

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

ANNOUNCEMENT PURSUANT TO UK LISTING RULE 7.3



Coats Group PLC

29 July 2025

Further Information regarding the Acquisition of OrthoLite Holding LLC (‘OrthoLite’)

On 16 July 2025, Coats Group plc (**‘Coats’**, the **‘Company’** and, together with its subsidiary undertakings, the **‘Group’**) announced it had signed a definitive agreement to acquire OrthoLite Holding LLC (**‘OrthoLite’**) (the **‘Acquisition’**), the global market leader of premium insoles, for an initial enterprise value of \$770m (the **‘Original Announcement’**). The Acquisition constitutes a "Significant Transaction" for the purposes of the UK Listing Rules. This announcement includes the additional information required to be disclosed in accordance with the requirements of UKLR 7.3.1R and 7.3.2R and is supplemental to, and should be read in conjunction with, the Original Announcement. Certain information contained in the Original Announcement (accessible at Coats’ [website](#)) is restated in this announcement.

Transaction Highlights

- Compelling strategic fit accelerating Coats’ strategy to create a ‘super tier 2’ supplier for footwear components, significantly strengthening the existing Coats footwear business through expansion into the attractive, high-growth premium insole segment.
- Highly complementary to Coats’ existing footwear business, with significant overlap in customer base, route-to-market and operational footprint, providing attractive future commercial opportunities to accelerate growth through innovation and cross-selling.
- Significant initial annualised joint cost synergies identified of \$20m expected to be delivered by 2028 from savings in joint footprint optimisation, operational excellence, strategic procurement and support functions, leveraging Coats’ experience of successfully delivering synergies from footwear acquisitions.
- Attractive financial effects, accelerating the delivery of Coats’ existing medium-term targets; enhancing Group EBIT margins and EPS accretive from the first full year, with ROIC exceeding WACC by 2028, and strong operating cash conversion of 90%+ supporting Group free cash flow growth.
- Acquisition of a high-quality business further improves the quality of Group earnings, shifting balance towards the high-growth, high-margin footwear segment.
- Consideration to be funded through a combination of new debt facilities with certain of Coats’ existing lenders and proceeds of an equity placing of up to 19.99% of issued share capital, with

expected pro-forma net leverage of 2.2x at December 2025, falling to below 2.0x by the end of 2026.

Transaction Summary

Coats has agreed to pay an initial enterprise value of \$770m in respect of the Acquisition. This represents a multiple of 10.0x EV / EBITDA¹, reducing to less than 8.0x on a post-synergy basis, which includes \$20m of initial joint annualised cost synergies to be delivered by 2028. A further contingent payment of up to \$10m is payable based on potential EBITDA performance in 2025. The consideration of the Acquisition will be funded through a combination of new debt facilities with certain of Coats' existing lenders and proceeds of an equity placing of up to 19.99% of issued share capital (the '**Placing**'). The Placing was completed on 21 July 2025, raising gross proceeds of approximately £246 million. The transaction is subject to customary regulatory clearances and is expected to close in Q4 2025.

Further details on the transaction are set out in the Original Announcement (accessible at Coats' [website](#)).

Further information

Financial Information

The following table contains key historical financial information of OrthoLite for 12-month reporting periods ending 31 December 2020 to 31 December 2024, which has been extracted from unaudited management accounts prepared in accordance with US GAAP:

<i>Year Ending 31-December</i>	2020	2021	2022	2023	2024
Revenue (\$m)	176	241	278	217	258
Revenue Growth %	<i>n.a.</i>	36.9%	15.2%	(21.7%)	18.4%
Adjusted EBITDA Margin %	26%	20%	24%	26%	28%

Gross assets of Ortholite as at December 2024 were \$920m. Adjusted EBITDA for the year ended 31 December 2024 was \$73m and estimated to be \$77m for the twelve months to 30 June 2025. This information was also extracted from unaudited management accounts prepared in accordance with US GAAP.

Synergies

The estimated joint synergies summarised above under the heading "Transaction Highlights" reflect only the beneficial annualised elements and are contingent on the Acquisition completing, and could not be achieved independently. The directors' belief that these synergies will be able to be achieved is underpinned by an extensive modelling exercise that was undertaken by management in collaboration with the Company's advisers, also being informed by the Company's successful track record of delivering synergies from the footwear acquisitions of Texon and Rhenoflex in 2022. One-off costs to achieve these synergies is estimated at \$35m.

