

## Strategy

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.

### ACCELERATE PROFITABLE SALES GROWTH

#### Apparel

Increase our market share by delivering sustainable, innovative and value-added product and service solutions to our global customer base. Continue to strengthen our global footprint to support supply chain regionalisation.

#### Footwear

Focus on sustainability-led innovations to improve product offerings to key brands and manufacturers, and leverage our newly created scale to drive efficiencies, share gains, and commercial synergies.

#### Performance Materials

Lead with innovative and sustainable developments in highly engineered products, creating solutions for attractive and growing markets.

#### Apparel progress in 2022

- Continued to grow Recycled sales, to \$127m in 2022 (\$93m in 2021)
- Consecutive year of >100bp market share growth
- Offset inflationary pressures through productivity and pricing

#### Footwear progress in 2022

- Significantly increased our Total Addressable Market as a result of our acquisitions
- Upside potential from innovations, such as ProWeave
- Launched our recycled nylon thread range specifically for use in footwear

#### Performance Materials progress in 2022

- Opened a new state-of-the-art factory in Mexico with proprietary bonding equipment, refurbished machinery and efficient factory layout helping to maximise productivity
- Relocation of our Spanish facility to a larger, purpose-built site has expanded capacity for our composites range in telecom and oil & gas sectors
- Launching innovative personal protection yarn ranges addressing specific customer needs e.g. protection from molten metal splash for workers in foundries and smelters



## TRANSFORM THE BUSINESS

### Strategic projects

In March, Coats Group announced a number of strategic projects to improve margins by optimising the portfolio and footprint, improving the overall cost base efficiency and mitigating structural labour availability issues in the US. The resulting benefits are anticipated to deliver cost savings of \$70m by 2024.



#### Progress in 2022

- Substantial savings of \$20m versus original expectations of \$5m to \$10m
- New factory commissioned in Huamantla, Mexico to enable further growth in the Americas
- Divested our Brazil and Argentina business, exited from Russia and direct operations in South Africa. Rationalised plants in Hungary and the USA and sold our units in Mauritius and Madagascar
- Streamlined our Corporate functions and moved them closer to the customer to reduce cost and improve delivery



## CREATE VALUE

Disciplined use of capital to fund inorganic opportunities to build scale and acquire new capabilities, technology and talent.

#### Progress in 2022

- Two strategic acquisitions: Texon, funded out of a new dedicated acquisition debt facility; and Rhnoflex funded via an over-subscribed equity raise
- In January 2023, successful \$250m refinancing of Texon Acquisition Facility through a USPP issuance at competitive rates, de-risking debt maturities
- Positive progress in relation to de-risking of UK pension scheme; £350m buy-in completed. On/off trigger agreed with Pension Trustees



Strategy cont.

# OUR STRATEGIC ENABLERS

Our purpose provides the basis for our strategy whereby we will accelerate profitable sales growth and transform the business to improve margins and create sustainable value for our shareholders, customers, employees and the communities in which we operate. Our strategic goals are underpinned by the following enablers:

## SUSTAINABILITY

Sustainability is a core tenet of our wider business strategy and an imperative to our mid- and long-term business success. Playing our part in mitigating climate change is core to our strategy, with commitments made to reduce carbon emissions in line with Science Based Targets and underpinned by energy transition to renewables and substitution of materials to non virgin-oil based resources.

### CASE STUDY 100% RECYCLED ECOVERDE

Coats EcoVerde is an innovative 100% recycled alternative to virgin polyester that provides a responsible solution to help reduce the global plastic pollution problem. Since 2018, we have recycled 799m PET bottles to make EcoVerde.

