



# Coats Group plc

## 2025 Full Year Results

5 March 2026

### Continued market outperformance, strong margin progression and significant free cash generation

Coats Group plc ('Coats' or the 'Group'), a world-leading Tier 2 supplier of critical components to the apparel and footwear industries, today announces its audited results for the year ended 31 December 2025.

Continuing operations	2025	2024 <sup>1</sup>	Reported	CER	Organic CER
Revenue	\$1,465m	\$1,433m	2%	3%	0%
<b>Adjusted<sup>2</sup></b>					
EBIT <sup>5</sup>	\$290m	\$272m	7%	7%	3%
EBIT Margin	19.8%	19.0%			
Basic earnings per share	9.3c	9.7c	(5)%		
<b>Reported<sup>3</sup></b>					
EBIT <sup>5</sup>	\$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			

### Strategic Highlights

- Continued success in gaining share, outperforming core thread and footwear end markets, which we estimate were down low to mid-single digits compared to our flat organic revenue
- Significant action taken to enhance returns and growth potential of Group through portfolio transition:
  - Exit from non-core Americas Yarns business, improving Group margin +100bps
  - Landmark acquisition of OrthoLite completed at end of October 2025, accelerating our strategy to create a leading Tier 2 supplier in footwear components, and underpinning Group growth
- Target adjacencies contributed one percentage point to Group revenue growth, in line with our guidance, with building momentum
- Group streamlined into two divisions (Apparel and Footwear) reducing internal complexity and more closely aligned to underlying textile engineering and polymer technologies
- Further reinforcement of 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, with Q4 margin run rate of 11.8% close to divisional medium-term target range
  - OrthoLite delivered full year profit in line with our expectations, with good revenue growth above the market and strong levels of cash generation

- Group operating margin increased by 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 the 2024 pension buy in payment and the timing of share placing in July 2025
- Record cash generation with free cash flow<sup>6</sup> of \$160m (2024: \$2m) reflective of future potential
- Net debt at \$815m with proforma leverage of 2.2x<sup>4</sup> 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

## Outlook for 2026

- We expect to grow organically, even under conditions of market uncertainty, through the powerful combination of continued share gains and adjacency growth
- OrthoLite expected to significantly outperform underlying footwear market based on technology penetration tailwinds and new business wins
- Expect further modest organic margin improvement as well as full year contribution from OrthoLite, including synergies
- Another strong year of free cash flow generation
- 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

## Upgraded medium term targets

- Following the structural evolution in the portfolio in 2025, we see an enhanced opportunity for the Group in the medium term, reflected in updated financial targets:
  - >5% revenue growth on average through the cycle, outperforming our markets by 200+bps (unchanged)
  - Operating margin range increased to 21-23% (previously 19-21%)
  - Cumulative free cash flow of c.\$1bn in next five years (previously \$750m), providing significant capital allocation flexibility
  - EPS CAGR of >10% post M&A or share buy backs (unchanged)

## Commenting on the results David Paja, Group Chief Executive, said:

*“2025 was a transformational year for Coats. We achieved record profit and cash generation, reshaped the portfolio for accelerated growth and reorganised the Group for simplicity. As a result, we have upgraded our medium-term financial targets, including c.\$1bn of free cash, and look at 2026 with confidence.”*

Notes:

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 and Viz Reflectives acquisitions.

3. Reported metrics refer to values contained in the IFRS column of the primary financial statements in either the current or comparative period

4. Leverage calculated on a frozen GAAP basis and therefore excludes the impact of IFRS 16 on both adjusted EBITDA and net debt. See note 14b for details

5. 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

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

## Conference Call

Coats Management will present its full year results in a webcast at 9.00am GMT today (Thursday 5 March 2026). The webcast can be accessed via <https://www.investis-live.com/coats/CoatsFYResults>. The webcast will also be made available in archive form on [www.coats.com](http://www.coats.com).

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## About Coats Group plc

*Coats is a world-leading Tier 2 manufacturer and trusted partner for the apparel and footwear industries. We deliver essential materials, components, and software solutions that help our customers grow, compete and win.*

*With over 250 years of industry expertise, we're shaping the future of the apparel and footwear supply chain through insight-led innovation, impactful sustainability practices, and digital technologies that unlock better product quality, efficiency and performance.*

*Headquartered in the UK, Coats is a FTSE 250 company and a constituent of the FTSE4Good Index. In 2025, we generated \$1.5 billion in revenue and employed c.19,000 people worldwide – all united by a spirit of innovation, quality and service. Learn more at [www.coats.com](http://www.coats.com) or follow us on LinkedIn.*

## Cautionary statement

*Certain statements in this full year report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.*

## **Group Chief Executive's review**

### **2025 review**

Coats delivered a resilient performance in the year against a background of macroeconomic 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.