Related Party Transactions

The Company has not entered into any related party transactions that are relevant to the Acquisition and have not been published prior to the release of this announcement. For completeness, it is noted that the

¹ EBITDA is LTM adjusted.

details of the participation of certain persons discharging managerial responsibilities in the Placing were included in the announcement released on 16 July 2025.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the period covering the 12 months preceding the date of this announcement which may have, or have had in the recent past, significant effects on the Group's or OrthoLite's financial position or profitability.

Material Contracts of the Company

No contracts have been entered into by the Company or another member of the Group (not being contracts entered into in the ordinary course of business): (i) within the period of two years immediately preceding the date of this announcement that are, or may be, material to the Group; or (ii) that contain any provisions under which any member of the Group has any obligation or entitlement that is, or may be, material to the Group, save as disclosed below.

PART A: CORE DOCUMENTS IN CONNECTION WITH THE ACQUISITION

Confidentiality Agreement

J&P Coats Limited ('**J&P Coats**') and William Blair & Company, LLC for and on behalf of OrthoLite entered into a confidentiality agreement on 16 October 2024 (the '**Confidentiality Agreement**'), pursuant to which, among other things, J&P Coats undertook to keep information relating to OrthoLite confidential and not to disclose it to third parties (other than to certain authorised recipients) unless required by law or regulation. J&P Coats also undertook to use confidential information relating to OrthoLite only in connection with the Acquisition. Unless terminated early, these obligations shall remain in force for a period of 3 years from the date of the Confidentiality Agreement.

The Confidentiality Agreement also contains an undertaking from J&P Coats to not, for a period of two years from the date of the Confidentiality Agreement, solicit or employ (subject to certain customary exceptions) any employee of OrthoLite.

The Confidentiality Agreement, and the obligations specified above, automatically terminate on Closing (as defined below).

Clean Team Agreement

J&P Coats and OrthoLite entered into a clean team agreement dated 28 May 2025 (the '**Clean Team Agreement**'), the purpose of which is to set out the terms governing the disclosure of information by or on behalf of OrthoLite, which is deemed by OrthoLite to be of a commercially sensitive nature, to certain specified directors, officers, employees and contractors of J&P Coats who are not involved in operational matters at J&P Coats and their external advisers only, as well as the related analysis, reporting and potential return or destruction of such information.

The Clean Team Agreement terminates automatically on Closing (as defined below).

Merger Agreement

On 16 July 2025, Coats North America Consolidated, Inc. ('**CNAC**'), a wholly-owned subsidiary of Coats, and Innovate Acquisition LLC (the '**BidCo**'), a newly incorporated wholly-owned subsidiary of Coats, entered into a merger and stock purchase agreement (the '**Merger Agreement**') to acquire OrthoLite from Trilantic Capital Partners V (North America), L.P.O., Trilantic Capital Partners V (North America) Fund A L.P., TCP OrthoLite Investments L.P. (together '**Trilantic**') and certain management sellers (together with Trilantic, the '**Sellers**'). The total consideration payable for the Acquisition is \$770,000,000 on a cash and debt free basis, subject to a customary 'completion accounts' adjustment process. A further contingent earn-

out of up to \$10,000,000 is payable based on certain adjusted EBITDA hurdles in respect of the 2025 financial year.

CNAC also agreed the form of a supplemental agreement to be entered into on completion under the Merger Agreement ('**Closing**') with certain of the parties to the Merger Agreement (the '**Supplemental Agreement**'), pursuant to which CNAC agrees that an annual supplemental payment equal to 5% of the annual revenue attributable to the sale or commercialisation of certain products or materials incorporating or using certain Cirql technology, trade secrets or know-how shall be payable to such parties. The supplemental payment is payable for a period of 5 years from the date of Closing. CNAC retains sole discretion in respect of any decisions relating to the Cirql technology and business, and the Supplemental Agreement does not impose any obligations on Coats in respect of the development, use, sale or commercialisation of such technology and business.

