RNS Number : 3618R
Coats Group PLC
16 July 2025

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Coats Group plc

2025 Interim Results

16 July 2025

Strong H1 financial performance. Acquisition of OrthoLite and divestiture of US Yarns positions portfolio for higher growth

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 2025.

Continuing operations	**H1 2025**	**H1 2024**[1]	Reported	CER[3]
Revenue	705m	704m	0%	2%
Adjusted [2]				
EBIT[6]	140m	133m	5%	7%
EBIT Margin	19.8%	18.9%		
Basic earnings per share	4.7c	4.5c	4%	
Reported [4]				
EBIT[6]	128m	121m		
Basic earnings per share[7]	4.1c	3.9c		
Interim dividend per share (cents)	1.00c	0.93c	8%	
Net debt (excluding lease liabilities)	430m	381m		

Strategic Highlights

- Further market share gains in Apparel and Footwear[8], again demonstrating the ability to outperform the market
- Exit from North American Yarns business completed, accelerating Performance Materials ('**PM**') margin recovery and enabling focus on core parts of the Group's attractive portfolio
- Reinforced position as global market leader in 100% recycled thread products with revenue increased 73% to 269 million
- Sales in organic adjacencies up 30% year-on-year, supporting top line growth

Landmark acquisition of OrthoLite Holdings LLC

- Definitive agreement signed today to acquire 100% of OrthoLite Holdings LLC for a 770 million enterprise value. Creates a 'super tier 2' supplier for footwear components, significantly strengthening the existing business by expansion into the high growth insole segment
- Funded through a combination of new debt facilities with existing lenders and proceeds of an equity placing of up to 19.99% of issued share capital
- Adds market leadership in a further critical footwear component, significantly strengthening Coats' Footwear portfolio by expansion into the high growth insole segment
- Transaction anticipated to close in Q4 2025; expected to generate compelling financial returns as joint cost and growth synergies are delivered

Financial Highlights

- Group revenue up 2% on a CER basis:
    - Good momentum in January-April, then following the announcement of US tariff increases, we saw a softening in demand reflecting general market uncertainty
    - Apparel and Footwear CER revenue growth of 3% and 1% respectively, PM 2% lower
- Group adjusted EBIT margin up 100bps on a CER basis to 19.8%, within the 19-21% medium-term target range, driven by Apparel and PM; strong Footwear margin maintained

- Adjusted basic earnings per share[7] increased 4% to 4.7 cents
- Step-up in free cash flow[9], pre dividend, of 54 million (2024: 39 million)
- Net debt (excluding lease liabilities) at 430 million with leverage[5] at 1.4x net debt/EBITDA
- Interim dividend of 1.0 cent, +8%, reinforcing the Board's confidence in the performance of the business and its long-term potential

Outlook

The Group's full year outlook remains unchanged and is in line with current market expectations with a balanced weighting between first and second half trading overall. Our full year confidence is supported by continued market share gains in Apparel and Footwear and our growth in adjacencies. This is underpinned by the strong operating margin performance, already within the middle of our medium-term target range of 19-21%, and the growth in free cash flow, which is expected to further increase in the second half and into 2026.

The Group is mindful of the current market uncertainty, including from the dynamic tariff backdrop, and continues to monitor this closely but we believe we are well placed to navigate these challenges.

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

"I am really pleased with the Group's performance in my first full reporting period as CEO. We have outperformed our markets, achieving top-line growth in a period of significant external uncertainty due to tariffs, and delivered our medium-term margin target in advance of plan.

We have continued to improve the quality of our portfolio, completing the exit from US Yarns, and made further progress against our strategic enablers. This includes increasing our revenue from 100% recycled thread products by 73% and delivering 30% growth in the attractive market adjacencies we set out earlier in the year.

We are fundamentally reshaping the quality and growth profile of the Group by expanding into the growing insole segment of the footwear market with the agreed acquisition of OrthoLite for an enterprise value of 770 million. This exciting acquisition of a high quality, margin accretive business further consolidates our leadership position in footwear components, bringing into the Group a business with deep brand relationships, a complementary market-leading portfolio and a business model that is very similar to our own. We are in an excellent position to create value from this combination by accelerating innovation and realising the exciting growth synergy opportunities it provides.

Coats is a global market leader with a high-quality portfolio, improved structural exposure to higher growth segments, and a best-in-class global footprint that enables responsiveness to customer needs. Taken together, we are excited about the Group's growth, margin and cash generation potential over the medium-term. I am proud of what our teams have accomplished so far this year and view the rest of the year with confidence despite the continuing macro uncertainties."

1. Represented to reflect the results of the Americas Yarns business as a discontinued operation, where relevant (see note 1)

2. Adjusted measures are non-statutory measures (Alternative Performance Measures). These are reconciled to the nearest corresponding statutory measure in note 13.

3. Constant Exchange Rate (CER) metrics are 2024 results restated at 2025 exchange rates.

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

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 13b for details.

6. 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

7. From continuing operations.

8. Coats' estimates

9. Free cash flow after interest, tax, minority interests and exceptionals

Conference Call

Coats Management will present its interim results and cover the acquisition of OrthoLite Holdings LLC in a webcast for analysts at 8.00am BST tomorrow (Thursday, 17 July, 2025).

Enquiry details

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About Coats Group plc

Coats is a world leader in thread manufacturing and structural components for apparel and footwear, as well as an innovative pioneer in performance materials. These critical solutions are used to create a wide range of products, including ones that provide safety and protection for people, data and the environment. Headquartered in the UK, Coats is a FTSE250 company and a FTSE4Good Index constituent. Revenue in 2024 was 1.4 billion.

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

With a proud heritage dating back more than 250 years and a spirit of evolution to constantly stay ahead of changing market needs, Coats has operations across some 50 countries with a permanent workforce of more than 16,000, serving its customers worldwide.

Coats connects talent, textiles, and technology, to make a better and more sustainable world. Worldwide, there are four dedicated Coats Innovation Hubs, where experts collaborate with partners to create the materials and products of tomorrow. It participates in the UN Global Compact and is committed to validated Science Based sustainability targets for 2030 and beyond, with a commitment to achieving Net Zero by 2050. Coats is also committed to achieving its goals in Diversity, Equity & Inclusion, workplace health & safety, employee & community wellbeing, and supplier social performance. To find out more about Coats visit www.coats.com.

Cautionary statement

Certain statements in this 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

Purpose and Strategy

Coats is the world's leading industrial thread and footwear components provider and a pioneer in performance materials. Our purpose is to connect talent, textiles and technology to make a better and more sustainable world. Our strategy is to accelerate profitable sales growth by leveraging innovation, sustainability, digital technologies and our global scale to create world class products and services, delivering value to our stakeholders.

2025 Interim Results Overview

Group reported revenue in the period was 705 million (2024: 704 million), with CER revenue up 2%. This result reflected good growth in the first four months, with CER revenue up by 4% to the end of April. This was followed by a softening in demand for the final two months of the period reflecting the general market uncertainty arising from the announcement of increased US trade tariffs.

Apparel CER revenue increased by 3% reflecting the benefit of price, premium mix and market share gains against a modest market volume decline. Footwear CER revenue increased by 1% with volume growth and market share gains in our threads and structural component businesses, offset by market volume declines in luxury segments. As expected, Performance Materials CER revenue was down by 2%, with the decline in the telecoms market offsetting growth in PPE fabrics and Energy tapes from the launch of new products.

We delivered adjusted EBIT of 140 million (2024: 133 million) in the period, an increase of 7% at CER. Pleasingly, adjusted EBIT margin increased by 100bps on a CER basis to 19.8% (2024: 18.9%), and has already reached our medium-term target range of 19-21%. This increase was driven by Apparel which increased its margin to 20.5% (2024: 19.1%), reflecting strong pricing and a favourable product mix performance, with continued focus on productivity improvements and procurement savings. Within Footwear, the margin remained strong at 24.1% (2024: 24.1%), a 10bps increase on the prior year at CER. Performance Materials margin increased to 11.1% (2024: 10.6%), showing strong progression from H2 2024 (9.8%). This reflected the benefit of the operational improvement initiatives and overhead cost reductions during the period. Reported operating profit was 128 million (2024: 121 million).

In June 2025, we completed the previously announced exit from the US Yarns business, based at Kings Mountain, US. This follows a strategic review of the business, which had already resulted in the closure of the Toluca, Mexico facility in December 2024. The exit from the North American Yarns business has improved the division's margin by around 230bps and the Group's margin by around 90bps and enables us to focus on growing other attractive parts of the portfolio.

The Group is on track to deliver a step up in cash generation over the next five years and this is reflected in the strong cash performance in the first half. We delivered an overall free cash inflow of 54 million (2024: 39 million) in the period, prior to shareholder distributions, reflecting strong overall cash generation and minimal exceptional cash flows. Net debt, excluding lease liabilities, was 430 million at 30 June 2025 (31 December 2024: 449 million). Leverage stood at 1.4x net debt/EBITDA, comfortably within our target range of 1-2x net debt/EBITDA.

Strategy

Our strategy is to build market leading positions organically and inorganically in those parts of our markets with the most attractive structural growth characteristics, such as athleisure and sport. In line with this, we have been gradually moving our portfolio towards higher profitability, premium products and faster growth geographies. We have also exited businesses which did not fit this growth strategy and added other businesses, including highly engineered footwear subcomponents.

Our organic investment in innovation has resulted in Coats being the clear market leader for in-demand sustainable products, a significant differentiator, and this has also underpinned our growth. We have complemented our organic investment and portfolio enhancements with a laser focus on costs and operational efficiency improvement initiatives.

As a result of these actions, the Coats we see today is a global market leader with a higher quality portfolio, more structural exposure to growth and differentiation through our innovation and sustainability capabilities.

This is underpinned by our resilient business model, which also provides us with a competitive advantage. We have a global customer base of c.25,000 manufacturers and c.800 brands with low levels of customer concentration and focus on faster growing brands which enables us to "win with the winners".

As a result of the progress made against our strategic objectives, we set out refreshed medium-term targets for the business in March 2025. These include revenue growth ahead of our markets, as we gain market share, and an increasing EBIT margin, as well as a strong step up in free cash flow generation and EPS growth:

Medium-term Targets[5]	**Underlying Market CAGR**	**Revenue CAGR**	**EE**
Apparel	1-2%	3-4%	>
Footwear	4-5%	7-9%	2
Performance Materials	3-4%	6-8%	1
Coats Group	**3%**	**>5%**	**2**
Cumulative FCF[4]	> 750 million over 5 years		
Organic EPS[1] CAGR	HSD%[3]		
Total EPS[1] CAGR[2]	>10%		

1. From a 2025 baseline
2. Post M&A or share buyback
3. High single digit
4. Free cash flow after interest, tax, minority interests and exceptionals, before dividend distribution
5. Prior to agreed acquisition of OrthoLite

We have made progress against these medium-term targets in the period.

