Coats Group plc

Trading Update

24 November 2026

Continued market outperformance, recent pronounced destocking in footwear markets, full year EBIT below expectations, strong free cash flow on track

Coats Group plc ('Coats' or the 'Group'), a world-leading Tier 2 supplier of critical components to the apparel and footwear industries, today announces a trading update for the four month period 1 July to 31 October 2026 (the 'period').

Continuing operations	1 July to 31 October 2026 revenue versus same period in 2025	
	Organic CER	Reported
Apparel	3%	2%
Footwear	(7)%	51%
Group	0%	18%

All following references are at organic constant exchange rates (CER) unless specified. Reported Footwear revenue includes OrthoLite with no revenue contribution in the prior period.

Group Performance

Against a backdrop of continued macro-economic uncertainty and industry destocking, Group revenue remained flat year on year, which we believe represents another period of significant market outperformance.

Group EBIT margins were ahead of last year and H1 2026. The sequential margin improvement reflects the benefit of price increases combined with procurement and cost management actions, including OrthoLite synergies, offsetting heightened cost inflation pressures.

The performance demonstrates the resilience of Coats' business model and the strength of our competitive advantages: our diversified customer base, sustainable product portfolio, global manufacturing capability and proprietary technology platforms.

Free cash flow in the period was strong, as expected, given usual seasonal patterns and working capital improvement initiatives.

Apparel

Apparel revenue was up 3% reflecting strong outperformance compared to the key thread end market, as well more stable conditions given what we believe to be lower levels of channel inventory. In the context of more fragmented and volatile customer orders, our operational agility and reliability continued to drive market share gains, with particularly strong growth in China domestic and automotive thread. We also saw further expansion in our recycled thread sales, strengthening our position as a leader in sustainability.

Footwear

Footwear revenue was 7% lower on an organic basis, with brands continuing to reduce inventory levels and a weaker performance from our Composites business due to the phasing of energy orders. OrthoLite delivered a sequential improvement in trading compared to H1 and we continue to make good progress on synergies.

Outlook

In recent weeks we have seen more pronounced destocking in footwear markets driven by certain brand specific challenges. We expect the situation to persist through the remainder of 2026 and our Footwear division has responded proactively with additional cost saving measures. As such, we expect the second half Footwear performance to be modestly below the first half.

Our larger Apparel division has continued to perform as expected.

As a Group we now expect to deliver around flat organic revenue for the full year with EBIT margins at or above 20%, below current market expectations. However, we expect EPS to make progress year on year partly driven by a lower tax rate.

Strong free cash flow generation, in line with current market expectations, will lead to leverage of c2.0x at year end. We remain on track to generate c.$1bn of free cash flow over the next five years, providing capital allocation optionality starting in 2027.

We remain confident in our medium-term prospects. Over the last 18 months, we have navigated depressed markets with significant market share gains and growth in strategic adjacencies helping to offset continued and prolonged market softness. This positions us well to benefit as destocking ends and, subsequently, as end markets recover, underpinned by our sustainable competitive advantages.

The Group will release its full year results on 4 March 2027.

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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 or follow us on LinkedIn.

Cautionary statement

Certain statements in this trading update 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.