

23 November 2022

Coats Group plc

Trading update Trading in line with full year expectations

Coats Group plc ('Coats', the 'Company' or the 'Group'), the world's leading industrial thread and global footwear component manufacturer, today announces a trading update for the period 1 July 2022 to 31 October 2022 ('the period').

- Strong organic revenue growth of 6% year-on-year, as the Group's performance normalised, as anticipated, after the very strong result in the first half
- Year-to-date revenue growth was 14%, a run-rate above the expected long term trend
- Pricing and productivity actions continue to offset inflationary pressures
- Trading in line with full year expectations

| | 1 July to 31 October 2022 revenue vs same period in 2021 | | | Year to date revenue growth |
|-----------------------|----------------------------------------------------------|------------|-----------|-----------------------------|
| | Organic | CER | Reported | Organic |
| Group | 6% | 18% | 9% | 14% |
| A&F | 3% | 20% | 11% | 14% |
| Performance Materials | 15% | 15% | 6% | 16% |

All following references are on an organic CER basis.

The growth rate of 6% year-on-year reflects the strong prior year comparator and moderated compared to H1 due to an industry-wide softening in demand, mainly in Apparel, towards the end of the period.

Apparel and Footwear revenue increased 3% year-on-year in the period and 14% year-to-date. Apparel experienced some destocking by customers, as a result of the macroeconomic environment. Footwear continued to see positive end market sentiment across the US, Europe and Asia. The acquisitions of Texon and Rhenoflex are performing in line with our expectations.

Revenue in Performance Materials increased 15% with all segments continuing to perform well.

Our pricing actions and self-help efficiency programmes continue to offset the significant inflationary pressures in the supply chain. In addition, our strategic projects remain on-track, and are delivering significant operational and financial benefits.

Balance sheet

The Group maintains a strong and liquid balance sheet with proforma leverage currently around 1.5 times, following the recent Footwear acquisitions. This remains within the Group's targeted leverage range of between 1 – 2 times.

Outlook

The Group is proactively responding to macroeconomic uncertainty with a well-defined and tested playbook that focuses on cost and cash actions. Consequently the Group anticipates that its performance for the full year 2022 will be in line with expectations, despite greater foreign exchange headwinds than were expected at the half year (a 3-4% full year adjusted operating profit headwind has increased to c.5% based on latest rates). The Group continues to expect to make good progress during 2023 underpinned by the full year contribution of acquisitions, associated synergies, and strategic projects.

The Group will release its full year 2022 results on 2 March 2023.

Appendix:

| | 1 January to 31 October 2022 revenue vs same period in 2021 | | |
|-----------------------|-------------------------------------------------------------|------------|------------|
| | Organic | CER | Reported |
| Group | 14% | 19% | 12% |
| A&F | 14% | 20% | 14% |
| Performance Materials | 16% | 16% | 8% |

Enquiry details

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|------------------|-----------------------------------|-----------------|---------------------|
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About Coats Group plc

Coats is a world leader in thread manufacturing and structural components for apparel and footwear, as well as an innovative pioneer in performance materials. These critical solutions are used to create a wide range of products, including ones that provide safety and protection for people, data and the environment. Headquartered in the UK, Coats is a FTSE250 company and a FTSE4Good Index constituent. Revenues in 2021 were \$1.8bn.

Trusted by the world's leading companies to deliver crucial, innovative, and sustainable solutions, Coats provides value-adding products including apparel, accessory and footwear threads, structural footwear components, fabrics, yarns and software applications. Customer partners include companies from the apparel, footwear, automotive, telecoms, personal protection, and outdoor goods industries.

With a proud heritage dating back more than 250 years and spirit of evolution to constantly stay ahead of changing market needs, Coats has operations across some 50 countries with a workforce of over 17,000, serving its customers worldwide.

Coats connects talent, textiles, and technology, to make a better and more sustainable world. Worldwide, there are three dedicated Coats Innovation Hubs, where experts collaborate with partners to create the materials and products of tomorrow. It participates in the UN Global Compact and is committed to Science Based sustainability targets for 2030 and beyond, with a goal of achieving net-zero by 2050. Coats is also committed to achieving its goals in Diversity, Equity & Inclusion, workplace health & safety, employee & community wellbeing, and supplier social performance.

To find out more about Coats visit www.coats.com.