The Acquisition is conditional upon and subject to obtaining certain regulatory approvals. As at the date of this announcement, the only regulatory approvals assessed as being required are under the US HSR regime and the Vietnamese Competition Commission.

The Sellers and OrthoLite have each given certain customary representations and warranties in relation to the Acquisition. The Acquisition is on a customary nil-recourse basis, with CNAC's recourse limited, save in respect of fraud, to recover under a representation and warranty insurance policy entered into by CNAC on 16 July 2025 (see R&W Policy section below for further details).

The Sellers and OrthoLite have given customary gap covenants restricting the conduct of certain activities of OrthoLite without the prior written consent of CNAC prior to Closing.

The Merger Agreement is governed by the laws of the State of Delaware.

Restrictive Covenant Agreements

In connection with the Acquisition, CNAC entered into restrictive covenant agreements with certain Sellers (specifically, Trilantic and certain key management members receiving substantial proceeds in connection with the Acquisition) (the '**RCAs**'). These RCAs contain certain non-compete and non-solicitation undertakings given by the relevant Sellers to preserve the business continuity of OrthoLite after Closing.

The RCAs are governed by the laws of the State of Delaware.

R&W Policy

As the Merger Agreement is on a customary nil-recourse basis, CNAC entered into a buyer-side representation and warranty insurance policy, with Euclid Transactional, LLC ('**Euclid**') underwriting the primary policy and excess insurance policies with Euclid and Ryan Transactional Risk on 16 July 2025 (together, the '**R&W Policy**'), in order to provide recourse in respect of any breach of the representations and warranties given under the Merger Agreement and to provide for a synthetic tax covenant covering certain pre-closing tax liabilities of OrthoLite.

The R&W Policy provides recourse for the aforementioned representations and warranties and tax liabilities up to an aggregate limit of \$77,000,000, subject to further customary limitations and exclusions set out in the R&W Policy. Cover is provided for breaches of business representations and warranties for 3 years from Closing and for breaches of fundamental representations and warranties and tax warranties and liabilities for 6 years from Closing. The retention is \$3,465,000 of covered loss before the insured parties can begin to recover during the first 12 months from Closing, dropping to \$2,310,000 on and following the first anniversary of Closing, save in respect of claims for a breach of any fundamental representation and warranty for which the retention is \$500,000.

Material Contracts of OrthoLite

No contracts have been entered into by OrthoLite or its subsidiary undertakings (not being contracts entered into in the ordinary course of business): (i) within the period of two years immediately preceding the date of this announcement that are, or may be, material to OrthoLite; or (ii) that contain any provisions under which OrthoLite or any of its subsidiary undertakings has any obligation or entitlement that is, or may be, material to OrthoLite, save for the Confidentiality Agreement, the Clean Team Agreement and the Merger Agreement summarised above.

PART B: DOCUMENTS IN CONNECTION WITH DEBT FINANCING

Facilities Agreement

Overview and structure

On 16 July 2025 (the '**date of the Facilities Agreement**'), a member of the Group, Coats Group Finance Company Limited (as company and borrower) (the '**Borrower**'), BNP Paribas, Citibank, N.A., London Branch and Standard Chartered Bank (as joint bookrunners and joint mandated lead arrangers) (the '**Arrangers**'), BNP Paribas, BNP Paribas Fortis SA/NV, Citibank, N.A., London Branch and Standard Chartered Bank (as original lenders) and Global Loan Agency Services Limited (as agent) (the '**Agent**') entered into a \$550,000,000 term loan facilities agreement (the '**Facilities Agreement**').

The Facilities Agreement provides committed debt facilities in an aggregate total principal amount of \$550,000,000, by way of a \$400,000,000 bridge facility (the '**Bridge Facility**') and a \$150,000,000 term facility (the '**Term Facility**') and, together with the Bridge Facility, the '**Facilities**'). The Facilities may be utilised by the Borrower by way of loans denominated in USD. The proceeds of such loans may be applied by the Borrower towards (directly or indirectly): (i) financing or otherwise paying the purchase price payable pursuant to the Acquisition and any other amounts required to be paid under any documents entered into in respect of the Acquisition, and (ii) the payment of fees, costs and expenses incurred by any member of the Group in connection with the Acquisition, any documents entered into in respect of the Acquisition and any document entered into in respect of the Facilities.

