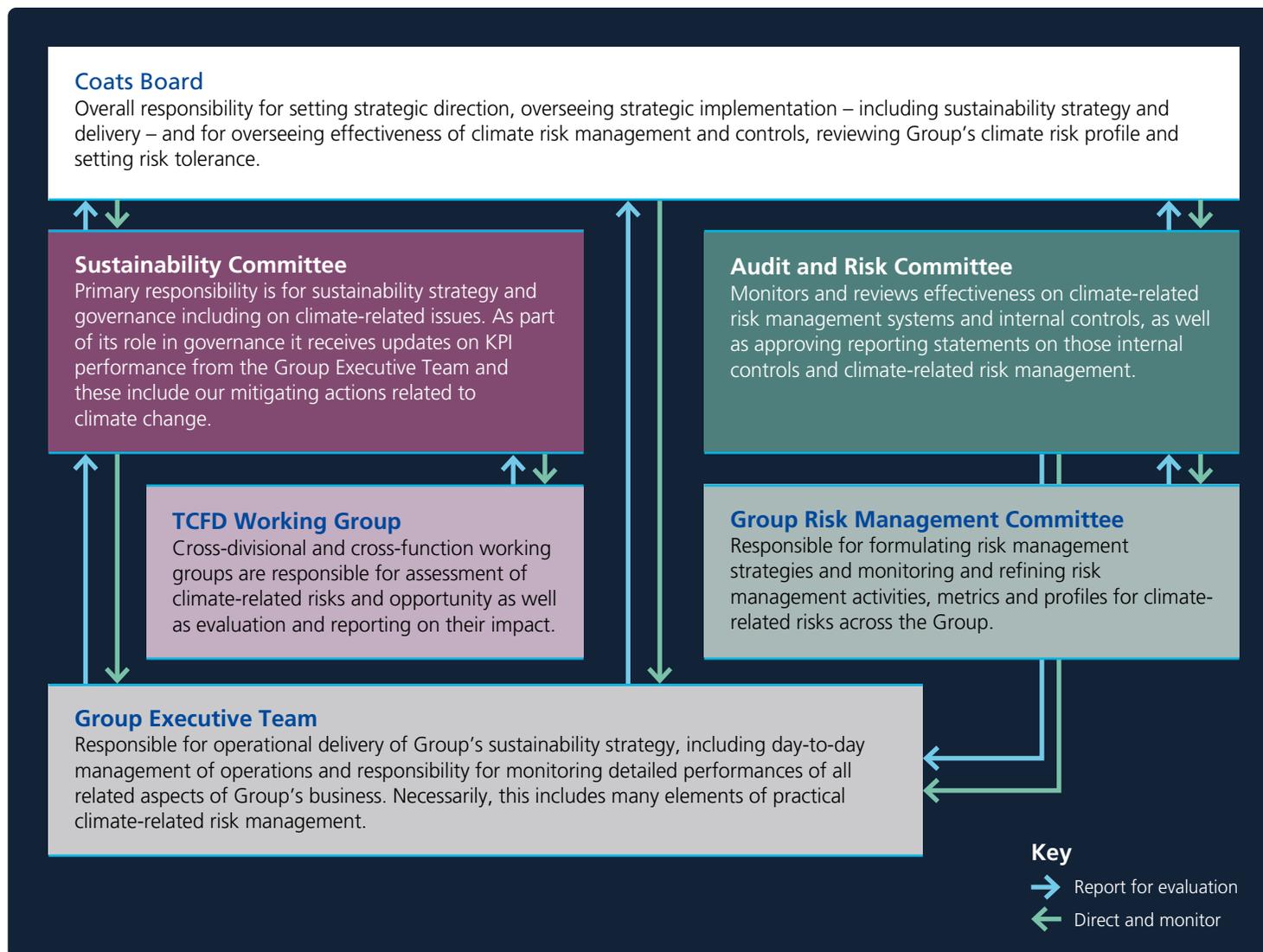
In addition, the GET provides updates on the progress of agreed actions directly to the Board, the Sustainability Committee, and the executive Group Risk Management

Committee (GRMC) as deemed appropriate. The GRMC is responsible for formulating risk management strategies and monitoring and refining risk management processes and metrics for all risks, including climate-related risks specifically, and convenes on a quarterly basis. The Sustainability Director is responsible for the delivery of climate-related risk assessment work which is reported into the GRMC quarterly as a short update with a full report to the GET annually.

In addition, our cross-divisional and cross-functional TCFD working group (consisting of senior management across areas like finance, procurement and risk) works closely with the Group Sustainability Director who is responsible for assessing the impact of climate risks and opportunities on our business. Monitoring of progress on agreed actions is reported to the GET on a bi-monthly basis. The collection of climate-related data for the timely reporting of progress is largely achieved through an internal cloud-based reporting system that collects data from every operating unit on a monthly basis and is reported automatically to multiple internal stakeholders including the GET via dashboards.

The overall governance structure for climate-related risks and opportunities is illustrated in the attached graphic on the next page.

TCFD CONTINUED



Risk Management

Coats is committed to effectively managing climate-related risks and opportunities that may affect our business, customers, suppliers, and stakeholders.

Climate-related risks and opportunities are of strategic, long-term importance to the Group and are assessed and prioritised using the existing Group risk tolerance structure and ensuring integration into the Group risk management framework (see page 44 of this Annual Report).

We assess risks and opportunities across our own operations and value chain, across three climate scenarios and short-, medium-, and long-term time horizons as detailed further in the strategy section of this report.

All physical and transition risk categories, as well as current regulatory requirements, are taken into account by Coats when we evaluate the climate-related risks and opportunities that may affect us. We look at how these risks may impact our own operations, or the Group’s upstream and downstream activities, and whether they may first arise in the short- (< 10 years), medium- (~20 years) or long-term (~ 45 years) time frames. These time frames are selected because they correspond roughly to the average remaining life of production assets (short-term), the typical life span of technologies (medium-term) and the possible plant renewal cycle (long-term), as well as aligning to key milestones identified in climate science projections.

TCFD CONTINUED

While short- and medium-term time frames remain the same for physical and transition risks and opportunities, our physical risk categories adopt a longer-term time frame of ~75 years to coincide with the outputs from our geospatial risk intelligence tool (see Strategy section page 189).

Our approach to assessing climate-related risks is scenario-based. Our approach involves developing impact models for the various identified risks. Prioritisation of climate risks is based on the overall impact across our 3x3 matrix of scenarios and time horizons.

In line with our risk management framework, we quantify risk in line with the following financial materiality:

Impact	Low	Medium	High
Financial	Impact or opportunity of <\$15m	Impact or opportunity of \$15-30m	Impact or opportunity of >\$30m

The Board reviewed the climate-related risk trend in the light of the external environment and the actions being taken by the company, including delivery on targets during the year, and determined that the risk trend should continue to be noted as 'stable'.

Further details of the Group's risk assessment process are on page 38 of this Annual Report (Principal Risks & Uncertainties).

Climate risks and opportunities are typically long-term, and the change is gradual. We periodically review our scenario database to ensure it remains in line with the latest scientific consensus and the last review of this was conducted in 2024. Our mitigation actions span across both short- and long-term time horizons. The immediate agreed mitigating actions are reported to the GRMC on a quarterly basis and form part of our company strategy and are built into operational plans for the year. Our primary mitigating actions relate to continued focus on energy intensity reduction, transition to renewable sources of electricity, and materials transition to preferred raw materials, all of which are reported to the GET on a bi-monthly basis and largely form the basis of our SBTi Net Zero journey. In 2025, a supplier engagement programme was launched to improve transparency in emissions reporting and to accelerate their Scope 1 and 2 emissions reduction. Additionally, in 2025, Coats developed a comprehensive net zero transition plan which outlines a detailed roadmap on the action areas that will ensure delivery of our 2050 SBTi validated Net Zero target.

Climate change has been identified as a Principal Risk within the company's risk management system. As a result, it is a permanent item for review and assessment at quarterly GRMC meetings. The Board further reviews sustainability KPIs at every Board meeting, including KPIs relating to climate issues where appropriate. Through these mechanisms, climate-related risks continue to be fully integrated into the company's risk management system.

Strategy

At Coats, we recognise the significance of climate-related risks and opportunities and integrate them into our business strategy to strengthen operational resilience and ensure long-term value creation. Climate change mitigation and adaptation remain central to shaping our broader strategic direction.

The Task Force on Climate-related Financial Disclosures (TCFD) framework guides our approach to identifying, assessing, and managing climate-related risks and opportunities that could impact future financial performance.

No quantitative assessment of climate-related risks and opportunities has been completed for OrthoLite due to lack of available data, however, a qualitative assessment has been provided where considered applicable.

Given the slow-changing nature of physical risks, we have retained last year's physical risk assessment using an external geospatial modelling tool which leverages one of the world's most comprehensive databases for natural disasters and hazard modelling under varying climate scenarios. It provides detailed evaluations of climate-related risks across multiple scenarios and timelines for defined geographic locations, supporting robust and informed decision-making.

Climate-related impacts on our business are assessed by our TCFD working group in collaboration with subject matter experts, considering different climate scenarios and time horizons. For each identified risk and opportunity, we have developed a bespoke financial impact model which is reviewed annually and updated as appropriate to ensure it remains accurate and relevant.

CO ₂ e emissions level	SSP used	Scenario name	Global Temperature increase over pre-industrial levels		
			2030	2045	2070
Low	SSP1	Sustainability 'Taking the Green Road'	1.47°C	1.56°C	1.49°C
Medium	SSP3	Regional Rivalry 'A Rocky Road'	1.52°C	2.03°C	2.91°C
High	SSP5	Fossil-Fuelled Development 'Taking the High Road'	1.60°C	2.25°C	3.50°C

TCFD CONTINUED

Consistent with previous reports, we applied scenario analysis to deepen our understanding of how different climate outcomes influence risk behaviour and business resilience. Both physical and transition risks, as well as related opportunities, were assessed using the below three climate scenarios based on the Shared Socioeconomic Pathways (SSPs) across three time horizons as developed by the Intergovernmental Panel on Climate Change (IPCC) and referenced in its Sixth Assessment Report.

In our assessment of transitional risk (TR), the time horizons correspond to 2030, 2045 and 2070 respectively, however for physical risk (PR), the time horizons have been slightly extended to 2030, 2050 and 2100. The rationale for selection of these time horizons is as follows;

Short term 2030 (TR and PR): this aligns with our near-term transitional strategy.