CER revenue growth was 2%, below our target, reflecting good momentum in Apparel and Footwear from January-April (5% CER), followed by a slowdown due to market uncertainty as a result of the proposed US tariff increases. Performance Materials saw CER revenue decline by 2% in the period, however we expect to see a return to growth in the second half based on healthy order intake and despite some continued market softness.

The Group delivered a strong EBIT margin in the period of 19.8%, within the Group 19-21% medium-term target range for the first time. Apparel and Footwear achieved their medium-term EBIT margin targets of >19% and 24-26% respectively. Performance Materials significantly increased its margin on a sequential basis and is on track to achieve its medium-term target of a 13-15% EBIT margin.

Our adjusted EPS increased 4% driven by the good operating performance and EBIT growth offset by a slightly higher interest charge due to the UK pension buy-in in H2 2024.

The Group was highly cash generative in the period with overall cash inflow of 54 million, prior to shareholder distributions. This strong first half performance, together with the strong cash generation expectation in the second half, leaves us in a good position to achieve our medium-term target of generating cumulative free cash flow > 750 million over the next five years (after interest, tax, minorities interests and exceptionals before dividend distribution).

Once we have completed the acquisition of OrthoLite Holdings LLC , we will review our medium-term targets to ensure they fairly reflect our ambitions for the Group.

Acquisition of OrthoLite Holdings LLC
As announced separately today, we have signed a definitive agreement to acquire 100% of OrthoLite Holdings LLC for an enterprise value of 770 million, funded through a combination of new debt facilities with existing lenders and proceeds of an equity placing of up to 19.99% of issued share capital. The combination provides market leadership in an additional critical footwear component, significantly strengthening the portfolio with expansion into the high growth insole segment. The transaction is anticipated to close in Q4 2025 and is expected to generate compelling financial returns as joint cost and growth synergies are delivered.

Strategic Enablers: Innovation, Sustainability and Digital
Our strategy and medium-term targets are supported by our long-standing strategic enablers: Innovation, Sustainability and Digital.

Innovation
We innovate to drive profitable growth through bringing to market differentiated and highly engineered products in close collaboration with customers.

We have made substantial progress in the development of the attractive market adjacencies

We have made substantial progress in the development of the attractive market adjacencies set out in March 2025, achieving 30% revenue growth in these areas in the period:

- Coats Digital has brought to market a new version of FastReactPlan (FRP5), the software solution that delivers substantial productivity improvements to Apparel Tier 1s by optimising their production planning. This enhanced version offers greater functionality and improved user and application programme interfaces
- In Footwear, we have launched our innovative ProWeave upper technology on 17 new shoe models for athleisure and sports applications across 12 brands
- In Safety, we are expanding our portfolio of workwear fabrics designed to maximise protection and comfort, with a strong focus on customers in Asia and the Middle East
- In Energy, we achieved qualification of a new composite tape to protect offshore and onshore flexible pipelines, with pre-production orders already received

Sustainability

Our commitment to sustainability is fundamental to our growth strategy.

Our long-term commitment is to be Net Zero by 2050. Our existing 2030 Science Based Targets initiative (SBTi) goals, re-validated in 2024, are to reduce our scope 1 and 2 emissions by 46% and our scope 3 emissions by 33%, compared to the 2019 baseline, and we remain on track to achieve these.

We have continued to work hard towards meeting our full year 2026 sustainability targets, which were announced in March 2023. The seven targets reflect our ongoing focus on our people, water recycling and effluent compliance, Scope 1 and 2 emissions and waste to landfill, as well as materials transition.

Having achieved our scope 1 and 2 emissions reduction and people targets in 2024, the highlight in the period was achieving our 2026 target of zero waste to landfill[1] for the first time. In addition, to meet our 2026 water recycling target, we have invested in improving our existing water recycling installations and this is driving an improving performance. Additional investment is also underway in two new recycling installations at our facilities in Chittagong, Bangladesh and Bogor, Indonesia.

We remain the clear global market leader in the sale of 100% recycled thread products, as a result of our investment in innovation. In the period, recycled thread revenue increased 73% on a CER basis to 269 million (2024: 156 million). The proportion of preferred primary raw materials used within our overall production across the Group also increased during the period to 51% (2024: 41%), driven by increased recycled polyester fibres and filaments in our thread products. Our ambitious targets are to transition to 60% of preferred primary raw materials by 2026 and 100% by 2030.

During the period our employees participated in our 'Your Voice Matters 2025' survey. We are very pleased to have achieved an engagement score of 86%. This is an impressive 12 percentage points higher than the average external benchmark of 74% and also a small increase compared to the prior year. Participation rates at 95% of our global workforce are extremely high, and again slightly higher than in 2024.

[1] Excluding small amounts of controlled landfill disposal for materials such as asbestos or medical waste in geographies where this is a no-option regulatory requirement

Digital

Our digital offering is another strategic differentiator.

Our industry-leading Software-as-a-Service business, Coats Digital, increased revenue in the period by 16%, with recurring revenue growing 19%. The business entered the important Indonesian market for the first time. We are excited by the future prospects for this business.

Board Update

Hannah Nichols joined Coats in April 2025 and the Board in May 2025 as Chief Financial Officer (CFO). Hannah was previously CFO at Hill & Smith PLC, the FTSE250 international provider of infrastructure solutions and is also a Non-executive Director of Oxford Instruments plc. In January 2025 we announced that Jackie Callaway would step down from her role as Coats' CFO at the conclusion of the 21 May 2025 Annual General Meeting after four and half years' service.

In addition, Wu Gang joined the Board as a Non-executive Director on 1 July 2025. He is an investment banker by background, with a career of close to 30 years in international banks in Asia and Europe, advising companies on strategic transactions and capital raising. Wu Gang has joined the Board Nomination and Remuneration Committees.

Dividend

Given the good trading performance in the period and our confidence in the Group's growth prospects the Board is declaring an interim dividend of 1.0 cents per share, an 8% increase on the prior year. This is consistent with our capital allocation framework which includes a progressive dividend policy. The interim dividend will be paid on 13 November 2025 to ordinary shareholders on the register at 17 October 2025, with an ex-dividend date of 16 October 2025.

Operating Review

Continuing operations	H1 2025 m	H1 2024[1] m	H1 2024 CER[2] m	Inc / (dec) %	CER[2] inc / (dec) %
Revenue					
By division					
Apparel	381	376	369	2%	3%
Footwear	199	198	198	1%	1%
Performance Materials	125	131	128	-4%	-2%
Total	**705**	**704**	**695**	**0%**	**2%**
By region					
Asia	481	458	455	5%	6%
Americas	82	87	86	-6%	-5%
EMEA	143	160	154	-10%	-7%
Total	**705**	**704**	**695**	**0%**	**2%**
Adjusted EBIT [3,4]					
By division					
Apparel	78	72	70	9%	11%
Footwear	48	48	48	1%	1%
Performance Materials	14	14	13	0%	4%
Total adjusted EBIT[3,4]	**140**	**133**	**131**	**5%**	**7%**
Exceptional and acquisition related items	(11)	(12)			
EBIT[4]	**128**	**121**			
Adjusted EBIT margin[3,4]					
By division					
Apparel	20.5%	19.1%	19.0%	140 bps	140 bps
Footwear	24.1%	24.1%	24.0%	0 bps	10 bps
Performance Materials	11.1%	10.6%	10.4%	50 bps	60 bps
Total	**19.8%**	**18.9%**	**18.9%**	**90 bps**	**100 bps**

1 Restated to reflect the results of the NA Yarns business, divested in 2025, as a discontinued operation.
2 Constant Exchange Rate (CER) are 2024 results restated at 2025 exchange rates.
3 On an adjusted basis which excludes exceptional and acquisition-related items.
4 EBIT (Earnings before interest and tax) relates to Operating Profit as shown on the face of the P/L.

2025 Operating Results Overview

Group revenue of 705 million was in line with 2024 on a reported basis and up 2% on a CER basis. The growth was driven by the Apparel and Footwear divisions with good momentum during the first quarter. However, we saw a slowdown in the second quarter as a result of market uncertainty caused by the announcement of US tariff increases in April which resulted in more cautious brand buying patterns. Performance Materials remained impacted by subdued trading conditions in certain end markets, although it is expected to return to growth during the second half.

Group adjusted EBIT of 140 million increased by 7% on a CER basis (2024: 131 million on a CER basis), as we continue to drive positive pricing, mix and productivity benefits across our portfolio while flexing our cost base appropriately during the current period of market uncertainty. As a result of these actions, adjusted EBIT margins were up 100bps on a CER basis to 19.8% (2024: 18.9% on a CER basis), already within our medium-term target margin range of 19-21%.

On a reported basis EBIT was 128 million (2024: 121 million), after 11 million of exceptional and acquisition-related items (2024: 12 million) which predominantly relate to amortisation of acquired intangibles resulting from our Texon and Rhenoflex acquisitions in 2022.

Adjusted earnings per share ('EPS') increased by 4% to 4.7 cents (2024: 4.5 cents). This was driven by an improved operating performance, with some offset from a slightly higher interest charge resulting from the UK pension buy-in made in H2 2024. In addition, we continued to tightly manage the tax charge and profit attributable to minority interests. Reported basic EPS of 4.0 cents (2024: 3.9 cents) was higher due to the increase in operating profits.

Group cash performance continued to be strong with free cash flow before shareholder dividends of 54 million (2024: 39 million). This cash performance represents strong operating cash conversion, reflecting our ability to deliver a high quality of earnings and cash flow efficiencies, while continuing to deliver top-line growth.

The Balance Sheet remains in a strong position, with net debt (excluding lease liabilities) of 430 million (31 December 2024: 449 million), and leverage of 1.4x (31 December 2024:1.5x).

Apparel

Coats is the global market leader in supplying premium sewing thread to the Apparel industries. We are the trusted value-adding partner, providing critical supply chain components, services and software, and our portfolio of world-class products and services provides exceptional value creation for our customers, brands and retailers.

Revenue of 381 million (2024: 376 million) was up 3% on a CER basis (2% reported). This reflected good growth momentum at the start of the year, followed by a softening in demand from the end of April with uncertainty around US tariffs resulting in more cautious buying patterns from brands. Based on current market conditions, which remain uncertain, we expect Q3 trading to be broadly in line with Q2, with some recovery anticipated in Q4, based on patterns of past demand correction.

The Apparel business continues to benefit from market share gains as customers increasingly value reliability, agility and strong partnerships during times of supply chain uncertainty. During the period we were able to maintain pricing and a favourable mix across our portfolio, despite supply chain cost pressures resulting from higher US tariffs. We have also continued our proactive procurement strategy, by driving benefits to more than offset input cost increases. We continue to be very well positioned in our markets, as the global partner of choice for our customers, with market-leading product ranges and customer service, and a clear leadership position in innovation and sustainability.