Availability

The Facilities are provided on a customary 'certain funds basis' and may, subject to the satisfaction of customary documentary conditions precedent, be utilised from and including the date of the Facilities Agreement to 11.59 p.m. (New York time) on the earliest of: (i) the Closing Date (as defined in the Merger Agreement); (ii) the Termination Date (as defined in the Merger Agreement); (iii) the date falling nine months following (but excluding) the date of the Facilities Agreement; (iv) the date on which the Borrower (or any of its affiliates) determines and notifies the Agent in writing (which notification shall be provided as soon as reasonably practicable after making such determination) that the Merger Agreement has been validly and conclusively terminated in accordance with its terms; and (v) the date on which the Borrower (or any of its affiliates) notifies the Agent in writing (which notification shall be provided as soon as reasonably practicable after the relevant abandonment) that the Borrower (or any of its affiliates) has permanently abandoned the Acquisition (which may be through the final withdrawal or final rejection of the Borrower's (or any of its affiliates') final offer for OrthoLite or the vendors' binding acceptance of a competing bid for OrthoLite).

Maturity

Subject to the extension options set out below: (i) the Bridge Facility matures on the date falling 12 months after the earlier of (A) the utilisation date of the Facilities, and (B) 31 December 2025 (the '**Initial Bridge Termination Date**'); and (ii) the Term Facility matures on 21 August 2028 (the '**Initial Term Termination Date**'). All outstanding amounts under the relevant Facility must be repaid in full on or prior to the maturity date (extended if applicable) for that Facility.

The Borrower may (in its sole discretion), by giving notice to the Agent:

- (a) extend the maturity date for the Bridge Facility to (i) the date falling six months after the Initial Bridge Termination Date (the '**First Extended Bridge Termination Date**'); and (ii) if the maturity date for the Bridge Facility has been extended to the First Extended Bridge Termination Date, the date falling six months after the First Extended Bridge Termination Date; and
- (b) request that the maturity date for the Term Facility be extended to the date falling one year after the Initial Term Termination Date, and such extension request is subject to the consent of each term lender and those term lenders that do not consent to such extension, shall, if the Borrower accepts the extension by less than all term lenders, be repaid on the Initial Term Termination Date.

Certain Specific Mandatory Prepayment Requirements

Following an Exit Event (as defined in the Facilities Agreement):

- (a) a Lender shall not be obliged to fund a loan under the Facilities Agreement;
- (b) the Borrower and the Agent shall consult for a period not exceeding 30 days following the Exit Event (the '**Consultation Period**') on the continued availability of the Facilities, and if the Facilities are to continue being available, on what terms they shall continue to be provided, and no lender shall be permitted to cancel its Commitments and/or demand the repayment of its share in each loan (if then outstanding) during the Consultation Period; and
- (c) if no agreement is reached between the Borrower and the Agent (acting on the instructions of all lenders) on or before the end of the Consultation Period as to the terms on which a Facility shall continue to be made available, a lender not agreeing to the terms on which that Facility shall continue may, following the end of the Consultation Period, if that lender so requires and notifies the Agent within 10 business days' of the date falling at end of the Consultation Period, require the cancellation of each available commitment of that lender under that Facility and declare the participation of that lender under that Facility in each loan (if then outstanding), together with accrued interest, and all other amounts accrued or outstanding under the finance documents immediately due and payable, whereupon each such available commitment will be immediately cancelled, any commitment of that lender under that Facility shall immediately cease to be available for further utilisation and each loan under that Facility, accrued interest and other amounts shall become immediately due and payable,

Where any net cash proceeds from any loan, bond, note, private placement or other debt capital market issuance (other than certain excluded proceeds) are received by any member of the Group:

- (a) on or after the utilisation date of the Facilities, the Borrower shall ensure that an amount equal to such net cash proceeds (or if lower, the amount required to prepay all Bridge Facility loans in full) is applied towards prepayment of the Bridge Facility loans; or
- (b) prior to the utilisation date of the Facilities, the total bridge commitments shall be reduced, and the Bridge Facility shall be cancelled, in an amount equal to such net cash proceeds on the date of receipt of the same by any member of the Group.