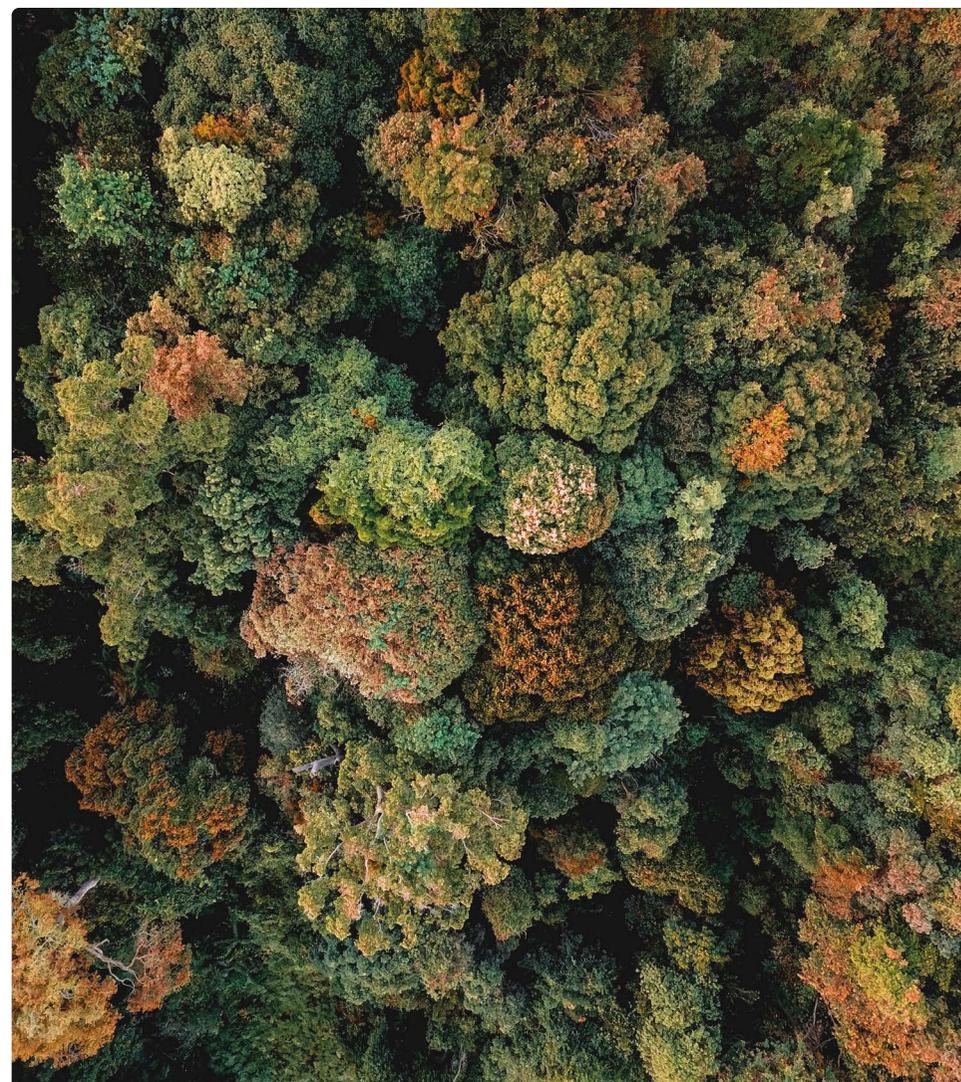
Medium term 2045(TR) or 2050(PR): this is broadly aligned to our net zero commitment and is at the longer end of our machinery asset lifespan. We also see clear divergence of physical climate impacts across the different scenarios at that point.

Long term 2070(TR) or 2100(PR): is beyond the lifespan of our current asset base, and allows us to model the long-term impacts.

Our transitional risks and opportunities are primarily linked to the low-carbon scenario and are expected to have a greater potential impact in the short term. In contrast, physical risks become more pronounced under high-carbon scenarios, with their potential impact increasing over time. The materiality of these risks and opportunities has been assessed by considering financial impact, likelihood, and the relationship of the impact to the lifespan of affected assets. To ensure clarity, we differentiate risks based on their drivers, with transition risks arising from policy, market, and technology shifts, and physical risks stemming from acute and chronic climate-related events.

Each year, our internal finance team reviews the scenarios, underlying assumptions, and associated financial models, with particular attention to any changes from the previous year, to ensure accuracy and relevance.

In 2025, we conducted further work on the materials transition risk. We also added a new opportunity in 2025 to reflect the opportunities from our Coats Digital business to help underpin decarbonisation efforts of downstream manufacturers in the apparel industry. The ability of our Coats Digital solutions to drive resource efficiency in apparel manufacturing makes it a good candidate for inclusion in climate-related transition opportunities.



TCFD CONTINUED

Key to financial materiality

Risks:

- Low financial materiality
- Medium financial materiality
- High financial materiality

Opportunities:

- Low financial materiality
- Medium financial materiality
- High financial materiality

Risks and Opportunities

TCFD category	Potential Financial Impact	SSP	Potential materiality			Mitigation and strategic response	Related Metrics and Targets
			<10 years (short term)	~25 years (medium term)	~75 years (long term)		
Transition: Current and Emerging Regulation	Risk 1: Introduction of carbon taxes leading to increased energy prices for use in own operations.	SSP1	●	●	●	The strategy that the company has in place to implement its Net Zero transition plan means we continually focus on reducing the embodied carbon in our supply chain. Where possible, the cost of increased carbon taxes will be passed on to consumers.	Metric Scope 1 and 2 GHG emissions (Tonnes) Target 46.2% reduction in Scope 1 and 2 GHG emissions by 2030 from our 2019 baseline
		SSP3	●	●	●		
		SSP5	●	●	●		
Transition: Market	Opportunity 1: Increased market share with apparel and footwear brands through our commitment to reduce embodied carbon.	SSP1	●	●	●	Delivery of targets on operational sustainability metrics viewed favourably by brands	Metric Scope 1, 2 and 3 GHG emissions (Tonnes) Target 46.2% reduction in Scope 1 and 2 GHG emissions by 2030 from our 2019 baseline. 33% reduction in Scope 3 emissions by 2030 from 2019 baseline.
		SSP3	●	●	●		
		SSP5	●	●	●		
Transition: Market, Technology and Reputation	Risk 2: Declining sales due to shifting customer sentiment towards more environmentally friendly product options.	SSP1	●	●	●	The strategy that the company has in place to implement its Net Zero transition plan means we continually focus on reducing the embodied carbon in our supply chain. In 2024, we received SBTi validation of our Net Zero targets. We work closely with brands to ensure new products are designed to meet changing customer requirements.	Metric Scope 1, 2 and 3 GHG emissions (Tonnes) Target 46.2% reduction in scope 1 and 2 GHG emissions by 2030 from our 2019 baseline. 33% reduction in Scope 3 emissions by 2030 from 2019 baseline.
		SSP3	●	●	●		
		SSP5	●	●	●		
Transition: Market and Technology	Opportunity 2: Growth in light-weighting products in telecom and energy markets, enabling increase in market share.	SSP1	●	–	–	We consider this risk to be largely remediated by our current plans for transitioning to renewable electricity, including reducing reliance on the grid through solar panels as well as the use of renewable energy contracts where available.	
		SSP3	●	–	–		
		SSP5	●	–	–		

TCFD CONTINUED

Key to financial materiality

Risks:

- Low financial materiality
- Medium financial materiality
- High financial materiality

Opportunities:

- Low financial materiality
- Medium financial materiality
- High financial materiality

TCFD category	Potential Financial Impact	SSP	Potential materiality			Mitigation and strategic response	Related Metrics and Targets
			<10 years (short term)	~25 years (medium term)	~75 years (long term)		
Transition: Regulation and Technology	Risk 3: Inability to source sufficient renewable energy to meet emissions reduction targets.	SSP1	●	●	●	Investment in technology and product development is already covered by our innovation roadmap.	Metric % renewable electricity Target 100% renewable electricity by 2030
		SSP3	●	●	●		
		SSP5	●	●	●		
Transition: Regulation and Technology	Opportunity 3: Cost benefits from transitioning from fossil fuel generated to renewable electricity	SSP1	●	●	●	Our commitment to transition to 100% renewable electricity by 2030 will deliver cost opportunities as well as delivering reductions in carbon emissions. At the end of 2025, we have transitioned to 62% of renewable certified electricity across the Group.	Metric % renewable electricity Target 100% renewable electricity by 2030
		SSP3	●	●	●		
		SSP5	●	●	●		
Transition: Policy and Technology	Risk 4: Inability to source sufficient recycled raw material at commercial price points impacting costs and ability to fully transition to a low carbon product range and hence achieve the SBTi targets.	SSP1	●	●	●	We have continued to increase the number of approved suppliers of recycled polyester and other preferred materials and we envisage no supply constraint impacting delivery of our 2026 target of 60% materials transition to non-virgin oil-based materials. We expect that new EU Green Deal regulations will drive increased availability of new non-virgin oil-based materials and we are seeing many of the brands that we serve committing to volume offtake agreements with new materials start-up companies, enabling the acceleration of scaled production capacity which is expected to drive price down in future.	Metric % raw materials from non-virgin oil-based sources. Target 100% of raw materials from non-virgin oil-based sources by 2030
		SSP3	●	●	●		
		SSP5	●	●	●		
Physical: Acute	Risk 5: Flood risk causing damage to assets.	SSP1	–	–	–	Our existing robust business continuity plans (BCPs) which are regularly updated and refined assist in ensuring that we have robust contingency plans in place. Sites in areas of potential current risk have been assessed through local intelligence; all sites are mitigated against flooding through a combination of determination of proximity to river courses and flood defence systems, along with raising the height of infrastructure.	
		SSP3	●	●	●		
		SSP5	●	●	●		

TCFD CONTINUED

Key to financial materiality

Risks:

- Low financial materiality
- Medium financial materiality
- High financial materiality

Opportunities:

- Low financial materiality
- Medium financial materiality
- High financial materiality

TCFD category	Potential Financial Impact	SSP	Potential materiality			Mitigation and strategic response	Related Metrics and Targets
			<10 years (short term)	~25 years (medium term)	~75 years (long term)		
Physical: Chronic	Risk 6: Drought stress which could lead to disruption of water supply in some units.	SSP1	–	–	–	Plans are in place to gradually invest in further water recycling capability as one of our key sustainability goals. This will focus first on the high water stress units, so the remediation of this issue is now in progress. Contingency plans are in place to relocate production output if required. In addition, a full business continuity plan enhancement and climate mitigation programme will be completed in 2026	Metric % Water Recycling Target 33% increase in water recycling rate by 2026 from 2022 baseline
		SSP3	●	●	●		
		SSP5	●	●	●		
Physical: Chronic	Risk 7: Extreme heat stress leading to possible need for plant relocation to those with favourable temperature regulation.	SSP1	●	●	●	Sites currently operating in areas of extreme or very high heat risk are mitigated through adequate ventilation and cooling systems, ensuring no loss of business or impact to operations. Investment in continually improving such systems mitigates against further rises in external temperatures, and, in addition, a full business continuity plan enhancement and climate mitigation programme will complete in 2026.	
		SSP3	●	●	●		
		SSP5	●	●	●		
Physical: Acute	Risk 8: Precipitation Stress risk causing damage to assets.	SSP1	●	●	●	The use of geospatial climate modelling data has identified precipitation stress as a current and future risk. Several sites are currently located in areas identified as extreme and very high risk; however, local intelligence outlines in most instances that risk is mitigated through adequate drainage and continuous preventative maintenance on roofing. Future risk can be mitigated through investment in increased drainage and flood defence systems, which will be referenced during our BCP enhancement and climate mitigation programme, due for completion in 2026.	
		SSP3	●	●	●		
		SSP5	●	●	●		

* SSP1 data not available under geospatial flood risk models.

** SSP2 data adopted in substitute of SSP3, as SSP3 data not available geospatial drought risk models.

TCFD CONTINUED

Our TCFD working group has reviewed the financial effects of climate-related risks and opportunities across three different scenarios and over short-, medium-, and long-term periods. Overall, we believe that our risk mitigation measures, sustainability initiatives, and ambitious targets make our business well prepared for the challenges of climate change.

In our review for 2025, we found that short-term opportunities and risks are generally balanced and we acknowledge that physical risks from higher carbon emissions increase over the medium and long term.

We will update our analysis as we assess new data, and we continue to monitor climate risks and action plans using Coats' risk management framework and governance system. New opportunities identified will be developed to align with our strategy and goals.

Transitional Risks

Risk 1) Emerging Regulation: Introduction of carbon taxes leading to increased energy prices for use in own operations.

Expanding the scope and level of carbon pricing through emerging regulations may affect both our input materials and conversion costs, as carbon-related expenses become incorporated into energy, water, waste management, transportation, and raw material costs. Our low-carbon scenario anticipates that carbon taxes will drive decarbonisation of energy and industrial products and processes.

