

The LYCRA Company

Q1 2024 Investor Presentation

June 7, 2024

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This presentation includes operational and financial results for the quarter ended March 31, 2024. Certain of this information is based solely on management accounts and has not been reviewed or subject to audit procedures. Our financial information contained in this presentation has been prepared on a good faith basis based on internal reporting for the periods presented. The financial and operational information included in this presentation has not been prepared in a manner consistent with the financial information and results of operations included in the final offering memorandum related to the 7.500% Senior Secured Notes due 2025 issued by Eagle Intermediate Global Holding B.V. and Eagle US Finance LLC (the “final offering memorandum”). Similarly, because the operational and financial results for the quarter ended March 31, 2024, included in this presentation are prepared based solely on management accounts and estimates and has not been subject to audit procedures, such information may not be prepared on a basis consistent with future bondholder reports.

The historical financial information included herein includes financial information that is not required by or presented in accordance with generally accepted accounting principles in the United States of America (“GAAP”) or any other internationally accepted accounting principles, including “EBITDA” and “Adjusted EBITDA,” and the Company’s consolidated financial information for each of the three months ended March 31, 2023 and December 31, 2023.

This presentation and the oral remarks made in connection therewith may contain financial projections and forward looking statements. Such projections and statements are based on estimates and assumptions of management of The LYCRA Company regarding the Company’s future performance and operations. These forward looking statements appear in a number of places in this presentation and include statements regarding the Company’s future financial position and results of operations, its strategy, plans, objectives, goals and targets, future developments in the markets in which it participates or is seeking to participate or anticipated regulatory changes in the markets in which it operates or intends to operate. In some cases, you can identify forward looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plan,” “potential,” “predict,” “projected,” “risk,” “seek,” “should,” “target” or “will” or the negative of such terms or other comparable terminology. When considering these forward looking statements, you should keep in mind that a number of factors that are beyond the Company’s control could cause actual results to differ materially from the results contemplated by any such forward looking statements including the risks detailed under the heading “Risk Factors” in the quarterly report and the preceding annual report. We believe that the expectations reflected in these forward looking statements are reasonable but we cannot assure you that these expectations will prove to be correct and such forward looking statements included in this presentation should not be unduly relied upon. These statements speak only as of the date made.

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Executive Summary

(Values in USD unless noted)