As a result, adjusted EBIT increased by 11% on a CER basis to 78 million (2024: 72 million), ahead of revenue growth of 3%. The adjusted EBIT margin was 140bps higher on a CER basis at 20.5% (2024: 19.1% reported), driven by the benefits of price and mix, ongoing procurement actions and prudent cost control in an uncertain market backdrop.

Over the medium-term we expect Apparel to grow at a 3-4% CAGR, ahead of underlying market growth of 1-2%, with market share gains and growth in adjacencies driving the outperformance. Continued market share gains will come from our deep customer relationships and our position as leader in sustainability, innovation and digital. We see opportunities in the China and India domestic markets where there is a growing middle class and opportunities to drive our fashion technology business Coats Digital. We expect the medium-term EBIT margin to be >19%.

Footwear

We are the trusted partner to the footwear industry, shaping the future of footwear for better performance through sustainable and innovative solutions. The combination of Coats, Texon and Rhenoflex makes us a global champion with a portfolio of highly engineered products with strong brand component specification, primarily targeted at the attractive athleisure, performance, and sports markets as well as structural components for premium leather handbags (lifestyle).

Footwear revenue increased 1% to 199 million (2024: 198 million) on a CER and reported basis. Similarly to Apparel, the division started the year with good momentum with 5% revenue growth to the end of April but saw a slowdown in the last two months of the half as customers exercised caution around consumer demand as a result of US tariff uncertainty. The division continued to deliver positive pricing and mix benefits, as well as share gains in an uncertain market backdrop. There was growth in its main thread and structural components markets with partial offset from lower market demand for premium leather handbag (lifestyle) structural components. Here too, based on external conditions which remain uncertain, we expect overall Q3 trading for the division to be broadly in line with Q2, with some recovery anticipated in Q4, based on patterns of past demand correction.

The Footwear division has a focus on innovation and sustainability, and this year we have continued to

The Footwear division has a focus on innovation and sustainability, and this year we have continued to introduce new products and technologies that meet environmental sustainability criteria, aligned with market and customer needs. We have a broad product portfolio with a strong focus on faster growing sports and athleisure brands which attract premium pricing. Our customer intimacy and strong partnerships with a wide range of global brands has enabled us to continue to deliver market share gains and new programme wins, strengthening our position as a trusted partner to the footwear industry. We continue investing in dedicated resources related to key brands and retailers and in sustainable innovation capabilities. These differentiators become even more critical during periods of market uncertainty, as have been seen during the period.

The division delivered adjusted EBIT of 48 million (2024: 48 million) and maintained a high adjusted EBIT margin of 24.1% (2024: 24.1%), a 10bps increase at CER, in line with our medium-term margin target range of 24-26%. This good margin performance has been driven by strong commercial delivery, continued benefits from acquisition integration synergies and footprint consolidation, as well as prudent cost control given the uncertain market conditions.

Over the medium-term we expect Footwear to grow at 7-9% CAGR, ahead of underlying market growth of 4-5% with market share gains and organic expansion into adjacencies driving the outperformance. Market share gains will come from our position as a leader in sustainability and innovation. We see opportunities to cross-sell to customers in legacy thread or structural components businesses and in the China domestic market. We will also focus on structural components and threads for lifestyle products. We expect the medium-term EBIT margin to be in the 24-26% range.

Performance Materials ('PM')

We develop highly engineered solutions for industrial customers, including performance thread for different applications, fabrics for Personal Protection Equipment (PPE), and composite products for Telecom & Energy applications.

PM revenue declined 2% to 125 million (2024: 128 million) on a CER basis (4% lower on a reported basis), with PPE up 14% on a CER basis, Telecom & Energy down 16% (CER) against strong comparators, and Industrials down 3% (CER). As previously disclosed there have been ongoing issues in some US markets including destocking in some Telecom customers. Encouragingly, we enter H2 with strong order book for Energy and we expect the division to return to growth during the second half of the year.

Adjusted EBIT was 4% higher vs 2024 on a CER basis at 14 million (2024: 13 million at CER) with a positive improvement in adjusted EBIT margin to 11.1% (2024: 10.6% reported, restated for the exit of North American Yarns) and a significant step up from H2 2024 levels. The positive margin progression reflects the benefit of operational improvement across the division. In addition, we have taken action to improve the quality of the portfolio. This included the exit from the non-core US Yarns market in Q2 and the closure of Toluca facility in Mexico in December 2024 to align our operational footprint to market demand. We expect further margin progression in the second half driven by growth initiatives and further operational improvement projects.

The overall medium-term revenue growth target for the division is a 6-8% CAGR and we expect the EBIT margin to reach 13-15% in the medium-term through a combination of operational improvement, market recovery in Industrials and Telecom and growth initiatives in composite tapes for the Energy markets and PPE fabrics.

Financial Review

Revenue

Group revenue from continuing operations was flat on a reported basis and up 2% on a CER basis. All commentary below is on a CER basis unless otherwise stated.

Operating Profit (EBIT)

At a Group level, adjusted EBIT from continuing operations increased 7% to 140 million and adjusted EBIT margins increased 100bps to 19.8% on a CER basis. Our margins are now already within our medium-term target range of 19-21%. The table sets out the movement in adjusted EBIT during the period.

	m	Margin %
H1 2024 adjusted EBIT	**131**	**18.9%**
Volumes impact (direct and indirect)	(5)	
Price/mix	8	
Raw material deflation	2	
Wages and salary inflation	(10)	
Other inflation (incl. energy / freight)	(3)	
Productivity benefits (manufacturing and sourcing)	10	
Strategic projects savings	3	
Others	2	
Texon and Rhenoflex synergies	1	
H1 2025 adjusted EBIT	**140**	**19.8%**
Exceptional and acquisition related items	(11)	
H1 2025 reported EBIT	**128**	

The margin progression in the period reflects the continued benefit from an effective pricing and mix strategy and our ability to deliver productivity benefits which more than input cost inflation. Our ability to price accounting for the value we deliver to our customers has continued despite heightened price pressures in the industry, following the announcement of additional US trade tariffs in Q2.

Selling, Distribution and Administration (SD&A) costs have been well controlled in light of the uncertain demand environment, further demonstrating our ability to flex the cost base when required and the resilience of our business model. We have also seen the remaining benefits from our strategic projects and acquisition synergies, the actions of which were largely completed in 2024.

On a reported basis, Group EBIT, including exceptional and acquisition-related items, increased to 128 million (2024: 121 million). A breakdown of these items is provided below. Exceptional and acquisition-related items are not allocated to divisions, and as such, the divisional profitability referred to above is on an adjusted basis.

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 2% on revenue and adjusted EBIT. As previously announced, these adverse translation impacts were primarily due to the previous adoption of hyperinflation accounting in Turkey and furthermore saw local EBIT headwinds as inflationary pressures continued to accelerate. Aside from the impact of the Turkish Lira, and the resulting volatility of hyperinflation accounting, underlying headwinds were modest and driven primarily by the depreciation of the Indian Rupee and Egyptian Pound with some offset from a strengthening Euro. At latest exchange rates, we expect a c.1% headwind impact on revenue and adjusted EBIT for full year 2025 (excluding any future hyperinflation impact in Turkey, which cannot be reliably forecast with accuracy).

Non-operating Results

Adjusted EPS increased 4% to 4.7 cents (2024: 4.5 cents), supported by the strong operational performance, despite uncertain market conditions. Interest costs were 18 million (2024: 16 million), slightly higher year-on-year as a result of the UK pension buy-in payment in H2 2024, partially offset by continued good cash management throughout the period. At 29% our effective tax rate remained well controlled and we saw a marginal decrease in profit attributable to minority interests. Reported basic EPS of 4.1 cents (2024: 3.9 cents) was up year-on-year as the improved trading performance was further supported by slightly lower exceptional and acquisition-related items. This was as a result of largely finalising the actions in relation to our strategic projects in 2024.

The adjusted taxation charge for the period was 36 million (2024: 33 million). Excluding the impact of exceptional and acquisition-related items, the effective tax rate on pre-tax profit remained at 29% (2024: 29%), in line with our guidance. The reported tax rate for the period was 31% (2024: 29%), after exceptional and acquisition related items.

Exceptional and Acquisition-related Items

Net exceptional and acquisition-related items before taxation, from continuing operations were 11 million (2024: 12 million). These include the residual costs of completing our strategic project activities of 1 million and other amortisation of intangible acquisition-related items of 10 million. This 10 million consisted of the amortisation charges from the recognised intangible assets from the Texon and Rhenoflex acquisitions.

In addition, there was 7 million of exceptional items regarding discontinued operations in relation to the US Yarns disposal. For further details of discontinued operations, please refer to note 12.

Exceptional P&L costs in the remainder of 2025 in relation to strategic projects and the footwear acquisition synergies are expected to be minimal, following completion of the actions in respect of those initiatives. The remaining cash exceptional costs of up to around 3 million (net of property proceeds) in relation to the strategic project actions are expected to be incurred in 2025, with 4 million incurred in H1. This keeps the overall project cash costs within the 50 million total project guidance, yielding 75 million total savings.

Cash flow

The Group delivered an overall free cash inflow of 54 million (2024: 39 million), prior to shareholder distributions, reflecting strong overall cash generation and minimal exceptional cash flows. This reflects

51 million of adjusted free cash flow and net cash inflows from exceptional items of 2 million, with the remaining cash costs associated with strategic projects and the Toluca closure more than offset by the cash realised on the disposal of the US Yarns business.

We have continued to manage net working capital closely, with a focus on inventory (inventory days were down by 8 days during the period), without compromising service levels, which remains important during times of supply chain volatility. We also continued our disciplined approach to payables and receivables management during the period as an input to working capital efficiency.

Capital expenditure was 12 million (2024: 10 million) as we continued to maintain a disciplined approach to investing in growth opportunities which will favourably impact long-term returns. We anticipate 2025 full year capital expenditure to remain in the 30-40 million range as we continue to invest in support of our growth strategy, in productivity and in our environmental performance.

Minority dividends of 8 million (2024: 9 million) were paid, as cash was repatriated from relevant overseas entities to the Group. Tax paid was 33 million (2024: 29 million). Interest paid was 18 million (2024: 16 million).

Balance sheet and liquidity

Group net debt (excluding lease liabilities) at 30 June 2025 was 430 million (501 million including lease liabilities), which was below 31 December 2024 (449 million). This reflects strong and disciplined cash management, minimal net exceptional cash flows and the payment of shareholder dividends in line with our Capital Allocation Policy.

Our Balance Sheet remains in a strong position with total committed debt facilities at 1,020 million consisting of a well-diversified source and tenor; being 420 million revolving credit facility and 600 million USPP notes (with a range of remaining tenors between 3 and 10 years). The committed headroom on our banking facilities was approximately 420 million at 30 June 2025.

At 30 June 2025, our leverage ratio (net debt to EBITDA; both excluding lease liabilities) remains well within our 3x covenant limit at 1.4x.