Interest Rate, Fees and Agency Fees

The interest rate on the loans outstanding under the Facilities is the rate per annum equal to the applicable margin plus compounded SOFR.

The margin under the Bridge Facility starts at a specified percentage but steps up a certain number of basis points every three months following the utilisation date of the Bridge Facility (subject to a maximum of five step-ups).

The margin under the Term Facility starts at a specified percentage, provided that from the first date on which annual or half yearly Group financial statements are delivered under the Facilities Agreement, if a compliance certificate has been delivered setting out the current Leverage (as defined in the Facilities Agreement), the margin in respect of the Term Facility will vary depending on the Leverage level set out in the relevant compliance certificate (and whether or not an Acquisition Spike (as defined in the Facilities Agreement) has occurred, which has the effect of, for the next three half year dates following its activation, increasing the Leverage financial covenant level).

Default interest is paid on overdue amounts and is calculated at a rate which is a specified percentage higher than that applicable to the loans under the relevant Facility.

The Borrower is also required to pay:

- (a) customary agency fees to the Agent in connection with the Facilities Agreement pursuant to an agency fee letter dated 16 July 2025 between the Borrower and the Agent; and
- (b) customary upfront and ticking fees to the Arrangers in connection with the Facilities Agreement pursuant to a fee letter dated 8 July 2025 between the Borrower and the Arrangers.

Representations and Warranties, Undertakings and Events of Default.

The Facilities Agreement contains:

- (a) certain customary representations and warranties, subject to certain customary materiality, material adverse effect and knowledge qualifications, and with the following representations and warranties being repeated: (i) status; (ii) binding obligations; (iii) non-conflict with other obligations; (iv) power and authority; (v) validity and admissibility in evidence; and (vi) sanctions; and
- (b) certain customary undertakings and/or covenants (subject to certain customary permissions) including, among others: (i) information undertakings, (ii) a negative pledge, (iii) a restriction on financial indebtedness of non-Obligors; (iii) a restriction on disposals; (iv) a restriction on acquisitions that are significant transactions under the UK Listing Authority Rules (other than the Acquisition); (v) sanctions; (vi) a restriction on joint ventures; (vii) certain Acquisition related undertakings; and (vii) Interest Cover and Leverage financial covenants; and
- (c) certain customary events of default subject to customary limitations, thresholds or grace periods, including, among others, (i) non-payment; (ii) breach of a financial covenant; (iii) breach of other obligations under the finance documents; (iv) misrepresentation; (v) cross default; (vi) insolvency; (vii) insolvency proceedings; and (viii) creditors process.

Commitment Letter

On 8 July 2025 BNP Paribas, Citibank, N.A., London Branch and Standard Chartered Bank provided the Borrower (as defined in the Facilities Agreement section above) a commitment letter (attaching a term sheet) setting out the terms and conditions on which they committed to provide the Borrower the Facilities (as defined in the Facilities Agreement section above) on a customary certain funds basis (such commitment letter was accepted by the Borrower on 16 July 2025). Such commitment letter was on customary terms and subject to limited customary conditions (one such condition being entry into the Facilities Agreement). As such the commitment to provide the Facilities provided under such commitment

letter has generally been superseded by entry into the Facilities Agreement outlined above (and as contemplated by such commitment letter).

Existing Revolving Credit Facility and Existing US Private Placement Notes

Existing Revolving Credit Facility

Coats Group Finance Company Limited as company, original borrower and original guarantor is party to a revolving credit facility agreement originally dated 9 April 2021 (as amended and restated pursuant to an amendment and restatement agreement dated 21 August 2024) with, among others, Banco Bilbao Vizcaya Argentaria, S.A., London Branch, BNP Paribas, Citibank, N.A., London Branch, Commerzbank Aktiengesellschaft, DBS Bank Ltd., London Branch and Standard Chartered Bank as bookrunners and mandated lead arrangers, KBC Bank NV, London Branch as mandated lead arranger and Commerzbank Aktiengesellschaft as agent (the '**Revolving Credit Facility Agreement**').