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.

### **Portfolio enhancement**

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.

At the end of October, we completed the acquisition of OrthoLite Holdings LLC ('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. 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.

## 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	
<b>Revenue Growth</b>	>5% on average through the cycle 200+bps outperformance vs growing market
<b>EBIT %</b>	21-23% (previously 19-21%)
<b>Total EPS<sup>1</sup> CAGR</b>	>10%
<b>Cumulative Free Cash Flow<sup>1,2</sup></b>	c.\$1bn 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.

## Our approach to 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.

## **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.

## **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 waste\* 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.

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%).

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.

*\*Excluding medical and asbestos waste.*

## **Board changes**

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 FTSE250 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' CFO in May 2025 after four and half years' service.

In addition, Wu Gang joined the Board as a Non-executive Director in July 2025. He is an investment banker by background, with a career of close to 30 years in international banks in Asia and Europe, advising companies on strategic transactions and capital raising.

## **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 on 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 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.

## 2025 Operating Review

### Apparel

	2025	2024	Reported	CER <sup>2</sup>
Revenue	\$769m	\$770m	0%	1%
<b>Adjusted<sup>1</sup></b>				
EBIT	\$156m	\$151m	3%	4%
EBIT Margin	20.2%	19.6%		

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

2. Constant Exchange Rate (CER) metrics are 2024 results restated at 2025 exchange rates.

Coats is the global market leader in supplying premium sewing thread to the Apparel industries. 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.

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 GSD Quest. 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.

## Footwear

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

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

2. Constant Exchange Rate (CER) metrics are 2024 results restated at 2025 exchange rates.

3. Organic figures are results on a CER basis and exclude contributions from the OrthoLite acquisition.

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.

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.

## Performance Materials

Continuing operations	2025	2024 <sup>2</sup>	Reported	CER <sup>3</sup>	Organic <sup>4</sup>
Revenue	\$256m	\$260m	(1)%	0%	0%
<b>Adjusted<sup>1</sup></b>					
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.

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 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 Results

### 2025 Results

#### 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 rebalancing 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\*. The table below provides further detail behind the EBIT movement in the year:

Continuing Operations	\$m		Margin %
<b>2025 adjusted<sup>1</sup> EBIT</b>	<b>272</b>		<b>19.0%</b>
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		
<b>2025 adjusted<sup>1</sup> EBIT pre-OrthoLite</b>	<b>279</b>		
OrthoLite contribution	11		
<b>2025 adjusted<sup>1</sup> EBIT</b>	<b>290</b>		<b>19.8%</b>
Exceptional items	(2)		
Acquisition related items	(47)		
<b>2025 reported EBIT</b>	<b>241</b>		

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

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

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

#### 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 was \$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 follows 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. We also continued our disciplined approach to payables and receivables management as an input to working capital efficiency. Working capital as a % of sales was 11.0% in 2025 (2024: 12.4%). In 2026 we expect this ratio to return to a more typical level of c.12%.

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 conversion\* 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 cashflow 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).

*\*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.*

## **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.

# Coats Group plc

## Consolidated income statement

For the year ended 31 December

				2025			2024*
	Notes	Before exceptional and acquisition related items US\$m	Exceptional and acquisition related items (see note 3) US\$m	Total US\$m	Before exceptional and acquisition related items US\$m	Exceptional and acquisition related items (see note 3) US\$m	Total US\$m
<b>Continuing operations</b>							
Revenue		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)
<b>Gross profit</b>		<b>575.1</b>	<b>(1.3)</b>	<b>573.8</b>	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)
<b>Operating profit</b>		<b>289.8</b>	<b>(48.4)</b>	<b>241.4</b>	271.9	(47.4)	224.5
Share of profits of joint ventures		1.3	-	1.3	1.9	-	1.9
Finance income	4	11.0	-	11.0	3.1	-	3.1
Finance costs	5	(48.9)	(3.2)	(52.1)	(31.5)	-	(31.5)
<b>Profit before taxation</b>		<b>253.2</b>	<b>(51.6)</b>	<b>201.6</b>	245.4	(47.4)	198.0
Taxation	6	(73.4)	8.5	(64.9)	(70.0)	(1.5)	(71.5)
<b>Profit from continuing operations</b>		<b>179.8</b>	<b>(43.1)</b>	<b>136.7</b>	175.4	(48.9)	126.5
Loss from discontinued operations	13	0.4	(15.9)	(15.5)	(3.6)	(23.2)	(26.8)
<b>Profit for the year</b>		<b>180.2</b>	<b>(59.0)</b>	<b>121.2</b>	171.8	(72.1)	99.7
<b>Attributable to:</b>							
<b>EQUITY SHAREHOLDERS OF THE COMPANY</b>		<b>162.4</b>	<b>(59.0)</b>	<b>103.4</b>	152.2	(72.1)	80.1
Non-controlling interests		17.8	-	17.8	19.6	-	19.6
		<b>180.2</b>	<b>(59.0)</b>	<b>121.2</b>	171.8	(72.1)	99.7
<b>Earnings per share (cents)</b>	7						
<b>Continuing operations:</b>							
Basic				6.79			6.66
Diluted				6.75			6.58
<b>Continuing and discontinued operations:</b>							
Basic				5.91			4.99
Diluted				5.87			4.93
Adjusted earnings per share	14 (d)	9.26			9.71		