Our scenario assessment predicts a high tax in the short term that drops over the medium- and long-term time horizons. In our low carbon SSP1 scenario, taxes could be introduced soon, rising quickly until 2030, before stabilising. High-carbon scenarios (SSPs 3 and 5) do not include any carbon taxes.

In 2025, we reviewed updated carbon tax models and confirmed that our existing tax range remains suitable for risk modelling. The EU's Carbon Border Adjustment Mechanism (CBAM), targeting carbon leakage, is likely to prompt a UK CBAM from January 2027; this will begin with carbon-intensive goods and lead to EU and UK Emissions Trading Schemes with defined trading costs. We are monitoring these changes to improve Coats' impact modelling.

Our annual assessment projects carbon taxes of \$90–\$160 per tonne of CO₂e under SSP1, relevant to Scope 1 and Scope 2 emissions. These estimates are based on Wood Mackenzie's analyses for limiting global warming to 1.5°C and research from the International Energy Agency's Net Zero Scenario.

The risk impact associated with the implementation of a carbon tax on our upstream Scope 3 emissions would be significant. However, we consider that this increased cost will be spread across the value chain and we do not expect this to have a direct impact on Coats.

We updated our 2025 carbon tax model to reflect Coats' strong progress in reducing Scope 1 and 2 emissions from the 2019 baseline. Our 2025 emissions already sit below the 2030 SBTi target, ensuring we remain on track even under conservative scenarios. With the potential for a further 10% reduction in Scope 1 and 2 emissions in a best case outlook, our revised modelling shows a lower projected financial exposure to future carbon taxes than reported in 2024.

Initial assessments of OrthoLite show that their energy consumption represents less than 5% of Coats Group consumption, and therefore we do not expect their inclusion to have a financially material impact on this risk.

Mitigation:

Coats is committed to our Net Zero target which requires a reduction in Scope 1 and 2 by 46% in 2030 (which has already been achieved) and 90% in 2050.

These targets and our achievements so far highlight Coats' commitment to lowering our carbon footprint, reducing exposure to carbon pricing, and strengthening our competitive standing in the growing low-carbon economy.

We are continuing to reduce our Scope 1 and 2 emissions through targeted energy efficiency programmes and a structured transition to renewable electricity. By using smart energy metering and plant level energy audits across our largest sites, we are identifying and scaling efficiency improvements group-wide. In parallel, we are progressively shifting our electricity consumption to renewable sources, prioritising the development of new renewable assets, then existing renewable generating capacity and finally energy attribute markets where needed. This flexible, country-specific approach is delivering strong results by 2025, 62% of our group electricity was green certified, up from 29% in 2022 - as we continue our journey towards 100% renewable electricity by 2030

TCFD CONTINUED

Risk 2) Market, Technology & Reputation: Declining sales due to shifting customer sentiment towards more environmentally friendly product options.

Consumer awareness of carbon footprints continues to rise, driving increased demand for brands that offer low-carbon or sustainable product options. Our analysis indicates that approximately 95% of our sales to global brands and retailers are to organisations with Science Based Targets initiative (SBTi) emissions reduction commitments, emphasising the importance that our key customers place on emissions reduction programmes and requiring them to collaborate with suppliers aligned to their decarbonisation journey.

Our teams have worked on reducing this risk by meeting supplier targets and brand standards, including lowering emissions and using reduced-carbon materials in thread and footwear components.

In our updated 2025 model for this risk, we have recognised Coats' progress in materials transition to preferred lower carbon materials along with broader emissions reduction efforts. We have also reflected our experience that in the last year many brands have reduced the priority placed on low-emission materials due to geopolitical and cost pressures, and this has led us to reduce the potential sales loss risk compared to assessments in previous years.

Given the sizeable overlap in the brands served by Coats and OrthoLite, we do not expect the future inclusion of OrthoLite to result in a different level of financial materiality for this risk.

Mitigation:

We maintain ongoing engagement with customers who have established climate-related goals, ensuring that our strategies and objectives remain aligned with their expectations.

In 2025, we advanced our commitment to sustainability by increasing the use of non-virgin oil-based materials, with 52% of our primary raw materials now meeting this standard. Additionally, we launched our supplier decarbonisation programme to further reduce embedded emissions in our raw materials, establishing it as a key strategy for Coats in driving down Scope 3 emissions. This will be a primary focus area to underpin future emissions reduction.

Risk 3) Regulation and Technology: Inability to source sufficient renewable energy to meet emissions reduction targets.

Several countries where we operate continue to experience regulatory issues in the energy sector, which currently hinder the shift to renewable electricity. To manage this risk, we assess the alternative cost of purchasing Energy Attribute Certificates (EACs) when direct access to certified renewable energy is not possible. While the financial impact of acquiring EACs is likely to remain, we expect these regulatory challenges will decrease significantly in the medium to long-term as more countries establish viable renewable energy markets.

The financial materiality associated with this risk for OrthoLite is expected to be insignificant given that their energy consumption represents less than 5% of Coats Group.

Mitigation:

Our approach to managing this risk is based on our ongoing shift towards renewable energy, aiming for 100% renewable electricity usage by 2030. We recognise that in some key countries, such as Turkey and Vietnam, current regulations do not yet support offsite renewable electricity supply.

We will continue installing rooftop solar panels at our sites through power purchase agreements with energy suppliers; however, this will only cover a small portion of our total energy needs. To improve energy efficiency across our locations, we are leveraging insights from our growing smart energy metering program, which is already active at several important manufacturing facilities. Major energy efficiency initiatives include upgrading compressed air and steam systems and improving machine motors with inverter technology.

If regulatory issues delay our switch to renewable electricity, we will use Energy Attribute Certificates (EACs) to meet our emissions goals. Currently the costs of EACs at key sites (in the range of \$0.32/MWh to \$3.50/MWh), means this remains of low financial materiality, but we closely review EAC pricing trends.

TCFD CONTINUED

Risk 4) Policy & Technology: Inability to source sufficient recycled raw material at commercial price points impacting costs and ability to achieve 100% materials transition and hence achieve the SBTi targets.

Currently, we source recycled high tenacity polyester mainly from PET bottles. As drinks companies recycle more of their own bottles to meet regulations, this reduces the availability of this feedstock for textile end use. This will require supplementary development of chemically recycled and bio-based alternatives, and currently, due to lack of scale, many of these are not available at a commercial price point.

In 2022, we set a target to have 60% of our raw materials sourced from non-virgin oil-based sources by 2026. By 2025, we had already shifted 52% of our sourcing to these alternatives. Despite this good progress, however, we are approaching the limit of customer appetite for recycled products due to the price premium. This primarily arises from the higher cost of recycled raw materials due to limited supply and growing demand, and the insufficient scale of emerging low-carbon technologies, and may result in a high financial materiality for Coats if we continue to push forward with full transition without being able to pass on higher prices to customers.

When setting our SBTi Scope 3 emissions reduction targets in 2022, a complete shift to non-virgin oil-based materials was identified as the key driver to reduce our purchased goods-related emissions. However, continued research conducted in 2025 has enhanced our insight; we now recognise that Supplier Decarbonisation offers a greater potential for overall Scope 3 emissions reduction than focusing solely on materials transition.

With this greater potential for Scope 3 emissions reduction coming from Supplier Decarbonisation, we consider that the inclusion of OrthoLite will not change the financial materiality associated with this risk.

Mitigation:

The emphasis of reducing our Scope 3 emissions has expanded to include accelerating decarbonisation initiatives with our suppliers alongside the transition away from virgin oil-based materials. In 2025, we joined Cascale (formerly known as the Sustainable Apparel Coalition) to advance decarbonisation initiatives throughout our upstream supply chain using a comprehensive strategy. Cascale manages the Higg Index suite, which equips suppliers to quantitatively assess environmental performance across multiple domains, including energy,

water, materials, and greenhouse gas emissions. Additionally, Cascale has introduced an Industry Decarbonisation Roadmap, developed with the Apparel Impact Institute and RESET Carbon, designed to guide strategic emissions reduction efforts among high-impact suppliers.

During 2025, we identified our key strategic suppliers who significantly contribute to the carbon embedded within our raw materials and convened our inaugural decarbonisation workshop. We outlined Coats' climate commitments and emphasised the necessity of a collaborative approach from our principal suppliers to achieve emissions reductions across our broader value chain. All participating suppliers were encouraged to enrol in the Higg Facility Environmental Module (FEM) to enhance transparency regarding their emissions profiles and to establish targets for reducing emissions through the adoption of renewable electricity and the implementation of energy efficiency programmes. Suppliers were also asked to provide Cradle to Gate Life Cycle Impact Assessments for the main raw materials supplied to Coats. Supplier engagement in this initiative has been highly positive, and we plan to expand this methodology to Scope 3 decarbonisation efforts through 2026 and beyond.

In the longer term we expect that new EU Green Deal regulations will drive increased availability of new non-virgin oil-based materials. We are seeing many of the brands that we serve committing to volume offtake agreements with new materials start-up companies, enabling the acceleration of scaled production capacity which is expected to drive price down in future.

Materials transition will continue to be part of our longer-term strategy, however, we will only drive this where it makes commercial sense to do so.

Looking ahead, we anticipate that forthcoming EU Green Deal regulations will increase the availability of non-virgin, oil-based materials, making their supply more cost competitive. While transitioning to alternative materials will remain integral to our long-term Net Zero decarbonisation strategy, we will pursue these opportunities only where they present clear commercial advantages.

TCFD CONTINUED

Physical Risks

We continue to use an external geospatial risk intelligence tool in 2025 to assess current and future physical climate-related risks to our operations, covering a total of 38 separate geographical locations. The tool assesses current natural hazards based on historic events, and uses climate models to forecast future physical risks, as described in the Strategy section on page 182. The physical climate-related natural hazards covered by the tool include floods, storms, sea level rise, drought, wildfires, and precipitation stress.

Physical risk mitigation for extreme weather events is managed at local site level. In the short-term, risks are mainly transitional and linked to the company's low carbon (SSP1) scenario. The adopted strategy, which focuses on achieving Net Zero by 2050 via the transition to renewable electricity and decarbonisation of materials and suppliers, provides a comprehensive response to these risks. Medium- to long-term risks are primarily physical and are more closely related to higher carbon scenarios (SSPs 3 and 5)

Geo-location assessments have not yet been conducted for OrthoLite operation sites, however given their geographic proximity to Coats operational sites in China, Vietnam and Indonesia, we expect the physical climate risk profile to be similar to that of Coats.

Risk 5) Acute: Flood damage risk

Two sites (Dhaka, Bangladesh and Samutsakorn, Thailand) are currently at very high river flood risk. A further four sites are at high river flood risk. The impact of flooding remains a reduction in revenue and increased expenditure due to repairs beyond those which are covered by our corporate insurance policy. In addition, three sites (one in Thailand, and two in China), are considered to be in areas of storm surge risk, although their specific geographical locations, and surrounding flood defence infrastructure, mitigate such risk. Sites located in areas where current river flooding risk is identified are sufficiently protected due to distances from water courses, raised infrastructure, and municipal flood defences.