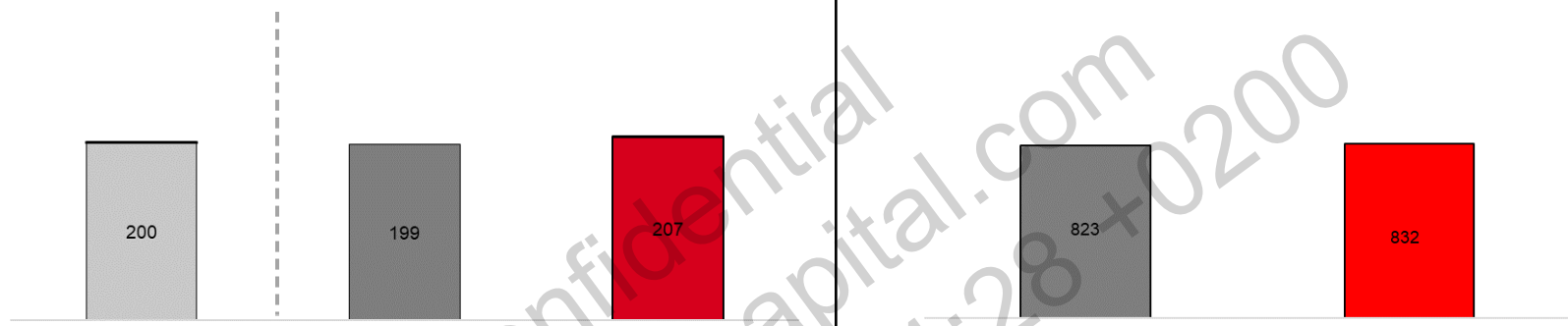
- Q1 '24 EBITDA was \$30 million, up \$10 million or 50% vs prior quarter and up \$20 million or 200% vs same quarter prior year.
- Higher EBITDA in Q1 '24 compared to Q1 '23 was driven by volume and unit margins improvement, with declining raw material costs outpacing price reductions.
- LYCRA® fiber and LYCRA HyFit® fiber prices showed some decline as compared to Q4 '23. Compared to Q1 '23, LYCRA® and LYCRA HyFit® fiber prices were down due to mix and targeted price adjustments in LYCRA® fiber and some pass through of lower cost PTMEG in LYCRA HyFit® fiber.
- During Q1 '24, a period of continued demand softness in western markets, management curtailed production at some facilities to conserve working capital . However global spandex production increased to 74% utilization, with facilities in Asia running above 80%.
- We continue to grow our differentiated LYCRA® fiber offerings. In Apparel, momentum on LYCRA® ADPATIV fiber remains very strong with additional brands: C&A, Primark, Nike, and Dick's Sporting Goods, and the pipeline keeps growing with new projects for coming seasons. We've also launched LYCRA® FitSense™ technology in a major bra program with Victoria's Secret, and our specialty polyester COOLMAX® and THERMOLITE® fibers with Zara and H&M.
- In Personal Care, our LYCRA® ENVIROFIT fiber has increasingly gained commercial adoption. Supported by a new type of spandex polymer, this high-powered fiber for hygiene applications allows for reduced spandex usage per garment. This improves the efficiency of garment production and reduces garment weight which enables greater shipping density of the final product to retail.
- Cash and cash equivalents as of March 31, 2024, were \$100 million. Cash paid for interest and taxes in Q1 '24 totaled \$4 million.

Key Financial Metrics

(Values in millions of USD unless noted)