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

## Coats Group plc

### Consolidated statement of comprehensive income

Year ended 31 December	2025 US\$m	2024 US\$m
<b>Profit for the year</b>	<b>121.2</b>	99.7
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Remeasurements of defined benefit schemes (note 15)	(10.1)	(225.1)
Tax on items that will not be reclassified	-	(0.6)
	<u>(10.1)</u>	<u>(225.7)</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	17.5	(20.4)
<b>Other comprehensive income and expense for the year</b>	<u>7.4</u>	<u>(246.1)</u>
<b>Net comprehensive income and expense for the year</b>	<u>128.6</u>	<u>(146.4)</u>
<b>Attributable to:</b>		
<b>EQUITY SHAREHOLDERS OF THE COMPANY</b>	<u>110.8</u>	<u>(165.6)</u>
Non-controlling interests	17.8	19.2
	<u>128.6</u>	<u>(146.4)</u>

## Coats Group plc

### Consolidated statement of financial position

	Notes	31 December 2025 US\$m	31 December 2024 US\$m
<b>Non-current assets</b>			
Goodwill		372.9	120.4
Other intangible assets		1,002.3	443.5
Property, plant and equipment		248.7	226.3
Right-of-use assets		75.0	68.9
Investments in joint ventures		13.3	13.7
Other equity investments		0.5	0.6
Deferred tax assets		17.9	13.6
Pension surpluses	15	48.7	44.0
Loan receivable	15	43.6	38.3
Trade and other receivables		20.1	25.0
		<u>1,843.0</u>	<u>994.3</u>
<b>Current assets</b>			
Inventories		173.5	176.1
Trade and other receivables		336.3	292.2
Pension surpluses	15	1.5	1.5
Cash and cash equivalents	11 (g)	232.0	146.0
Non-current assets classified as held for sale		0.4	0.6
		<u>743.7</u>	<u>616.4</u>
<b>Total assets</b>		<u>2,586.7</u>	<u>1,610.7</u>
<b>Current liabilities</b>			
Trade and other payables		(338.1)	(299.2)
Income tax liabilities		(76.5)	(49.5)
Bank overdrafts and other borrowings	11 (g)	(0.5)	(0.2)
Lease liabilities	11 (g)	(21.2)	(16.6)
Retirement benefit obligations:			
- Funded schemes	15	(0.4)	(0.4)
- Unfunded schemes	15	(6.8)	(7.5)
Provisions		(32.3)	(26.5)
		<u>(475.8)</u>	<u>(399.9)</u>
<b>Net current assets</b>		<u>267.9</u>	<u>216.5</u>
<b>Non-current liabilities</b>			
Trade and other payables		(4.9)	(7.4)
Deferred tax liabilities		(107.5)	(58.0)
Borrowings	11 (g)	(1,046.2)	(595.1)
Lease liabilities	11 (g)	(71.7)	(66.6)
Retirement benefit obligations:			
- Funded schemes	15	(30.0)	(14.4)
- Unfunded schemes	15	(67.7)	(65.6)
Provisions		(19.6)	(25.1)
		<u>(1,347.6)</u>	<u>(832.2)</u>
<b>Total liabilities</b>		<u>(1,823.4)</u>	<u>(1,232.1)</u>
<b>Net assets</b>		<u>763.3</u>	<u>378.6</u>
<b>Equity</b>			
Share capital	8	120.4	99.0
Share premium account		412.3	111.4
Own shares	8	(3.2)	(5.3)
Translation reserve		(112.2)	(129.7)
Capital reduction reserve		59.8	59.8
Other reserves		246.3	246.3
Retained loss		(0.9)	(35.4)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>722.5</u>	<u>346.1</u>
Non-controlling interests		40.8	32.5
<b>Total equity</b>		<u>763.3</u>	<u>378.6</u>