There was also significant headroom on our interest cover covenant at 30 June 2025 which was 10.6x, with a covenant limit of greater than 4x. The covenants are tested twice annually in June and December and monitored throughout the year.

UK pension update

In 2024 it was announced that the trustee of the Coats UK Pension Scheme (the "scheme") purchased a c.£1.3 billion (1.7 billion) bulk annuity policy ("buy-in") from Pension Insurance Corporation plc ("PIC") which insures benefits payable under the scheme in respect of the remaining 80% of the scheme's liabilities. This is further to the purchase of a bulk annuity policy for 20% of the scheme liabilities in December 2022.

As a result of the buy-in, all the financial and demographic risks relating to the scheme's liabilities are now fully hedged, with the two policies paying the scheme a regular stream of income that matches its pension payments to all members.

This buy-in is the final and most significant step in Coats fully insuring its UK pension obligations. Subject to customary post-transaction data reconciliations and the scheme liquidating certain assets to meet a deferred element of the PIC premium, it will also give Coats the option to remove the scheme fully from the Group balance sheet in the future at very limited further administrative cost. This process has remained on track during H1 2025.

The agreement with PIC is anticipated to require up to c.£100 million (c. 128 million) of additional funding from the Group, with Coats making a £70 million (90 million) upfront cash contribution to the scheme and a further £30 million (38 million) provided initially as a loan to the scheme. The £100 million cash contribution was made in H2 2024.

As previously reported, deficit repair contributions to the scheme, of around 30 million per annum, were temporarily switched off in January 2024 and have now permanently ceased as a result of this agreement.

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 2026, 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 2025

		Half year 2025			Half year 2024*		Full year 2024*
Note	**Before exceptional and acquisition related items US m**	**Exceptional and acquisition related items (note 3) US m**	**Total US m**	Before exceptional and acquisition related items US m	Exceptional and acquisition related items (note 3) US m	Total US m	Total US m

Continuing operations								
Revenue		**705.4**	**-**	**705.4**	704.0	-	704.0	1,433.0
Cost of sales		**(428.1)**	**(1.0)**	**(429.1)**	(432.8)	(0.4)	(433.2)	(905.0)
Gross profit		**277.3**	**(1.0)**	**276.3**	271.2	(0.4)	270.8	528.0
Distribution costs		**(60.5)**	**-**	**(60.5)**	(59.4)	-	(59.4)	(120.2)
Administrative expenses		**(76.9)**	**(10.5)**	**(87.4)**	(78.6)	(12.1)	(90.7)	(183.3)
Operating profit		**139.9**	**(11.5)**	**128.4**	133.2	(12.5)	120.7	224.5
Share of profit of joint ventures		**0.8**	**-**	**0.8**	1.1	-	1.1	1.9
Finance income	**4**	**2.5**	**-**	**2.5**	1.2	-	1.2	3.1
Finance costs	**5**	**(20.7)**	**-**	**(20.7)**	(16.8)	-	(16.8)	(31.5)
Profit before taxation		**122.5**	**(11.5)**	**111.0**	118.7	(12.5)	106.2	198.0
Taxation	**6**	**(36.0)**	**1.8**	**(34.2)**	(33.5)	2.6	(30.9)	(71.5)
Profit from continuing operations		**86.5**	**(9.7)**	**76.8**	85.2	(9.9)	75.3	126.5
Loss from discontinued operations	**12**	**0.6**	**(7.2)**	**(6.6)**	(0.2)	(1.9)	(2.1)	(26.8)
Profit for the period		**87.1**	**(16.9)**	**70.2**	85.0	(11.8)	73.2	99.7
Attributable to:								
Equity shareholders of the company		**76.2**	**(16.9)**	**59.3**	72.3	(11.8)	60.5	80.1
Non-controlling interests		**10.9**	**-**	**10.9**	12.7	-	12.7	19.6
		87.1	**(16.9)**	**70.2**	85.0	(11.8)	73.2	99.7
Earnings per share (cents)	**7**							
Continuing operations:								
Basic				**4.09**			3.89	6.66
Diluted				**4.07**			3.87	6.58
Continuing and discontinued operations:								
Basic				**3.68**			3.77	4.99
Diluted				**3.66**			3.74	4.93
Adjusted earnings per share	**13 (d)**	**4.69**			4.51			9.71

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

Condensed consolidated statement of comprehensive income
For the half year ended 30 June 2025

	Half year 2025 US m	Half year 2024 US m	Full year 2024 US m
Profit for the period	**70.2**	73.2	99.7
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit schemes	**(10.1)**	2.3	(225.1)
Tax relating to items that will not be reclassified	**-**	-	(0.6)
	(10.1)	2.3	(225.7)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**17.0**	(12.1)	(20.4)

Other comprehensive income and expense for the period	**6.9**	(9.8)	(246.1)
Net comprehensive income and expense for the period	**77.1**	63.4	(146.4)
Attributable to:			
Equity shareholders of the company	**66.3**	50.9	(165.6)
Non-controlling interests	**10.8**	12.5	19.2
	77.1	63.4	(146.4)

Condensed consolidated statement of financial position

At 30 June 2025

	Note	30 June 2025 US$m	30 June 2024 US$m	31 December 2024 US$m
Non-current assets				
Goodwill		**127.5**	124.7	120.4
Other intangible assets		**442.2**	456.8	443.5
Property, plant and equipment		**214.5**	243.2	226.3
Right-of-use assets		**61.3**	73.1	68.9
Investments in joint ventures		**14.5**	12.9	13.7
Other equity investments		**0.6**	0.6	0.6
Deferred tax assets		**16.4**	17.0	13.6
Pension surpluses	**14**	**45.3**	154.2	44.0
Loan receivable	**14**	**43.3**	-	38.3
Trade and other receivables		**23.6**	24.3	25.0
		989.2	1,106.8	994.3
Current assets				
Inventories		**175.8**	202.4	176.1
Trade and other receivables		**306.9**	311.4	292.2
Pension surpluses	**14**	**1.5**	1.6	1.5
Cash and cash equivalents	**11 (g)**	**168.5**	130.7	146.0
Assets of disposal group and non-current assets classified as held for sale	**12**	**12.6**	1.0	0.6
		665.3	647.1	616.4
Total assets		**1,654.5**	1,753.9	1,610.7
Current liabilities				
Trade and other payables		**(288.4)**	(323.2)	(299.2)
Income tax liabilities		**(57.9)**	(47.5)	(49.5)
Bank overdrafts and other borrowings	**11 (g)**	**(2.4)**	(128.2)	(0.2)
Lease liabilities		**(17.5)**	(16.5)	(16.6)
Retirement benefit obligations:				
- Funded schemes	**14**	**(0.4)**	(0.1)	(0.4)
- Unfunded schemes	**14**	**(7.9)**	(8.7)	(7.5)
Provisions		**(19.8)**	(13.3)	(26.5)
Liabilities of disposal group classified as held for sale	**12**	**(16.0)**	-	-
		(410.3)	(537.5)	(399.9)
Net current assets		**255.0**	109.6	216.5
Non-current liabilities				
Trade and other payables		**(6.3)**	(4.3)	(7.4)
Deferred tax liabilities		**(55.0)**	(58.3)	(58.0)
Borrowings	**11 (g)**	**(595.9)**	(383.0)	(595.1)
Lease liabilities		**(53.9)**	(68.3)	(66.6)
Retirement benefit obligations:				
- Funded schemes	**14**	**(26.2)**	(2.8)	(14.4)
- Unfunded schemes	**14**	**(69.5)**	(72.0)	(65.6)
Provisions		**(25.9)**	(17.1)	(25.1)
		(832.7)	(605.8)	(832.2)
Total liabilities		**(1,243.0)**	(1,143.3)	(1,232.1)
Net assets		**411.5**	610.6	378.6
Equity				
Share capital	**8**	**99.0**	99.0	99.0
Share premium account		**111.4**	111.4	111.4
Own shares	**8**	**(1.8)**	(5.2)	(5.3)
Translation reserve		**(112.6)**	(121.6)	(129.7)
Capital reduction reserve		**59.8**	59.8	59.8
Other reserves		**246.3**	246.3	246.3
Retained (loss)/profit		**(25.9)**	186.1	(35.4)
Equity shareholders' funds		**376.2**	575.8	346.1
Non-controlling interests		**35.3**	34.8	32.5
Total equity		**411.5**	610.6	378.6

Condensed consolidated statement of changes in equity

For the half year ended 30 June 2025

	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 (loss)/ profit US\$m	Total US\$m	Non-controlling interests US\$m	Total equity US\$m
Balance as at 1 January 2024	99.0	111.4	(6.1)	(109.7)	59.8	246.3	157.4	558.1	31.3	589.4
Profit for the period	-	-	-	-	-	-	60.5	60.5	12.7	73.2
Other comprehensive income and expense for the period	-	-	-	(11.9)	-	-	2.3	(9.6)	(0.2)	(9.8)
Dividends	-	-	-	-	-	-	(31.7)	(31.7)	(9.0)	(40.7)
Purchase of own shares by Employee Benefit Trust	-	-	(6.6)	-	-	-	-	(6.6)	-	(6.6)
Movement in own shares	-	-	7.5	-	-	-	(6.6)	0.9	-	0.9
Share based payments	-	-	-	-	-	-	4.2	4.2	-	4.2
Balance as at 30 June 2024	99.0	111.4	(5.2)	(121.6)	59.8	246.3	186.1	575.8	34.8	610.6
Balance as at 1 January 2024	99.0	111.4	(6.1)	(109.7)	59.8	246.3	157.4	558.1	31.3	589.4
Profit for the year	-	-	-	-	-	-	80.1	80.1	19.6	99.7
Other comprehensive income and expense for the year	-	-	-	(20.0)	-	-	(225.7)	(245.7)	(0.4)	(246.1)
Dividends	-	-	-	-	-	-	(46.5)	(46.5)	(18.0)	(64.5)
Purchase of own shares by Employee Benefit Trust	-	-	(8.7)	-	-	-	-	(8.7)	-	(8.7)
Movement in own shares	-	-	9.5	-	-	-	(8.6)	0.9	-	0.9
Share based payments	-	-	-	-	-	-	7.9	7.9	-	7.9
Balance as at 31 December 2024	**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**