Consolidated Total Sales & Gross Margin

Total Sales

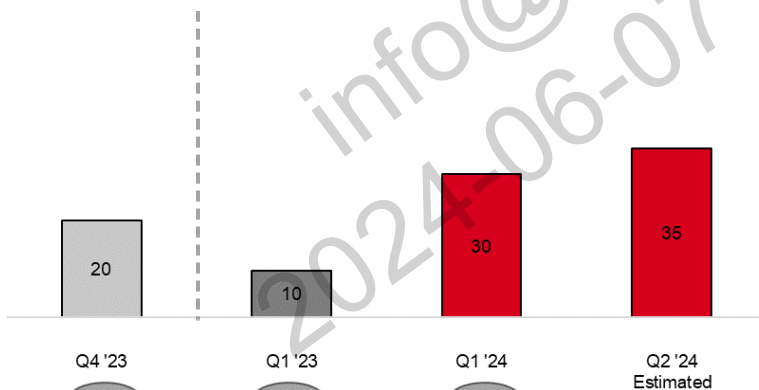


Gross Margin %



Adjusted EBITDA

Adjusted EBITDA



EBITDA %

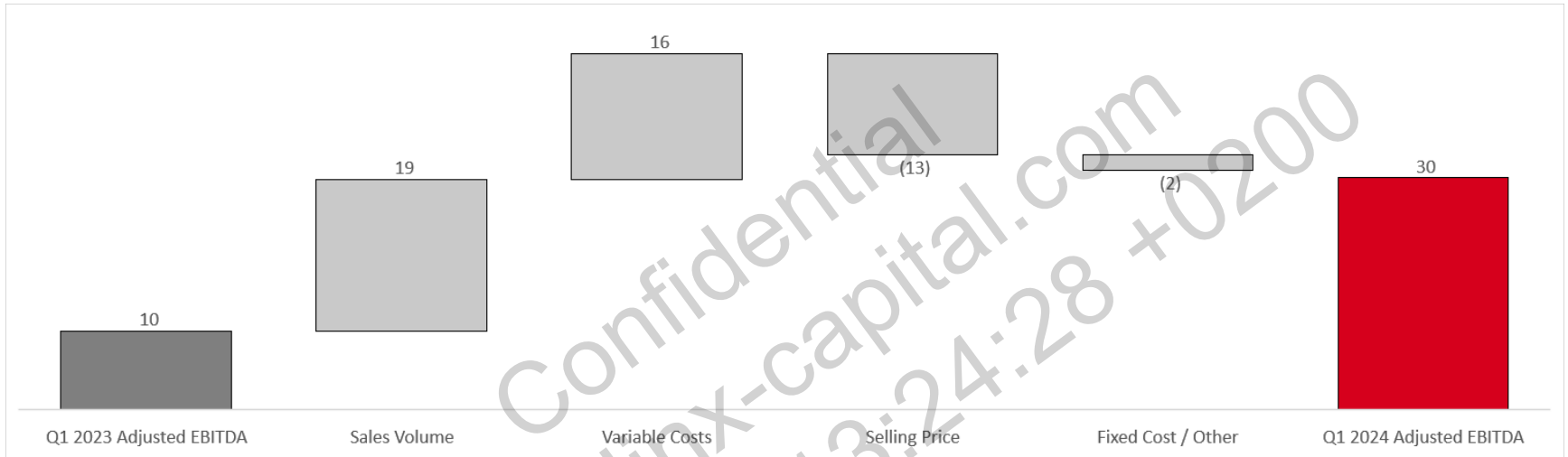


Note: EBITDA and Adjusted EBITDA are not required by or presented in accordance with GAAP or any other internationally accepted accounting principles.

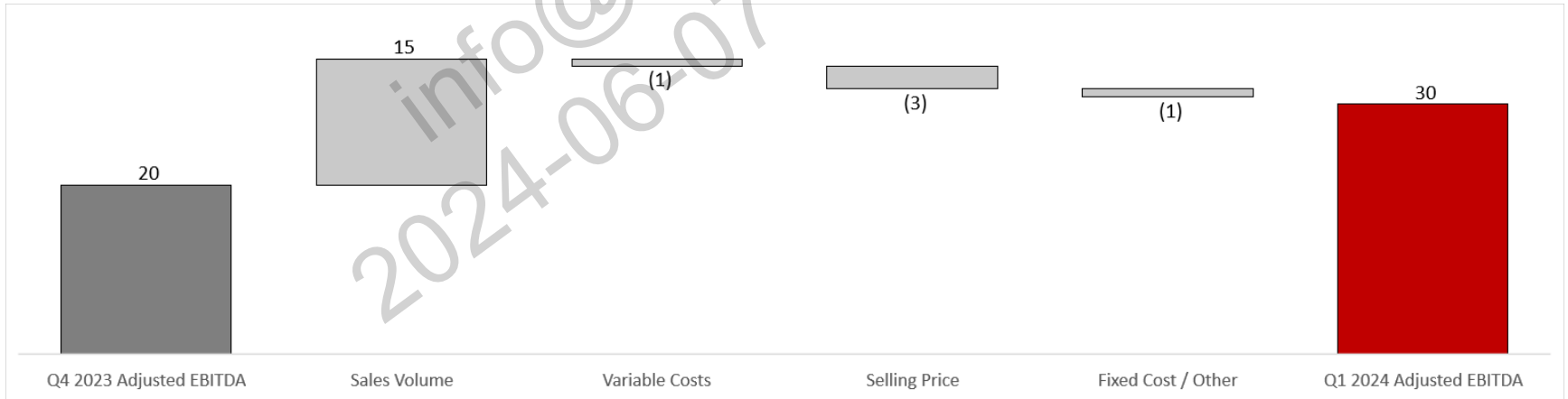
Financial Performance

(Values in millions of USD unless noted)