# Coats Group plc

## Consolidated statement of changes in equity

For the year ended 31 December 2025

	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 Employment 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
<b>Balance as at 31 December 2024</b>	<b>99.0</b>	<b>111.4</b>	<b>(5.3)</b>	<b>(129.7)</b>	<b>59.8</b>	<b>246.3</b>	<b>(35.4)</b>	<b>346.1</b>	<b>32.5</b>	<b>378.6</b>
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	-	-	-	-	-	-	(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
<b>Balance as at 31 December 2025</b>	<b>120.4</b>	<b>412.3</b>	<b>(3.2)</b>	<b>(112.2)</b>	<b>59.8</b>	<b>246.3</b>	<b>(0.9)</b>	<b>722.5</b>	<b>40.8</b>	<b>763.3</b>

## Coats Group plc

### Consolidated statement of cash flows

For the year ended 31 December		2025	2024
	Note	US\$m	US\$m
<b>Cash inflow from operating activities</b>			
Cash generated from operations	11 (a)	330.8	196.7
Interest paid	11 (b)	(35.3)	(31.5)
Taxation paid	11 (c)	(70.8)	(69.4)
<b>Net cash generated by operating activities</b>		<b>224.7</b>	<b>95.8</b>
<b>Cash outflow from investing activities</b>			
Investment income	11 (d)	1.7	1.0
Net capital expenditure and financial investment	11 (e)	(29.5)	(24.0)
Acquisition of businesses	11 (f)	(552.0)	-
Disposal of business	11 (f)	13.1	-
Loan made to UK Pension Scheme	11 (a)	-	(38.3)
<b>Net cash absorbed in investing activities</b>		<b>(566.7)</b>	<b>(61.3)</b>
<b>Cash inflow from financing activities</b>			
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	12	450.0	-
Borrowings settled on completion of acquisitions	12	(247.6)	-
Issue of senior notes		-	248.7
Repayment of senior notes		-	(125.0)
Net decrease in other borrowings		(1.0)	(28.0)
Discontinued operations		(1.2)	(1.8)
<b>Net cash generated from financing activities</b>		<b>426.8</b>	<b>3.6</b>
<b>Net increase in cash and cash equivalents</b>			
Net cash and cash equivalents at beginning of the year		145.8	111.5
Foreign exchange gain/(losses) on cash and cash equivalents		1.4	(3.8)
<b>Net cash and cash equivalents at end of the year</b>	11 (g)	<b>232.0</b>	<b>145.8</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Net increase in cash and cash equivalents		84.8	38.1
Drawdown of acquisition loan facilities		(450.0)	-
Issue of senior notes		-	(248.7)
Repayment of senior notes		-	125.0
Net decrease in other borrowings		1.0	28.0
<b>Change in net debt resulting from cash flows (Free cash flow)</b>	14 (e)	<b>(364.2)</b>	<b>(57.6)</b>
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)
<b>Increase in net debt</b>		<b>(375.1)</b>	<b>(61.6)</b>
<b>Net debt at the start of the year</b>		<b>(532.5)</b>	<b>(470.9)</b>
<b>Net debt at the end of the year</b>	11 (g)	<b>(907.6)</b>	<b>(532.5)</b>

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025

### 1. Basis of preparation

The financial information set out in this statement does not constitute the Coats Group plc's statutory accounts for the years ended 31 December 2025 or 2024. The financial information for the year ended 31 December 2024 and 2025 is derived from the statutory accounts for 2024 (which have been delivered to the Registrar of Companies) and 2025 (which will be delivered to the Registrar of Companies following the AGM in May 2026). The auditors have reported on the 2024 and 2025 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Sections 498(2) or 498(3) of the Companies Act 2006.

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 accounting policies adopted by the Group are consistent with those set out in the 2024 Annual Report. A full list of accounting policies will be presented in the 2025 Annual Report. For details of new accounting policies applicable to the Group in 2025 and their impact please refer below.

Whilst the financial information included in this statement has been compiled in accordance with the recognition and measurement principles of applicable United Kingdom adopted international accounting standards ('IFRS'), this statement does not itself contain sufficient information to comply with IFRS. Full financial statements that comply with IFRS are included in the 2025 Annual Report; these will be available to shareholders in March 2026.

