

# The LYCRA Company

Q3 2024 Investor Presentation

December 9, 2024

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This presentation includes operational and financial results for the quarter ended September 30, 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 September 30, 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 September 30, 2023 and June 30, 2024.

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)

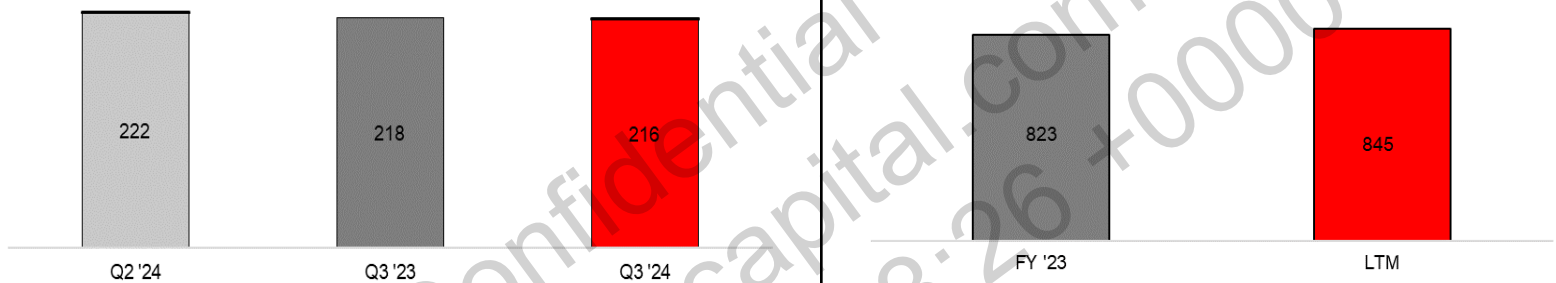
- Q3 '24 EBITDA was \$38 million, up \$2 million or 6% vs prior quarter and up \$18 million or 90% vs same quarter prior year.
- This improvement over the same quarter last year is largely due to enhanced margins from reduced raw material costs and higher sales volumes. Gross margins have increased from 20% in the same quarter last year to 29% in Q3.
- LYCRA® fiber and LYCRA HyFit® fiber prices showed some decline as compared to Q3 '23. Prices for LYCRA® fiber decreased due to product and regional mix, and targeted price changes. LYCRA HyFit® fiber price declines were driven by the pass-through of lower PTMEG costs as well as competitive pressures.
- During Q3 '24, prices for LYCRA® fiber increased by ~0.20 \$/kg and LYCRA HyFit® fiber decreased by ~0.10 \$/kg compared to Q2, while volumes were lower by 1.3 kt. Our global spandex production slightly decreased to 81% utilization, with facilities in Asia still running above 90%.
- In Q3, we continued to grow our differentiated LYCRA® fiber offerings with brands. For example, Victoria's Secret relaunched their VSX Elevate sport lines with LYCRA® ADAPTIV fiber. The Elevate light compression collection currently includes 10 styles. Co-branding with LYCRA® ADAPTIV fiber is included in the online product description and fabric composition. We are also working to diversify our portfolio in the workwear segment with COOLMAX® EcoMade All Season with LEO WORKWEAR in the UK.
- Cash and cash equivalents as of September 30, 2024, were \$112 million. Cash paid for interest and taxes in Q3 '24 totaled \$10 million.

# Key Financial Metrics

(Values in millions of USD unless noted)