Adjusted EBITDA Q1 '23 to Q1 '24 Bridge



Adjusted EBITDA Q4 '23 to Q1 '24 Bridge

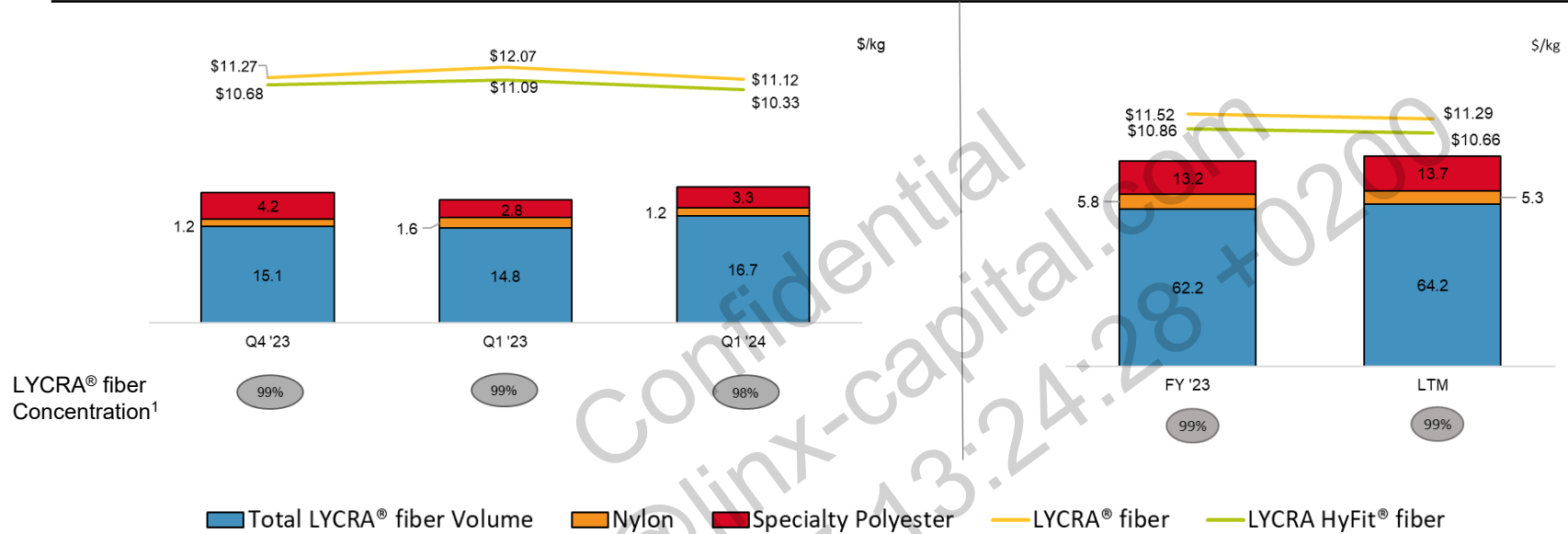


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Volume and Revenue

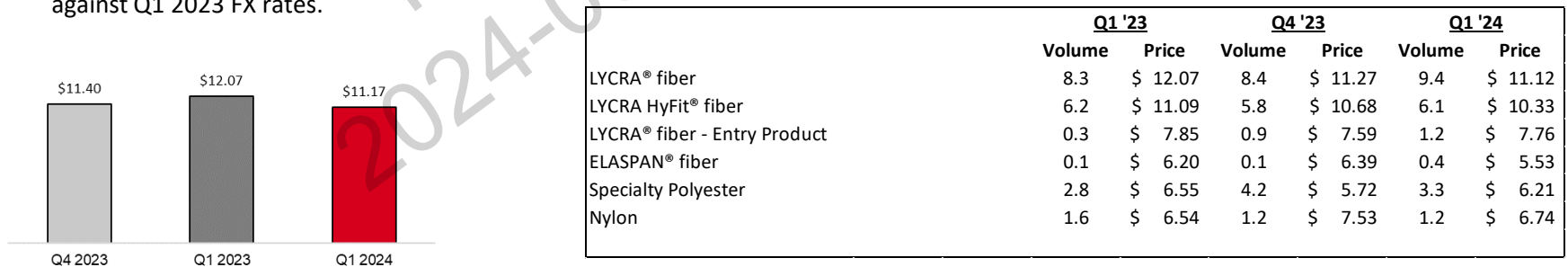
(Values in millions of USD unless noted)

Volume (kt) & LYCRA® fiber Concentration^{1,2}



Currency Adjusted LYCRA® fiber Prices (\$/kg) and all fiber volumes and prices for current and comparative quarters

Constant currency prices measured against Q1 2023 FX rates.