Condensed consolidated cash flow statement

For the half year ended 30 June 2025

	Note	**Half year 2025 US$m**	Half year 2024 US$m	Full year 2024 US$m
Cash inflow from operating activities				
Cash generated from operations	**11 (a)**	**127.0**	121.7	196.7
Interest paid	**11 (b)**	**(18.2)**	(16.7)	(31.5)
Taxation paid	**11 (c)**	**(32.9)**	(31.2)	(69.4)
Net cash generated by operating activities		**75.9**	73.8	95.8
Cash inflow/(outflow) from investing activities				
Investment income	**11 (d)**	**-**	1.0	1.0
Net capital expenditure and financial investment	**11 (e)**	**(12.7)**	(10.8)	(24.0)
Disposal of business	**11 (f)**	**13.1**	-	-
Loan made to UK Pension Scheme		**-**	-	(38.3)
Net cash generated/(absorbed) in investing activities		**0.4**	(9.8)	(61.3)
Cash inflow/(outflow) from financing activities				
Purchase of own shares by Employee Benefit Trust		**(4.8)**	(6.6)	(8.7)
Dividends paid to equity shareholders		**(34.5)**	(31.4)	(46.2)
Dividends paid to non-controlling interests		**(8.0)**	(9.0)	(18.0)
Payment of lease liabilities		**(9.3)**	(8.7)	(17.4)
Issue of senior notes		**-**	-	248.7
Repayment of senior notes		**-**	-	(125.0)
Net increase/(decrease) in other borrowings		**-**	10.0	(28.0)
Discontinued operations		**(0.7)**	(0.9)	(1.8)
Net cash (absorbed in)/generated from financing activities		**(57.3)**	(46.6)	3.6
Net increase in cash and cash equivalents		**19.0**	17.4	38.1
Net cash and cash equivalents at beginning of the period		**145.8**	111.5	111.5
Foreign exchange gains/(losses) on cash and cash equivalents		**1.3**	(2.3)	(3.8)
Net cash and cash equivalents at end of the period	**11 (g)**	**166.1**	126.6	145.8
Reconciliation of net cash flow to movement in net debt				
Net increase in cash and cash equivalents		**19.0**	17.4	38.1
Issue of senior notes		**-**	-	(248.7)
Repayment of senior notes		**-**	-	125.0
Net (increase)/decrease in other borrowings		**-**	(10.0)	28.0
Change in net debt resulting from cash flows (Free cash flow)	**13 (e)**	**19.0**	7.4	(57.6)
Net movement in lease liabilities during the period		**13.7**	0.2	1.0
Movement in fair value hedges		**-**	(0.7)	(1.6)
Other non-cash movements		**(0.8)**	(0.8)	(2.2)
Foreign exchange losses		**(0.6)**	(0.5)	(1.2)
Decrease/(increase) in net debt		**31.3**	5.6	(61.6)
Net debt at start of period		**(532.5)**	(470.9)	(470.9)
Net debt at end of period	**11 (g)**	**(501.2)**	(465.3)	(532.5)

Notes to the condensed consolidated financial statements

For the half year ended 30 June 2025

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 2024, 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 2025 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 2025 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 2024, 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 2024 does not constitute statutory accounts (as defined in section 434 of the Companies Act 2006). The financial information for the year ended 31 December 2024 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 2024 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 following new and revised standards, amendments and improvements to existing standards that were effective as of 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21).

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 2025, 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 2024, except for the critical accounting judgement relating to the strategic exit from the Americas Yarns business set out below.

Discontinued operations

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 allows management to focus on driving forward and growing other parts of the Group's attractive portfolio.

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 2025. Amounts for the six months ended 30 June 2024 and year ended 31 December 2024 in the consolidated income statement have been represented to reclassify the results of the Americas Yarns business from continuing operations to discontinued operations. Note 12 provides further details.

1. **Basis of preparation (continued)**

Discontinued operations (continued)

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.

If the Group had concluded that the exit of the Americas Yarns business did not represent a discontinued operation, the Group's revenue and operating profit before exceptional and acquisition related items from continuing operations for the six month ended 30 June 2025 would have been 731.7 million and 140.5 million respectively (six months ended 30 June 2024: 740.7 million and 133.2 million respectively; year ended 31 December 2024: 1,500.9 million and 269.6 million respectively). The Group's revenue and operating profit before exceptional and acquisition related items from continuing operations for the six months ended 30 June 2025 was 705.4 million and 139.9 million respectively (six months ended 30 June 2024: 704.0 million and 133.2 million respectively; year ended 31 December 2024: 1,433.0 million and 271.9 million respectively) with the Americas Yarns business reported as a discontinued operation.

In addition total exceptional costs associated with the exit of the Americas Yarns business of 8.2 million for the six months ended 30 June 2025 would have been charged to operating profits from continuing rather than the loss from discontinued operations. As a result, total exceptional and acquisition related items charged to operating profits from continuing operations would have been 19.7 million compared to 11.5 million that has been reported for the six months ended 30 June 2025. See note 12 for further details on the results of the Americas Yarns business.

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 2026. 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 2025 Interim Results Overview section of the Chief Executive's Review, 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 2025 as well as the Group's updated Medium Term Plan for 2026;
- A downside scenario has been prepared, which assumes that the global economic environment is depressed over the assessment period. This scenario assumes trading below 2024 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 set out in note 16, the Group announced it had signed a definitive agreement to acquire OrthoLite Holdings LLC ('OrthoLite') on 16 July 2025. Subject to completion of certain customary regulatory clearances the acquisition is expected to complete in Q4 2025. All scenarios set out above were run with and without OrthoLite.

As more fully described in the Outlook section included in the 2025 Interim Results, the Directors expectations for the 2025 outlook remain unchanged, and is in line with current market expectations with a balanced weighting between first and second half trading. The severe but plausible downside scenario includes further management actions that would be deployed if required (for example further reduction in costs).

Notes to the condensed consolidated financial statements
For the half year ended 30 June 2025

1. Basis of preparation (continued)

Going concern (continued)

The reverse stress test noted an implausible decrease in trading performance, with revenues over 30% below the base case on a Coats standalone basis and over 20% below the base case on a Coats and OrthoLite combined basis, 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 2025 the Group's net debt (excluding IFRS 16 leases liabilities) was 429.8 million (31 December 2024: 449.3 million). The Group's committed debt facilities total 1,020 million across its Banking and US Private Placement group, with a range of maturities from August 2027 through to 2034. As of 30 June 2025, the Group had around 420 million of headroom against these committed banking facilities. In each scenario liquidity headroom exists throughout the assessment period.

The acquisition of OrthoLite will be funded through a combination of new debt facilities with Coats' existing lenders and proceeds of an equity placing of up to 19.99% of the Company's issued share capital.

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 2025, with leverage of 1.5x and interest cover of 10.6x. 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.

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 2026.

Principal exchange rates

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

		June 2025	June 2024	December 2024
Average	Sterling	**0.77**	0.79	0.78
	Euro	**0.91**	0.93	0.92
	Chinese Renminbi	**7.25**	7.21	7.20
	Indian Rupee	**86.05**	83.22	83.66
	Turkish Lira *	**37.49**	31.63	32.82
Period end	Sterling	**0.73**	0.79	0.80
	Euro	**0.85**	0.93	0.97
	Chinese Renminbi	**7.16**	7.27	7.30
	Indian Rupee	**85.69**	83.36	85.55
	Turkish Lira	**39.78**	32.65	35.34

1. Basis of preparation (continued)

Principal exchange rates (continued)

* 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 0.8 million has been recognised within finance income in the six months ended 30 June 2025 on non-monetary items held in Turkish Lira (six months ended 30 June 2024: net monetary gain of 0.4 million, year ended 31 December 2024: net monetary gain of 0.3 million). 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 2025 was 17% (six months ended 30 June 2024: 25%, year ended 31 December 2024: 44%).

2. Segmental analysis

Operating segments are components of the Group's business activities about which separate financial information is available that is evaluated regularly by the chief operating decision maker (the Group Executive Team). The Group's organisational structure and reporting structure consists of three divisions: Apparel, Footwear and Performance Materials. The Group's customers are grouped into three segments Apparel, Footwear and Performance Materials which have distinct different strategies and differing customer/end-use market profiles. 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.

Six months ended 30 June 2025	Apparel US m	Footwear US m	Performance Materials US m	Total US m
Continuing operations				
Revenue	**381.3**	**199.4**	**124.7**	**705.4**
Segment profit	**78.1**	**48.0**	**13.8**	**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**

Six months ended 30 June 2024*	Apparel US m	Footwear US m	Performance Materials US m	Total US m
Continuing operations				
Revenue	375.8	197.7	130.5	704.0
Segment profit	71.7	47.7	13.8	133.2
Exceptional and acquisition related items (note 3)				(12.5)
Operating profit				120.7
Share of profits of joint ventures				1.1
Finance income				1.2
Finance costs				(16.8)
Profit before taxation from continuing operations				106.2

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

2. Segmental analysis (continued)

Segment revenue and results

Year ended 31 December 2024*	Apparel US m	Footwear US m	Performance Materials US m	Total US m
Continuing operations				
Revenue	769.8	403.5	259.7	1,433.0
Segment profit	150.6	94.8	26.5	271.9
Exceptional and acquisition related items (note 3)				(47.4)
Operating profit				224.5
Share of profits of joint ventures				1.9

Share of profits of joint ventures	[illegible]
Finance income	3.1
Finance costs	(31.5)
Profit before taxation from continuing operations	198.0

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 2025 US m	Half year 2024* US m	Full year 2024* US m
Continuing operations			
Primary geographic markets			
Asia	**480.5**	457.8	964.2
Americas	**81.6**	86.7	166.5
EMEA	**143.3**	159.5	302.3
Total	**705.4**	704.0	1,433.0
Continuing operations			
Apparel	**381.3**	375.8	769.8
Footwear	**199.4**	197.7	403.5
Performance Materials	**124.7**	130.5	259.7
Total	**705.4**	704.0	1,433.0
Timing of revenue recognition			
Goods transferred at a point in time	**699.4**	698.9	1,421.7
Software solutions services transferred over time	**6.0**	5.1	11.3
Total	**705.4**	704.0	1,433.0

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.

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

Notes to the condensed consolidated financial statements
For the half year ended 30 June 2025

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 13.

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.

Total exceptional and acquisition related items charged to operating profit for the six months ended 30 June 2025 was 11.5 million (six months ended 30 June 2024: 12.5 million; year ended 31 December 2024: 47.4 million).

This comprises exceptional items for the six months ended 30 June 2025 of 1.1 million (six months ended 30 June 2024: 1.5 million; year ended 31 December 2024: 26.1 million) and acquisition related items for the six months ended 30 June 2025 of 10.4 million (six months ended 30 June 2024: 11.0 million; year ended 31 December 2024: 21.3 million).

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 2025 US m	Half year 2024* US m	Full year 2024* US m
Exceptional items:			
Strategic project costs:			
- Cost of sales	**1.0**	0.4	18.7
- Administrative expenses	**0.1**	0.8	4.3
	1.1	1.2	23.0
Costs to deliver Footwear acquisitions integration synergies:			
- Distribution costs	**-**	-	0.5
- Administrative expenses	**-**	0.3	0.8
	-	0.3	1.3
UK pension scheme costs:			
- Administrative expenses	**-**	-	1.8
Total exceptional items charged to operating profit from continuing operations	**1.1**	1.5	26.1

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

3. Exceptional and acquisition related items (continued)

Strategic project costs - Strategic project initiatives commenced during 2022 to optimise the Group's portfolio and footprint and improve the overall cost base efficiency. These exceptional strategic project activities were largely completed at the end of 2024. Exceptional restructuring costs totalling 1.1 million were incurred during the six months ended 30 June 2025 (six months ended 30 June 2024: 1.2 million; year ended 31 December 2024: 23.0 million).

