28 July 2026

Coats Group plc

2026 Interim Results

Good strategic progress in H1 with ongoing market outperformance
Full year outlook unchanged

Coats Group plc (**'Coats**,' the **'Company'** or the **'Group'**), the world's leading industrial thread and footwear components manufacturer, announces its unaudited results for the six months ended 30 June 2026.

Continuing operations	**H1 2026**	**H1 2025**	Reported	CER	Organic CER
Revenue	$837m	$705m	19%	18%	1%
Adjusted[1]					
EBIT[3]	$166m	$140m	19%	18%	(2)%
EBIT Margin	19.8%	19.8%			
Basic earnings per share	4.4c	4.7c	(6)%		
Reported[2]					
EBIT[3]	$135m	$128m			
Basic earnings per share	3.2c	4.1c			
Interim dividend per share (cents)	1.05c	1.00c			
	H1 2026	**FY 2025**			
Net debt (excl. lease liabilities)	$842m	$815m			

Strategic Highlights

- Continued significant outperformance with share gains against markets we estimate were down mid-single digit in aggregate
- Strengthened market leadership in 100% recycled thread generating $297m of revenue
- Target market adjacencies continue to enhance growth profile, contributing 1% to Group revenue growth
- 2025 organisational change to two divisions and talent investment in Footwear delivering benefits, positioning the division for accelerated growth
- OrthoLite sales synergies expected to deliver at least $40m of annual incremental revenue by 2030, not included in acquisition case
- OrthoLite integration progressing well. On track to deliver $5m cost synergies in 2026 and at least $20m annualised by 2028

Financial Highlights

- Group revenue of $837m, 1% up on an organic CER basis with:
  - Apparel delivering 1% organic growth, driven by portfolio-wide share gains and strong growth in China domestic and automotive thread markets
  - Footwear delivering flat organic revenue, with significant acceleration in Q2 despite soft market, and strong growth from composite tapes for energy markets
  - OrthoLite revenue lower year-on-year against very strong prior year comparator with temporary capacity challenges in Indonesia being resolved
- Group adjusted EBIT margin maintained at 19.8% with OrthoLite accretion, cost and procurement discipline enabling continued investment in growth initiatives
- Adjusted basic earnings per share 4.4c (H1 2025: 4.7c)

- Free cash flow[4] of $30m (H1 2025: $38m), leverage[5] on track to 2.0x or below at end of 2026 given normal seasonal H2 cash generation weighting
- Interim dividend of 1.05 cents per share, an increase of 5%, highlighting Board confidence in the Group's medium-term prospects

Full year and medium-term outlook

- Full year expectations unchanged
- Assumes modest market declines in H2, despite low inventory levels
- Group will continue to outperform market and deliver growth through share gains, secured pricing, target adjacencies and new product launches
- Incremental cost actions will deliver c.$15m benefits in H2, including OrthoLite cost synergies
- Expect good year-on-year earnings growth in full year
- Expect strong free cash flow for full year, in line with c.$1bn cumulative target over next five years
- Continued investments in innovation and capabilities set up the Group for accelerated growth in medium-term, supported by ongoing market outperformance

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

"We are pleased with our first-half outperformance relative to the market and confident in our second half outlook, despite the prolonged period of industry de-stocking. We continue to prove the resilience of our business model by maintaining margins and generating good free cash flow during periods of adverse market conditions.

Our increased focus on operational excellence and product innovation is delivering significant share gains and accelerating our growth in adjacencies, increasing the Group's structural growth potential. We remain very excited by the enhanced capabilities and deeper customer relationships that OrthoLite has brought to the Group and we see substantial incremental value creation potential from sales synergies. Against this backdrop, we reaffirm our confidence to deliver FY results in line with market expectations."

Notes:

1. 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 2025 results restated at 2026 exchange rates. Organic figures are results on a CER basis and excluding contributions from the OrthoLite and Viz Reflectives acquisitions.

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

3. 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

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

5. 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

Conference Call

Coats Management will present its half year results in a webcast at 10.00am BST today (Tuesday, 28 July 2026). The webcast can be accessed via https://www.investis-live.com/coats/InterimResults. The webcast will also be made available in archive form on www.coats.com.

Enquiry details

Investors	Chris Dyett	Coats Group plc	+44 (0) 7974 974 690
Media	Nick Hasell / Victoria Hayns	FTI Consulting	+44 (0)20 3727 1340

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 $1.5bn 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 interim 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

H1 2026 review

The Group delivered another period of market outperformance, demonstrating our ability to successfully navigate a challenging macro-economic backdrop, with continued tariff uncertainty and a stop-start Middle East conflict since the end of February. In H1, Coats benefited from an increased focus on growth and product innovation to accelerate share gains and expand our addressable market while effective operational discipline protected margins.

Group revenue was 1% up in the period on an organic constant currency exchange rate ('organic') basis, at $837m (H1 2025: $705m). Once again, we outperformed our core apparel and footwear markets which were impacted by reducing levels of in-channel inventory as brand and tier one customers remained cautious in response to the uncertain macro-outlook. These market share gains demonstrate our clear competitive advantages, including our unrivalled global manufacturing capability, proprietary technology platforms, deep customer relationships and commitment to innovation. Our target market adjacencies, which focus on faster growing market segments, continued to perform well, delivering 1% growth to Group revenue in the period.

Group adjusted EBIT was $166m (H1 2025: $140m), 2% lower on an organic basis, reflecting strategic investments made in growth and technology initiatives. Adjusted EBIT margin was maintained at 19.8%, including a margin accretion benefit from OrthoLite. During the period, the Group successfully managed inflationary cost pressures arising from the Middle East conflict. We promptly enacted our well-honed operational and commercial playbook to support our customers with agility, contain our costs and agree price adjustments.

Apparel delivered a strong performance with 1% organic revenue growth against an uncertain market back-drop and continued to win share across the portfolio with a particularly good performance in the China domestic and automotive markets. The division delivered an EBIT margin of 18.9%, 50bps lower than H1 2025, reflecting increased strategic investments in technology and growth initiatives including Coats Digital.

Organic revenue in Footwear was flat, representing a return to solid growth in Q2, due to good progress on growth initiatives alongside easier comparators. This was primarily attributable to market outperformance in footwear thread and structural components alongside strong growth in composite energy tapes, one of our target organic adjacencies, with new products launched during the period. EBIT margin increased by 30bps to 21.1%, including 70 bps accretion benefit from OrthoLite. Excluding OrthoLite, the margin was marginally lower as the benefit of operational efficiency actions was offset by investments in people and capability to support accelerated growth.

In line with our expectation the Group has delivered another good free cash flow performance (prior to shareholder distributions) at $30m (H1 2025: $38m), fundamentally reflecting the Group's structurally low capital intensity, as well as disciplined working capital management. Net debt was $842m at 30 June 2026 (31 December 2025: $815m), including payment of the FY 2025 final dividend, with leverage of 2.3x net debt/EBITDA. On track to reduce to 2.0x by the year end, given the H2 cash seasonality driven by a working capital unwind.

Divisional structure change: setting up Footwear for accelerated growth

In H2 2025 we 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 has reduced internal complexity and aligns the divisions more closely with the underlying textile engineering and polymer science technologies.

In addition, the change has provided a catalyst to set up the Footwear division for accelerated growth going forward. We have strengthened leadership talent with the appointment of Pasquale Abruzzese as Divisional

CEO and the establishment of four clear product P&Ls with dedicated managing directors, accompanied by a move to a product-focused sales organisation. Commercial and operational excellence initiatives are underway to build a world-class growth-oriented organisation. These changes have already resulted in a material improvement in performance, with the Footwear division returning to organic growth in Q2 against a declining market. With a strengthened innovation organisation, we are also better placed to accelerate growth with an encouraging pipeline of new products expected to launch in H2 and into 2027.

OrthoLite – on track to meet cost synergies and deliver $40m+ of sales synergies by 2030

Eight months after completion of the OrthoLite acquisition, our confidence in its strategic rationale and long-term shareholder value creation has strengthened.

Our view that OrthoLite's core business will outperform the underlying footwear industry is unchanged. Open-cell foam technology continues to gain share from EVA, the competing chemistry, driven by its superior comfort, performance and sustainability characteristics, meaning that by 2030, we expect OrthoLite's current addressable market to grow to c.$1bn. Additionally, since completion, we have identified a number of adjacent growth opportunities (including Cirql) that significantly expand OrthoLite's addressable market, by combining both companies' innovation capability, global scale, and commercial reach. These initiatives represent an addressable market of c.$600m by 2030, growing at c.10% per annum, incremental to the existing total addressable market. They are expected to deliver at least $40m of incremental annual revenue by 2030, not included in the acquisition case, supporting a high-single-digit compound growth trajectory for the business.

Our cost synergy programme remains firmly on track. We continue to expect in year cost synergies of $5m in 2026, increasing to at least $20m of annualised synergies by 2028. Procurement initiatives are already delivering in-year benefits while footprint optimisation has started in Indonesia and will extend to China and Vietnam in 2027 and 2028. Integration is progressing well; Coats' factory in Pleret, Indonesia, will start production of OrthoLite insoles in Q1 of 2027 and will become the first OrthoLite operation to run on Coats systems. Pleret will serve as the blueprint for future OrthoLite sites, integrating Coats' lean manufacturing capabilities and digital systems with OrthoLite's market leading technology.

Leadership transition has also progressed as planned. Marius Wirtz joined OrthoLite in mid-June and assumed the role of CEO on 15 July. Marius, endorsed by Glenn Barrett, OrthoLite's founder and former CEO, brings deep expertise in polymer technologies and extensive knowledge of the footwear industry.

Trading for the period was below our initial expectation, with challenging conditions caused by macro uncertainty and cautious customer ordering. We estimate that the global footwear market has declined by mid-single digits. As previously noted, OrthoLite has also been impacted by a sales shortfall with one customer in Indonesia due to capacity constraints linked to increased demand from 2025 tariff changes.

Despite these headwinds, we expect OrthoLite will return to growth in the second half and our confidence in the business's medium-term growth trajectory has increased, underpinned by four significant growth platforms that extend OrthoLite's addressable market:

- Electrostatic Discharge (ESD) insoles, combining OrthoLite's premium comfort with electrostatic discharge protection for the global safety footwear market.
- Supercritical Foam (SCF) insoles, delivering lightweight, high-energy-return solutions for premium running footwear.
- Integrated carbon plate systems, combining Coats' proprietary plate technology with OrthoLite insoles to create differentiated high-performance footwear solutions.
- Cirql, a patented midsole technology delivering premium performance with up to 39% lower carbon footprint, enabling brands to meet increasingly demanding sustainability requirements, including the new EU ESPR regulation that comes into effect in 2027-2030, establishing mandatory sustainability and circular economy requirements.