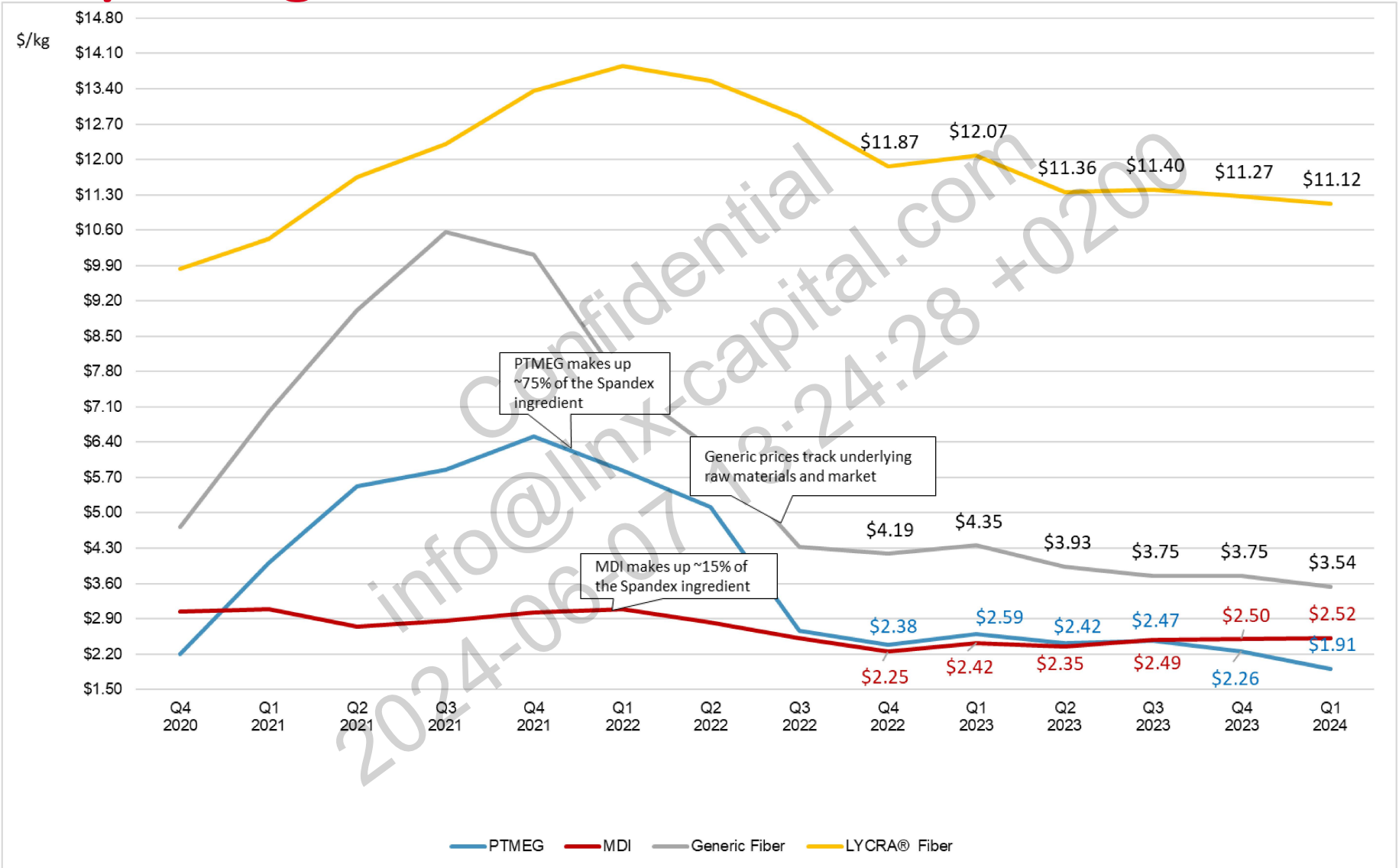


Note: Volumes are unaudited management estimates.