#### Critical accounting judgements and key sources of estimation uncertainty

The principal accounting policies adopted by the Group are set out in the 2025 Annual Report. 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 has 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 3 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.

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 1. Basis of preparation (continued)

#### Critical judgements in applying the Group's accounting policies (continued)

##### Discontinued operations (continued)

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 13 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 13 for further details on the results of the Americas Yarns business.

##### Key sources of estimation uncertainty

There are no key 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 12 for details of the OrthoLite acquisition.

- Assumptions used in determining the value in use for the US and Mexico cash generating unit ("CGU")

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 key revenue and margin growth assumptions could result in a change in the assessed recoverable amount of the CGU.

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 1. Basis of preparation (continued)

#### Other areas of estimation uncertainty (continued)

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 %
<b>US and Mexico CGU</b>	<b>6.4</b>	<b>5.5</b>	<b>1.5</b>	<b>0.1</b>	<b>2.2</b>

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 CGU 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.

#### New IFRS accounting standards, interpretations and amendments adopted in the year

Except for the changes arising from the adoption of new accounting standards, interpretations and amendments (as detailed below), the same accounting policies, presentation and methods of computation have been followed in the financial information set out in this statement as applied in the Group's annual financial statements for the year ended 31 December 2024.

During the year, the Group adopted the following standards, interpretations and amendments:

- Lack of Exchangeability (Amendments to IAS 21).

The adoption has not had a material impact on the financial statements of the Group.

#### 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 included in the 2025 Annual Report, 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

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 1. Basis of preparation (continued)

#### Going concern (continued)

- 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 included in the 2025 Annual Report, 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).

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.

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 1. Basis of preparation (continued)

#### Principal exchange rates

The principal exchange rates (to the US dollar) used 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%).

### 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 12).

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.

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 2. Segmental analysis (continued)

#### Segment revenue and results

Year ended 31 December 2025	Apparel US\$m	Footwear US\$m	Performance Materials US\$m	Total US\$m
<b>Continuing operations</b>				
Revenue	<u>768.7</u>	<u>440.0</u>	<u>256.2</u>	<u>1,464.9</u>
Segment profit	<u>155.5</u>	<u>105.3</u>	<u>29.0</u>	<u>289.8</u>
Exceptional and acquisition related items (note 3)				<u>(48.4)</u>
<b>Operating profit</b>				<b>241.4</b>
Share of profits of joint ventures				1.3
Finance income				11.0
Finance costs				<u>(52.1)</u>
<b>Profit before taxation from continuing operations</b>				<b>201.6</b>

Year ended 31 December 2024*	Apparel US\$m	Footwear US\$m	Performance Materials US\$m	Total US\$m
<b>Continuing operations</b>				
Revenue	<u>769.8</u>	<u>403.5</u>	<u>259.7</u>	<u>1,433.0</u>
Segment profit	<u>150.6</u>	<u>94.8</u>	<u>26.5</u>	<u>271.9</u>
Exceptional and acquisition related items (note 3)				<u>(47.4)</u>
<b>Operating profit</b>				<b>224.5</b>
Share of profits of joint ventures				1.9
Finance income				3.1
Finance costs				<u>(31.5)</u>
<b>Profit before taxation from continuing operations</b>				<b>198.0</b>

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.

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 2. Segmental analysis (continued)

#### Disaggregation of revenue

The following table shows revenue disaggregated by primary geographical markets with a reconciliation of the disaggregated revenue with the Group's reportable segments.

Year ended 31 December	2025 US\$m	2024* US\$m
<b>Continuing operations</b>		
<b>Primary geographic markets</b>		
Asia	1,018.3	964.2
Americas	162.8	166.5
EMEA	283.8	302.3
<b>Total</b>	<b>1,464.9</b>	1,433.0
<b>Continuing operations</b>		
Apparel	768.7	769.8
Footwear	440.0	403.5
Performance Materials	256.2	259.7
<b>Total</b>	<b>1,464.9</b>	1,433.0
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	1,452.7	1,421.7
Software solution services transferred over time	12.2	11.3
<b>Total</b>	<b>1,464.9</b>	1,433.0

The software solutions business is included in the Apparel segment.

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.

### 3. 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 14.

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.

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

## Coats Group plc

### Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

#### 3. Exceptional and acquisition related items (continued)

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 6.

