

22 May 2024

Coats Group plc

Trading Update

Return to revenue growth Trading in line with 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 January to 30 April 2024 (the 'period') ahead of its Annual General Meeting to be held later today.

	1 st January to 30 th April 2024 revenues vs same period in 2023	
	CER ¹	Reported
Apparel	14%	11%
Footwear	6%	6%
Performance Materials	-5%	-9%
Group	7%	4%

All following references are at CER unless specified.

The Group traded as expected during the period, with good organic revenue growth of 7% against a weak prior year comparator.

The improving trend was driven by Apparel, where revenue was 14% higher as customer inventories and buying patterns returned to more normalised levels. As previously highlighted, destocking commenced later in Footwear, creating a lag effect in the recovery relative to Apparel. Notwithstanding this lag, Footwear also returned to growth in the period, with revenue 6% higher year-on-year, as demand from several major brand customers picked up as their inventories also normalised.

Performance Materials trading in the period was in line with our expectations. Whilst the business continues to be impacted by US customer phasing issues, the division is on an improving trend, with revenue down 5% year-on-year in the period (17% lower in FY 23).

Our global market leadership in 100% recycled thread products has continued to strengthen during the period with strong growth. In addition, we can confirm that the Science Based Targets initiative (SBTi) has validated Coats' near and long-term science-based emissions reduction targets, including verification of the Group's net-zero target for 2050.

Our strategic projects continue to deliver significant operational and financial benefits and we remain on track to achieve overall savings of \$70 million by the end of 2024. These savings, along with our focus on controlling our costs, have resulted in Group adjusted EBIT margin being at least in line with our 2024 goal of c.17%.

Cash generation remained good through the period.

Outlook

The Group continues to make good progress and the Board's full year expectations are unchanged. This is underpinned by evidence of the expected recovery in Apparel and Footwear, an improving recent trend in Performance Materials and the continued benefits from our strategic projects albeit a level of uncertainty in our markets remains.

Over the medium term, we remain confident in the Group's ability to deliver strong profit growth and cash generation, owing to our scale, global footprint, innovation, strong digital platform and technical support capabilities, alongside continued investment in sustainability and innovation.

The Group will release its interim results on 1 August 2024.

Enquiries

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1. Constant exchange rate (CER) figures are 2023 results restated at 2024 exchange rates.

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. Revenue in 2023 was \$1.4 billion.

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 permanent workforce of more than 15,000, serving its customers worldwide.

Coats connects talent, textiles, and technology, to make a better and more sustainable world. Worldwide, there are four 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 an aspiration 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.

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.