The Revolving Credit Facility Agreement provides the borrowers (currently being only Coats Group Finance Company Limited) a revolving credit facility in an aggregate principal amount of \$420,000,000 on a committed basis (the '**RCF**'). The RCF may be utilized in USD, EUR, GBP or certain other currencies (if agreed) by way of loans or the issue of Letters of Credit. The RCF is available to be used for general corporate and working capital purposes including, without limitation, acquisitions and the refinancing of certain specific existing indebtedness.

Subject to the ability to request (on two occasions and subject to individual lender consent) that the maturity date be extended, in aggregate, by up to two years, the RCF originally matures on 21 August 2027.

The RCF may be utilized up to the date falling one month prior to the maturity date (as extended if applicable) and each drawn loan shall be repaid on the last day of its Interest Period (which cannot extend beyond the maturity date (as extended if applicable)).

The interest rate on loans under the RCF is the rate per annum equal to the applicable margin plus the relevant base rate. The initial margin under the RCF was set at a specified percentage but is subject to a Leverage-based margin grid in line with that applicable to the Term Facility (as noted above).

Existing US private placement notes

Coats Group Finance Company Limited currently has the following US private placement notes outstanding pursuant to notes purchase agreements dated 6 December 2017, 16 February 2023 and 15 November 2024 (as applicable):

- (a) \$100,000,000 Series B Senior Notes due December 6, 2027;
- (b) \$150,000,000 Series A Senior Notes due 16 February 2028;
- (c) \$100,000,000 Series B Senior Notes due 16 February 2030;
- (d) \$100,000,000 Series A Senior Notes due 4 December 2030;
- (e) \$100,000,000 Series B Senior Notes due 4 December 2031; and
- (f) \$50,000,000 Series C Senior Notes due 4 December 2034.

PART C: DOCUMENTS IN CONNECTION WITH EQUITY FINANCING

Indemnity Letter

On 14 July 2025, the Company entered into an indemnity letter with BNP PARIBAS (**'BNPP'**) and Peel Hunt LLP (**'Peel Hunt'**) which confirmed their engagement in connection with the proposed Placing and contained a customary indemnity in favour of BNPP and Peel Hunt and certain indemnified persons, to cover any potential losses suffered as a result of the provisions of services including assisting the Company in market soundings with certain identified potential investors on a wall-crossed basis in advance of the Placing.

Placing Agreement and Terms of Placing

On 16 July 2025, the Company entered into a placing agreement (the **'Placing Agreement'**) with BNPP and Peel Hunt (together the **'Joint Bookrunners'**). Pursuant to the terms and conditions of the Placing Agreement, the Company appointed the Joint Bookrunners, acting severally, as joint global coordinators and bookrunners in connection with the Placing. Each of the Joint Bookrunners agreed to use reasonable endeavours to procure subscribers for new shares in the Company (**'Placing Shares'**) in such number and at such price if any, as may be agreed between the Joint Bookrunners and the Company at the end of the bookbuild, and then set out in the executed Terms of Placing (see further below) and, to the extent that placees fail to take up Placing Shares for which they have agreed to subscribe, to themselves subscribe for their proportionate shares of such Placing Shares at the stipulated price (the **'Placing Price'**).

The Placing Agreement also acknowledged that the Company had discussed with the Joint Bookrunners the principles for allocation and the matters which the Company believes to be relevant to the allocation and pricing of new shares (**'New Shares'**) to be offered pursuant to both the Placing and the Retail Offer (as defined below) and that they had each agreed the principles and process for allocation and pricing. The allocation of the New Shares would be at the Company's discretion having consulted with the Joint Bookrunners and subject to the agreed principles of allocation, provided always that the number of New Shares allocated to subscribers under the Retail Offer shall not have an aggregate value, at the Placing Price, exceeding €8 million (or the equivalent in Sterling).

The Company agreed to pay the Joint Bookrunners a base commission of 1.75 per cent. of the amount equal to the product of (i) the Placing Price; and (ii) the aggregate number of Placing Shares (excluding any New Shares to be issued to directors and certain members of management), to be apportioned between the Joint Bookrunners equally, and a further discretionary commission of up to 0.25 per cent of the amount equal to the product of (i) the Placing Price; and (ii) the aggregate number of Placing Shares (excluding any New Shares to be issued to directors and certain members of management) to be allocated and paid as between the Joint Bookrunners at the Company's discretion.