#### 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
<b>Exceptional items:</b>		
<b>Strategic project costs:</b>		
- Cost of sales	1.3	18.7
- Distribution costs	0.2	-
- Administrative costs	0.1	4.3
	1.6	23.0
<b>Costs to deliver Footwear acquisitions integration synergies:</b>		
- Distribution costs	0.2	0.5
- Administrative costs	-	0.8
	0.2	1.3
<b>UK pension scheme costs</b>		
- Administrative costs	-	1.8
	-	1.8
<b>Total exceptional items charged to profit before taxation from continuing operations</b>	1.8	26.1

#### 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).

#### 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.

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 3. Exceptional and acquisition related items (continued)

#### Acquisition related items

Acquisition related items are set out below:

Year ended 31 December	2025 US\$m	2024* US\$m
<b>Acquisition related items:</b>		
<i>Administrative expenses:</i>		
Acquisition transaction costs	19.6	-
Amortisation of acquired intangible assets	27.0	21.3
	46.6	21.3
<i>Finance costs:</i>		
Acquisition transaction costs	3.2	-
	49.8	21.3
<b>Total acquisition related items charged to profit before taxation from continuing operations</b>	<b>49.8</b>	<b>21.3</b>

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 12).

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.

### 4. 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

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 5. Finance costs

<b>Year ended 31 December</b>	<b>2025 US\$m</b>	<b>2024* US\$m</b>
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
	<b>52.1</b>	<b>31.5</b>

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 3 and 12).

### 6. Tax on profit from continuing operations

<b>Year ended 31 December</b>	<b>2025 US\$m</b>	<b>2024* US\$m</b>
Current tax charge	(70.5)	(72.6)
Deferred tax credit	5.6	1.1
Total tax charge from continuing operations	<b>(64.9)</b>	<b>(71.5)</b>

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).

### 7. 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 8).

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.

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 7. Earnings per share (continued)

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

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
<b>Continuing operations:</b>		
Basic earnings per ordinary share	6.79	6.66
Diluted earnings per ordinary share	6.75	6.58
<b>Continuing and discontinued operations:</b>		
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).

## Coats Group plc

### Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

#### 8. Issued 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 12).

	Number of Shares	US\$m
At 1 January 2025	1,597,810,385	99.0
Issue of ordinary shares	319,562,076	21.4
<b>At 31 December 2025</b>	<b>1,917,372,461</b>	<b>120.4</b>

During the year ended 31 December 2024 the Company had 1,597,810,385 Ordinary shares of 5p each in issue.

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).

#### 9. 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
	<b>54.1</b>	<b>46.5</b>

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.

#### 10. US 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.

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 10. US environmental matters (continued)

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.

### 11. 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 <sup>1</sup>	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)
<b>Cash generated from operations</b>	<b>330.8</b>	<b>196.7</b>

<sup>1</sup> 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.

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 11. Notes to the consolidated cash flow statement (continued)

#### 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)

#### 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)	-

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 11. Notes to the consolidated cash flow statement (continued)

#### 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)
<b>Net cash and cash equivalents</b>	<b>231.9</b>	<b>145.8</b>
Borrowings	(1,046.6)	(595.1)
<b>Net debt excluding lease liabilities</b>	<b>(814.7)</b>	<b>(449.3)</b>
Lease liabilities	(92.9)	(83.2)
<b>Total net debt</b>	<b>(907.6)</b>	<b>(532.5)</b>

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).

### 12. 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.

## Coats Group plc

### Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

#### 12. Acquisitions (continued)

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  
US\$m**

<b>Assets</b>	
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
<b>Liabilities</b>	
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)
<b>Total identifiable net assets acquired at provisional fair values</b>	<b>338.3</b>
Goodwill recognised on acquisition (provisional)	242.2
<b>Total net assets acquired at provisional fair values</b>	<b>580.5</b>
<b>Cash purchase consideration paid</b>	<b>581.7</b>
Completion and other adjustments	(1.2)
<b>Total consideration payable</b>	<b>580.5</b>

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.

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 12. Acquisitions (continued)

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 \$23.3m, \$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 from the date of acquisition 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 purchase consideration was paid in cash with the amounts included in the statement of consolidated cash reconciled as follows:

	<b>Total US\$m</b>
Purchase consideration paid to previous owners	581.7
Cash and cash equivalents acquired	<u>(33.7)</u>
<b>Acquisition of businesses – investing cash flows</b>	<b>548.0</b>
External bank borrowings settled on completion – financing cash flows	<u>247.6</u>
<b>Total cash out flow on the acquisition date</b>	<b><u>795.6</u></b>

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.

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 12. Acquisitions (continued)

#### Acquisition of Viz Reflectives (continued)

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 acquisitions 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 3). 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.