Customer traction across the four initiatives has been highly encouraging, with first revenues expected in H2 2026 for all except carbon plates, which are expected to launch in the aftermarket in 2027, an early proof point of the additional annual sales of at least $40m expected by 2030. These initiatives are in addition to existing product sales which will benefit from new secured customer launches happening in H2.

Since acquisition, we have made substantial progress in validating the Cirql technology readiness and go-to-market strategy, and a leading European brand has selected the technology for launch, with industrialisation planned in H2. Unlike the other three, this initiative involves expansion into a new space for OrthoLite - the midsole - and we are pleased by the initial results.

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 a medium-term goal of delivering over 5% annual revenue growth on average through the cycle.

To achieve our target, we expect to benefit from growth potential in our underlying markets of around 3% per annum over the medium-term. Apparel and Footwear end markets have been in a down cycle in the past 12 months or so with macro-economic uncertainty from both tariffs and the Middle East conflict causing customers to manage orders and inventory levels tightly, despite consumer spending remaining relatively resilient. Our analysis suggests that inventory levels in customer supply chains are currently lean, potentially supporting demand improvements beyond those assumed in our in-year outlook.

We aim to grow not only from growth in our underlying markets, but also organically through share gains, as demonstrated by our very strong H1 performance where we delivered 1% organic revenue growth against markets which declined by an estimated mid-single digit percentage. Our ability to gain share is supported by our focus on operational excellence and innovation. Our global footprint and digital technology platforms remain tangible points of differentiation, enabling our customers to do business with us on shorter lead times and for small order quantities. We are trusted to deliver and have developed deep Tier 1 and brand relationships, which enable us to align with faster growing brands globally - winning where it matters.

We also target organic growth from certain attractive fast-growing adjacent markets. We see exciting opportunities in our adjacencies including: safety fabrics, 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. We estimate that together these adjacencies represent an additional addressable market of c.$2bn growing at a CAGR of >5%. In the period, our target adjacencies contributed 1% of Group revenue growth, with a strong performance from composite tapes.

Our strong operating margins are underpinned by our ability to adjust costs with volume fluctuations. In addition, we have good pricing power, enabled through a range of advantages that combine to provide significant and sustainable barriers to entry including:

- The premium and critical nature of our products, typically representing a small part of the overall cost of a garment or shoe with a high cost for customers from failure.
- The broadest, most flexible and heavily invested global manufacturing footprint.
- The ability to exactly colour match hundreds of thousands of threads across our manufacturing sites.
- The most advanced ordering, planning and sampling systems.
- A fully established supply chain to provide in-demand sustainable threads at scale.
- A leading innovation capability.
- A strong balance sheet to drive ongoing investment as well as provide customer reassurance.

Medium-Term Targets

In March 2026, we set out upgraded and simplified medium-term financial targets to appropriately reflect our ambitions for the business. The framework is summarised below:

Medium-term financial framework	
Revenue Growth[1]	>5% on average through the cycle 200+bps outperformance vs growing market
EBIT %	21-23%
Total EPS[1] CAGR	>10%
Cumulative Free Cash Flow[1,2]	c.$1bn over 5 years

1. *From a 2026 baseline*
2. *Free cash flow after interest, tax, minority interests and exceptionals, before dividend distribution and M&A*

We have made solid progress against our medium-term financial targets in the period. While current market uncertainty will limit our ability to achieve 5% revenue growth this year, the first half performance demonstrates our ability to consistently win market share alongside delivering growth in our target adjacencies, consistent with our growth framework. While we are confident that our >5% revenue growth target is achievable when end markets return to low levels of growth, we have deliberately built prudence into the EBIT margin and cash flow elements of the framework. This ensures that these targets remain achievable even under more modest revenue growth scenarios.

Group EBIT margins were maintained at 19.8% in H1, with Coats continuing to demonstrate pricing discipline and careful cost management. The margin expansion pathway to reach our target range of 21-23% is based on our continuing commercial and operational excellence initiatives alongside the margin accretion benefit from OrthoLite. As expected, H1 EPS declined by 6%, however we are on track to deliver EPS growth for the full year and we remain on track to deliver on our medium-term EPS CAGR target of >10%.

Free cash flow was robust in the period, despite the uncertain market backdrop. The Group's ability to generate strong cash flows is due to the powerful combination of structurally low capital intensity and a high degree of cost base flexibility. This provides us with high confidence that we will deliver our target of c.$1bn cumulative free cash flow over the coming five years even in more modest growth scenarios.

Our approach to capital allocation

With the expected strong cash generation and low organic investment needs of the business, we take a disciplined, flexible and returns-focused approach to capital allocation. Our immediate focus is on deleveraging, and we remain on track to achieve leverage of 2x or below net debt/EBITDA by the year end.

After investing in organic growth and supporting a progressive dividend, we will deploy any surplus capital consistent with our capital allocation policy, including giving consideration to a share buyback or disciplined M&A opportunities to further the Group's growth.

Progress in sustainability

Sustainability is embedded across the Group and is central to our growth strategy.

During the first half, we continued to make good progress across our five sustainability pillars: emissions, waste, materials, water and people. Having already reached or surpassed our 2026 commitments one year ahead of schedule in several targeted areas, we are now focused on progressing the most challenging of the remaining 2026 targets.

The Group has continued to grow recycled thread sales, as part of its materials transition, with H1 2026 100% recycled thread sales growing 11% on a CER basis to $297m compared to $269m in H1 2025.

Initiatives to reduce our Scope 3 emissions continued in the period. Phase one of our supplier decarbonisation programme involving our largest suppliers, which started in 2025, is now complete. Phase two will drive engagement with a new and wider set of suppliers.

Our evaluation of the environmental impacts of OrthoLite is ongoing. It is our intention to include these impacts within our new medium-term Group targets, following completion of the current 2026 targets.

Accelerating Innovation

Innovation is a key element of our growth strategy, with several new products launched in H1 or due to be launched in H2, with a particular emphasis on our chosen target adjacencies. As a result, these target adjacencies delivered 1% of Group growth in the period. Examples of our success include:

- Our composite anti-wear tape for oil and gas pipeline applications won its first customer, a global oil services and technology company, with other potential customers interested in the product

- Our Signal Lucence PRO™ "glow in the dark" technology (based on the VizLite acquisition) has been specified for the eight-year UK National Fire Chiefs Council PPE Framework. This is intended to ensure firefighter visibility in smoke-filled and low visibility environments, with first implementation of the Framework by fire services expected in H2 and a total revenue opportunity of $20m over the next 5 years

- Coats Digital, our software-as-a-service (SaaS) business for apparel brands and manufacturers launched GSD Quest, an AI-enabled solution that reduces garment costing from hours to seconds. GSD bookings have increased 57% in H1 compared to the prior year

Board Changes

On 31 July 2026 David Gosnell will retire as Chair after eleven years with the company and over five years as Chair. On behalf of the Board, I would like to thank David for his significant contribution to the success of the company during his tenure and for the support he has provided both to me personally and the wider executive team.

We are delighted that Tim Cobbold joined the Board on 1 July 2026 as Chair Designate and will succeed David as Chair, from 1 August 2026. Tim is currently Chair of Spirax Group plc, having previously been Chair of TI Fluid Systems. He was also a Non-Executive Director of Rotork plc and has served as Chief Executive of three FTSE 250 industrial companies: UBM plc, De La Rue plc and Chloride Group plc.

Fran Philip stepped down from the Board at the conclusion of the AGM on 20 May 2026 following the completion of her nine-year term. On behalf of the Board, I would like to thank Fran for her valuable contribution to Coats over the past nine years and wish her every success for the future.

On 1 June 2026, Annette Kelleher joined the Board as a Non-Executive Director. She is a Non-Executive Director of Keller Group plc, where she chairs the Remuneration Committee, and was also previously a Non-Executive Director of Hill & Smith plc. Annette was Chief Human Resources Officer at Johnson Matthey plc and, prior to this, held senior human resources roles at Pilkington Glass and Tokyo-listed NSG Group.

Dividend

We are committed to maintaining our progressive dividend policy as part of our capital allocation framework. Given the robust performance in the period and our confidence in the full year and medium-term outlook, we are declaring an interim dividend of 1.05 cents per share, a 5% increase from the 2025 interim dividend. 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 in high-returning projects and the Group's longer-term potential. The interim dividend will be paid on 12 November 2026 to ordinary shareholders on the register at 16 October 2026, with an ex-dividend date of 15 October 2026.

Outlook

Our expectations for the full year are unchanged. This is based on the assumption of modest decline in apparel and footwear markets in the second half, despite low levels of inventory in supply chains. We remain mindful of the ongoing uncertainty from the Middle East conflict. Given our strong market position and competitive advantages, we are confident that the Group will continue to significantly outperform, driven by ongoing accelerated share gains, secured pricing, and highly visible new product and platform launches. In addition, we have taken incremental cost actions which are expected to deliver c.$15m benefits in H2, including OrthoLite cost synergies. As a result, we expect to deliver good year-on-year earnings growth.

The Group's cash flows are highly resilient and we expect to deliver strong free cash flow for full year, consistent with our target of delivering c.$1bn cumulative free cash flow over the next five years.

In the medium-term, our continued investments in innovation and commercial and operational excellence capabilities set up the Group for accelerated growth, consistent with our financial framework.

Operating Review

Apparel

	H1 2026	H1 2025	Reported	CER[2]	Organic[3]
Revenue[4]	$486m	$482m	1%	1%	1%
Adjusted[1, 4]					
EBIT	$92m	$93m	(2)%	(2)%	(2)%
EBIT Margin	18.9%	19.4%			

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 2025 results restated at 2026 exchange rates.*
3. *Organic figures are results on a CER basis and exclude contributions from the VizLite acquisition.*
4. *These results include the Personal Protection and Industrials businesses (c.80% of the former Performance Materials division) with H1 25 numbers restated accordingly.*

Coats is a world-leading Tier 2 manufacturer, trusted to supply the apparel, safety and automotive industries with the critical components and materials they need to create, innovate and grow. Developed with expertise in textile engineering and colour matching, our portfolio of premium products includes 100% recycled industrial sewing and embroidery threads, safety fabrics and safety trims. Our commitment to continuous innovation, industry-leading technology and impactful sustainability are unlocking value and accelerating growth for the thousands of iconic brands and global manufacturers we work with every day.