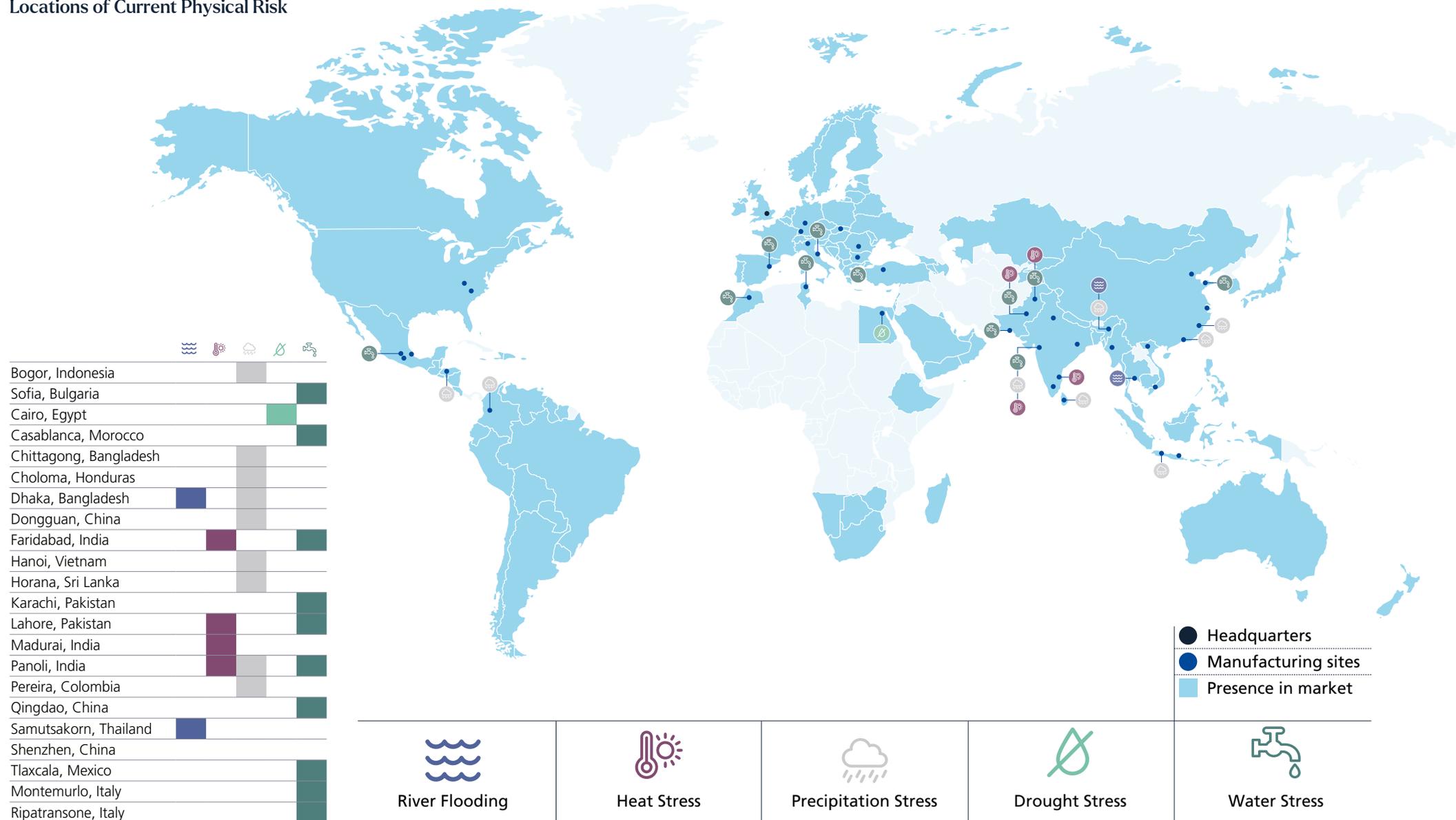
Our geospatial tool models an increase in flood risk in scenario SSP5, where three further sites are classified as high risk; however, the financial impact remains low.

Mitigation:

All of our operational facilities maintain a local business continuity plan (BCP) which is continuously reviewed. In 2025, we commenced a Group-wide BCP enhancement programme to provide specific reference and mitigating activities relating to current- and future- relating climate events, including increases in the risk of severe flooding. The enhancement program is ongoing, and completion is expected in 2026. In conjunction with local BCP enhancement, our spread of regional and global supply chains provides resilience and further reduces the impact of local disruption from any one site being flooded, hence we believe we are able to manage this risk with negligible impact.

TCFD CONTINUED

Locations of Current Physical Risk



River Flooding	Heat Stress	Precipitation Stress	Drought Stress	Water Stress

- Headquarters
- Manufacturing sites
- Presence in market

TCFD CONTINUED

Risk 6) Chronic: Drought stress which could lead to disruption of water supply in some units.

In 2025, our risk assessment tool identified significant drought stress at multiple locations, with most risks projected over the long term. Currently, the 10th of Ramadan City site in Egypt faces a very high risk. Under the SSP5 high-carbon scenario, by 2050, drought stress is expected to intensify, placing sites in 10th of Ramadan City, Morocco, and Tunisia at 'extremely high' risk, along with several other sites at very high risk. To address these escalating risks, we continually review capital investment in mitigation strategies, which include the expansion of water recycling initiatives to reduce our reliance on freshwater extraction.

Related to drought stress, we also monitor water stress risk using the World Resources Institute Aqueduct Tool to determine current stress levels. At present, 46% of the water used in sites considered to be at medium to extremely high water stress risk was recycled in 2025.

Mitigation:

Our approach to mitigating financial loss relating to business disruption in the short- to medium-term remains focussed on reducing our reliance on freshwater extraction. This is achieved through process water recycling and reducing our process water intensity (the volume of water required to produce our finished goods). In 2025, we completed a new water recycling installation in Bogor, Indonesia, and have new recycling capacity being installed in Chittagong, Bangladesh which will come online in H2 2026. We have prepared a Group-wide strategy to further drive down water intensity in 2026 through the delivery of unique water-saving initiatives. In addition, drought stress mitigation is extending into our BCP enhancement programme, where activities to source and plan for the provision of alternative water supplies will ensure our facilities will remain functional in the event of instances of water shortage. Our financial risk assessment indicates low risk associated with drought stress, across all timeframes and climate scenarios.

Risk 7) Chronic: Extreme heat stress leading to possible need for plant relocation to locations with favourable temperature regulation.

In 2025, our climate risk models continue to project rising global temperatures across all scenarios (SSP1, SSP3, SSP5), with 55% of our sites classified as facing high, very high, or extreme heat stress risk. The proportion of sites at extreme risk is expected to increase in the medium and long term. Currently, four sites (one in Pakistan, and three in India) experience maximum annual temperatures exceeding 44°C, and under the SSP3 scenario, these could surpass 47.5°C by 2100. Despite these challenging conditions, operations remain stable due to effective mitigation measures. However, ongoing temperature increases are likely to drive up costs, particularly for air-conditioning and indoor climate control. In addition, productivity and operational efficiency losses could be experienced as extended rest schedules are administered. In the most severe cases, extreme heat could force a halt to manufacturing activities if conditions become unworkable.

Mitigation:

Contingency planning is in place for the realignment of plant capacities in the event of extreme weather events, and will be strengthened during the BCP enhancement program where required. As noted, air conditioning and ventilation systems currently allow normal business operation at sites with extreme heat stress; further investment in cooling and ventilation is reflected in our financial impact models to mitigate against rising temperatures in future scenarios. The associated financial impact risk remains low across all carbon scenarios in short to medium timeframes, and only increasing in the longer term (by 2100) to medium risk for SSP3, and high risk in SSP5.

TCFD CONTINUED

Risk 8) Acute: Precipitation Stress

Climate change and rising global temperatures can lead to an intensification of high-precipitation events and an alteration of the frequency of such events, which can cause damage to buildings and infrastructure. Equally, climate change can reduce average precipitation levels as locations become more arid. Our models indicate that ten out of 38 sites currently operate in areas of extremely high precipitation stress risk, with a further six sites at very high risk. The geospatial model suggests only marginal future risk increases in a total of four sites (two in Indonesia, one in China and one in India) in the longer term 2100, high carbon scenarios.

Mitigation:

Current and future measures to address the impact of high precipitation events include upgrades to site drainage systems, installation of high-capacity pumps for rapid water removal, and reinforcement of flood barriers and perimeter walls to prevent water ingress. In addition, our site-level preventative and corrective maintenance strategies are continuously reviewed to ensure a swift response to both acute and persistent precipitation events. Precipitation stress risk has been formally integrated into our BCP enhancement programme, ensuring that all facilities are prepared to manage and recover from extreme rainfall scenarios as part of our broader climate resilience strategy.

Opportunities

Opportunity 1) Increased market share with apparel and footwear brands through our commitment to reduce embodied carbon.

We expect to increase our market share among brand customers by remaining committed to supporting their environmental goals and working closely with our suppliers to ensure robust transition plans are in place for Coats to achieve Net Zero by 2050.

Coats' commitment to reducing embedded emissions in our thread and footwear components through supplier decarbonisation, transition to renewable energy sources and reductions in energy intensity for finished goods conversion, will support our customers in delivering on their climate commitments. We anticipate becoming a preferred supplier for brands aiming to reduce the carbon footprint of their supply chain to achieve their Net Zero targets. Our reputation is enhanced by our commitments to transition to lower carbon thread and footwear component raw materials in line with our wider SBTi climate targets.

Over time, we expect to see some other market players becoming less able to meet these commitments, consequentially giving rise to market share growth opportunities for Coats.

Given the sizeable overlap in the Brands served by Coats and OrthoLite, we consider this as an opportunity area for OrthoLite and qualitative assessment will be conducted in 2026 to determine financial materiality.

Strategy to realise opportunity:

In the apparel and footwear industries, we continue to achieve market share growth, thanks in part to our strong sustainability efforts.

We have developed a strong sustainability-led innovation capability, with engineers and technicians working on development of new reduced carbon products and processes. Key innovations include the development of new thread products such as Epic and Gramax, Textile to Textile, EcoCycle, and EcoVerde as well as the development of new formulations for structural footwear components which contain a groundbreaking level of 70% recycled polymers and newly impregnated composite materials with reduced content of virgin oil-based latex dispersions.

In 2025, our recycled polyester thread sales grew 43% to US\$554m, up from US\$387m in 2024.

TCFD CONTINUED

Opportunity 2) Growth in light-weighting products, enabling increase in market share.

At Coats we aim to supply products that enable our customers to reduce the carbon intensity of their processes. Coats' Gotex Xtru composite tapes support light-weighting in the energy sector by extending the life of flexible oil and gas pipelines which in turn enables a shift away from corrosion prone steel pipes. Moving to lower weight flexible pipes reduces the energy required for installation and reduces maintenance through the life of the pipe. These three factors together aid reduction of the carbon intensity for oil production.

This year, we advanced the qualification of a carbon fibre-reinforced tape for deep-water applications and expanded volumes of aramid anti-bird cage layer tapes. Our portfolio continues to grow through innovation that blends textile engineering and polymer science to deliver customised tape solutions.

In telecoms infrastructure, our products enable thinner, lighter, and more resilient fibre optic cables that reduce deployment costs. During the year, we developed an aramid reinforced pultruded rod for data centre cable applications, and saw strong momentum for StremX, which is increasingly replacing traditional strength members. Following extensive testing, StremX secured multiple customer approvals with programme orders extending into 2026.

This opportunity is not applicable to the OrthoLite business.

Strategy to realise opportunity:

Coats continues to pursue this opportunity through targeted initiatives and sustained investment in R&D, and new product development across our Gotex (Spain) and Turkey innovation teams, enabling close collaboration with customers. Following an investment in a state-of-the-art extrusion line in 2024, we expanded capacity with the addition of a second line to support growing customer demand. Customer engagement has progressed through qualification and early commercialisation stages, with anticipated requirements for further capacity expansion from 2026 onwards, subject to future customer commitments and associated capital expenditure.