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 13. 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 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.

The results of the discontinued Americas Yarns business are presented below:

Year ended 31 December	2025 US\$m	2024* US\$m
<b>Revenue</b>	<b>26.3</b>	67.9
Cost of sales	<b>(40.6)</b>	(84.9)
<b>Gross loss</b>	<b>(14.3)</b>	(17.0)
Distribution costs	<b>(1.0)</b>	(3.6)
Administrative expenses	<b>(2.1)</b>	(4.1)
Other operating income	<b>1.2</b>	-
<b>Operating loss</b>	<b>(16.2)</b>	(24.7)
Finance costs	-	(1.2)
<b>Loss before taxation</b>	<b>(16.2)</b>	(25.9)
Taxation	<b>0.7</b>	(0.4)
<b>Loss from discontinued operations</b>	<b>(15.5)</b>	(26.3)

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).

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

## Coats Group plc

### Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

#### 13. Discontinued operations (continued)

##### Strategic exit from the Americas Yarns business (continued)

##### Exceptional and acquisition related items – discontinued operations

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)
<i>Administrative expenses:</i>		
Acquired intangible assets – amortisation and impairment charges	-	(3.3)
<i>Other operating income:</i>		
Profit on disposal of property	1.2	-
<b>Total exceptional and acquisition related items – discontinued operations</b>	<b>(16.7)</b>	<b>(22.4)</b>

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
<b>Loss per ordinary share from discontinued operations:</b>		
Basic 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).

# Coats Group plc

## Notes to the consolidated financial information for the year ended 31 December 2025 (continued)

### 13. Discontinued operations (continued)

#### Cash flows from discontinued operations

The table below sets out the 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)
<b>Net cash flows from discontinued operations</b>	<b>14.7</b>	<b>(13.3)</b>

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.

### 14. Alternative performance measures

The financial information in this statement 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.

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the financial information for the year ended 31 December 2025 (continued)

### 14. Alternative performance measures (continued)

#### 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 3 for further details).

<b>Year ended 31 December</b>	<b>2025 US\$m</b>	<b>2024* US\$m</b>	<b>% Growth</b>
Revenue from continuing operations	<b>1,464.9</b>	1,433.0	2%
Constant currency adjustment	-	(9.3)	
<b>Revenue on a CER basis</b>	<b>1,464.9</b>	1,423.7	3%
Revenue from acquisitions <sup>1</sup>	<b>(43.3)</b>	-	
<b>Organic revenue on a CER basis</b>	<b>1,421.6</b>	1,423.7	-
<b>Year ended 31 December</b>	<b>2025 US\$m</b>	<b>2024* US\$m</b>	<b>% Growth</b>
Operating profit from continuing operations <sup>2</sup>	<b>241.4</b>	224.5	8%
Exceptional and acquisition related items (note 3)	<b>48.4</b>	47.4	
Adjusted operating profit from continuing operations	<b>289.8</b>	271.9	7%
Constant currency adjustment	-	(1.8)	
<b>Adjusted operating profit on a CER basis</b>	<b>289.8</b>	270.1	7%
Operating profit from acquisitions <sup>1</sup>	<b>(10.8)</b>	-	
<b>Organic adjusted operating profit on a CER basis</b>	<b>279.0</b>	270.1	3%

<sup>1</sup> Revenue and operating profit from acquisitions relates to the acquisitions of the OrthoLite and Viz Reflectives businesses (see note 12).

<sup>2</sup> Refer to the consolidated income statement for a reconciliation of profit before taxation to operating profit from continuing operations.

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

## Coats Group plc

### Notes to the financial information for the year ended 31 December 2025 (continued)

#### 14. Alternative performance measures (continued)

##### 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 assets, 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 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 4)	(11.0)	(3.1)
Finance costs (note 5)	52.1	31.5
Operating profit from continuing operations <sup>1</sup>	241.4	224.5
Exceptional and acquisition related items (note 3)	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
<b>Adjusted EBITDA</b>	<b>333.0</b>	<b>314.8</b>

<sup>1</sup> 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 11 (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.

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the financial information for the year ended 31 December 2025 (continued)

### 14. Alternative performance measures (continued)

#### 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. This is consistent with how the Group monitors and manages the effective tax rate.