¹ LYCRA® fiber concentration reflects LYCRA® fiber, LYCRA HyFit® fiber and LYCRA® fiber Entry Product combined volumes as a percentage of total spandex volumes

² Prices exclude Entry Product and OEM Outsourced LYCRA® fiber sales. Volumes exclude OEM Outsourced LYCRA® fiber sales.

Key Margin Drivers



Source: CCF index

Q2 '24 Updates

(Values in USD unless noted)

- Improvement in Apparel demand in Q2 compared to Q1'24 driven mainly by Asian customers supplying into Western Brands/Retailers.
- We are expecting to hold our strong unit margins by materially maintaining price, while cost flowing through to the P&L continues to decline.
- In Personal Care, Q2 volumes and margins are expected to be similar to Q1.
- We expect our Q2 utilization to increase from 74% in Q1'24, driven by increases across Singapore and China facilities, matching regional demand patterns. In May, global utilization averaged 80%.
- Our Q2 ending cash and cash equivalent balances are expected to remain above \$80 following payment of interest on the Dollar Notes and partial paydown on the Shareholder Loan.

The LYCRA Company

Appendix

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Consolidated Statement of Operations

(Values in millions of USD unless noted)

	For the three months ended March 31,	
	2024	2023
Net sales	\$ 207	\$ 198
Sales to related parties	—	1
Total sales	207	199
Royalty and licensing income, net	1	1
Total revenue	208	200
Cost of goods sold and other operating expenses	156	177
Gross profit	52	23
Selling, general and administrative expenses	27	26
Research and development expenses	7	7
Restructuring (income) expense	8	1
Other (income) expense, net	(3)	7
Operating income (loss)	13	(18)
Equity in (income) loss of affiliates	(2)	(1)
Pension non-service cost (benefit)	—	(2)
Interest expense, net	49	27
Income (loss) before income taxes	(34)	(42)
Income tax expense (benefit)	5	3
Consolidated net income (loss)	(39)	(45)
Net (income) loss attributable to noncontrolling interest	(1)	—
Net income (loss) attributable to The LYCRA Company	\$ (40)	\$ (45)

Consolidated Statement of Cash Flows

(Values in millions of USD unless noted)

	Three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Consolidated net income (loss)	\$ (39)	\$ (45)
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	11	14
Amortization of deferred financing costs and discounts	16	7
Net impact of leases	—	1
Undistributed loss (earnings) in investments in equity affiliates	(1)	(2)
Deferred income taxes	—	(1)
Return on investments from equity affiliates	—	3
Changes in assets and liabilities: ⁽¹⁾		
Receivables	(4)	(3)
Inventories	7	31
Other assets	—	(8)
Payables	(2)	6
Other liabilities	31	18
Net cash provided by (used in) operating activities	<u>19</u>	<u>21</u>
Cash flows from investing activities:		
Capital expenditures	(3)	(1)
Net cash provided by (used in) investing activities	<u>(3)</u>	<u>(1)</u>
Cash flows from financing activities:		
Short-term bank borrowings	5	4
Payments of short-term debt	(6)	(5)
Payment of deferred financing costs	—	(9)
Net cash provided by (used in) financing activities	<u>(1)</u>	<u>(10)</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	15	10
Effect of exchange rate changes on cash and cash equivalents and restricted cash	—	—
Cash and cash equivalents and restricted cash at beginning of period	<u>94</u>	<u>63</u>
Cash and cash equivalents and restricted cash at end of period	<u>\$ 109</u>	<u>\$ 73</u>