The Placing Agreement was conditional upon certain requirements being satisfied and obligations not being breached by the Company, including the release of the announcements in relation to the Acquisition, the Company's interim results, the launch of the Placing and the launch of the Retail Offer, the execution of the Terms of Placing, the publication of a pricing announcement and obtaining necessary approvals from the FCA and the London Stock Exchange.

The Placing Agreement contains a customary set of warranties provided by the Company in favour of the Joint Bookrunners regarding the accuracy of information, compliance with laws, and other matters. The Company also provided a customary indemnity in favour of the Joint Bookrunners and certain indemnified persons, and gave certain customary undertakings, including that, during a period of 180 days from the settlement date of the Placing (except with the prior written consent of the Joint Bookrunners it will not issue any Ordinary Shares or enter into any agreement or arrangement having a similar effect, other than pursuant to the Placing, the Retail Offer or the grant of options under, or the allotment and issue of shares pursuant to options under, any existing employee share schemes of the Company (in accordance with its normal practice).

The Placing Agreement outlines the conditions under which the Placing Agreement could be terminated by the Joint bookrunners, including in the event of a material adverse change in, or any development

reasonably likely to result in a material adverse change in the condition (financial, operational, legal or otherwise) or in the trading position, earnings, business affairs, solvency or financial prospects of the Group taken as a whole, whether or not arising in the ordinary course of business, prior to settlement.

The Terms of Placing were executed on 17 July 2025, following the bookbuild, specifying a placing price of 77p per Placing Share and that the number of Placing Shares to be placed by the Joint Bookrunners with institutional investors would be 314,806,641. The settlement date was stipulated to be 21 July 2025.

RetailBook Engagement Letter

On 16 July 2025, the Company entered into an engagement letter (the '**RetailBook Engagement Letter**') with Retail Book Limited ('**RetailBook**') setting out the terms on which RetailBook agreed to act as coordinator in respect of a separate retail offer (the '**Retail Offer**') to retail investors in the United Kingdom participating through certain intermediaries.

The RetailBook Engagement Letter stipulates that RetailBook's clients for FCA purposes are the intermediaries, who are eligible counterparties placing orders on behalf of underlying retail or professional investors.

RetailBook agreed to approve as a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 (as amended) ('**FSMA**') the Company's announcement of the launch of the Retail Offer which was released on 16 July 2025.

The RetailBook Engagement Letter provided that the price of each New Share subscribed for through the Retail Offer would be the same as the price of each Placing Share subscribed for through the Placing to institutional investors managed by the Joint Bookrunners.

The Company agreed to pay RetailBook a fee equal to 1.75 per cent. of the gross proceeds of the Retail Offer subject to a minimum fee of £20,000.

The RetailBook Engagement Letter acknowledged that the allocation policy for the Retail Offer would be determined by the Company and, for the avoidance of doubt, that in no event shall the aggregate subscription amount for New Shares allocated in the Retail Offer exceed EUR 8 million (pursuant to s.86(1)(e) FSMA), or the Sterling equivalent thereof to be calculated using a GBP:EUR FX rate of 1:1.17.

The RetailBook Engagement Letter included customary warranties and an indemnity in favour of RetailBook.

PART D: DOCUMENTS IN CONNECTION WITH THE GROUP'S PENSIONS BUY-IN IN 2024

On 4 September 2024 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 was further to the purchase of a bulk annuity policy for 20% of the scheme liabilities in December 2022. The link to the original announcement of the buy-in, which includes further detail, can be found [here](#).

As a result of the buy-in, all the financial and demographic risks relating to the scheme's liabilities have been fully hedged, with the two policies paying the scheme a regular stream of income that matches its pension payments to all members. The buy-in is subject to customary post-transaction data reconciliations and the scheme liquidating certain assets in order to meet a deferred element of the PIC premium. It also gives Coats the option to remove the scheme fully from the Group balance sheet in the future at very limited further administrative cost.