Revenue of $486m (H1 2025: $482m) was up 1% on an organic basis (1% reported). This was the result of strong outperformance against our core thread market, which we estimate was down mid-single digit, impacted by customer caution and low inventories in the period. In particular, we delivered good growth in the Chinese domestic market, where commercial and operational agility is important, and in automotive threads, with a number of new customer wins during the period. Our ability to continue to win market share is supported by our key differentiators including operational agility, a global manufacturing footprint, enduring customer relationships and market leading technology, facilitating ease of doing business. Further, our position as the clear market leader in the supply of 100% recycled thread products has continued to drive growth.

Adjusted EBIT was $92m (H1 2025: $93m) 2% lower on an organic basis with an EBIT margin of 18.9%, 50 bps lower than the same period last year. The slight margin reduction reflects strategic investment in technology and growth initiatives, including Coats Digital. This result was achieved by excellent procurement and cost management, against a backdrop of significant cost volatility during the period as a result of the Middle East conflict. Our customer pricing continues to be disciplined, with price increases implemented during the period.

In May 2026 our position in China was further strengthened with the signing of a Memorandum of Strategic Cooperation with JACK Technology Co. Ltd., a global leader in intelligent sewing equipment. This agreement will help to improve productivity and lower inventory levels for China’s fast-growing small-to-medium-sized apparel manufacturers. It combines high-performance Coats thread, Coats Digital software and dedicated technical support with JACK’s intelligent sewing equipment and technical expertise.

Footwear

	H1 2026	H1 2025	Reported	CER[2]	Organic[3]
Revenue[4]	$351m	$223m	57%	54%	0%
Adjusted[1, 4]					
EBIT	$74m	$47m	59%	57%	(2)%
EBIT Margin	21.1%	20.8%			

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 2025 results restated at 2026 exchange rates.*
3. *Organic figures are results on a CER basis and exclude contributions from the OrthoLite acquisition.*
4. *These results include the Telecom & Energy business (c.20% of the former Performance Materials division) which has become part of the Footwear division with H1 25 numbers restated accordingly.*

Coats is a world-leading, trusted Tier 2 supplier to the footwear industry. Using our expertise in advanced polymer and textile solutions, we work with iconic brands and manufacturers to create what's next - strengthening almost every part of the shoe, adding comfort, improving sustainability and enabling cutting-edge designs. We also extend these capabilities into adjacent sectors like energy and telecom.

Footwear revenue was flat on an organic basis, increasing on a reported basis to $351m (H1 2025: $223m), as a result of the acquisition of OrthoLite at the end of October 2025. The step-up in organic growth in the last two months of the period (January to April organic revenue 4% lower) was driven by an acceleration in growth initiatives together with easier prior period comparators, with the US imposing global market tariffs from April 2025. The robust organic performance reflects market share gains in both Footwear thread and structural components against a market that we estimate was down mid-single digit with customers continuing to tightly manage inventories due to wider market uncertainty.

In addition, there was strong growth in composite energy tapes, one of our target adjacencies, serving the oil and gas market. In H1 sales were $9m compared to $11m for the full year in 2025 due to increased customer traction and new products coming to market. In particular, a breakthrough customer was secured for our anti-wear tape with further customers expected to follow.

OrthoLite revenue was below H1 2025 levels on a proforma basis, due to strong prior period comparators, the challenging market backdrop and some temporary capacity challenges in Indonesia, which we have taken action to address. New platform wins and product launches combined with customer price increases support a return to growth in the second half.

Adjusted EBIT increased to $74m (H1 2025: $47m), a 2% decrease on an organic basis (excluding OrthoLite). The adjusted EBIT margin increased by 30bps to 21.1% (H1 2025: 20.8%), the increase attributable to 70bps of accretion benefit from OrthoLite and operational efficiency and cost actions, partly offset by investment in people and capabilities to support medium-term accelerated growth.

.

Financial Results

H1 2026 Results

Operating Results

The Group delivered a resilient performance in the period against a challenging market backdrop. Revenue from continuing operations was $837m (H1 2025: $705m) up 19% on a reported basis and 1% on an organic basis.

Adjusted EBIT from continuing operations was $166m (H1 2025: $140m), up 19% on a reported basis and 2% lower on an organic basis. The lower organic EBIT reflects strategic SD&A investments in growth initiatives and technology, with manufacturing and sourcing productivity actions fully offsetting inflationary impacts in the period. Acquisitions contributed $29m of EBIT in the period. As a result, adjusted EBIT margin was maintained at 19.8% (H1 2025:19.8%) with 40bps accretion benefit from acquisitions. The table below provides further detail behind the EBIT movement in the year:

Continuing Operations	**$m**	**Margin %**
2025 adjusted[1] EBIT	**140**	**19.8%**
Volumes impact (direct and indirect)	1	
Price/mix	3	
Net inflation (including raw materials, wages, energy, freight)	(11)	
Productivity benefits (manufacturing and sourcing)	12	
Other / SD&A investment	(8)	
2026 adjusted[1] EBIT organic	**137**	
Contribution from acquisitions (OrthoLite and VizLite)	29	
2026 adjusted[1] EBIT	**166**	**19.8%**
Exceptional items	(3)	
Acquisition related items	(28)	
2026 reported EBIT	**135**	

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

H1 2026 reported EBIT, including exceptional and acquisition related items, increased to $135m (H1 2025: $128m).

Exceptional and Acquisition related Items

In H1 2026 total exceptional and acquisition related items were $31m (H1 2025: $12m) and comprised:

- Exceptional items: $3m (H1 2025: $1m), including:
    - Costs to deliver Footwear acquisition integration synergies and divisional structure change: $7m
    - Partly offset by net income of $4m mainly relating to strategic project property sales
- Acquisition related items: $28m (H1 2025: $10m):
    - All items in the period related to the amortisation of acquired intangible assets

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 were $29m.

Non-operating Results

H1 2026 adjusted EPS was 4.4 cents (H1 2025: 4.7 cents). Increased EBIT was offset by higher interest charges related to acquisition funding and the increased number of shares in issuance following the capital raise that took place in July 2025 to part fund the OrthoLite acquisition. Reported H1 2026 EPS was 3.2 cents (H1 2025: 4.1 cents).

At $32m (H1 2025: $18m) net interest costs were higher than H1 2025 mainly due to the incremental interest costs associated with the purchase of OrthoLite.

The adjusted taxation charge for the period was $39m (H1 2025: $36m). Excluding the impact of exceptional and acquisition-related items, the effective tax rate on pre-tax profit remained 29% (H1 2025: 29%), in line with guidance. The reported tax rate for the year was 31% (H1 2025: 31%), after exceptional and acquisition related items.

Cash Generation

As expected, the Group delivered a good cash performance in H1 2026 with an overall free cash inflow prior to shareholder distributions and M&A of $30m (H1 2025: $38m), including a positive contribution from OrthoLite and cash outflows associated with higher interest charges and certain one-off tax payments, as outlined at the full year results.

The working capital outflow in the period was $35m, reflecting expected seasonality. Working capital was carefully managed, with a business-wide focus on tight inventory management without compromising service levels during a period of market uncertainty and inflationary pressures. We also continued our disciplined approach to payables and receivables management as an input to working capital efficiency. As a result, our strong working capital efficiency was maintained with working capital as a percentage of sales at 14.5% (H1 2025: 14.8%).

Capital expenditure was $16m (H1 2025: $12m) as we continued investing in growth and efficiency projects which drive long-term returns. Our guidance for full year 2026 capital expenditure remains unchanged at c.$40-45m, plus $5m related to the strategic investment in OrthoLite site expansion in Indonesia.

Cash conversion* for H1 2026 was 58% (H1 2025: 68%), in line with typical conversion rates for the half year and lower than the expected full year cash conversion rate due to the seasonality of working capital cash flows.

Minority dividends of $12m (H1 2025: $8m) were paid, as cash was repatriated from relevant overseas entities to the Group. Tax paid was $43m (H1 2025: $33m) including an expected c.$6m one-off settlement relating to the successful negotiation of an advanced pricing agreement. Interest paid was $31m (H1 2025: $18m), the increase from H1 2025 was due to the incremental interest costs associated with the purchase of OrthoLite.

**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

In line with expectations, Group net debt (excluding lease liabilities) at 30 June 2026 was $842m (31 December 2025: $815m). Outflows in the period included $43m for the 2025 final dividend and $13m on M&A activity. Net debt at the period end includes lease liabilities under IFRS 16 of $82m (31 December 2025: $93m).

Our balance sheet remains in a strong position with total committed debt facilities of $1,370m from a well-diversified source and tenor. During the period, we successfully refinanced the $300m bridge and $150m term facilities at competitive margins and as a result the facilities at the end of the period comprised: $420m revolving credit facility and $950m USPP notes. The committed headroom on our banking facilities was $340m at 30 June 2026.

At 30 June 2026, our leverage ratio (net debt to EBITDA; both excluding lease liabilities) remains well within our 3x covenant limit at 2.3x. Given the strong cash generation characteristics of the combined Group, we continue to expect leverage to fall to 2x or below by the end of 2026.

There was also significant headroom on our interest cover covenant at 30 June 2026 which was 8.1x, 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 period, 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 the trustee of the Coats UK Pension Scheme (the "scheme") purchased a c.£1.3bn ($1.7bn) 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 buy-in was the final step in fully insuring Coats UK pension obligations and as a result pension deficit repair contributions permanently ceased at the end of 2024. The customary post-transaction data reconciliations remained on track during the period with good progress on liquidating certain scheme assets to meet a deferred element of the PIC premium. As a result, we expect to remove the scheme fully from the Group balance sheet by the end of 2027.

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 31 December 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.