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 3)	51.6	47.4
<b>Adjusted profit before taxation from continuing operations</b>	<b>253.2</b>	<b>245.4</b>
Taxation charge from continuing operations	64.9	71.5
Tax credit/(charge) in respect of exceptional and acquisition related items	8.5	(1.5)
<b>Adjusted tax charge from continuing operations</b>	<b>73.4</b>	<b>70.0</b>
<b>Adjusted effective tax rate</b>	<b>29%</b>	<b>29%</b>

#### 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 3)	51.6	47.4
Tax (credit)/charge in respect of exceptional and acquisition related items	(8.5)	1.5
<b>Adjusted profit from continuing operations</b>	<b>162.0</b>	<b>155.8</b>
Weighted average number of Ordinary Shares	1,750,596,612	1,604,461,401
<b>Adjusted earnings per share (cents)</b>	<b>9.26</b>	<b>9.71</b>
<b>Adjusted earnings per share (decline %)</b>	<b>(5%)</b>	

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 7).

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the financial information for the year ended 31 December 2025 (continued)

### 14. Alternative performance measures (continued)

#### 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
<b>Free cash flow pre-shareholder dividends and M&amp;A</b>	<b>159.9</b>	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)
<b>Adjusted free cash flow</b>	<b>184.3</b>	158.1

\* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

# Coats Group plc

## Notes to the financial information for the year ended 31 December 2025 (continued)

### 14. 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 the full year impact of acquisitions <sup>1</sup>	<b>344.6</b>	271.9
<b>Non-current assets</b>		
Acquired intangible assets	<b>1,128.3</b>	317.2
Property, plant and equipment	<b>248.7</b>	212.3
Right-of-use assets	<b>75.0</b>	58.9
Trade and other receivables	<b>20.1</b>	25.0
<b>Current assets</b>		
Inventories	<b>173.5</b>	162.8
Trade and other receivables	<b>336.3</b>	286.5
<b>Current liabilities</b>		
Trade and other payables	<b>(338.1)</b>	(290.7)
Lease liabilities	<b>(21.2)</b>	(15.3)
<b>Non-current liabilities</b>		
Trade and other payables	<b>(4.9)</b>	(7.4)
Lease liabilities	<b>(71.7)</b>	(54.4)
<b>Capital employed</b>	<b>1,546.0</b>	694.9
<b>Adjusted ROCE</b>	<b>22%</b>	39%

<sup>1</sup> 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 3 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.

### 15. Retirement and other post-employment benefit arrangements

The net deficit for the Group's retirement and other post-employment defined benefit arrangements (UK and other Group schemes), on an IAS 19 basis, was \$11.1m as at 31 December 2025 (2024: \$4.1m), excluding a loan payable by the Coats UK Pension Scheme to the Group of \$43.6m (2024: \$38.3m).

Including the loan of \$43.6m at 31 December 2025 (2024: \$38.3m) 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 arrangements, on an IAS 19 basis, was \$54.7m as at 31 December 2025 (2024: \$42.4m).

# Coats Group plc

## Notes to the financial information for the year ended 31 December 2025 (continued)

### 15. Retirement and other post-employment benefit arrangements (continued)

The Coats UK Pension Scheme had a surplus on an IAS 19 basis at 31 December 2025 of \$18.4m (2024: \$29.2m), excluding a loan payable by the Coats UK Pension Scheme to the Group of \$43.6m at 31 December 2025 (2024: \$38.3m). Including the loan of \$43.6m at 31 December 2025 (2024: \$38.3m) as a liability of the Coats UK Pension Scheme payable to the Group, the Coats UK Pension Scheme had a deficit on an IAS 19 basis at 31 December 2025 of \$25.2m (31 December 2024: \$9.1m).

In December 2022, the Coats UK Pension Scheme purchased a £350m bulk annuity policy from Aviva, which insures all the benefits payable in respect of around 3,700 pensioner members (a "buy-in"). This policy saw all financial and demographic risks, including those related to longevity, covered for approximately 20% of Scheme members.

In September 2024 the Group and the UK pension scheme Trustees agreed to purchase a £1.3 billion bulk annuity policy purchase from Pension Insurance Corporation plc ("PIC"), which insures the remaining 80% of the UK scheme's pension liabilities. 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.

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).

### 16. Directors

The following persons were, except where noted, directors of Coats Group plc during the whole of the year ended 31 December 2025 and up to the date of this report:

D Gosnell OBE	
D Paja	
J Callaway	(Resigned 21 May 2025)
W Gang	(Appointed 1 July 2025)
S Highfield	
H Lu	
S Murray	
H Nichols	(Appointed 24 April 2025)
S Phatak	
F Philip	
J Sigurdsson	

On behalf of the Board  
D Gosnell  
Chair  
4 March 2026

#### United Kingdom

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