In connection with the buy-in Coats made a £70 million (\$90 million) upfront cash contribution to the scheme and a further £30 million (\$38 million) was provided initially as a loan to the scheme. Deficit contributions to the scheme permanently ceased as a result of the buy-in.

Enquiries

Coats Group plc (Investors)

Chris Dyett

Tel: +44 (0) 797 497 4690

Lazard (Financial Adviser)

Richard Shaw

James Cliffe

Anmol Bains

Tel: +44 (0) 20 7187 2000

BNP Paribas (Joint Corporate Broker)

Virginia Khoo

Carwyn Evans

Selim Tuna

Tel: +44 (0) 20 7595 9444

Peel Hunt (Joint Corporate Broker)

Mike Bell

Dom Convey

Sohail Akbar

Tel: +44 (0) 20 7418 8900

FTI (Communications)

Nick Hasell

Victoria Hayns

Tel: +44 (0) 20 3727 1340

IMPORTANT INFORMATION

This announcement is issued on behalf of the Group by Hannah Nichols, Chief Financial Officer at 07.00 BST on 29 July 2025.

Lazard & Co., Limited ('Lazard') is authorised and regulated in the United Kingdom by the Financial Conduct Authority ('FCA'). BNP PARIBAS is authorised and regulated by the European Central Bank and the French Autorité de contrôle prudentiel et de résolution. BNP PARIBAS is authorised by the Prudential Regulation Authority (the 'PRA') and is subject to regulation by the FCA and limited regulation by the Prudential Regulation Authority (the 'PRA'). BNP PARIBAS London Branch ('BNPP') is authorised by the PRA and regulated in the United Kingdom by the FCA. Peel Hunt is authorised and regulated in the United Kingdom by the FCA. Each of Lazard, BNPP and Peel Hunt is acting exclusively for the Company and no one else, in connection with the matters set out in this announcement, and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for providing advice in relation to the contents of this announcement or any other matter or arrangement referred to herein. Neither Lazard, BNPP and Peel Hunt, nor any of their respective affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client in connection with this announcement, any matter, arrangement or statement contained or referred to herein or otherwise

This announcement is being issued by and is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Lazard, BNPP or Peel Hunt (apart from the responsibilities or liabilities that may be imposed by the Financial Services and Markets Act 2000 (as amended) ('FSMA') or the regulatory regime established thereunder) or by any of its respective affiliates or by any of their respective directors, officers, employees, advisers, representatives or shareholders (collectively, 'Representatives') for the contents of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers or any other statement made or purported to be made by or on behalf of

Lazard, BNP PARIBAS or Peel Hunt or any of their respective affiliates or by any of their respective Representatives in connection with the Company, the Acquisition or the Placing, and any responsibility and liability whether arising in tort, contract or otherwise therefore is expressly disclaimed.

This announcement may contain 'forward-looking statements' with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'seek', 'may', 'could', 'outlook' or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they are based on numerous assumptions regarding the Company's present and future business strategies, relate to future events and depend on circumstances which are or may be beyond the control of the Company and OrthoLite which could cause actual results of trends to differ materially from those made in or suggested by the forward-looking statements in this announcement, including, but not limited to, domestic and global economic business conditions; market-related risks such as fluctuations in interest rates; the policies and actions of governmental and regulatory authorities; the effect of competition, inflation and deflation; the effect of legislative, fiscal, tax and regulatory developments in the jurisdictions in which the Company and OrthoLite and their respective affiliates operate; the effect of volatility in the equity, capital and credit markets on profitability and ability to access capital and credit; a decline in credit ratings of the Company and/or OrthoLite; the effect of operational and integration risks; an unexpected decline in sales for the Company and/or OrthoLite; inability to realise anticipated synergies; any limitations of internal financial reporting controls; and the loss of key personnel. Any forward-looking statements made in this announcement by or on behalf of the Company speak only as of the date they are made. Save as required by the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the UK Listing Rules or by law, the Company undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

No statement in this announcement is intended as a profit forecast or a profit estimate for any period and no statement in this announcement should be interpreted to mean that earnings, earnings per share of for the Company for current or future financial years would necessarily match or exceed the historical published earnings, earnings per share of the Company.

Certain figures included in this announcement have been subjected to rounding adjustments.