Condensed consolidated financial statements

Condensed consolidated income statement
For the half year ended 30 June 2026

	Note	Half year 2026 Before exceptional and acquisition related items US$m	Half year 2026 Exceptional and acquisition related items (note 3) US$m	Half year 2026 Total US$m	Half year 2025 Before exceptional and acquisition related items US$m	Half year 2025 Exceptional and acquisition related items (note 3) US$m	Half year 2025 Total US$m	Full year 2025 Total US$m
Continuing operations								
Revenue		**836.9**	**-**	**836.9**	705.4	-	705.4	1,464.9
Cost of sales		**(505.2)**	**-**	**(505.2)**	(428.1)	(1.0)	(429.1)	(891.1)
Gross profit		**331.7**	**-**	**331.7**	277.3	(1.0)	276.3	573.8
Distribution costs		**(74.8)**	**-**	**(74.8)**	(60.5)	-	(60.5)	(126.8)
Administrative expenses		**(91.1)**	**(34.3)**	**(125.4)**	(76.9)	(10.5)	(87.4)	(205.6)
Other operating income		**-**	**3.8**	**3.8**	-	-	-	-
Operating profit		**165.8**	**(30.5)**	**135.3**	139.9	(11.5)	128.4	241.4
Share of profit of joint ventures		**0.8**	**-**	**0.8**	0.8	-	0.8	1.3
Finance income	**4**	**3.6**	**-**	**3.6**	2.5	-	2.5	11.0
Finance costs	**5**	**(35.4)**	**-**	**(35.4)**	(20.7)	-	(20.7)	(52.1)
Profit before taxation		**134.8**	**(30.5)**	**104.3**	122.5	(11.5)	111.0	201.6
Taxation	**6**	**(39.2)**	**6.9**	**(32.3)**	(36.0)	1.8	(34.2)	(64.9)
Profit from continuing Operations		**95.6**	**(23.6)**	**72.0**	86.5	(9.7)	76.8	136.7
Loss from discontinued Operations	**13**	**-**	**-**	**-**	0.6	(7.2)	(6.6)	(15.5)
Profit for the period		**95.6**	**(23.6)**	**72.0**	87.1	(16.9)	70.2	121.2
Attributable to:								
Equity shareholders of the company		**85.0**	**(23.6)**	**61.4**	76.2	(16.9)	59.3	103.4
Non-controlling interests		**10.6**	**-**	**10.6**	10.9	-	10.9	17.8
		95.6	**(23.6)**	**72.0**	87.1	(16.9)	70.2	121.2
Earnings per share (cents)	**7**							
Continuing operations:								
Basic				**3.19**			4.09	6.79
Diluted				**3.18**			4.07	6.75
Continuing and discontinued operations:								
Basic				**3.19**			3.68	5.91
Diluted				**3.18**			3.66	5.87
Adjusted earnings per share	**14 (d)**	**4.41**			4.69			9.26

Condensed consolidated statement of comprehensive income
For the half year ended 30 June 2026

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Profit for the period	**72.0**	70.2	121.2
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit schemes	**(0.1)**	(10.1)	(10.1)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(2.8)**	17.0	17.5
Other comprehensive income and expense for the period	**(2.9)**	6.9	7.4
Net comprehensive income and expense for the period	**69.1**	77.1	128.6
Attributable to:			
Equity shareholders of the company	**58.4**	66.3	110.8
Non-controlling interests	**10.7**	10.8	17.8
	69.1	77.1	128.6

Condensed consolidated statement of financial position
At 30 June 2026

	Note	30 June 2026 US$m	30 June 2025 US$m	31 December 2025 US$m
Non-current assets				
Goodwill		**371.3**	127.5	372.9
Other intangible assets		**972.1**	442.2	1,002.3
Property, plant and equipment		**247.6**	214.5	248.7
Right-of-use assets		**66.4**	61.3	75.0
Investments in joint ventures		**14.2**	14.5	13.3
Other equity investments		**0.5**	0.6	0.5
Deferred tax assets		**17.9**	16.4	17.9
Pension surpluses	15	**45.2**	45.3	48.7
Loan receivable	15	**43.9**	43.3	43.6
Trade and other receivables		**15.1**	23.6	20.1
		1,794.2	989.2	1,843.0
Current assets				
Inventories		**196.8**	175.8	173.5
Trade and other receivables		**364.8**	306.9	336.3
Pension surpluses	15	**1.5**	1.5	1.5
Cash and cash equivalents	11 (g)	**183.2**	168.5	232.0
Assets of disposal group and non-current assets classified as held for sale		**0.2**	12.6	0.4
		746.5	665.3	743.7
Total assets		**2,540.7**	1,654.5	2,586.7
Current liabilities				
Trade and other payables		**(334.5)**	(288.4)	(338.1)
Income tax liabilities		**(70.9)**	(57.9)	(76.5)
Bank overdrafts and other borrowings	11 (g)	**(0.2)**	(2.4)	(0.5)
Lease liabilities		**(21.7)**	(17.5)	(21.2)
Retirement benefit obligations:				
- Funded schemes	15	**(0.4)**	(0.4)	(0.4)
- Unfunded schemes	15	**(6.6)**	(7.9)	(6.8)
Provisions		**(28.7)**	(19.8)	(32.3)
Liabilities of disposal group classified as held for sale		**-**	(16.0)	-
		(463.0)	(410.3)	(475.8)
Net current assets		**283.5**	255.0	267.9
Non-current liabilities				
Trade and other payables		**(3.6)**	(6.3)	(4.9)
Deferred tax liabilities		**(102.4)**	(55.0)	(107.5)
Borrowings	11 (g)	**(1,025.2)**	(595.9)	(1,046.2)
Lease liabilities		**(60.2)**	(53.9)	(71.7)
Retirement benefit obligations:				
- Funded schemes	15	**(30.4)**	(26.2)	(30.0)
- Unfunded schemes	15	**(65.8)**	(69.5)	(67.7)
Provisions		**(19.5)**	(25.9)	(19.6)
		(1,307.1)	(832.7)	(1,347.6)
Total liabilities		**(1,770.1)**	(1,243.0)	(1,823.4)
Net assets		**770.6**	411.5	763.3
Equity				
Share capital	8	**120.4**	99.0	120.4
Share premium account		**412.3**	111.4	412.3
Own shares	8	**(3.7)**	(1.8)	(3.2)
Translation reserve		**(115.1)**	(112.6)	(112.2)
Capital reduction reserve		**59.8**	59.8	59.8
Other reserves		**246.3**	246.3	246.3
Retained profit/(loss)		**11.5**	(25.9)	(0.9)
Equity shareholders' funds		**731.5**	376.2	722.5
Non-controlling interests		**39.1**	35.3	40.8
Total equity		**770.6**	411.5	763.3

Condensed consolidated statement of changes in equity
For the half year ended 30 June 2026

	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 profit/ (loss) US$m	Total US$m	Non-controlling interests US$m	Total equity US$m
Balance as at 1 January 2025	99.0	111.4	(5.3)	(129.7)	59.8	246.3	(35.4)	346.1	32.5	378.6
Profit for the period	-	-	-	-	-	-	59.3	59.3	10.9	70.2
Other comprehensive income and expense for the period	-	-	-	17.1	-	-	(10.1)	7.0	(0.1)	6.9
Dividends	-	-	-	-	-	-	(34.9)	(34.9)	(8.0)	(42.9)
Purchase of own shares by Employee Benefit Trust	-	-	(4.8)	-	-	-	-	(4.8)	-	(4.8)
Movement in own shares	-	-	8.3	-	-	-	(8.3)	-	-	-
Share based payments	-	-	-	-	-	-	3.5	3.5	-	3.5
Balance as at 30 June 2025	99.0	111.4	(1.8)	(112.6)	59.8	246.3	(25.9)	376.2	35.3	411.5
Balance as at 1 January 2025	99.0	111.4	(5.3)	(129.7)	59.8	246.3	(35.4)	346.1	32.5	378.6
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
Balance as at 31 December 2025	**120.4**	**412.3**	**(3.2)**	**(112.2)**	**59.8**	**246.3**	**(0.9)**	**722.5**	**40.8**	**763.3**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**61.4**	**61.4**	**10.6**	**72.0**
Other comprehensive income and expense for the period	**-**	**-**	**-**	**(2.9)**	**-**	**-**	**(0.1)**	**(3.0)**	**0.1**	**(2.9)**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(43.6)**	**(43.6)**	**(12.4)**	**(56.0)**
Purchase of own shares by Employee Benefit Trust	**-**	**-**	**(8.6)**	**-**	**-**	**-**	**-**	**(8.6)**	**-**	**(8.6)**
Movement in own shares	**-**	**-**	**8.1**	**-**	**-**	**-**	**(8.7)**	**(0.6)**	**-**	**(0.6)**
Share based payments	**-**	**-**	**-**	**-**	**-**	**-**	**3.4**	**3.4**	**-**	**3.4**
Balance as at 30 June 2026	**120.4**	**412.3**	**(3.7)**	**(115.1)**	**59.8**	**246.3**	**11.5**	**731.5**	**39.1**	**770.6**

Condensed consolidated cash flow statement
For the half year ended 30 June 2026

	Note	**Half year 2026 US$m**	Half year 2025 US$m	Full year 2025 US$m
Cash inflow from operating activities				
Cash generated from operations	**11 (a)**	**147.9**	127.0	330.8
Interest paid	**11 (b)**	**(31.5)**	(18.2)	(35.3)
Taxation paid	**11 (c)**	**(43.0)**	(32.9)	(70.8)
Net cash generated by operating activities		**73.4**	75.9	224.7
Cash (outflow)/inflow from investing activities				
Investment income	**11 (d)**	**-**	-	1.7
Net capital expenditure and financial investment	**11 (e)**	**(11.8)**	(12.7)	(29.5)
Acquisition of businesses	**11 (f)**	**(10.7)**	-	(552.0)
Disposal of business	**11 (f)**	**-**	13.1	13.1
Net cash (absorbed in)/generated from investing activities		**(22.5)**	0.4	(566.7)
Cash (outflow)/inflow from financing activities				
Issue of ordinary shares		**(0.7)**	-	322.9
Purchase of own shares by Employee Benefit Trust		**(8.6)**	(4.8)	(9.0)
Dividends paid to equity shareholders		**(43.4)**	(34.5)	(53.6)
Dividends paid to non-controlling interests		**(12.4)**	(8.0)	(14.7)
Payment of lease liabilities		**(11.4)**	(9.3)	(19.0)
(Repayment)/drawdown of acquisition loan facilities		**(450.0)**	-	450.0
Borrowings settled on completion of acquisitions		**-**	-	(247.6)
Issue of senior notes		**348.2**	-	-
Net increase/(decrease) in other borrowings		**79.7**	-	(1.0)
Discontinued operations		**-**	(0.7)	(1.2)
Net cash (absorbed in)/generated from financing activities		**(98.6)**	(57.3)	426.8
Net (decrease)/increase in cash and cash equivalents		**(47.7)**	19.0	84.8
Net cash and cash equivalents at beginning of the period		**232.0**	145.8	145.8
Foreign exchange (losses)/gains on cash and cash equivalents		**(1.3)**	1.3	1.4
Net cash and cash equivalents at end of the period	**11 (g)**	**183.0**	166.1	232.0
Reconciliation of net cash flow to movement in net debt				
Net (decrease)/increase in cash and cash equivalents		**(47.7)**	19.0	84.8
Repayment/(drawdown) of acquisition loan facilities		**450.0**	-	(450.0)
Issue of senior notes		**(348.2)**	-	-
Net (increase)/decrease in other borrowings		**(79.7)**	-	1.0
Change in net debt resulting from cash flows (Free cash flow)	**14 (e)**	**(25.6)**	19.0	(364.2)
Net movement in lease liabilities during the period		**11.5**	13.7	(7.7)
Other non-cash movements		**(0.7)**	(0.8)	(2.5)
Foreign exchange losses		**(1.7)**	(0.6)	(0.7)
(Increase)/decrease in net debt		**(16.5)**	31.3	(375.1)
Net debt at start of period		**(907.6)**	(532.5)	(532.5)
Net debt at end of period	**11 (g)**	**(924.1)**	(501.2)	(907.6)

Notes to the condensed consolidated financial statements
For the half year ended 30 June 2026

1. Basis of preparation

These condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2025, which were prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006, and complied with the disclosure requirements of the Listing Rules of the United Kingdom Financial Conduct Authority ('FCA'). The condensed consolidated financial statements for the six months ended 30 June 2026 included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting as adopted for use in the United Kingdom, and the requirements of the Disclosure and Transparency Rules (DTR) of the FCA as applicable to interim financial reporting.