## Consolidated Total Sales & Gross Margin

Total Sales

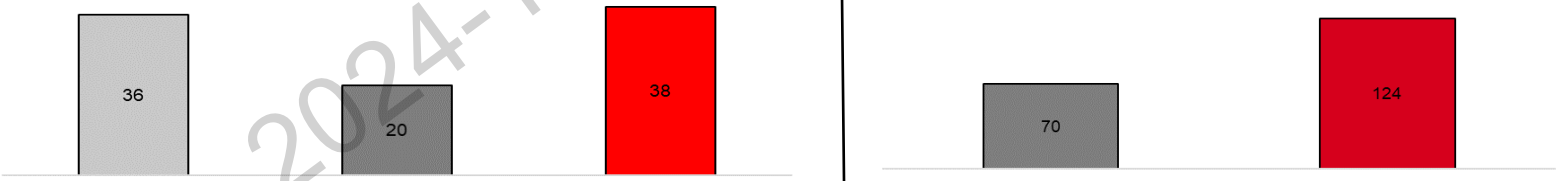


Gross Margin %



## Adjusted EBITDA

Adjusted EBITDA



EBITDA %

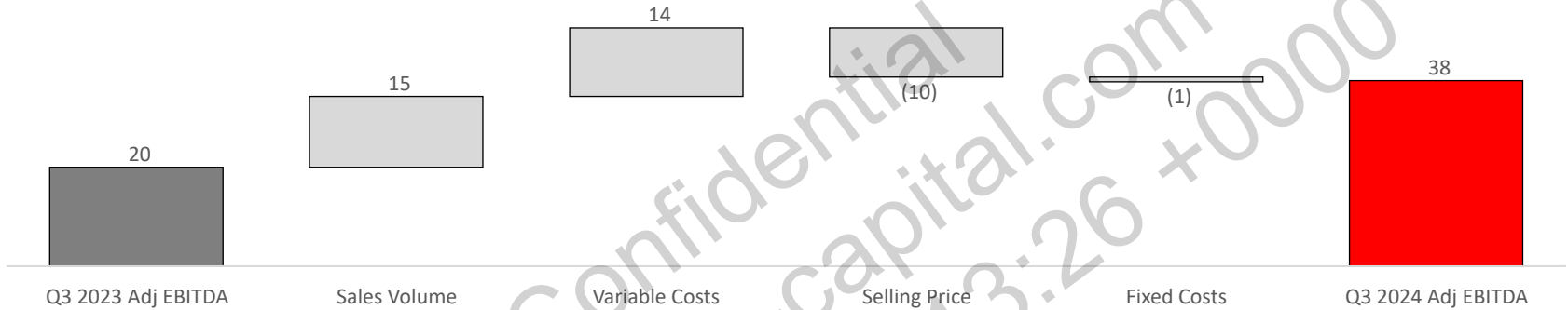


Note: EBITDA and Adjusted EBITDA are not required by or presented in accordance with GAAP or any other internationally accepted accounting principles.

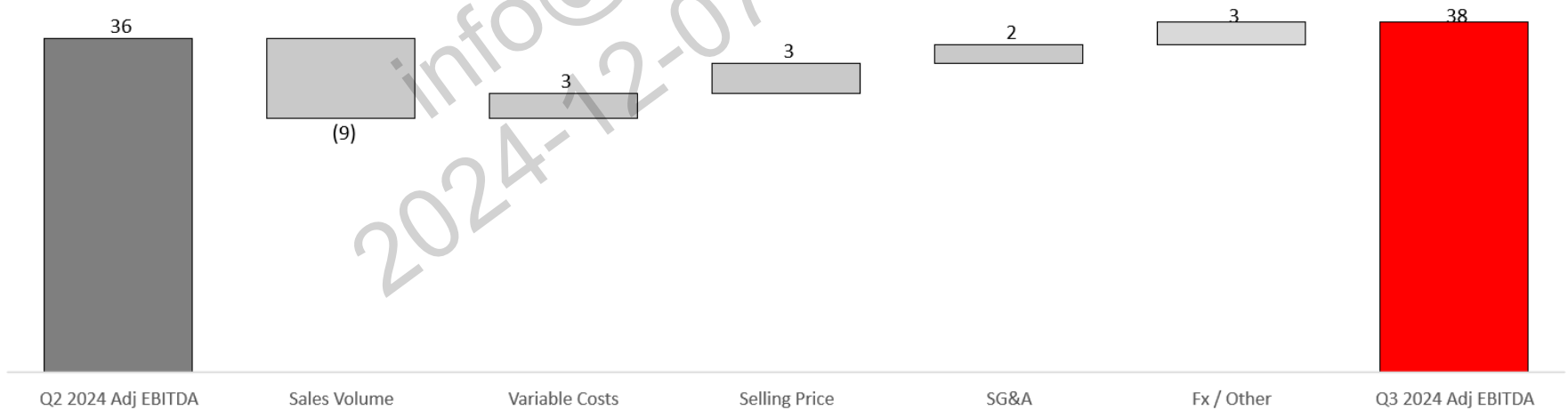
# Financial Performance

(Values in millions of USD unless noted)