Costs to deliver Footwear acquisitions integration synergies - Exceptional costs of nil million were incurred during the six months ended 30 June 2025 (six months ended 30 June 2024: 0.3 million; year ended 31 December 2024: 1.3 million) relating to the integration of the Texon and Rhenoflex businesses. The costs to deliver integration synergies has resulted in the Footwear Division being one customer-facing organisation with an integrated back office. These integration synergy initiatives were largely completed at end of 2024.

UK Pension Scheme costs - In September 2024 the Group and the UK pension scheme Trustees agreed to purchase a £1.3 billion bulk annuity policy ("buy-in") purchase from Pension Insurance Corporation plc, which insured the remaining 80% of UK scheme's pension liabilities. As a result of the buy-in, all the financial and demographic risks relating to the scheme's liabilities are now fully hedged. This buy-in represented a significant step in Coats fully insuring its UK pension obligations. During the year ended 31 December 2024 following the buy-in, a provision for estimated administration costs relating to the UK pension scheme of 8.5 million was made and was charged to the profit and loss account. In addition an exceptional past service credit of 6.7 million was recognised in the profit and loss account as a result of adjustments made to member benefits during the year ended 31 December 2024. As a result, the overall exceptional charge relating to the UK pension scheme recognised in the profit and loss account in the year ended 31 December 2024 was 1.8 million. There were no exceptional charges in relation the UK Pension Scheme in the six months ended 30 June 2025 or 30 June 2024.

Acquisition related items

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

	Half year 2025 US m	Half year 2024* US m	Full year 2024* US m
Acquisition related items:			
Administrative expenses:			
Amortisation of acquired intangible assets	**10.4**	11.0	21.3
Total acquisition related items charged to operating profit	**10.4**	11.0	21.3

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.

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

4. Finance income

	Half year 2025 US m	Half year 2024 US m	Full year 2024 US m
Income from investments	**0.1**	-	0.3
Net monetary gain arising from hyperinflation accounting (see note 1)	**0.8**	0.4	0.3
Other interest receivable and similar income	**1.6**	0.8	2.5
	2.5	1.2	3.1

5. Finance costs

	Half year 2025 US m	Half year 2024* US m	Full year 2024* US m
Interest on bank and other borrowings	**16.1**	14.8	31.3
Interest expense on lease liabilities	**2.0**	1.9	4.0
Net interest on pension scheme assets and liabilities	**1.1**	(1.3)	(4.2)

Other finance costs including unrealised gains and losses on foreign exchange contracts	**1.5**	1.4	0.4
	20.7	16.8	31.5

6. Taxation

The taxation charge for the six months ended 30 June 2025 and 30 June 2024 is based on the estimated adjusted effective tax rate for the full year, applied to profit before exceptional and acquisition related items for the six month period, plus the effect of any discrete items arising in the period to 30 June. The tax charge relating to continuing operations for the six months ended 30 June 2025 was 34.2 million (six months ended 30 June 2024: 30.9 million; year ended 31 December 2024: 71.5 million)*.

For the six months ended 30 June 2025 the tax credit in respect of exceptional and acquisition related items was 1.8 million (six months ended 30 June 2024: 2.6 million; year ended 31 December 2024: tax charge of 1.5 million)* which comprised the following amounts:

- An exceptional tax credit for the six months ended 30 June 2025 of 1.7 million relating to the unwinding of deferred tax liabilities on the amortisation of acquired intangible assets (six months ended 30 June 2024: 2.2 million; year ended 31 December 2024: 4.3 million);
- Exceptional tax credits of 0.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: 0.4 million; year ended 31 December 2024: 1.4 million) in connection with exceptional strategic projects (see note 3); and
- An exceptional deferred tax charge for the six month ended 30 June 2025 on writing down deferred tax assets in Mexico of nil (six months ended 30 June 2024: nil; year ended 31 December 2024: 7.2 million).

The Group has recognised provisions for uncertain tax positions which at 30 June 2025 totalled 26.3 million (31 December 2024: 26.0 million; 30 June 2024: 26.0 million). These provisions relate to management's estimate of the amount of tax payable on open tax returns yet to be agreed with the local tax authorities.

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 2025 the tax charge in the income statement related to Pillar Two income taxes was 0.1 million (six months ended 30 June 2024: 0.4 million; year ended 31 December 2024: 1.2 million). This current tax charge mainly relates to profits earned in Honduras, Hungary and Singapore, which either have statutory tax rates of less than 15% or where the Group is able to take advantage of a tax holiday. The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes for the current financial year.

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

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.

was the end of the contingency period.

	Half year 2025 US m	Half year 2024* US m	Full year 2024* US m
Profit from continuing operations attributable to equity shareholders	**65.9**	62.6	106.9
Profit from continuing and discontinued operations attributable to equity shareholders	**59.3**	60.5	80.1

Profit from continuing operations attributable to equity shareholders for the six months ended 30 June 2025 of 65.9 million (six months ended 30 June 2024: 62.6 million; year ended 31 December 2024: 106.9 million) comprises the profit from continuing operations for the six months ended 30 June 2025 of 76.8 million (six months ended 30 June 2024: 75.3 million; year ended 31 December 2024: 126.5 million) less non-controlling interests for the six months ended 30 June 2025 of 10.9 million (six months ended 30 June 2024: 12.7 million; year ended 31 December 2024: 19.6 million) as reported in the income statement.

	Half year 2025 Number of shares m	Half year 2024 Number of shares m	Full year 2024 Number of shares m
Weighted average number of ordinary shares in issue for basic earnings per share	**1,609.6**	1,606.4	1,604.5
Adjustment for deferred bonus plan and LTIP awards	**9.1**	9.2	20.1
Weighted average number of ordinary shares in issue for diluted earnings per share	**1,618.7**	1,615.6	1,624.6

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

7. Earnings per share (continued)

	Half year 2025 cents	Half year 2024* cents	Full year 2024* cents
Continuing operations:			
Basic earnings per ordinary share	**4.09**	3.89	6.66
Diluted earnings per ordinary share	**4.07**	3.87	6.58
Continuing and discontinued operations:			
Basic earnings per ordinary share	**3.68**	3.77	4.99
Diluted earnings per ordinary share	**3.66**	3.74	4.93

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

8. **Issued share capital**

At 30 June 2025 the share capital of the Company comprised 1,597,810,385 Ordinary Shares of 5p each (31 December 2024: 1,597,810,385; 30 June 2024: 1,597,810,385).

During the six months ended 30 June 2025, six months ended 30 June 2024 and year ended 31 December 2024 the Company did not issue any Ordinary Shares.

The own shares reserve of 1.8 million at 30 June 2025 (31 December 2024: 5.3 million; 30 June 2024: 5.2 million) 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 2025 was 1,714,841 (31 December 2024: 4,905,769; 30 June 2024: 5,194,871).

9. **Dividends**

	Half year 2025 US m	Half year 2024 US m	Full year 2024 US m
2024 final dividend paid - 2.19 cents per share	**34.9**	-	-
2024 interim dividend paid - 0.93 cents per share	**-**	-	14.8
2023 final dividend paid - 1.99 cents per share	**-**	31.7	31.7
	34.9	31.7	46.5

The directors have declared an ordinary interim dividend per share of 1.0 cents (30 June 2024: 0.93 cents) to be paid on 13 November 2025 to shareholders on the register on 17 October 2025. 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 concluded that Occidental Chemical Corporation ('OCC') and other parties are responsible for most of the remedial costs.

10. **US environmental matters (continued)**

In 2022 CC and other parties entered into a cash-out settlement with EPA in which the settling parties agreed to pay 150 million 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.

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 15.8 million 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 8 million 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 2025, the remaining provision was 11.2 million (31 December 2024: 11.2 million). The remaining provision may be reduced if the courts approve the million (31 December 2024: 11.2 million). 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 potential changes in the government's position, 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 2025	Half year 2024*	Full year 2024*
	US m	US m	US m
Operating profit[1]	**128.4**	120.7	224.5
Depreciation of owned property, plant and equipment	**12.0**	12.1	24.3
Depreciation of right-of-use assets	**8.3**	8.4	17.0
Amortisation and impairment of intangible assets	**11.1**	11.8	22.9
Impairment of property, plant and equipment and other assets	**-**	-	8.7
Increase in inventories	**(11.1)**	(28.6)	(7.2)
Increase in debtors	**(13.8)**	(33.5)	(18.1)
(Decrease)/increase in creditors	**(5.7)**	43.7	25.4
Provision and pension movements	**(9.7)**	(9.2)	(95.8)
Foreign exchange and other non-cash movements	**3.6**	3.8	2.1
Discontinued operations	**3.9**	(7.5)	(7.1)
Cash generated from operations	**127.0**	121.7	196.7

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

In September 2024 the Group and the UK pension scheme Trustees agreed to purchase a bulk annuity policy ("buy-in"), which insured the remaining 80% of the UK scheme's pension liabilities. In connection with the buy-in, additional funding was provided to the UK pension scheme in the year ended 31 December 2024 totalling 127.8 million. The Group made a 89.5 million (£70 million) upfront cash contribution to the scheme and a further 38.3 million (£30 million) was provided to the UK pension scheme as a loan. The upfront cash contribution was included in cash generated from operations in the consolidated statement of cash flows for the year ended 31 December 2024. The cash paid to the UK pension scheme as a loan was included in cash absorbed in investing activities in the consolidated statement of cash flows for the year ended 31 December 2024. Cash generated from operations and net cash from operations (after interest and tax paid) for the year ended 31 December 2024 was 286.2 million and 185.3 million respectively excluding the upfront cash contribution to the UK pension scheme.

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

b) Interest paid

	Half year 2025	Half year 2024*	Full year 2024*
	US m	US m	US m
Interest paid	**(17.6)**	(16.1)	(30.3)
Discontinued operations	**(0.6)**	(0.6)	(1.2)
	(18.2)	(16.7)	(31.5)

c) Taxation paid

	Half year 2025	Half year 2024*	Full year 2024*
	US m	US m	US m
Overseas tax paid	**(32.9)**	(29.5)	(67.5)
Discontinued operations	**-**	(1.7)	(1.9)
	(32.9)	(31.2)	(69.4)

d) Investment income

	Half year 2025 US$m	Half year 2024 US$m	Full year 2024 US$m
Dividends received from joint ventures	**-**	1.0	1.0

e) Capital expenditure and financial investment

	Half year 2025 US$m	Half year 2024* US$m	Full year 2024* US$m
Purchase of property, plant and equipment and intangible assets	**(12.4)**	(10.0)	(25.7)
(Purchase)/sale of other equity investments	**(0.4)**	0.1	-
Proceeds from disposal of property, plant and equipment	**0.1**	0.2	3.0
Discontinued operations	**-**	(1.1)	(1.3)
	(12.7)	(10.8)	(24.0)

f) Acquisitions and disposals of businesses

	Half year 2025 US$m	Half year 2024 US$m	Full year 2024 US$m
Disposal of business	**13.1**	-	-

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

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

g) Net debt

A summary of net debt is set out below:

	30 June 2025 US$m	30 June 2024 US$m	31 December 2024 US$m
Cash and cash equivalents	**168.5**	130.7	146.0
Bank overdrafts	**(2.4)**	(4.1)	(0.2)
Net cash and cash equivalents	**166.1**	126.6	145.8
Other borrowings	**(595.9)**	(507.1)	(595.1)
Net debt excluding lease liabilities	**(429.8)**	(380.5)	(449.3)
Lease liabilities	**(71.4)**	(84.8)	(83.2)
Total net debt	**(501.2)**	(465.3)	(532.5)

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 2025 for covenant purposes was 434.1 million (30 June 2024: 383.8 million; 31 December 2024: 454.3 million).