The condensed consolidated financial statements for the six months ended 30 June 2026 have not been audited or reviewed by an auditor. The condensed consolidated financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 December 2025, which were prepared in accordance with United Kingdom international accounting standards in conformity with the requirements of the Companies Act 2006. The information for the year ended 31 December 2025 does not constitute statutory accounts (as defined in section 434 of the Companies Act 2006). The financial information for the year ended 31 December 2025 is derived from the statutory accounts for that year, which have been filed with the Registrar of Companies. The audit report on the statutory accounts for the year ended 31 December 2025 was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, and are expected to be applied in the annual audited financial statements for the current year other than the changes to operating segments (as detailed in note 2) and following new and revised standards, amendments and improvements to existing standards that were effective as of 1 January 2026:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7;
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7; and
- Annual Improvements to IFRS Accounting Standards – Volume 11.

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

The preparation of condensed consolidated financial information, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial information, and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. In preparing the condensed consolidated financial statements for the six months ended 30 June 2026, the critical accounting judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2025.

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.

The results of the Americas Yarns business have been presented as a discontinued operation in the consolidated income statement for the six months ended 30 June 2026 and 30 June 2025 and the year ended 31 December 2025. 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.

1. Basis of preparation (continued)

Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the period from the date of this report to 31 December 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 2026 H1 review section of the Chief Executive's Review included in the 2026 Interim Results announcement, 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 forecast 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

- 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 2026 Interim Results announcement, the Board's expectations for the full year profit performance remain unchanged. Given our strong market position and competitive advantages, the Board are confident that the Group will continue to outperform and deliver positive growth through ongoing accelerated share gains, secured pricing and new product and platform launches. 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 more than 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 30 June 2026 the Group's net debt (excluding IFRS 16 leases liabilities) was $842.2m (31 December 2025: $814.7m). The Group's committed debt facilities total $1,370m across its Banking and US Private Placement group, with a range of maturities from December 2027 through to 2034. The only facility which matures during the going concern assessment period is $100m of US Private Placement in December 2027; the going concern assessment assumes this facility is repaid at maturity. As of 30 June 2026, the Group had around $340m 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) less than 3.0 and interest cover (EBITDA / interest charge) to be in excess of 4.0. All banking covenants tests were met at 30 June 2026, with leverage of 2.3x and interest cover of 8.1x. 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.

1. Basis of preparation (continued)

Going concern (continued)

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 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 31 December 2027.

Principal exchange rates

The principal exchange rates (to the US dollar) used are as follows:

		June 2026	June 2025	December 2025
Average	Sterling	**0.74**	0.77	0.76
	Euro	**0.86**	0.91	0.88
	Chinese Renminbi	**6.86**	7.25	7.19
	Indian Rupee	**93.05**	86.05	87.12
	Turkish Lira *	**44.61**	37.49	39.52
Period end	Sterling	**0.75**	0.73	0.74
	Euro	**0.88**	0.85	0.85
	Chinese Renminbi	**6.79**	7.16	6.99
	Indian Rupee	**94.66**	85.69	89.85
	Turkish Lira	**46.64**	39.78	42.95

* 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 period end exchange rates.

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 period end balance sheet dates. The income statement of the Company's subsidiary in Turkey is adjusted for inflation during the reporting period. A net monetary gain of $1.4m has been recognised within finance income in the six months ended 30 June 2026 on non-monetary items held in Turkish Lira (six months ended 30 June 2025: $0.8m, year ended 31 December 2025: $2.0m). The inflation rate used is the consumer price index published by the Turkish Statistical Institute, TurkStat. The movement in the price index for the six months ended 30 June 2026 was 18% (six months ended 30 June 2025: 17%, year ended 31 December 2025: 31%).

2. Segmental analysis

Operating segments are components of the Group's business activities about which discrete financial information is available that is evaluated regularly by the chief operating decision maker (the Group Executive Team).

As previously announced, the Group has streamlined 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 consists of two divisions: Apparel and Footwear (year ended 31 December 2025: three divisions Apparel, Footwear and Performance Materials).

2. Segmental analysis

The Group's customers are grouped into two segments Apparel and Footwear which have distinct different strategies and differing customer/end-use market profiles. From 1 January 2026, this is the basis on which financial information is reported internally to the chief operating decision maker (CODM) for the purpose of allocating resources between segments and assessing their performance.

As a result of the above, the reportable segments were changed in 2026 to Apparel and Footwear and comparative information for the six months ended 30 June 2025 and the year ended 31 December 2025 has been restated on a consistent basis. Previously the reportable segments for the six months ended 30 June 2025 and year ended 31 December 2025 comprised Apparel, Footwear and Performance Materials.

Six months ended 30 June 2026	Apparel US$m	Footwear US$m	Total US$m
Continuing operations			
Revenue	**486.0**	**350.9**	**836.9**
Segment profit	**91.7**	**74.1**	**165.8**
Exceptional and acquisition related items (note 3)			**(30.5)**
Operating profit			**135.3**
Share of profits of joint ventures			**0.8**
Finance income			**3.6**
Finance costs			**(35.4)**
Profit before taxation from continuing operations			**104.3**

Six months ended 30 June 2025 (restated)	Apparel US$m	Footwear US$m	Total US$m
Continuing operations			
Revenue	482.1	223.3	705.4
Segment profit	93.4	46.5	139.9
Exceptional and acquisition related items (note 3)			(11.5)
Operating profit			128.4
Share of profits of joint ventures			0.8
Finance income			2.5
Finance costs			(20.7)
Profit before taxation from continuing operations			111.0

Year ended 31 December 2025 (restated)	Apparel US$m	Footwear US$m	Total US$m
Continuing operations			
Revenue	974.3	490.6	1,464.9
Segment profit	186.3	103.5	289.8
Exceptional and acquisition related items (note 3)			(48.4)
Operating profit			241.4
Share of profits of joint ventures			1.3
Finance income			11.0
Finance costs			(52.1)
Profit before taxation from continuing operations			201.6

2. Segmental analysis (continued)

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Cost of sales and other operating costs not directly attributable to a segment are allocated to segments on an aggregated basis. Exceptional and acquisition related items are not allocated to segments to align to the reporting provided to the chief operating decision maker. 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.

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.

	Half year 2026	Half year 2025	Full year 2025
	US$m	US$m	US$m
Continuing operations			
Primary geographic markets			
Asia	**610.8**	480.5	1,018.3
Americas	**80.5**	81.6	162.8
EMEA	**145.6**	143.3	283.8
Total	**836.9**	705.4	1,464.9
Continuing operations			
Apparel	**486.0**	482.1	974.3
Footwear	**350.9**	223.3	490.6
Total	**836.9**	705.4	1,464.9
Timing of revenue recognition			
Goods transferred at a point in time	**832.0**	699.4	1,452.7
Software solutions services transferred over time	**4.9**	6.0	12.2
Total	**836.9**	705.4	1,464.9

The software solutions business is included in the Apparel segment. 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 both 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 businesses, 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, should be 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.

3. Exceptional and acquisition related items (continued)

Total exceptional and acquisition related items charged to operating profit for the six months ended 30 June 2026 was $30.5m (six months ended 30 June 2025: $11.5m; year ended 31 December 2025: $51.6m).

This comprises exceptional items for the six months ended 30 June 2026 of $2.7m (six months ended 30 June 2025: $1.1m; year ended 31 December 2025: $1.8m) and acquisition related items for the six months ended 30 June 2026 of $27.8m (six months ended 30 June 2025: $10.4m; year ended 31 December 2025: $49.8m).

Taxation in respect of exceptional and acquisition related items is set out in note 6.

Exceptional items

Exceptional items charged to operating profit from continuing operations are set out below:

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Exceptional items:			
Costs to deliver Footwear acquisitions integration synergies and divisional structure change:			
- Distribution costs	**-**	-	0.2
- Administrative expenses	**6.5**	-	-
	6.5	-	0.2
Strategic project (income)/costs:			
- Cost of sales	**-**	1.0	1.3
- Distribution costs	**-**	-	0.2
- Administrative expenses	**-**	0.1	0.1
- Other operating income – profit on sale of property	**(3.8)**	-	-
	(3.8)	1.1	1.6
Total exceptional items charged to operating profit from continuing operations	**2.7**	1.1	1.8

Costs to deliver Footwear acquisitions integration synergies and divisional structure change – Total exceptional costs of $6.5m were incurred during the six months ended 30 June 2026 (six months ended 30 June 2025: $nil; year ended 31 December 2025: $0.2m) in connection with streamlining the Group's organisation structure into two divisions (Apparel and Footwear), setting up the Footwear division for accelerated growth and to deliver acquisition synergies following the acquisition of OrthoLite.

Strategic project income/costs – During the six months ended 30 June 2026 profit from the sale of land and buildings in Germany and India which were part of strategic projects in previous years amounted to $3.8m. Strategic project initiatives, which had commenced in 2022, were largely completed at the end of 2024. Exceptional restructuring costs in connection with these strategic projects during the six months ended 30 June 2026 were $nil (six months ended 30 June 2025: $1.1m; year ended 31 December 2025: $1.6m).