Opportunity 3) Transition to renewable electricity

In line with our commitment to transition to sourcing 100% of our electricity from renewable sources by 2030, we are focussed on installing rooftop solar arrays and long term power purchase agreements (PPAs) and have observed a decrease in the unit cost per kilowatt-hour in US dollars. Consequently, this presents an opportunity for overall energy cost reduction during the transition period leading up to 2030. This initiative is projected to reduce our market-based Scope 2 emissions from 167,000 tonnes in FY2022 to zero by FY2030 at the latest.

Given that OrthoLite consumes less than 5% of Coats Group energy, the opportunity for savings in this space are considered of low financial materiality.

Strategy to realise opportunity:

By investing in a range of renewable energy initiatives, we can lower both costs and carbon emissions. Our objective is to secure long-term, lowest-cost contracts for renewable energy and, where available, work with suppliers backed by Energy Attribute Certificates.

The anticipated reduction in energy procurement costs as a result of this transition is estimated to be between US\$5 million and US\$6 million in 2030.

TCFD CONTINUED

Opportunity 4) Driving supply chain efficiency, transparency, and social compliance.

The global apparel and footwear industry is being reshaped by regulation and brand commitments demanding reductions in Scope 3 supply chain emissions. Coats Digital's suite of software solutions provides the essential digital infrastructure to meet these environmental requirements. Following a strategic review in 2025, this is considered a new opportunity for Coats and has been added to our TCFD disclosures.

At the core of our offering is GSDCost, the internationally recognised standard for method-time-cost analysis. By scientifically establishing the time required for every manufacturing task, GSDCost typically improves factory efficiency by 10%. By producing more units in less time, manufacturers significantly lower the energy intensity and carbon emissions attributed to each garment.

Our other software targets broader supply chain emissions. FastReactPlan, our production planning solution, optimises factory capacity to improve On-Time Delivery Performance by an average of 30%. This reliability is critical for decarbonisation as it minimises the need for emergency air freight – a costly mode of transport with a carbon footprint significantly higher than standard sea freight. It also ensures factories avoid the energy spikes associated with unplanned overtime and inefficient production changeovers.

Strategy to realise opportunity:

We will continue to invest significantly in the Coats Digital ecosystem, strategically leveraging the mandatory industry shift towards digitised, traceable, and compliant supply chains.

We are scaling the deployment of GSDCost and FastReactPlan to cement their status as the global, de-facto industry standards for their respective areas.

This expansion is underpinned by continuous feature development and innovation, exemplified by our new AI-driven solution, GSDQuest. GSDQuest enables brands and manufacturers to instantly generate detailed insights on labour needs, fair-wage compliance, and sustainable sourcing options - derived from just a single garment image. This compresses the pre-production cycle dramatically, turning early concepts into fully compliant costings within seconds.

Other opportunities

The acquisition of OrthoLite in October 2025 provides further opportunities for sustainability-linked sales and EBIT growth, attributable to its innovative low-carbon, biodegradable, and compostable Cirql mid-sole technology. As part of our post-acquisition integration efforts, we are currently evaluating strategic options related to this technology and intend to incorporate these developments into our 2026 TCFD review.

Additionally, we continue to monitor improvements in process technology to drive further opportunities in reducing water and energy intensity. Dyeing textile substrates is highly energy- and water-intensive. Current nylon and polyester dyeing methods consume about 60% of our energy and 90% of our water at Coats. Reducing water usage and energy for heating will lower our carbon footprint and water demands. We continue to work with key suppliers on developing future technologies to deliver step changes in the water and energy intensity required for colouration of fibres and filaments, however, due to the technology barriers that exist in this area, delivery of yields from this focus are likely to be more long-term in nature.

Resilience

Resilience is reflected throughout our risk mitigation strategies outlined in this report. A diversified and broad supply base with broad geographic reach increases our resilience. Serving more than 25,000 customers across different regions also strengthens our customer resilience, as no single customer accounts for more than 10% of our annual revenue.

Our global standardisation of ERP systems, master data, and product lines enables us to maintain strong resilience if any manufacturing site faces extreme weather events, allowing us to quickly shift production between facilities and minimise disruptions to customers.

In 2025, we integrated Physical Climate Risk findings into our Business Continuity Planning, updating 37 continuity plans throughout the year for locations identified as high-risk for floods, heavy precipitation, or extreme heat.

Our analysis indicates that overall climate risk to our business is low. Current and future mitigation actions suggest the Group remains financially robust and strategically prepared for climate change. Any impacts will be managed through regular operations, so there are no anticipated major changes to business strategy or budgets. Furthermore, there are no effects of climate-related matters reflected in the judgements and estimates applied in our financial statements.

TCFD CONTINUED

Metrics and targets

Coats has reviewed TCFD guidance and selected metrics that suit our business needs. After assessing potential risks, we determined that assets-at-risk is not a relevant metric for us.

Coats regularly monitors and reports on its greenhouse gas (GHG) emissions for Scopes 1, 2, and key Scope 3 categories, as well as our energy use and intensity. We calculate these emissions following the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, with results disclosed separately in this report on page 101 and in more detail in our Sustainability Report at coats.com/sustainability. Senior management's compensation is tied to important sustainability goals, including emissions reductions; further details are available in the Remuneration Report on page 88.

We track our monthly energy mix and certified renewable electricity share, as well as energy and water intensity metrics, and regularly report these to our Group Executive Team and Board.

Our principal metric for managing Scope 3 emissions is the overall transition from virgin oil-based raw materials to preferred raw materials. In 2022 we set an interim target to source 60% preferred raw materials, by volume, by 2026 and have a longer-term target to transition fully to preferred raw materials by 2030. Through the course of 2026 we will introduce new metrics and targets related to supplier decarbonisation which further support delivery of our Scope 3 emissions reduction targets.

Coats has near-term Science Based Targets validated by the SBTi, covering Scope 1, 2 and 3 emissions and aligned to the 1.5°C pathway through to 2030, and a net zero target for 2050. These targets represent our most comprehensive approach to climate mitigation and are essential for managing customer expectations and transition risk exposure. Components of this target include:

- A commitment to reduce absolute Scope 1 and 2 GHG emissions 46.2% by 2030 from a 2019 base year, and absolute Scope 3 emissions by 33% by 2030.
- Increase sourcing of renewable electricity to 100% by 2030.
- Validation of Net Zero targets for our Scope 1, 2 & 3 emissions for 2050 (see below)

At the point of setting our near-term SBTi targets, we also set internal enabling targets to ensure delivery of our emissions reduction targets as follows:

- Increase renewable energy to 70% by 2030
- No virgin oil-based primary raw materials by 2030
- Transition to 60% preferred raw materials by 2026. We classify preferred raw materials as those which are non-virgin oil-based.

As detailed in the strategy section of this report and further elaborated upon in the materials section of our Sustainability Report, we have expanded our priorities to include supplier decarbonisation initiatives alongside our existing material transition activity in our approach to meeting our SBTi Scope 3 emissions reduction target.

Coats' Net Zero targets were re-baselined in 2025, and were successfully validated by SBTi. Post-delivery of our 2030 near-term emissions reduction targets, the key elements that will require continued abatement are the heat energy used in dyeing, the emissions from energy used by our suppliers, and the emissions coming from product and people transportation. In 2025 we have completed our Net Zero Transition Plan aligned to the Transition Plan Taskforce guidelines. This provides a structured roadmap for how Coats will achieve its long-term climate commitments. Its purpose is to translate ambition into actionable steps, outlining the measures, timelines, and investments required to reduce greenhouse gas emissions across operations and the value chain. The plan supports compliance with emerging regulatory and disclosure requirements, aligns with global frameworks such as the Greenhouse Gas Protocol and SBTi, and demonstrates accountability to our investors, customers, and other stakeholders. By integrating decarbonisation into business strategy, it helps manage climate-related risks, drives resilience and operational efficiencies, and maintains competitiveness in a rapidly evolving low-carbon economy.

Full details on the progress we are making towards these targets can be seen on the following pages of our Sustainability Report at coats.com/sustainability

Emissions and Science Based Targets – Pages 24

Energy source mix and renewable electricity – Page 29

Energy Intensity metric – Pages 29

Water Intensity and water recycling metric – Pages 38

Material transition metric – Pages 33

In 2025, we completed public limited assurance on the full-year performance of our core seven sustainability targets against their 2022 baseline.

The main risks linked to these emissions are those that could hinder the company from meeting its reduction goals aligned with the 1.5°C Pathway and achieving Net Zero by 2050. The most significant challenges include limited access to renewable electricity and an inconsistent supply of recycled raw materials. Nonetheless, the company has strong programmes in place to address and manage these risks.

INDEPENDENT LIMITED ASSURANCE REPORT

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF COATS GROUP PLC ON COATS GROUP PLC'S 2025 ANNUAL REPORT AND ACCOUNTS

Ernst & Young LLP ('EY') was engaged by Coats Group plc ('the Company') to perform a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and ISAE 3410: Assurance Engagements on Greenhouse Gas Statements, to report on Coats Group Plc (Appendix A) selected sustainability (the 'Subject Matter') presented in Appendix A. In preparing the Subject Matter, the Company applied the basis of reporting as set out on Coats' website (the 'Criteria').

The Subject Matter is listed in Appendix A. Other than as described in the preceding paragraph we did not perform assurance procedures on any other information included in the Annual Report and Accounts, and accordingly, we do not express an opinion or conclusion on any information, other than the sustainability metrics listed in Appendix A.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria.

Emphasis of matter – exclusion of OrthoLite sustainability data

As disclosed in the 'Sustainability KPIs' page the reporting of sustainability KPIs, excludes information relating to the newly acquired business, OrthoLite Holdings LLC.

Accordingly, the KPIs within EY's assurance scope does not represent the performance of the entire Coats Group plc group as of 31 December 2025.

Our conclusion is not modified in respect of this matter.

Basis for our conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, as promulgated by the International Auditing and Assurance Standards Board (IAASB) and the terms of our engagement letter dated 23 July 2025 as agreed with Coats Group plc.

In performing this engagement, we have applied International Standard on Quality Management ('ISQM') 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and other ethical requirements of the Institute of Chartered Accountants of England and Wales ('ICAEW') Code of Ethics (which includes the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ('IESBA')). We are the independent auditor of the Company and therefore we will also comply with the independence requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities.

INDEPENDENT LIMITED ASSURANCE REPORT CONTINUED

Responsibilities of the Company

The Subject Matter needs to be read and understood together with the Criteria.

The directors of the Company are solely responsible for:

- the selection of the Subject Matter to be assured;
- selecting suitable Criteria against which the Subject Matter is to be evaluated and ensuring the Criteria is relevant and appropriate;
- preparing and presenting the Subject Matter in accordance with the Criteria; and
- designing and implementing internal controls and other processes they determine is necessary, to enable the Subject Matter to be free from material misstatement, whether due to fraud or error.

Responsibilities of Ernst & Young LLP

It is our responsibility to:

- plan and perform the engagement to obtain limited assurance in respect of whether the Subject Matter has not been prepared in all material respects in accordance with the Criteria;
- form an independent conclusion on the basis of the work performed and evidence obtained; and
- report our conclusion to the directors of the Company.

Our approach

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, as promulgated by the International Auditing and Assurance Standards Board (IAASB).

Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

INDEPENDENT LIMITED ASSURANCE REPORT CONTINUED

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Because a limited assurance engagement can cover a range of assurance, the detail of the procedures we have performed is included below, so that our conclusion can be understood in the context of the nature, timing and extent of procedures we performed:

- 1 Interviewing a selection of the Group's management to understand the processes of data collection through to reporting for each KPI within the public assurance scope, as well as to understand the ESG performance during the reporting year.
- 2 Performing analytical testing on the Subject Matter and carried out the following activities to assess the Subject Matter:
 - a Undertaking analytical review procedures to understand the appropriateness of the data.
 - b Performing testing, on a risk-based sample basis, against underlying source information to check the accuracy and completeness of the data and the appropriate application of the Criteria.
- 3 Understanding the assumptions used by management, obtaining explanations for the rationale and assess whether the assumptions used are appropriate and have been consistently applied in the preparation of the Subject Matter.

- 4 Conducted on-site visits at the most material locations to obtain an understanding of the local data collection and reporting environment, observe key controls in operation, perform walkthroughs of end-to-end data flows, engage with site management to assess the application of Group reporting guidelines, and verify the traceability of selected data points to underlying source records.
- 5 We also performed such other procedures as we considered necessary in the circumstances.

Inherent limitations

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter. Because there is not yet a large body of established practice upon which to base measurement and evaluation techniques, the methods used for measuring or evaluating non-financial information, including the precision of different techniques, can differ, yet be equally acceptable. This may affect the comparability between entities, and over time.

Our conclusion is based on historical information and the projection of any information or conclusions in the attached report to any future periods would be inappropriate.

Use of our report

This report is produced in accordance with the terms of our engagement letter dated 23 July 2025 and the addendum to the engagement letter dated 13 February 2026, solely for the purpose of reporting to the directors of Coats Group plc in connection with the Subject Matter for the period ended 31 December 2025.

Those terms permit disclosure on Coats' website, solely for the purpose of Coats Group plc showing that it has obtained an independent assurance report in connection with the Subject Matter.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for our work, for this report, or for the conclusions we have formed. This engagement is separate to, and distinct from, our appointment as the auditor to the Company.

Ernst & Young LLP
Luton

04 March 2026

INDEPENDENT LIMITED ASSURANCE REPORT CONTINUED

Appendix A

EY's assurance procedures related to the legal structure of Coats Group plc, before the acquisition of OrthoLite Holdings LLP on 29 October 2025.

The 'Subject Matter' Information comprises the following data:

KPI	Units
Scope 1 GHG emissions footprint	thousand tonnes CO ₂ e
Scope 2 GHG emissions footprint (location-based)	thousand tonnes CO ₂ e
Scope 2 GHG emissions footprint (market-based)	thousand tonnes CO ₂ e
% reduction in Scope 1 & 2 GHG emissions footprint (since 2022)	%
Scope 3 – Category 3 emissions footprint thousand tonnes	CO ₂ e
Total materials purchased by Coats	tonnes
Total preferred materials purchased by Coats	tonnes
% preferred materials purchased by Coats	%
Total water used	Million cubic meters
Total water recycled	Million cubic meters
% of water recycled	%
Total waste generated	tonnes
Waste going to landfill	tonnes
% of waste to landfill	%
% effluent compliance to the Roadmap to Zero standards	%
Total workforce headcount	Number
Workforce with 'Great Place to Work' or equivalent certification	Number
% employees in units covered by 'Great Place to Work' certification	%
Total senior leadership headcount	Number
Female senior leadership headcount	Number
% of females in senior leadership	%

Other information

OTHER INFORMATION

Group structure

The Company, through various subsidiaries, has branches in several different jurisdictions in which the business operates outside the UK. Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represents 100% of issued share capital of the subsidiary.

Subsidiaries:

Direct holdings of the Company

Country of Incorporation	Company name	Registered office address	Share class
United Kingdom	Arrow HJC	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	B. M. Estates Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Contractors' Aggregates Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	GPG (UK) Holdings Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	GPG March 2004 Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	S G Warburg Group Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary

Subsidiaries:

Indirect holdings of the Company

Country of Incorporation	Company name	Registered office address	Share class
Australia	Coats Australian Pty Ltd	Unit 2, 56 Keys Road, Moorabbin Melbourne, Victoria, 3189, Australia	AUD0.54 Ordinary
Australia	Guinness Peat Group (Australia) Pty Limited	Level 44, 600 Bourke Street, Melbourne, Victoria, 3000, Australia	AUD1.00 Ordinary, AUD14,977.77 Redeemable Preference
Bangladesh	Coats Bangladesh Limited	Tower 117, 117/A Tejgaon Industrial Area, Dhaka 1208, Bangladesh	BDT100.00 Ordinary (80%)
Bangladesh	Coats Crafts Bangladesh Limited	Novo Tower, 270 Tejgaon Industrial Area, Dhaka 1208, Bangladesh	BDT100.00 Ordinary (80%)
Bulgaria	Coats Bulgaria Eood	Tsarigradsko shousse bld 7 th Km, Sofia 1748, Bulgaria	BGL50.00 Ordinary
Cambodia	Coats Threads (Cambodia) Company Limited	Street 102, FO-1601, Flatiron by Meridian, Phnom Penh City Center, Phum 1, Sangkat Srah Chak, Khan Daun Penh, Phnom Penh, Cambodia	KHR4,000 Ordinary
Canada	Coats Canada Inc	10 Roybridge Gate Blvd, Vaughan ON L4H 3M8, Canada	Common (no par value)
Canada	Staveley Services Canada Inc	44 Chipman Hill, Suite 1000, Saint John NB E2L 2A0, Canada	CAD Common, CAD Class A Pref 1, CAD Class A Pref 2
Cayman Islands	CIRQL Global Holdings, Ltd.	89, OGIER GLOBAL (CAYMAN) LIMITED, Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	USD0.01 Ordinary
Cayman Islands	CIRQL Manufacturing Holding, Ltd.	89, OGIER GLOBAL (CAYMAN) LIMITED, Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	USD0.01 Ordinary
Cayman Islands	CIRQL Materials Holding, Ltd.	89, OGIER GLOBAL (CAYMAN) LIMITED, Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	USD0.01 Ordinary
Cayman Islands	CIRQL Materials, Ltd.	89, OGIER GLOBAL (CAYMAN) LIMITED, Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	USD0.01 Ordinary

OTHER INFORMATION CONTINUED

Country of Incorporation	Company name	Registered office address	Share class
Cayman Islands	Sustainable Solutions, Ltd.	89, OGIER GLOBAL (CAYMAN) LIMITED, Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	USD0.01 Ordinary
Chile	Coats Cadena Ltda	Enrique Gomez Correa 5750, 3er piso, Oficina No.4, Macul, Santiago, Chile	US\$1.00 Ordinary
China	Coats Shenzhen Limited	Coats Industrial Park, Fengtang Avenue, Zhancheng Community, Fuhai Street, Baoan District, Shenzhen, China 518103	US\$1.00 Ordinary (90%)
China	Coats Zip Shenzhen Limited	B7, Coats Industrial Park, Fengtang Avenue, Zhancheng Community, Fuhai Street, Bao'An District, Shenzhen, China	US\$1.00 Ordinary (90%)
China	Dongguan ECO Polymer Co., Ltd	No. 2, 1 st Road, Fourth Industrial Zone, Houjie Qiaotou, Houjie Town, Dongguan City, Guangdong Province, China	USD1,000,000 Ordinary
China	Dongguan Shoe Technology Services Co.	No. 549, Room 1006, Houjie Section, Guantai Road, Houjie Town, Dongguan City, Guangdong Province, China	USD800,000 Ordinary
China	Donguan Rhenoflex New Materials Co. Ltd	Building 5, No. 77 Shilong Road, Guancheng Street, Dongguan, Guangdong Province, China	US\$500,000.00 Ordinary
China	Guangzhou Coats Limited	Unit B12, 2 nd Floor, 2 nd Building, No 11 Hao Ke Zhou East Street, Haizhu District, Guangzhou, China	HKD1.00 Ordinary (90%)
China	Jiangyin Rhenoflex Waterproof Material Co. Ltd	No. 58 Dong Sheng Road, Hi-Tech Park, Jiangyin Economic Development Zone, China	US\$1,500,000.00 Ordinary
China	Qingdao Coats Limited	No. 6, Sanhuan Road, Jimo Environmental Protection Industrial Park, Jimo District, Shandong, China	US\$1.00 Ordinary (90%)
China	Shanghai Coats Limited	No.8 Building, Export Processing Garden, Songjiang Industrial Zone 201613, Shanghai, China	US\$1.00 Ordinary (90%)
China	Texon Dongguan Non Woven Ltd	No. 17 Weiheng Road, Niushan Foreign Economics Industrial Park, Dongcheng Street, Dongguan City, China	US\$1,420,000.00 Ordinary

Country of Incorporation	Company name	Registered office address	Share class
Colombia	Coats Cadena Andina SA – Colombia	Avenida Santander, N.5E-87, Pereira, Colombia	COP20.63 Ordinary
Egypt	Coats Craft Egypt	Industrial Area Zone B3, Plot 62, Cairo, 10 th of Ramadan City, Egypt	EGP1.00 Ordinary
Egypt	Coats Egypt for manufacturing and dyeing sewing thread SAE	Industrial Area Zone B3, Plot 78, 10 th of Ramadan City, Cairo, Egypt	US\$31.25 Ordinary
Egypt	Coats for Trading and Industry Egypt	Industrial Area Zone B3, Plot 62, 10 th of Ramadan City, Cairo, Egypt	EGP4000.00 Ordinary
El Salvador	Coats El Salvador, S.A. de C.V.	Zona Franca Export Salva, Edificio No 18C, San Salvador, El Salvador	US\$12.00 Ordinary
France	Coats Footwear France SAS	3 rue du Moulin, 49450 St. Macaire en Mauges, France	€188,401.00 Ordinary
France	Coats France S.A.S.	8 avenue Hoche, 75008, Paris, France	€0.60 Ordinary
Germany	Coats GmbH	Giulinistraße 2, 67065 Ludwigshafen, Germany	€12,000,000.00 Ordinary
Germany	Coats Thread Germany GmbH	Giulinistraße 2, 67065 Ludwigshafen, Germany	€11,704,000.00 Ordinary
Germany	Rhenoflex GmbH	Giulinistraße 2, 67065 Ludwigshafen, Germany	€1.00 Ordinary
Germany	Schwanenwolle Tittel & Krueger AG i. L	RHS, Stadtstrasse 29, 79104 Freiburg, Germany	DEM1.00 Ordinary
Germany	Texon Components GmbH	Giulinistraße 2, 67065 Ludwigshafen, Germany	€25,564.59 Ordinary
Germany	Texon Mockmuhl GmbH	Giulinistraße 2, 67065 Ludwigshafen, Germany	€27,041,999.59 Ordinary
Guatemala	Coats de Guatemala, S.A.	13-78 Zona 10, Edif. Intercontinental Plaza Torre Citigroup Nivel 17, Oficina 1702, Ciudad, Guatemala	GTQ1.00 Ordinary
Guatemala	Crafts Central America, S.A.	26 Avenida No. 7-27, Zona 4, Mixco oficina 11, Guatemala	GTQ100.00 Ordinary