Consolidated Balance Sheet

(Values in millions of USD unless noted)

	March 31, 2024	December 31, 2023 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 100	\$ 85
Restricted cash	9	9
Receivables, net	121	117
Inventories, net	163	170
Prepaid expenses and other current assets	15	11
Total current assets	408	392
Property, plant and equipment, net	240	245
Right of use lease assets, net	49	52
Goodwill	334	334
Other intangible assets, net	332	335
Investments in equity affiliates	137	136
Deferred income tax assets	17	17
Other assets	8	11
Total assets	\$ 1,525	\$ 1,522
Liabilities and Shareholder's Equity		
Current liabilities:		
Current debt	180	26
Lease liabilities, current portion	4	5
Payables	65	67
Accrued and other current liabilities	70	52
Total current liabilities	319	150
Long-term debt, net	1,032	1,158
Lease liabilities, long-term	29	31
Pension and other post-retirement benefit liabilities	12	12
Deferred income tax liabilities	37	37
Other liabilities	2	1
Total liabilities	\$ 1,431	\$ 1,389
Shareholder's equity:		
Shareholder's equity	41	81
Accumulated other comprehensive income	(8)	(8)
Total The LYCRA Company shareholder's equity	33	73
Noncontrolling interest	61	60
Total shareholder's equity	94	133
Total liabilities and shareholder's equity	\$ 1,525	\$ 1,522

Management Adjusted EBITDA

(\$ in millions of USD unless noted)

	For the three months ended	
	March 31,	
	2024	2023
Consolidated net income (loss)	\$ (39.0)	\$ (44.8)
Interest expense	49.0	27.2
Income tax expense	5.4	3.0
Depreciation and amortization	12.3	18.1
EBITDA	27.7	3.5
Joint venture EBITDA adjustment ^(a)	1.0	1.0
Noncontrolling interest EBITDA ^(b)	(1.9)	(0.8)
Foreign exchange adjustment ^(c)	—	(0.1)
Foreign exchange on bonds ^(d)	(5.7)	3.5
Restructuring ^(e)	7.4	1.4
Impact of PRC functional currency ^(f)	—	2.4
Financing costs ^(g)	0.9	0.1
Other items ^(h)	0.2	(1.4)
Adjusted EBITDA	\$ 29.6	\$ 9.6

Note: EBITDA and Adjusted EBITDA are not required by or presented in accordance with GAAP or any other internationally accepted accounting principles.

Management Adjusted EBITDA (cont.)

(Values in millions of USD unless noted)

- a) Represents an adjustment to conform the Company's share of equity earnings associated with the Toray Opelontex Co., Ltd, ISH-Toray Pte. Ltd, and Shinpont Industry, Inc. joint ventures from net income to EBITDA.
- b) Represents the share of EBITDA attributable to the noncontrolling interest of The LYCRA Company Singapore Pte. Ltd.
- c) Represents foreign currency remeasurement relating to income taxes, most significantly in the PRC, Brazil, and Switzerland.
- d) Represents the amount of foreign currency remeasurement loss (gain) on the Refinancing Notes and the Euro Notes.
- e) Represents costs incurred to settle litigation for the Laika joint venture and other costs associated with strategic projects. The prior year costs represent professional fees and other costs incurred due to the Enforcement Action and subsequent change of ownership.
- f) Represents impacts from the foreign currency remeasurement (gains) losses primarily on intercompany activity with our operations in the PRC, whose functional currency is the Chinese yuan and whose currency translation impacts are reflected within Other Comprehensive Income.
- g) Represents costs mainly incurred in connection with debt refinancing activities.
- h) Represents certain other unusual items. The prior year is primarily a gain upon termination of the pension plan in Hong Kong.

Note: EBITDA and Adjusted EBITDA are not required by or presented in accordance with GAAP or any other internationally accepted accounting principles.