3. Exceptional and acquisition related items (continued)

Acquisition related items

Acquisition related items are set out below:

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Acquisition related items:			
Administrative expenses:			
Acquisition transaction costs	**-**	-	19.6
Amortisation of acquired intangible assets	**27.8**	10.4	27.0
	27.8	10.4	46.6
Finance costs:			
Acquisition transaction costs	**-**	-	3.2
Total acquisition related items charged to profit before taxation from continuing operations	**27.8**	10.4	49.8

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.

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 charges 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 periods 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 adjusted results as management consider these costs to be part of the trading performance of the business.

4. Finance income

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Income from investments	**-**	0.1	0.2
Net monetary gain arising from hyperinflation accounting (see note 1)	**1.4**	0.8	2.0
Other interest receivable and similar income	**2.2**	1.6	8.8
	3.6	2.5	11.0

5. Finance costs

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Interest on bank and other borrowings	**27.8**	16.1	37.3
Interest expense on lease liabilities	**2.5**	2.0	4.1
Net interest on pension scheme assets and liabilities	**1.6**	1.1	2.3
Other finance costs including unrealised gains and losses on foreign exchange contracts	**3.5**	1.5	8.4
	35.4	20.7	52.1

6. Taxation

The taxation charge for the six months ended 30 June 2026 and 30 June 2025 has been calculated in accordance with IAS 34 'Interim Financial Reporting', by applying the estimated adjusted effective tax rate for the full year to profit before exceptional and acquisition related items for the six month period, adjusted for the tax effect of discrete items arising in the period to 30 June. The tax impact of adjusting items was calculated on an item-by-item basis. The tax charge relating to continuing operations for the six months ended 30 June 2026 was $32.3m (six months ended 30 June 2025: $34.2m; year ended 31 December 2025: $64.9m).

For the six months ended 30 June 2026 the tax credit in respect of exceptional and acquisition related items was $6.9m (six months ended 30 June 2025: $1.8m; year ended 31 December 2025: $8.5m) which comprised the following amounts:

- Tax credit arising from the unwind of deferred tax liabilities recognised on acquired intangible assets which are amortised of $6.1m for the six months ended 30 June 2026 (six months ended 30 June 2025: $1.7m; year ended 31 December 2025: $7.2m); and

- Tax credits of $0.8m for the six months ended 30 June 2026 (six months ended 30 June 2025: $0.1m; year ended 31 December 2025: $1.3m) arising on exceptional integration and strategic projects (see note 3).

The Group has recognised provisions for uncertain tax positions which at 30 June 2026 totalled $50.2m (31 December 2025: $58.3m; 30 June 2025: $26.3m). These provisions relate to management's estimate of tax exposures in open tax returns yet to be agreed with the local tax authorities, which are reassessed based on facts and circumstances at each reporting date. The provisions at 30 June 2026 and 31 December 2025 include management's provisional assessments of uncertain tax exposures acquired in October 2025 with OrthoLite, based on information available at the reporting date and subject to further review of pre-acquisition tax matters during the 12 month measurement period under IFRS 3 'Business Combinations'.

Pillar Two

Under the Pillar Two rules the Group is liable to pay top-up tax on profits of jurisdictions that are taxed at an effective tax rate of less than 15%. For the six months ended 30 June 2026 the tax charge was $0.9m (six months ended 30 June 2025: $0.1m; year ended 31 December 2025: $0.9m). The Group has applied the IAS 12 temporary exception and therefore does not recognise or disclose deferred taxes relating to Pillar Two income taxes.

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 period, excluding shares held by the Employee Benefit Trust but including shares under share incentive schemes which are not contingently issuable.

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 to the extent that this does not dilute a loss. 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 was the end of the contingency period.

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Profit from continuing operations attributable to equity shareholders	**61.4**	65.9	118.9
Profit from continuing and discontinued operations attributable to equity shareholders	**61.4**	59.3	103.4

Profit from continuing operations attributable to equity shareholders for the six months ended 30 June 2026 of $61.4m (six months ended 30 June 2025: $65.9m; year ended 31 December 2025: $118.9m) comprises the profit from continuing operations for the six months ended 30 June 2026 of $72.0m (six months ended 30 June 2025: $76.8m; year ended 31 December 2025: $136.7m) less non-controlling interests for the six months ended 30 June 2026 of $10.6m (six months ended 30 June 2025: $10.9m; year ended 31 December 2025: $17.8m) as reported in the income statement.

	Half year 2026 Number of shares m	Half year 2025 Number of shares m	Full year 2025 Number of shares m
Weighted average number of ordinary shares in issue for basic earnings per share	**1,926.4**	1,609.6	1,750.6
Adjustment for deferred bonus plan and LTIP awards	**6.3**	9.1	10.6
Weighted average number of ordinary shares in issue for diluted earnings per share	**1,932.7**	1,618.7	1,761.2

	Half year 2026 cents	Half year 2025 cents	Full year 2025 cents
Continuing operations:			
Basic earnings per ordinary share	**3.19**	4.09	6.79
Diluted earnings per ordinary share	**3.18**	4.07	6.75
Continuing and discontinued operations:			
Basic earnings per ordinary share	**3.19**	3.68	5.91
Diluted earnings per ordinary share	**3.18**	3.66	5.87

8. Issued share capital

At 30 June 2026 the share capital of the Company comprised 1,917,372,461 Ordinary Shares of 5p each (31 December 2025: 1,917,372,461; 30 June 2025: 1,597,810,385).

During the six months ended 30 June 2026 and 30 June 2025 the Company did not issue any Ordinary Shares. The Company issued 319,562,076 Ordinary shares of 5p each during the year ended 31 December 2025.

The own shares reserve of $3.7m at 30 June 2026 (31 December 2025: $3.2m; 30 June 2025: $1.8m) 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 30 June 2026 was 3,286,680 (31 December 2025: 3,010,519; 30 June 2025: 1,714,841).

9. Dividends

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
2025 final dividend paid – 2.28 cents per share	**43.6**	-	-
2025 interim dividend paid – 1.0 cents per share	**-**	-	19.2
2024 final dividend paid – 2.19 cents per share	**-**	34.9	34.9
	43.6	34.9	54.1

The directors have declared an ordinary interim dividend per share of 1.05 cents (30 June 2025: 1.0 cents) to be paid on 12 November 2026 to shareholders on the register on 16 October 2026. In line with the requirements of IAS 10 Events after the Reporting Period, these condensed consolidated financial statements do not reflect this interim dividend payable.

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 concluding 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. 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. The matter is fully briefed and we expect the court to schedule oral argument in 2026.

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 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 30 June 2026, the remaining provision was $9.1m (31 December 2025: $10.1m). 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 further judicial decisions, negotiations among the parties and other future events.

11. Notes to the condensed consolidated cash flow statement

a) Reconciliation of operating profit to net cash inflow from operations

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Operating profit[1]	**135.3**	128.4	241.4
Depreciation of owned property, plant and equipment	**13.8**	12.0	23.9
Depreciation of right-of-use assets	**10.5**	8.3	17.8
Amortisation and impairment of intangible assets	**28.8**	11.1	28.5
Impairment of property, plant and equipment and other assets	**-**	-	1.4
(Increase)/decrease in inventories	**(24.6)**	(11.1)	13.7
(Increase)/decrease in debtors	**(24.0)**	(13.8)	9.2
Increase/(decrease) in creditors	**10.9**	(5.7)	9.0
Provision and pension movements	**(3.3)**	(9.7)	(22.4)
Foreign exchange and other non-cash movements	**1.6**	3.6	6.1
Discontinued operations	**(1.1)**	3.9	2.2
Cash generated from operations	**147.9**	127.0	330.8

[1] Refer to the condensed consolidated income statement for a reconciliation of profit before taxation to operating profit from continuing operations.

b) Interest paid

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Interest paid	**(31.5)**	(17.6)	(34.2)
Discontinued operations	**-**	(0.6)	(1.1)
	(31.5)	(18.2)	(35.3)

c) Taxation paid

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Overseas tax paid	**(43.0)**	(32.9)	(70.8)

d) Investment income

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Dividends received from joint ventures	**-**	-	1.7

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

e) Capital expenditure and financial investment

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Purchase of property, plant and equipment and intangible assets	**(16.0)**	(12.4)	(32.1)
Purchase of other equity investments	**-**	(0.4)	-
Proceeds from disposal of property, plant and equipment	**4.2**	0.1	0.9
Discontinued operations	**-**	-	1.7
	(11.8)	(12.7)	(29.5)

f) Acquisitions and disposals of businesses

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Acquisition of businesses	**(10.7)**	-	(552.0)
Disposal of business	**-**	13.1	13.1
	(10.7)	13.1	(538.9)

g) Net debt

A summary of net debt is set out below:

	30 June 2026 US$m	30 June 2025 US$m	31 December 2025 US$m
Cash and cash equivalents	**183.2**	168.5	232.0
Bank overdrafts	**(0.2)**	(2.4)	(0.1)
Net cash and cash equivalents	**183.0**	166.1	231.9
Other borrowings	**(1,025.2)**	(595.9)	(1,046.6)
Net debt excluding lease liabilities	**(842.2)**	(429.8)	(814.7)
Lease liabilities	**(81.9)**	(71.4)	(92.9)
Total net debt	**(924.1)**	(501.2)	(907.6)

For financial covenant purposes, 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 30 June 2026 for covenant purposes was $847.2m (30 June 2025: $434.1m; 31 December 2025: $818.7m).

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

g) Net debt (continued)

The components of net debt and movements during the periods are set out below:

	Series A and Series B Senior Notes US$m	Bank loans US$m	Lease liabilities US$m	Total financing activity liabilities US$m	Bank overdrafts US$m	Cash at bank and in hand US$m	Net debt US$m
At 1 January 2025	(595.1)	-	(83.2)	(678.3)	(0.2)	146.0	(532.5)
Financing cash flows	-	-	10.0	10.0	-	-	10.0
Other cash flows	-	-	2.6	2.6	(2.2)	21.2	21.6
Non-cash movements	(0.8)	-	1.1	0.3	-	-	0.3
Foreign exchange	-	-	(1.9)	(1.9)	-	1.3	(0.6)
At 30 June 2025	(595.9)	-	(71.4)	(667.3)	(2.4)	168.5	(501.2)
At 1 January 2025	(595.1)	-	(83.2)	(678.3)	(0.2)	146.0	(532.5)
Financing cash flows	-	(201.4)	20.2	(181.2)	-	-	(181.2)
Other cash flows	-	-	5.2	5.2	0.1	50.9	56.2
Acquisition of subsidiaries	-	(248.6)	(11.4)	(260.0)	-	33.7	(226.3)
Non-cash movements	(1.5)	-	(21.6)	(23.1)	-	-	(23.1)
Foreign exchange	-	-	(2.1)	(2.1)	-	1.4	(0.7)
At 31 December 2025	**(596.6)**	**(450.0)**	**(92.9)**	**(1,139.5)**	**(0.1)**	**232.0**	**(907.6)**
Financing cash flows	**(348.2)**	**370.3**	**11.4**	**33.5**	**-**	**-**	**33.5**
Other cash flows	**-**	**-**	**2.5**	**2.5**	**(0.1)**	**(47.6)**	**(45.2)**
Non-cash movements	**(0.7)**	**-**	**(2.4)**	**(3.1)**	**-**	**-**	**(3.1)**
Foreign exchange	**-**	**-**	**(0.5)**	**(0.5)**	**-**	**(1.2)**	**(1.7)**
At 30 June 2026	**(945.5)**	**(79.7)**	**(81.9)**	**(1,107.1)**	**(0.2)**	**183.2**	**(924.1)**

12. Acquisitions

The Group completed two acquisitions during the year ended 31 December 2025.