OTHER INFORMATION CONTINUED

Country of Incorporation	Company name	Registered office address	Share class
Guatemala	Distribuidora Coats de Guatemala, Sociedad Anonima	39 Avenida, 3-47 Zona 7, Colonia El Rodeo, Guatemala	GTQ1.00 Ordinary
Guatemala	Guatemala Thread Company Sociedad Anonima	39 Avenida, 3-47 Zona 7, Colonia El Rodeo, Guatemala	GTQ10.00 Ordinary
Honduras	Coats Honduras, S.A.	Edificio #13 Zona Libre Inhdelva, 800 mts. Carretera a la Jutosa, Choloma, Cortes, Honduras	HNL100.00 Ordinary
Hong Kong	China Thread Development Company Limited	Unit 1-4, 10/F., The Broadway, 54-62 Lockhart Road, Wanchai, Hong Kong	HKD10.00 Ordinary
Hong Kong	Coats (China) Limited	Unit 507, 5/F., Chinachem Golden Plaza, 77 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong	HKD10.00 Ordinary
Hong Kong	Coats China Holdings Limited	Unit 507, 5/F., Chinachem Golden Plaza, 77 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong	HKD10.00 Ordinary
Hong Kong	Coats Hong Kong Limited	Unit 507, 5/F., Chinachem Golden Plaza, 77 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong	HKD10.00 Ordinary (90%)
Hong Kong	OrthoLite Group Limited	Room 9102B, 10/F., YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong	HKD1.00 Ordinary
Hong Kong	OrthoLite YA Group Limited	Room 9102B, 10/F., YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong	USD1,500,000 Ordinary (50%)
Hong Kong	Rhenoflex Hong Kong Ltd	Flat/RM 1922 19/F., Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, Hong Kong	HKD1.00 Ordinary
Hong Kong	Texon International (Asia) Limited	Room 1-4, 10 th Floor, The Broadway, 54-62 Lockhart Road, Wanchai, Hong Kong	HKD1.00 Ordinary
Hungary	Coats Magyarorszag Cernagyarto es Ertekesito Korlatolt Felelossegu Tarsasag	1044 Budapest, Vaci ut 91, Hungary	HUF100,000.00 Ordinary

Country of Incorporation	Company name	Registered office address	Share class
India	CDM Foam Systems India Private Limited	110, RMZ One Paramount, Level 5, Campus 20, Mount Poonamalle High Road, Porur, Kanchipuram, Sriperumbudur, Tamil Nadu, 600116, India	INR10.00 Ordinary
India	Intellosol Softwares India Private Limited	1/22, Second Floor, Asaf Ali Road, New Delhi, Central Delhi, Delhi, 110002, India	INR10.00 Ordinary
India	Madura Coats Private Limited	Unit No.3&4, Floor 3, Navigator Building, International Tech Park, Whitefield Road, Bangalore 560 066, India	INR10.00 Ordinary
India	OrthoLite India Private Limited	110, RMZ One Paramount, Level 5, Campus 20, Mount Poonamalle High Road, Porur, Kanchipuram, Sriperumbudur, Tamil Nadu, 600116, India	INR10.00 Ordinary (51%)
India	Texon (India) Private Limited	No 362, New Jail Road, Madurai, Madurai South, Tamil Nadu, 625016, India	INR100.00 Ordinary
Indonesia	PT. Coats Rejo Indonesia	Ventura Building, Lantai 5, Suite 501-A, Jl. RA Kartini No. 26, Cilandak, Jakarta, Indonesia	IDR415.00 Ordinary A, IDR627.00 Ordinary B, IDR8690.00 Series C and IDR11,175.00 Series D
Indonesia	PT Coats Trading Indonesia	Ventura Building, Lantai 5, Suite 501-B, Jl. RA Kartini No. 26, Cilandak, Jakarta, Indonesia	IDR8,965.00 Series A, IDR15,795.00 Series B
Indonesia	PT Zhi Xing Indonesia	Jl. Industri Raya IV, Blok AF No. 16, Kawasan Industri Jatake, Tangerang, Banten, Indonesia	IDR11,354
Italy	Texon Italia S.r.l.	Largo Augusto, 8, Milan, 20122, Italy	€1.00 Ordinary
Malaysia	Coats Thread (Malaysia) Sdn. Bhd.	49-B Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia	RM10.00 A, RM10.00 B, RM10.00 C (99%)
Mauritius	Coats Indian Ocean Holding Co Limited	Interface International Ltd, 9 th Floor, Standard Chartered Tower, 19 Cybercity, 72201, Mauritius	US\$100.00 Ordinary

OTHER INFORMATION CONTINUED

Country of Incorporation	Company name	Registered office address	Share class
Mexico	Coats Mexico S.A. de C.V.	Blvd. Adolfo Ruiz Cortines #3720, Torre 3 Piso 12 Oficina 12A132, COL. Jardines del Pedregal, del. Alvaro Obegon, CDMX. CP 01900 Mexico	MXP1.00 Ordinary-A, MXP1.00 Ordinary-B
Morocco	Coats Maroc	220 Bld Chefchaouni, Ain Sebaa, Casablanca, Morocco	MAD100.00 Ordinary
Morocco	Mercerie Industrielle de Casablanca	220 Bld Chefchaouni, Ain Sebaa, Casablanca, Morocco	MAD100.00 Ordinary
Netherlands	Coats Industrial Europe Holdings B.V.	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	\$1.00 Ordinary
Netherlands	Coats Industrial Thread Holdings B.V.	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	\$1.00 Ordinary
Netherlands	Coats Northern Holdings B.V.	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	\$1.00 Ordinary
Netherlands	Coats South America Holdings B.V.	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	\$1.00 Ordinary
Netherlands	Coats South Asia Holdings B.V.	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	\$1.00 Ordinary
Netherlands	Coats Southern Holdings B.V.	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	\$1.00 Ordinary
New Zealand	Coats Patons (New Zealand) Ltd	3 Mana Place, Wira, Auckland, New Zealand	NZD1.00 Ordinary
Nicaragua	Coats de Nicaragua SA	Altamira d'este, Rotonda Madrid #235, Managua, Nicaragua	NIO100.00 Ordinary
Pakistan	J & P Coats Pakistan (Pvt) Limited	Factory Office, A/7, Estate Ave, Sindh Industrial Trading Estate, Karachi, Pakistan	PKR100.00 Ordinary
Peru	Coats Cadena SA – Peru	Av. Republica de Panama 3461, Piso 9, San Isidro, Lima, Peru	PEN 0.01 Ordinary (99%)

Country of Incorporation	Company name	Registered office address	Share class
Poland	Coats Polska Spolka z ograniczona odpowiedzialnoscia	Nowe Sady 2, 94-102 Lodz, Poland	PLN1,000.00 Ordinary
Portugal	Coats – Comercio de Linhas, Fechos e Acessorios, Para a Industria Unipessoal Lda	Praca Duque de Saldhana, 1, Edif. Atrium Saldanha, Piso 7, Lisbon, 1050-094, Portugal	€150,000 Quotas
Portugal	Companhia de Linha Coats & Clark Unipessoal Lda	Praca Duque de Saldhana, 1, Edif. Atrium Saldanha, Piso 7, Lisbon, 1050-094, Portugal	€5,000,000 Quotas
Romania	Coats Romania SRL	Municipiul Odorheiu Secuiesc, Str. Nicolae Balcescu, Nr. 71, Judetul Harghita, Romania	RON169.38 Ordinary
Russian Federation	Coats LLC	Office No. 4, part of premises No. 13, 7 th Floor, st. Krasnaya, 1, Lyubertsy, Moscow, Russia	RUB173.55 Ordinary
Singapore	Coats International Pte. Limited	12 Marina View, #11-01, Asia Square Tower 2, 018961, Singapore	SGD1.00 Ordinary
South Africa	Coats South Africa (Proprietary) Limited	107 Escom Road, New Germany, 3620, KZN, Natal, South Africa	ZAR0.01 Ordinary, ZAR0.01 Cumulative Redeemable Preference, ZAR0.01 Non-redeemable Preference Shares, ZAR0.01 Non-redeemable Non-cumulative Variable Rate Convertible Preference
Spain	Gotex S.A.	Avinguda de Montcau, No 5, Parcela A del VGP Llica d'Amunt, (Nave E2 y E3), Llica de Munt, Barcelona, 08186, Spain	€6.02 Ordinary
Spain	OrthoLite Europa, S.L.	C/ Aparadoras, Poligono Industrial, El Mugerón, Almansa, Albacete, 02640, Spain	€715.000.00 Ordinary

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Country of Incorporation	Company name	Registered office address	Share class
Sri Lanka	Coats Thread Exports (Private) Limited	Moragahahena, Millewa, Horana, 12400, Sri Lanka	LKR100.00 Ordinary (99%)
Sri Lanka	Coats Thread Lanka (Private) Limited	Moragahahena, Millewa, Horana, 12400, Sri Lanka	LKR10.00 Ordinary (99%)
Sweden	Coats Industrial Scandinavia AB	Stationsvagen 2, SE-516 31 Dalsjofors, Sweden	SEK100.00 Ordinary
Switzerland	Coats Stoppel AG	c/o Haussmann Treuhand AG, Seefeldstrasse 45, 8008 Zurich, Switzerland	CHF2,500.00
Thailand	Coats Threads (Thailand) Ltd	39/60 Moo 2 Tambol Bangkrachaw, Amphur Muang, Samutsakorn Province 74000, Thailand	THB1,000.00 Ordinary
Tunisia	Coats Industrial Tunisie	52, rue du Tissage, Douar Hicher, Manouba, 2086, Tunisia	TND10.00 Ordinary
Tunisia	Coats Trading Tunisie	52, rue du Tissage, Douar Hicher, Manouba, 2086, Tunisia	TND10.00 Ordinary
Turkey	Coats (Turkiye) Iplik Sanayii AS	BALAT OSB MAH Mavi Cad. No 2, 16225 Bursa, Turkey	TRY1.00 New Ordinary (92%)
Ukraine	Coats Ukraine Ltd	Moskovskiy ave. 28A, litera B, Kiev, 04655, Ukraine	UAH1.00 Ordinary
United Kingdom	Allied Mutual Insurance Services Ltd	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Anfield 1 Limited	Mazars Llp, 45 Church Street, Birmingham, B3 2RT United Kingdom	£1.00 Ordinary
United Kingdom	Anfield 2 Limited	Mazars Llp, 45 Church Street, Birmingham, B3 2RT United Kingdom	£1.00 Ordinary, £1.00 Deferred
United Kingdom	Barbour Threads Limited	1 George Square, Glasgow, G2 1AL, United Kingdom	£10.00 Ordinary
United Kingdom	Brown Shipley Holdings Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Brunel Pension Trustees Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats (UK) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary, £1.00 Ordinary A

Country of Incorporation	Company name	Registered office address	Share class
United Kingdom	Coats Digital Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Finance Co. Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Group Finance Company Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£0.33 Ordinary
United Kingdom	Coats Holding Company (No. 1) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£0.125 Ordinary
United Kingdom	Coats Holding Company (No. 2) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£0.25 Ordinary
United Kingdom	Coats Holdings Ltd	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Industrial Thread Brands Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Industrial Thread Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Patons Limited	1 George Square, Glasgow, G2 1AL, United Kingdom	£0.25 Ordinary
United Kingdom	Coats Pensions Trustee Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Property Management Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Shelfco (BDA) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Shelfco (CV Nominees) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Coats Shelfco (VV) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£0.01 Ordinary, £0.075 Deferred
United Kingdom	Coats Trading (UK) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary

OTHER INFORMATION CONTINUED

Country of Incorporation	Company name	Registered office address	Share class
United Kingdom	Coats UK Pension Scheme Trustees Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Corah Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£0.25 Ordinary, £1.00 4.2% Cumulative Preference
United Kingdom	D. Byford & Co Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£0.20 Ordinary, £1.00 Preference
United Kingdom	Embergrange	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Fast React Systems (Bangladesh) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Fast React Systems Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	GPG Securities Trading Ltd	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Griffin SA Ltd	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	GSD (Corporate) Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	GSD Holdings Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary-A, £1.00 Ordinary-B
United Kingdom	Hicking Pentecost Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£0.50 Ordinary
United Kingdom	I.P. Clarke & Co. Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	J. & P. Coats, Limited	1 George Square, Glasgow G2 1AL, United Kingdom	£1.00 Ordinary
United Kingdom	Marshaide Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Needle Industries Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Patons & Baldwins Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary

Country of Incorporation	Company name	Registered office address	Share class
United Kingdom	Patons Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary, £1.00 7% Preference
United Kingdom	Simpson, Wright & Lowe, Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Sir Richard Arkwright & Co. Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	SIRBS Pension Trustee Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Staveley 2005 No 3 Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Staveley Industries Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Staveley Services Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Texon (Newco 2) Ltd	4 th Floor, 14 Aldermanbury Square, London, EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Texon International Group Limited	4 th Floor, 14 Aldermanbury Square, London, EC2V 7HS, United Kingdom	£0.0001 A Ordinary
United Kingdom	Texon Management Ltd	4 th Floor, 14 Aldermanbury Square, London, EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Texon Non Woven Ltd	4 th Floor, 14 Aldermanbury Square, London, EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	Texon Overseas	4 th Floor, 14 Aldermanbury Square, London, EC2V 7HS, United Kingdom	£1.00 Ordinary
United Kingdom	The Central Agency Limited	1 George Square, Glasgow, G2 1AL, United Kingdom	£10.00 Ordinary
United Kingdom	Thomas Burnley & Sons, Limited	1 George Square, Glasgow, G2 1AL, United Kingdom	£10.00 Ordinary
United Kingdom	Tootal Group Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£0.25 Ordinary, £1.00 3.5 % Cumulative Preference
United Kingdom	Tootal Limited	4 th Floor, 14 Aldermanbury Square, London EC2V 7HS, United Kingdom	£1.00 Ordinary

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Country of Incorporation	Company name	Registered office address	Share class
United Kingdom	Torque Group International Fortune Limited	4 th Floor, 14 Aldermanbury Square, London, EC2V 7HS, United Kingdom	\$0.01 A Ordinary
United Kingdom	Torque Group International Wealth Limited	4 th Floor, 14 Aldermanbury Square, London, EC2V 7HS, United Kingdom	\$1.00 Ordinary
United States	Coats American Inc	CT Corporation System, 820 Bear Tavern Road, West Trenton, NJ 08628, USA	US\$10.00 COMMON, US\$5.00 5% Cumulative Preference
United States	Coats Garments (USA) Inc	CT Corporation System, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, USA	US\$1.00 Ordinary
United States	Coats Holdings Inc	CT Corporation System, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, USA	US\$1.00 Ordinary
United States	Coats HP Holding Inc	CT Corporation System, 160 Mine Lake Ct., Suite 200, Wake NC 27615-6417, USA	US\$1.00 Ordinary
United States	Coats HP Inc	CT Corporation System, 160 Mine Lake Ct., Suite 200, Wake NC 27615-6417, USA	US\$1.00 Ordinary
United States	Coats North America Consolidated Inc	CT Corporation System, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, USA	US\$0.10 Ordinary, US\$1.00 Class B Voting Shares
United States	Coats North America de Republica Dominicana Inc	CT Corporation System, 160 Mine Lake Ct., Suite 200, Raleigh, North Carolina, 27615-6417, USA	US\$1.00 Ordinary
United States	Coats Sales Corporation	CT Corporation System, 820 Bear Tavern Road, West Trenton, NJ 08628, USA	US\$100.00 Ordinary
United States	Jaeger Sportswear Ltd	CT Corporation System, 28 Liberty Street, New York, NY 10005, USA	US\$ Common
United States	OrthoLite Holdings LLC	251, Little Falls Drive, Wilmington, DE, 19808, United States	Class A1, A2 and B Units
United States	OrthoLite Intermediate LLC	251, Little Falls Drive, Wilmington, DE, 19808, United States	Membership interest

Country of Incorporation	Company name	Registered office address	Share class
United States	OrthoLite LLC	1209, Orange Street, Wilmington, DE, 19801, United States	Membership interest
United States	O2 Partners, LLC	254 Commercial Street, Portland, ME, 04101, United States	Common units
United States	Patrick Yarn Mill, Inc.,	CT Corporation System, 160 Mine Lake Ct., Suite 200, Raleigh, North Carolina, 27615-6417, USA	US\$1.00 Class A voting, Class B non-voting
United States	Staveley Inc	The Corporation Trust Co., 1209 Orange Street, Wilmington, DE 19801, USA.	US\$0.01 Ordinary
United States	Sustainable Solutions Financing LLC	1209 Orange Street, DE 19801, Wilmington, USA, United States	Membership interest
United States	TCP Cirql Group Holdings, Inc.	251, Little Falls Drive, Wilmington, DE, 19808, United States	USD0.01 common stock
United States	TCP OrthoLite Group Holdings, Inc	251, Little Falls Drive, Wilmington, DE, 19808, United States	USD0.01 common stock
United States	Texon Materials, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, United States	US\$0.01 Ordinary
United States	Westminster Fibers, Inc.	c/o The Corporation Trust, 1209 Orange Street, Wilmington, Delaware, USA	US\$1.00 Common shares
Vietnam	CIRQL Innovations Vietnam Company Limited	Suite 1, Floor 15, Metropolitan Building, No 235 Dong Khoi Street, Ben Nghe Ward, Ho Chi Minh City, Viet Nam	VND1,168,500 Charter Capital
Vietnam	CIRQL Manufacturing Vietnam Company Limited	Lot No. 11, Map No. 39, CN7 Street, Tan Binh Industrial Park, Tan Binh Town, North Tan Uyen District, Binh Duong Province, Viet Nam	VND23,370,000 Charter Capital
Vietnam	Coats Footwear Vietnam Limited Liability Company	Workshop No. 57, Road 1-7, Long Thanh Industrial Park, An Phuoc Commune, Dong Nai Province, Viet Nam	VND17,581,335,900 Charter Capital
Vietnam	Coats Phong Phu Limited Liability Company	No. 48 Tang Nhon Phu Street, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City, Vietnam	US\$1.00 Ordinary (64%)

OTHER INFORMATION CONTINUED

Country of Incorporation	Company name	Registered office address	Share class
Vietnam	ORTHOLITE Vietnam Company Limited	Lot No. 137-138-139, No. 7, VSIP II-A, Street No. 23, Vietnam-Singapore II-A Industrial Park, Vinh Tan Ward, Tan Uyen City, Binh Duong Province, Viet Nam	VND25,970,000,000 Charter Capital
Vietnam	Specific Gravity Company Limited	Lot No. 137-138-139, No. 7, VSIP II-A, Street No. 23, Vietnam-Singapore II-A Industrial Park, Vinh Tan Ward, Tan Uyen City, Binh Duong Province, Vietnam	VND23,500,000 Charter Capital (100% owned by Ortholite YA Group Limited)
Vietnam	Texon Manufacturing Vietnam Company Limited	Plant No. 02 and Factory No. 03, An Phuoc Industrial ZOE, An Phuoc Ward, Long Thanh District, Dong Nai Province, Viet Nam	VND33,446,917,552 Charter Capital

Joint Ventures

Country of Incorporation	Company name	Registered office address	Share class
China	Guangying Spinning Company Limited	2 Yuan Cun Xi Jie Guangzhou, 510655, China	US\$1.00 Ordinary (50%)
China	Tianjin Jinying Spinning Co Ltd	10m E of intersec. of Jinlai Rd and Mingqing Rd, Liqi Zhuang, Xiqing Qu, Tianjin, 300381, China	US\$1.00 Ordinary (50%)
India	S&P Threads Private Limited	Delite Theatre Building, III Floor, Asaf Ali Road, New Delhi, 110 002, India	INR10.00 Ordinary (50%)

Statutory audit exemptions

Coats Group plc has issued a parental guarantee under s479C of the Companies Act 2006 to the following companies, exempting them from the requirements of the Companies Act 2006 related to the audit of individual accounts by virtue of s479A of the Companies Act 2006.

Company	Registered number
B. M. Estates Limited	01032353
Brown Shipley Holdings Limited	00653955
Coats Digital Limited	04952167
Coats Finance Co. Limited	02591134
Coats Holdings Ltd	00104998
Coats Industrial Thread Limited	00332517
Coats Property Management Limited	00508154
Coats Trading (UK) Limited	13264213
Fast React Systems (Bangladesh) Limited	08586160
Fast React Systems Limited	03698622
GPG (UK) Holdings Limited	00159975
GSD (Corporate) Limited	03081931
GSD Holdings Limited	03997465
I.P. Clarke & Co. Limited	00093416
J. & P. Coats, Limited	SC002042
Texon (Newco 2) Ltd	05329581
Texon International Group Limited	05329617
Texon Management Ltd	05308213
Texon Non Woven Ltd	05286674
Texon Overseas	02082136
Torque Group International Fortune Limited	10076655
Torque Group International Wealth Limited	10076684

FIVE-YEAR SUMMARY

For the year ended 31 December	2021 US\$m	2022 US\$m	2023 US\$m	2024 US\$m	2025 US\$m
Continuing operations (before exceptional and acquisition-related items)¹:					
Revenue	1,282.7	1,412.4	1,325.6	1,433.0	1,464.9
Cost of sales	(825.1)	(937.4)	(842.9)	(886.3)	(889.8)
Gross profit	457.6	475.0	482.7	546.7	575.1
Operating costs	(258.7)	(251.6)	(246.0)	(274.8)	(285.3)
Operating profit	198.9	223.4	236.7	271.9	289.8
Share of profits from joint ventures	1.2	1.1	1.1	1.9	1.3
Finance income	0.4	2.6	4.6	3.1	11.0
Finance costs	(21.8)	(32.3)	(33.9)	(31.5)	(48.9)
Profit before taxation	178.7	194.8	208.5	245.4	253.2
Taxation	(53.3)	(59.7)	(57.5)	(70.0)	(73.4)
Profit from continuing operations	125.4	135.1	151.0	175.4	179.8
Adjusted earnings per share (cents)	7.17	8.02	8.04	9.71	9.26
Dividend per share (cents)	2.11	2.43	2.80	3.12	3.28
Adjusted free cash flow (\$m)	123.8	113.7	130.5	158.1	184.3
Adjusted return on capital employed (%)	45%	31% ²	30%	39%	22%²

Notes:

- The income statement amounts for 2021-2024 have been restated following the disposal of the Americas Yarns business. Adjusted earnings per share, adjusted free cash flow and adjusted return on capital employed for 2021-2023 are as previously reported.
- Operating profit from continuing operations before exceptional and acquisition related items for the year ended 31 December 2025 has been adjusted in the adjusted return on capital employed calculation to include OrthoLite and Viz Reflectives as if the acquisitions had taken effect at the beginning of the reporting period (1 January 2025). In addition, operating profit from continuing operations before exceptional and acquisition-related items for the year ended 31 December 2022 has been adjusted in the adjusted return on capital employed calculation to include Texon and Rhenoflex as if the acquisitions had taken effect at the beginning of the reporting period (1 January 2022).

SHAREHOLDER INFORMATION

United Kingdom

4th Floor,
14 Aldermanbury Square,
London EC2V 7HS
Tel: 020 8210 5000

[coats.com](https://www.coats.com)

Incorporated and registered in England No. 103548

Registered office:

4th Floor,
14 Aldermanbury Square,
London EC2V 7HS

UK registered members

To manage your shareholding online, please visit: investorcentre.co.uk

Location of share registers

The Company's register of members is maintained in the United Kingdom

Register enquiries may be addressed direct to the Company's share registrars named below:

Registrar	Telephone and postal enquiries	Inspection of Register
UK Main Register:		
Computershare Investor Services PLC	The Pavilions Bridgwater Road Bristol BS99 6ZZ Tel: 0370 707 1022 Facsimile: 0370 703 6143	The Pavilions Bridgwater Road Bristol BS99 6ZZ



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