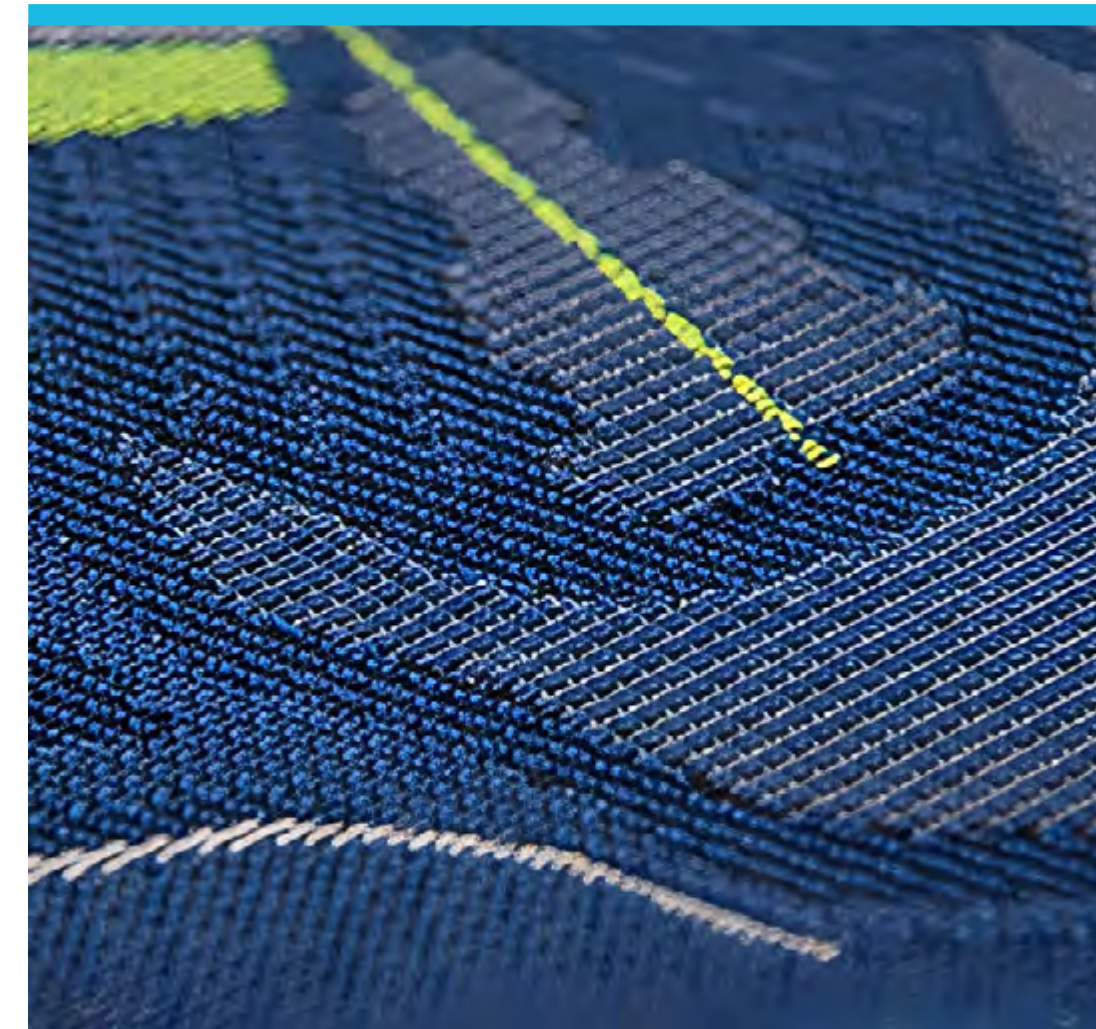
Our target is to transition all of our premium polyester products to recycled polyester by 2024.



## INNOVATION

Innovation is at the heart of everything we do. We recognise that big, bold, game-changing ideas are crucial to our success.

We continue to accelerate our innovation credentials and solutions to deliver tailored customer design requirements.



## DIGITAL

Our investment in technology infrastructure and digital tools has allowed us to flex our supply chain, react to situations with speed and ensure we are focused on customer, shareholder and employee value creation.

In 2022, we enhanced our offering with the acquisition of Rhenoflex and the cutting edge digital technology of Rhenoprint 2.0.

### CASE STUDY PROWEAVE: FABRICS REIMAGINED

ProWeave transforms the way performance fabrics are made and how they look, feel and function. Creating different elasticity, tenacity and abrasion zones within the same weave, ProWeave can help the world's biggest brands bring new creative concepts to life.

ProWeave has already been used by global sports brand Umbro to create its new Velocita Alchemist football boots. The use of Texon's patented ProWeave technology by Umbro is a first in the sports sector and gives Velocita Alchemist boots new levels of elasticity and stability with recycled polyester yarns. In sports footwear, ProWeave delivers the ultimate adaptive fit acting like a second skin for sure-footed stability.



We are very excited about the coming opportunities with ProWeave. It provides a solution that takes us to the partnership level with our brand customers and allows us to play a greater role in the structure, performance and aesthetics of the shoe. As part of the Coats Footwear Innovation products, we know we will accelerate and transform not only our business, but our brands and the industry.”

**Bryan Whitfield**  
Sales Director