Acquisition of OrthoLite

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 was 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 was undertaken with assistance provided by external valuation specialists**.** Provisional goodwill and intangible assets acquired totalled $811.3m. The assessment will be completed within 12 months from the acquisition date.

12. Acquisitions (continued)

Acquisition of OrthoLite (continued)

The total cash outflow on the acquisition date was as follows:

	Total US$m
Purchase consideration paid to previous owners	581.7
Cash and cash equivalents acquired	(33.7)
Acquisition of businesses – investing cash flows	**548.0**
External bank borrowings settled on completion – financing cash flows	247.6
Total cash outflow on the acquisition date	**795.6**

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.

The unique VizLite phosphorescent (glow-in-the-dark) technology of the business is being 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 accelerates the Group's PPE fabrics strategy.

Provisional goodwill and intangible assets acquired totalled $11.0m. The assessment of fair values will be completed within 12 months from the acquisition date. The financial results of Viz Reflectives are included in the Apparel segment.

13. Discontinued operations

Strategic exit from the Americas Yarns business

In Q4 2024 the Group closed its Performance Materials Division's plant in Toluca, Mexico and in April 2025 announced the full exit from the low-margin Americas Yarns business based in Kings Mountain, North Carolina. The sale of the Kings Mountain plant was completed in June 2025. This follows the strategic review of the Americas Yarns business. 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 are presented as a discontinued operation. The results of the discontinued operations are presented below:

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Revenue	**-**	**26.3**	26.3
Cost of sales	**-**	**(30.8)**	(40.6)
Gross loss	**-**	**(4.5)**	(14.3)
Distribution costs	**-**	**(1.0)**	(1.0)
Administrative expenses	**-**	**(2.1)**	(2.1)
Other operating income	**-**	**-**	1.2
Operating loss and loss before taxation	**-**	**(7.6)**	(16.2)
Taxation	**-**	**1.0**	0.7
Loss from discontinued operations	**-**	**(6.6)**	(15.5)

13. Discontinued operations (continued)

Strategic exit from the Americas Yarns business (continued)

The operating profit before exceptional and acquisition related items of the Americas Yarns business for the six months ended 30 June 2026 was $nil (six months ended 30 June 2025: $0.6m; year ended 31 December 2025: $0.5m). Exceptional and acquisition related items for the six months ended 30 June 2026 charged to operating loss from discontinued operations was $nil (six months ended 30 June 2025: $8.2m; year ended 31 December 2025: $16.7m). As a result the operating loss of the Americas Yarns business for the six months ended 30 June 2026 was $nil (six months ended 30 June 2025: $7.6m; year ended 31 December 2025: $16.2m).

Exceptional and acquisition related items of the Americas Yarns business charged to loss from discontinued operations are set out below:

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Cost of sales:			
Costs of exiting Americas Yarns business			
- Cost of sales	**-**	(6.3)	(16.0)
- Administrative expenses	**-**	(1.9)	(1.9)
	-	(8.2)	(17.9)
Other operating income:			
Profit on disposal of property	**-**	-	1.2
Total exceptional and acquisition related items – discontinued operations	**-**	(8.2)	(16.7)

Exceptional costs of exiting the Americas Yarns business included 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 (30 June 2025: $4.4m)

The tax credit in respect of exceptional and acquisition related items for the six months ended 30 June 2026 was $nil (six months ended 30 June 2025: $1.0m; year ended 31 December 2025: $0.8m).

Exceptional and acquisition related items, net of tax, for the six months ended 30 June 2026 were $nil (six months ended 30 June 2025: $7.2m; year ended 31 December 2025: $15.9m).

Loss per ordinary share from discontinued operations

	Half year 2026 cents	Half year 2025 cents	Full year 2025 cents
Loss per ordinary share from discontinued operations:			
Loss per ordinary share	**-**	(0.41)	(0.88)
Diluted loss per ordinary share	**-**	(0.41)	(0.88)

Cash flows from discontinued operations

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Net cash (outflow)/inflow from operating activities	**(1.1)**	3.4	1.1
Net cash inflow from investing activities	**-**	13.1	14.8
Net cash outflow from financing activities	**-**	(0.7)	(1.2)
Net cash flows from discontinued operations	**(1.1)**	15.8	14.7

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 was included in cash flow from investing activities for the year ended 31 December 2025.

14. Alternative performance measures

This half year financial report contains both statutory measures and alternative performance measures which are presented on a consistent basis with the previous reporting period and, in management's view, provide additional useful information to users of the accounts of how the Group's business is managed and measured on a day-to-day basis.

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 International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom Endorsement Board 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. More information on the Group's alternative performance measures and key performance indicators, including explanations as to why they are used, are set out in Coats Group plc's Annual Report and Accounts for the year ended 31 December 2025.

A reconciliation of alternative performance measures to the most directly comparable measures reported in accordance with IFRS is provided below.

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 period 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).

14. Alternative performance measures (continued)

a) Organic growth on a constant exchange rate (CER) basis (continued)

Revenue	**Half year 2026 US$m**	Half year 2025 US$m	% Increase
Revenue from continuing operations	**836.9**	705.4	19%
Constant currency adjustment	**-**	2.3	
Revenue on a CER basis	**836.9**	707.7	18%
Revenue from acquisitions[1]	**(125.1)**	-	
Organic revenue on a CER basis	**711.8**	707.7	1%

Operating profit	**Half year 2026 US$m**	Half year 2025 US$m	% Increase
Operating profit from continuing operations[2]	**135.3**	128.4	5%
Exceptional and acquisition related items (note 3)	**30.5**	11.5	
Adjusted operating profit from continuing operations	**165.8**	139.9	19%
Constant currency adjustment	**-**	0.5	
Adjusted operating profit on a CER basis	**165.8**	140.4	18%
Operating profit from acquisitions[1]	**(28.5)**	-	
Organic adjusted operating profit on a CER basis	**137.3**	140.4	(2%)

[1] Revenue and operating profit for the six months ended 30 June 2026 from acquisitions of $125.1m and $28.5m respectively relates to OrthoLite and Viz Reflectives which were both acquired in October 2025.

[2] Refer to the condensed consolidated income statement for a reconciliation of profit before taxation to operating profit from continuing operations.

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 owned fixed assets and right-of-use assets, amortisation and impairments and excluding exceptional and acquisition related items.

14. Alternative performance measures (continued)

b) Adjusted EBITDA (continued)

Operating profit before exceptional and acquisition related items and before depreciation of owned fixed assets and right-of-use assets and amortisation (Adjusted EBITDA) is set out below:

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Profit before taxation from continuing operations	**104.3**	111.0	201.6
Share of profit of joint ventures	**(0.8)**	(0.8)	(1.3)
Finance income (note 4)	**(3.6)**	(2.5)	(11.0)
Finance costs (note 5)	**35.4**	20.7	52.1
Operating profit from continuing operations	**135.3**	128.4	241.4
Exceptional and acquisition related items (note 3)	**30.5**	11.5	48.4
Adjusted operating profit from continuing operations	**165.8**	139.9	289.8
Depreciation of owned property, plant and equipment	**13.8**	12.0	23.9
Amortisation of intangible assets	**1.0**	0.7	1.5
Adjusted EBITDA including IFRS 16 depreciation of right-of-use assets (Pre-IFRS 16 basis)	**180.6**	152.6	315.2
Depreciation of right-of-use assets	**10.5**	8.3	17.8
Adjusted EBITDA	**191.1**	160.9	333.0

Adjusted EBITDA on a last twelve months basis to 30 June 2026 was $363.2m (30 June 2025: $321.2m).

Adjusted EBITDA on a last twelve months basis to 30 June 2026 of $363.2m is the adjusted EBITDA for the six months ended 30 June 2026 of $191.1m plus the adjusted EBITDA for the year ended 31 December 2025 of $333.0m less the adjusted EBITDA for the six months ended 30 June 2025 of $160.9m.

Net debt including lease liabilities under IFRS 16 was $924.1m at 30 June 2026 (31 December 2025: $907.6m; 30 June 2025: $501.2m). This gives a leverage ratio of net debt including lease liabilities to Adjusted EBITDA at 30 June 2026 of 2.5 (31 December 2025: 2.7; 30 June 2025: 1.6).

On a pre-IFRS 16 basis adjusted EBITDA on a last twelve months basis to 30 June 2026 was $343.2m (30 June 2025: $304.3m).

Net debt excluding lease liabilities under IFRS 16 was $842.2m at 30 June 2026 (31 December 2025: $814.7m; 30 June 2025: $429.8m). This gives a leverage ratio on a pre-IFRS 16 basis at 30 June 2026 of 2.5 (31 December 2025: 2.6; 30 June 2025: 1.4).

The Group's proforma leverage on a pre-IFRS 16 basis at 30 June 2026 was 2.3 (31 December 2025: 2.2) after adjusting EBITDA to include OrthoLite and Viz Reflectives as if the acquisitions had taken effect at the beginning of the twelve month period.

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. Leverage for covenant purposes at 30 June 2026 was 2.3 (31 December 2025: 2.2, 30 June 2025: 1.5). The financial covenant under the Group's borrowing arrangements is for leverage to be less than 3.0 and this covenant was met at 30 June 2026, 31 December 2025 and 30 June 2025.

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.