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 2024	(472.3)	(23.3)	(86.8)	(582.4)	(20.9)	132.4	(470.9)
Financing cash flows	-	(10.0)	9.6	(0.4)	-	-	(0.4)
Other cash flows	-	-	2.5	2.5	16.8	0.6	19.9

Non-cash movements	(0.8)	(0.7)	(11.9)	(13.4)	-	-	(13.4)
Foreign exchange	-	-	1.8	1.8	-	(2.3)	(0.5)
At 30 June 2024	(473.1)	(34.0)	(84.8)	(591.9)	(4.1)	130.7	(465.3)
At 1 January 2024	(472.3)	(23.3)	(86.8)	(582.4)	(20.9)	132.4	(470.9)
Financing cash flows	(123.7)	28.0	19.2	(76.5)	-	-	(76.5)
Other cash flows	-	-	5.2	5.2	20.7	9.8	35.7
Non-cash movements	0.9	(4.7)	(18.2)	(22.0)	-	-	(22.0)
Foreign exchange	-	-	(2.6)	(2.6)	-	3.8	1.2
At 31 December 2024	**(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)**

12. 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 allows management to focus on driving forward and growing other parts of the Group's attractive portfolio.

The results of the Americas Yarns business has been presented as a discontinued operation in the consolidated income statement for the six months ended 30 June 2025. Amounts for the six months ended 30 June 2024 and year ended 31 December 2024 in the consolidated income statement have been represented to reclassify the results of the Americas Yarns business from continuing operations to discontinued operations.

a) Discontinued operations

The results of the discontinued operations are presented below:

	Half year 2025 US m	Half year 2024* US m	Full year 2024* US m
Revenue	**26.3**	36.7	67.9
Cost of sales	**(30.8)**	(37.9)	(84.9)
Gross loss	**(4.5)**	(1.2)	(17.0)
Distribution costs	**(1.0)**	(1.0)	(3.6)
Administrative expenses	**(2.1)**	(0.5)	(4.1)
Operating loss	**(7.6)**	(2.7)	(24.7)
Finance costs	**-**	(0.6)	(1.2)
Loss before taxation	**(7.6)**	(3.3)	(25.9)
Taxation	**1.0**	1.2	(0.4)
Loss from discontinued operations	**(6.6)**	(2.1)	(26.3)

The operating profit before exceptional and acquisition related items of the Americas Yarns business for the six months ended 30 June 2025 was 0.6 million (six months ended 30 June 2024: nil; year ended 31 December 2024: loss of 2.3 million). Exceptional and acquisition related items for the six months ended 30 June 2025 charged to operating loss from discontinued operations was 8.2 million (six months ended 30 June 2024: 2.7 million; year ended 31 December 2024: 22.4 million). As a result the operating loss of the Americas Yarns business for the six months ended 30 June 2025 was 7.6 million (six months ended 30 June 2024: 2.7 million; year ended 31 December 2024: 24.7 million).

12. Discontinued operations (continued)

Exceptional and acquisition related items - discontinued operations

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

	Half year 2025 US m	Half year 2024* US m	Full year 2024* US m
Cost of sales:			
Costs of exiting Americas Yarns business			
- Cost of sales	**(6.3)**	-	(15.3)
- Administrative expenses	**(1.9)**	-	-
	(8.2)	-	(15.3)
Strategic project costs			
- Cost of sales	**-**	(2.6)	(2.8)
- Distribution costs	**-**	-	(1.0)
	-	(2.6)	(3.8)
Administrative expenses:			
Acquired intangible assets - amortisation and impairment charges	**-**	(0.1)	(3.3)
Total exceptional and acquisition related items - discontinued operations	**(8.2)**	(2.7)	(22.4)

Exceptional administrative costs charged to the loss from discontinued operations for the year ended 31 December 2024 were 0.5 million relating to businesses disposed in prior years.

The tax credit in respect of exceptional and acquisition related items for the six months ended 30 June 2025 was 1.0 million (six months ended 30 June 2024: 0.8 million; year ended 31 December 2024: tax charge of 0.3 million).

Exceptional and acquisition related items, net of tax, for the six months ended 30 June 2025 were 7.2 million (six months ended 30 June 2024: 1.9 million; year ended 31 December 2024: 22.7 million).

Loss per ordinary share from discontinued operations

	Half year 2025	Half year 2024*	Full year 2024*

	2025 cents	2024 cents	cents
Loss per ordinary share from discontinued operations:			
Loss per ordinary share	**(0.41)**	(0.12)	(1.67)
Diluted loss per ordinary share	**(0.41)**	(0.13)	(1.65)

Assets and liabilities of disposal group held for sale

The remaining assets of the Americas Yarns business at 30 June 2025 that have been classified as a disposal group held for sale total 12.6 million and comprise right-of-use assets of 10.2 million, property, plant and equipment of 0.6 million, trade debtors of 1.0 million and other assets of 0.8 million. The remaining liabilities of the Americas Yarns business at 30 June 2025 that have been classified as a disposal group held for sale total 16.0 million and comprise lease liabilities of 12.8 million, provisions of 2.7 million and other liabilities of 0.5 million.

12. Discontinued operations (continued)

Cash flows from discontinued operations

	Half year 2025 US m	Half year 2024* US m	Full year 2024* US m
Net cash outflow from operating activities	**3.4**	(9.8)	(10.2)
Net cash outflow from investing activities	**13.1**	(1.1)	(1.3)
Net cash outflow from financing activities	**(0.7)**	(0.9)	(1.8)
Net cash flows from discontinued operations	**15.8**	(11.8)	(13.3)

In June 2025 cash consideration, net of transaction costs, received from the sale of the Kings Mountain, US business, property, plant and equipment and inventories amounted to 13.1 million which is included in cash flow from investing activities.

13. 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 2024.

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.

There were no acquisitions in the six months ended 30 June 2025 or the year ended 31 December 2024.

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).
* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

13. Alternative performance measures (continued)

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

Revenue	**Half year 2025 US m**	Half year 2024* US m	% Increase
Revenue from continuing operations	**705.4**	704.0	-
Constant currency adjustment	**-**	(9.0)	
Organic revenue on a CER basis	**705.4**	695.0	2%

Operating profit	**Half year 2025 US m**	Half year 2024* US m	% Increase
Operating profit from continuing operations[1]	**128.4**	120.7	6%
Exceptional and acquisition related items (note 3)	**11.5**	12.5	
Adjusted operating profit from continuing operations	**139.9**	133.2	5%
Constant currency adjustment	**-**	(2.0)	
Organic adjusted operating profit on a CER basis	**139.9**	131.2	7%

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.
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 2025 US m	Half year 2024* US m	Full year 2024* US m
Profit before taxation from continuing operations	**111.0**	106.2	198.0
Share of profit of joint ventures	**(0.8)**	(1.1)	(1.9)
Finance income (note 4)	**(2.5)**	(1.2)	(3.1)
Finance costs (note 5)	**20.7**	16.8	31.5
Operating profit from continuing operations	**128.4**	120.7	224.5

Exceptional and acquisition related items (note 3)	**11.5**	12.5	47.4
Adjusted operating profit from continuing operations	**139.9**	133.2	271.9
Depreciation of owned property, plant and equipment	**12.0**	12.1	24.3
Amortisation of intangible assets	**0.7**	0.8	1.6
Adjusted EBITDA including IFRS 16 depreciation of right-of-use assets (Pre-IFRS 16 basis)	**152.6**	146.1	297.8
Depreciation of right-of-use assets	**8.3**	8.4	17.0
Adjusted EBITDA	**160.9**	154.5	314.8

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

Notes to the condensed consolidated financial statements
For the half year ended 30 June 2025

13. Alternative performance measures (continued)

b) Adjusted EBITDA (continued)

Adjusted EBITDA on a last twelve months basis to 30 June 2025 was 321.2 million (30 June 2024: 304.4 million).

Adjusted EBITDA on a last twelve months basis to 30 June 2025 of 321.2 million is the adjusted EBITDA for the six months ended 30 June 2025 of 160.9 million plus the adjusted EBITDA for the year ended 31 December 2024 of 314.8 million less the adjusted EBITDA for the six months ended 30 June 2024 of 154.5 million.

Net debt including lease liabilities under IFRS 16 was 501.2 million at 30 June 2025 (31 December 2024: 532.5 million; 30 June 2024: 465.3 million). This gives a leverage ratio of net debt including lease liabilities to Adjusted EBITDA at 30 June 2025 of 1.6 (31 December 2024: 1.7; 30 June 2024: 1.5).

On a pre-IFRS 16 basis adjusted EBITDA on a last twelve months basis to 30 June 2025 was 304.3 million (30 June 2024: 287.7 million).

Net debt excluding lease liabilities under IFRS 16 was 429.8 million at 30 June 2025 (31 December 2024: 449.3 million; 30 June 2024: 380.5 million). This gives a leverage ratio on a pre-IFRS 16 basis at 30 June 2025 of 1.4 (31 December 2024: 1.5; 30 June 2024: 1.3).

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 2025 was 1.5 (31 December 2024: 1.6, 30 June 2024: 1.4). 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 2025, 31 December 2024 and 30 June 2024.