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Profit before taxation from continuing operations	**104.3**	111.0	201.6
Exceptional and acquisition related items (note 3)	**30.5**	11.5	51.6
Adjusted profit before taxation from continuing operations	**134.8**	122.5	253.2
Taxation charge from continuing operations	**32.3**	34.2	64.9
Tax credit in respect of exceptional and acquisition related items	**6.9**	1.8	8.5
Adjusted taxation charge from continuing operations	**39.2**	36.0	73.4
Adjusted effective tax rate	**29%**	29%	29%

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.

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Profit from continuing operations	**72.0**	76.8	136.7
Non-controlling interests	**(10.6)**	(10.9)	(17.8)
Profit from continuing operations attributable to equity shareholders	**61.4**	65.9	118.9
Exceptional and acquisition related items net of non-controlling interests (note 3)	**30.5**	11.5	51.6
Tax credit in respect of exceptional and acquisition related items	**(6.9)**	(1.8)	(8.5)
Adjusted profit from continuing operations	**85.0**	75.6	162.0
Weighted average number of Ordinary Shares	**1,926,395,112**	1,609,580,864	1,750,596,612
Adjusted earnings per share	**4.41**	4.69	9.26

The weighted average number of Ordinary Shares used for the calculation of adjusted earnings per share is the same as that used for basic earnings per Ordinary Share from continuing operations (see note 7).

e) Free cash flow pre dividends and M&A and 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 non-controlling 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.

Free cash flow pre dividends and M&A is free cash flow after interest, tax, dividends paid to non-controlling interests and exceptional items, and excluding dividends paid to equity shareholders and cash flows relating to merger and acquisition (M&A) activities.

14. Alternative performance measures (continued)

e) Free cash flow pre dividends and M&A and adjusted free cash flow (continued)

The above cash flow metrics measure the Group's cash generation that is available to service shareholder dividends and acquisitions.

	Half year 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Change in net debt resulting from cash flows (free cash flow)	**(25.6)**	19.0	(364.2)
Acquisition of businesses	**10.7**	-	808.1
Issue of ordinary shares in connection with acquisitions	**0.7**	-	(322.9)
Disposal of business and net cash flow from discontinued operations	**1.1**	(15.8)	(14.7)
Dividends paid to equity shareholders	**43.4**	34.5	53.6
Free cash flow pre dividends and M&A	**30.3**	37.7	159.9
Net cash flows in respect of exceptional and other adjusted cash flow items post tax	**18.6**	13.4	24.4
Adjusted free cash flow	**48.9**	51.1	184.3

f) Return on capital employed

Return on capital employed ('ROCE') is defined as operating profit before exceptional and acquisition related items on a last twelve months' basis adjusted for full year impact of acquisitions divided by period end capital employed as set out below. ROCE measures the ability of the Group's assets to deliver returns.

	30 June 2026 US$m	Half year 2025 US$m	Full year 2025 US$m
Operating profit from continuing operations before exceptional and acquisition related items on a last twelve months' basis[1]	**339.2**	278.6	344.6
Non-current assets			
Acquired intangible assets	**1,096.9**	323.1	1,128.3
Property, plant and equipment	**247.6**	214.5	248.7
Right-of-use assets	**66.4**	61.3	75.0
Trade and other receivables	**15.1**	23.6	20.1
Current assets			
Inventories	**196.8**	175.8	173.5
Trade and other receivables	**364.8**	306.9	336.3
Current liabilities			
Trade and other payables	**(334.5)**	(288.4)	(338.1)
Lease liabilities	**(21.7)**	(17.5)	(21.2)
Non-current liabilities			
Trade and other payables	**(3.6)**	(6.3)	(4.9)
Lease liabilities	**(60.2)**	(53.9)	(71.7)
Capital employed	**1,567.6**	739.1	1,546.0
ROCE	**22%**	38%	22%

[1] Refer to the condensed consolidated income statement for a reconciliation of profit before taxation to operating profit from continuing operations. Operating profit from continuing operations before exceptional and acquisition related items on a last twelve month basis to 30 June 2026 and 31 December 2025 was adjusted to include OrthoLite and Viz Reflectives as if the acquisitions had taken effect at the beginning of the period (1 July 2025 and 1 January 2025 respectively). Including full year proforma results, rather than the actual consolidated results of these acquired businesses, better reflected the return from the capital position at 30 June 2026 and 31 December 2025. 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.

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 $12.6m as at 30 June 2026 (31 December 2025: $11.1m; 30 June 2025: $13.9m), excluding a loan payable by the Coats UK Pension Scheme to the Group of $43.9m (31 December 2025: $43.6m; 30 June 2025: $43.3m).

Including the loan of $43.9m (31 December 2025: $43.6m; 30 June 2025: $43.3m) 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 $56.5m as at 30 June 2026 (31 December 2025: $54.7m; 30 June 2025: $57.2m).

The Coats UK Pension Scheme had a surplus on an IAS 19 basis at 30 June 2026 of $18.4m (31 December 2025: $18.4m; 30 June 2025: $22.5m), excluding the loan payable by the Coats UK Pension Scheme to the Group. Including the loan 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 30 June 2026 of $25.5m (31 December 2025: $25.2m; 30 June 2025: $20.8m).

All the financial and demographic risks relating to the Coats UK Pension Scheme's liabilities are fully hedged.

At 30 June 2026 the loan receivable from the UK pension scheme including accrued interest was $43.9m (31 December 2025: $43.6m; 30 June 2025: $43.3m). 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 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 six months ended 30 June 2026 was $1.0m (six months ended 30 June 2025: $1.1m, year ended 31 December 2025: $2.3m).

16. Fair value of assets and liabilities

As at 30 June 2025 there were no significant differences between the book value and fair value (as determined by market value) of the Group's financial assets and liabilities.

The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not observable market data (unobservable inputs).

Financial assets measured at fair value

30 June 2026	Total US$m	Level 1 US$m	Level 2 US$m	Level 3 US$m
Financial assets measured at fair value through the income statement:				
Trading derivatives	**1.4**	**-**	**1.4**	**-**
Financial assets measured at fair value through the statement of comprehensive income:				
Other investments	**0.5**	**-**	-	**0.5**
Total	**1.9**	**-**	**1.4**	**0.5**

16. Fair value of assets and liabilities (continued)

Financial assets measured at fair value (continued)

30 June 2025	Total US$m	Level 1 US$m	Level 2 US$m	Level 3 US$m
Financial assets measured at fair value through the income statement:				
Trading derivatives	2.1	-	2.1	-
Financial assets measured at fair value through the statement of comprehensive income:				
Other investments	0.6	-	-	0.6
Total	2.7	-	2.1	0.6

31 December 2025	Total US$m	Level 1 US$m	Level 2 US$m	Level 3 US$m
Financial assets measured at fair value through the income statement:				
Trading derivatives	0.9	-	0.9	-
Financial assets measured at fair value through the statement of comprehensive income:				
Other investments	0.5	-	-	0.5
Total	1.4	-	0.9	0.5

Financial liabilities measured at fair value

30 June 2026	Total US$m	Level 1 US$m	Level 2 US$m	Level 3 US$m
Financial liabilities measured at fair value through the income statement:				
Trading derivatives	**(0.9)**	**-**	**(0.9)**	**-**
Contingent consideration provision	**(7.2)**	**-**	**-**	**(7.2)**
Total	**(8.1)**	**-**	**(0.9)**	**(7.2)**

30 June 2025	Total US$m	Level 1 US$m	Level 2 US$m	Level 3 US$m
Financial liabilities measured at fair value through the income statement:				
Trading derivatives	(1.7)	-	(1.7)	-
Total	(1.7)	-	(1.7)	-

16. Fair value of assets and liabilities (continued)

Financial liabilities measured at fair value (continued)

31 December 2025	Total US$m	Level 1 US$m	Level 2 US$m	Level 3 US$m
Financial liabilities measured at fair value through the income statement:				
Trading derivatives	(0.7)	-	(0.7)	-
Contingent consideration provision	(7.3)	-	-	(7.3)
Total	(8.0)	-	(0.7)	(7.3)

Level 1 financial instruments are valued based on quoted bid prices in an active market. Level 2 financial instruments are measured by discounted cash flow. For interest rates swaps future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the various counterparties. For foreign exchange contracts future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the various counterparties. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the six months ended 30 June 2026.

17. Post balance sheet events

There have been no events between the balance sheet date, and the date on which the condensed consolidated financial statements were approved by the Board, which would require adjustment to the condensed consolidated financial statements or any additional disclosures.

18. Principal risks and uncertainties

The principal risks and uncertainties which may have an impact on the Group's operations, performance or future prospects remain those detailed in Coats Group plc's Annual Report and Accounts for the year ended 31 December 2025 and these are expected to stay the same for the remainder of 2026. Information on these principal risks and uncertainties together with an explanation of the Group's approach to risk management is set out in Coats Group plc's Annual Report and Accounts for the year ended 31 December 2025 on pages 38 to 46, a copy of which is available on the Group's website, www.coats.com.

The risk trends in relation to principal risks and uncertainties were reviewed during the period and are considered to be the same as those detailed in Coats Group plc's Annual Report and Accounts for the year ended 31 December 2025. The risk trend for Economic and geopolitical risk was considered to be "increasing" at that time and remains so at this half-year. The tensions in the Middle East continue to be closely monitored during 2026. The Group will continue to take action as required to mitigate supply chain pressures and raw material and energy cost increases. We believe we are well placed to navigate these challenges and to appropriately leverage the opportunities associated with them.

19. Related party transactions

There have been no related party transactions or changes in related party transactions described in the 2025 Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the financial year.

20. Directors

The following persons were directors of Coats Group plc during the half year ended 30 June 2026 and up to the date of this report:

T Cobbold	(Appointed 1 July 2026)
D Gosnell OBE	
D Paja	
W Gang	
S Highfield	
A Kelleher	(Appointed 1 June 2026)
H Lu	
S Murray	
H Nichols	
S Phatak	
F Philip	(Resigned 20 May 2026)
J Sigurdsson	

D Gosnell will retire as Chair and from the Board on 31 July 2026. T Cobbold will then succeed as Chair with effect from 1 August 2026.

21. Publication

This statement will be available at the registered office of the Company, 4th Floor,14 Aldermanbury Square, London, EC2V 7HS. A copy will also be displayed on the Company's website, www.coats.com.

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.28R (disclosure of related parties' transactions and changes therein).

The Directors of Coats Group plc are listed in Note 20 to the Condensed Consolidated Financial Statements.

By order of the Board,

D Gosnell
Chair
28 July 2026

United Kingdom
4th Floor,14 Aldermanbury Square, London, EC2V 7HS Tel: 0208 210 5000

Registered in England and Wales No. 103548