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 2025 US m	Half year 2024* US m	Full year 2024* US m
Profit before taxation from continuing operations	**111.0**	106.2	198.0
Exceptional and acquisition related items (note 3)	**11.5**	12.5	47.4
Net interest on pension scheme assets and liabilities[1]	**-**	(1.3)	-
Adjusted profit before taxation from continuing operations	**122.5**	117.4	245.4
Taxation charge from continuing operations	**34.2**	30.9	71.5
Tax credit/(charge) in respect of exceptional and acquisition related items	**1.8**	2.6	(1.5)
Tax credit in respect of net interest on pension scheme assets and liabilities	**-**	0.1	-
Adjusted taxation charge from continuing operations	**36.0**	33.6	70.0

Adjusted taxation charge from continuing operations	**36.0**	33.6	70.0
Adjusted effective tax rate	**29%**	29%	29%

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

13. Alternative performance measures (continued)

c) Adjusted effective tax rate (continued)

[1] In September 2024 the Group and the UK pension scheme Trustees agreed to purchase a bulk annuity policy ("buy-in"), which insures the remaining 80% of the UK scheme's pension liabilities. As a result of the buy-in, all the financial and demographic risks relating to the UK pension scheme's liabilities are fully hedged. The Group no longer adjusts net interest on pension scheme assets and liabilities in arriving at the adjusted effective tax rate as volatility in this interest for the Coats UK pension scheme has now been eliminated. This is the basis on which management now monitors and manages the effective tax rate. For the six months ended 30 June 2024 and prior periods, net interest on pension scheme assets and liabilities was adjusted in arriving at the adjusted effective tax rate. The adjusted effective tax rate for the six months ended 30 June 2024 would have been 28% if the same basis of calculation used for the six months ended 30 June 2025 and year ended 31 December 2024 had been applied.

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 2025 US m	Half year 2024* US m	Full year 2024* US m
Profit from continuing operations	**76.8**	75.3	126.5
Non-controlling interests	**(10.9)**	(12.7)	(19.6)
Profit from continuing operations attributable to equity shareholders	**65.9**	62.6	106.9
Exceptional and acquisition related items net of non-controlling interests (note 3)	**11.5**	12.5	47.4
Tax (credit)/charge in respect of exceptional and acquisition related items	**(1.8)**	(2.6)	1.5
Adjusted profit from continuing operations	**75.6**	72.5	155.8
Weighted average number of Ordinary Shares	**1,609,580,864**	1,606,358,559	1,604,955,182
Adjusted earnings per share	**4.69**	4.51	9.71

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) 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.

Adjusted free cash flow measures the Group's cash generation that is available to service shareholder dividends, pension obligations and acquisitions.

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

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13. Alternative performance measures (continued)

e) Adjusted free cash flow (continued)

	Half year 2025 US m	Half year 2024* US m	Full year 2024* US m
Change in net debt resulting from cash flows (free cash flow)	**19.0**	7.4	(57.6)
Dividends paid to equity shareholders	**34.5**	31.4	46.2
Free cash flow pre shareholder dividends	**53.5**	38.8	(11.4)
Payment to UK pension scheme in connection with pension buy-in	**-**	-	127.8
Disposal of businesses	**(13.1)**	-	-
Net cash (inflow)/outflow from discontinued operations	**(2.7)**	11.8	13.3
Net cash flows in respect of exceptional and acquisition related items	**8.6**	9.1	21.7
Purchase of own shares by Employee Benefit Trust	**4.8**	6.6	8.7
Tax inflow in respect of adjusted cash flow items	**-**	(0.2)	(2.0)
Adjusted free cash flow	**51.1**	66.1	158.1

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1).

13. Alternative performance measures (continued)

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 2025 US m	Half year 2024* US m	Full year 2024* US m
Operating profit from continuing operations before exceptional and acquisition related items on a last twelve months' basis[1]	**278.6**	261.8	271.9
Non-current assets			
Acquired intangible assets	**323.1**	331.5	317.2
Property, plant and equipment	**214.5**	222.3	212.3
Right-of-use assets	**61.3**	60.7	58.9
Trade and other receivables	**23.6**	24.3	25.0
Current assets			
Inventories	**175.8**	186.8	162.8
Trade and other receivables	**306.9**	302.6	286.5
Current liabilities			
Trade and other payables	**(288.4)**	(315.0)	(290.7)
Lease liabilities	**(17.5)**	(15.0)	(15.3)
Non-current liabilities			
Trade and other payables	**(6.3)**	(4.3)	(7.4)
Lease liabilities	**(53.9)**	(55.8)	(54.4)
Capital employed	**739.1**	738.1	694.9
ROCE	**38%**	35%	39%

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

* Represented to reflect the results of the Americas Yarns business as a discontinued operation (see note 1). Amounts for non-current assets, current assets, current liabilities and non-current liabilities at 30 June 2024 and 31 December 2024 exclude the discontinued Americas Yarns business.

14. 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 13.9 million as at 30 June 2025 (31 December 2024: 4.1 million; 30 June 2024: net surplus of 72.2 million), excluding a loan payable by the Coats UK Pension Scheme to the Group of 43.3 million (31 December 2024: 38.3 million; 30 June 2024: nil).

Including the loan of 43.3 million (31 December 2024: 38.3 million; 30 June 2024: nil) 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 57.2 million as at 31 December 2024 (31 December 2024: 42.4 million; 30 June 2024: net surplus of 72.2 million).

Notes to the condensed consolidated financial statements

14. Retirement and other post-employment benefit arrangements (continued)

The Coats UK Pension Scheme had a surplus on an IAS 19 basis at 30 June 2025 of 22.5 million (31 December 2024: 29.2 million; 30 June 2024: 107.1 million), 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 2025 of 20.8 million (31 December 2024: 9.1 million; 30 June 2024: net surplus of 107.1 million).

In December 2022, the Coats UK Pension Scheme purchased a £350 million bulk annuity policy from Aviva, which insures all the benefits payable in respect of around 3,700 pensioner members (a "buy-in"). This policy saw all financial and demographic risks, including those related to longevity, covered for approximately 20% of Scheme members.

In September 2024 the Group and the UK pension scheme Trustees agreed to purchase a £1.3 billion bulk annuity policy purchase from Pension Insurance Corporation plc ("PIC"), which insured the remaining 80% of UK scheme's pension liabilities. As a result of the buy-in, all the financial and demographic risks relating to the scheme's liabilities are now fully hedged. This buy-in represents a significant step in Coats' fully insuring its UK pension obligations.

At 30 June 2025 the loan receivable from the UK pension scheme including accrued interest was 43.3 million (31 December 2024: 38.3 million; 30 June 2024: nil). 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 2025 was 1.1 million (six months ended 30 June 2024: nil, year ended 31 December 2024: 0.8 million).

15. 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 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**

15. Fair value of assets and liabilities (continued)

Financial assets measured at fair value (continued)

30 June 2024	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	0.5	-	0.5	-
Financial assets measured at fair value through the statement of comprehensive income:				
Other investments	0.6	-	-	0.6
Total	1.1	-	0.5	0.6

31 December 2024	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	0.6	-	-	0.6
Total	1.5	-	0.9	0.6

Financial liabilities measured at fair value

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)**	**-**

30 June 2024	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	(1.4)	-	(1.4)	-
Derivatives designated as effective hedging instruments	(1.0)	-	(1.0)	-
Total	(2.4)	-	(2.4)	-

15. Fair value of assets and liabilities (continued)

Financial liabilities measured at fair value (continued)

31 December 2024	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	(2.3)	-	(2.3)	-
Total	(2.3)	-	(2.3)	-

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 2025.

16. Post balance sheet events

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 770 million. The consideration will be funded through a combination of new debt facilities with Coats' existing lenders and proceeds of an equity placing of up to 19.99% of the Company's issued share capital.

There have been no other 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.

17. 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 2024 and these are expected to stay the same for the remainder of 2025. These principal risks and uncertainties are as follows:

Strategic risks

1. M&A programme ambition risk in light of the Group's increasing ambition in the scale of its acquisition programme and its ability to source, satisfactorily acquire and integrate suitable targets.
2. Risk of ever-increasing customer product and sustainability expectations and continuing ability to meet and exceed those expectations as part of its strategic growth and sustainability ambitions.
3. Risk of failure to develop diverse and inclusive set of talent and capability to ensure robust succession planning for critical roles in the organisation given ever evolving business and external environment.

External risks

4. Economic and geopolitical risk arising from significant macroeconomic and demand uncertainty - across both key Asian and developed markets - including risk to free trade conventions and risk of tariffs and retaliatory actions leading to decrease in consumer confidence and spending - as well as global inflationary pressures and ongoing geopolitical developments.
5. Risk of cyber incidents leading to corruption of applications, critical IT infrastructure, compromised networks, operational technology and/or loss of data.

17. Principal risks and uncertainties (continued)

External risks (continued)

6. Risk of supplier non-performance, unavailability and/or price increases of raw materials, labour and freight and/or logistical challenges causing major disruption to Coats' supply chain and/or reputational damage as result of non-compliance with the Group's ethical standards.
7. Environmental non-performance risk given changing standards, increasing scrutiny, customer and investor

7. Environmental non-performance risk given changing standards, increasing scrutiny, customer and investor demands and expectations and scale of the Group's own self-imposed standards and ambitions, creating commercial, financial and reputational risks as well as opportunities.
8. Climate change risk arising from either (i) the impact of failing to sufficiently address the need to decarbonise the Company's operations and reduce emissions including potentially as a result of energy security challenges and the ability to access sufficient renewable energy in relevant locations), leading principally to commercial and reputational risks and the financial risk of emissions taxes or other legislative changes, or (ii) the physical impact of climate change on the Company's operations and business model and that of its customers in the textile supply chain.

Operational risks

9. Health and Safety risk - risk of (i) safety incident(s) leading to injury or fatality involving our employees or other interested parties such as contractors, visitors, onsite suppliers etc along with potential resulting prosecution, financial costs, business disruption and/or reputational damage; and/ or (ii) physical and mental health issues impacting wellbeing, engagement and productivity.
10. Legal and regulatory compliance risk - risk of breach of law in relation to areas such as anti-corruption, competition, sanctions, chemical compliance and ESG regulatory and reporting requirements, resulting in material fine(s) and/or reputational damage.

Legacy risks

11. Lower Passaic River legacy environmental matter.

More 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 2024 on pages 50 to 56, a copy of which is available on the Group's website, www.coats.com.

The risk trends in relation to the above listed risks are considered to be the same as those detailed in Coats Group plc's Annual Report and Accounts for the year ended 31 December 2024.

The description for economic and geopolitical risk (risk number 4 above) was refined in 2024 to refer to the risk of tariffs and retaliatory actions in light of potential political developments and the risk trend was considered to remain "increasing" as a result of this. The Group is mindful of the current market uncertainty, including from the dynamic tariff backdrop, and continues to monitor this closely but we believe we are well placed to navigate these challenges.

18. Related party transactions

There have been no related party transactions or changes in related party transactions described in the 2024 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.

19. Directors

The following persons were directors of Coats Group plc during the half year ended 30 June 2025 and up to the date

The following persons were directors of Coats Group plc during the half year ended 30 June 2025 and up to the date of this report:

D Gosnell OBE
D Paja
J Callaway (Resigned 21 May 2025)
W Gang (Appointed 1 July 2025)
S Highfield
H Lu
S Murray
H Nichols (Appointed 24 April 2025)
S Phatak
F Philip
J Sigurdsson

20. 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 19 to the Condensed Consolidated Financial Statements.
By order of the Board,

D Gosnell
Chair
16 July 2025

United Kingdom
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Registered in England and Wales No. 103548

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