## Adjusted EBITDA Q3 '23 to Q3 '24 Bridge



## Adjusted EBITDA Q2 '24 to Q3 '24 Bridge

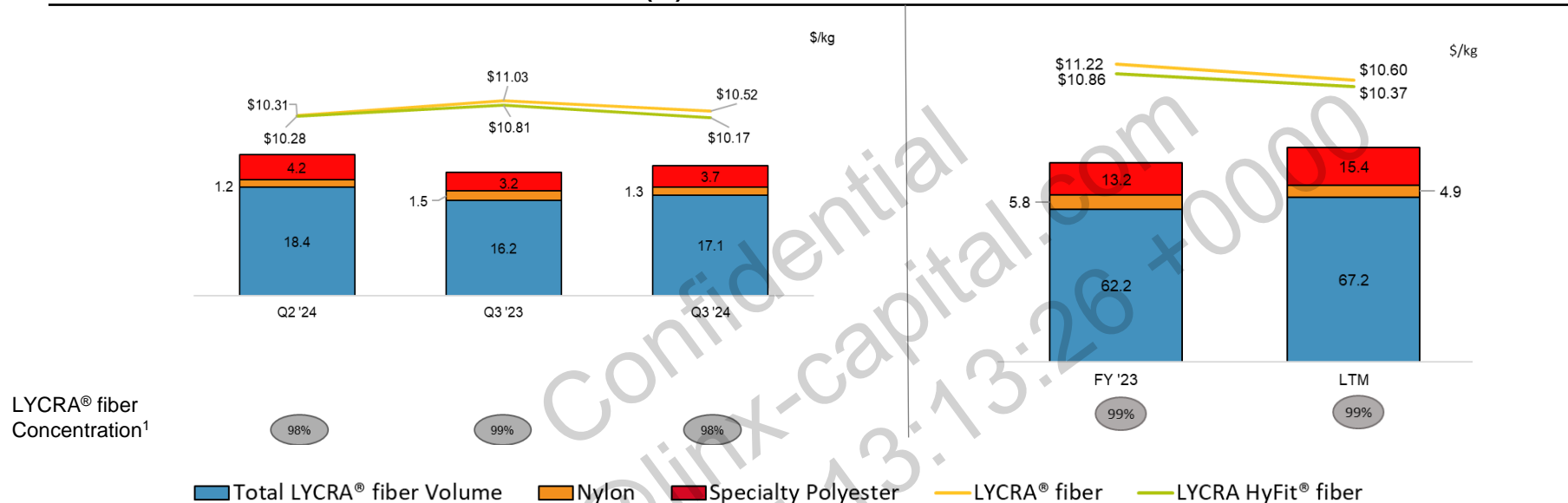


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# Volume and Revenue

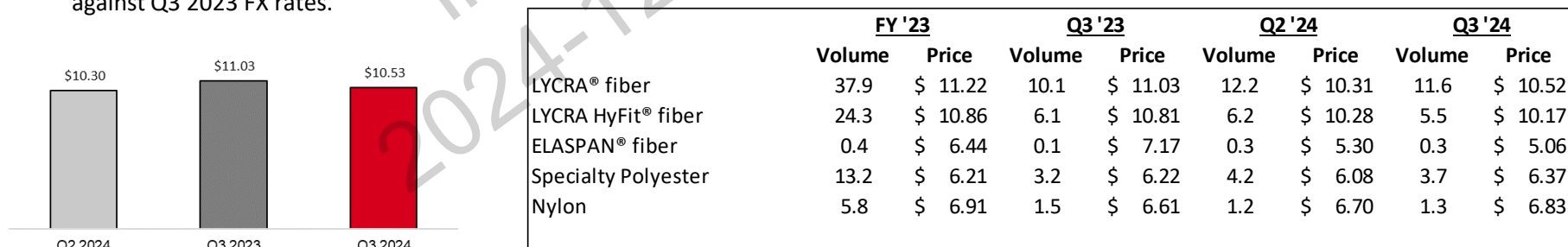
(Values in millions of USD unless noted)

### Volume (kt) & LYCRA® fiber Concentration<sup>1,2</sup>



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

Constant currency prices measured against Q3 2023 FX rates.

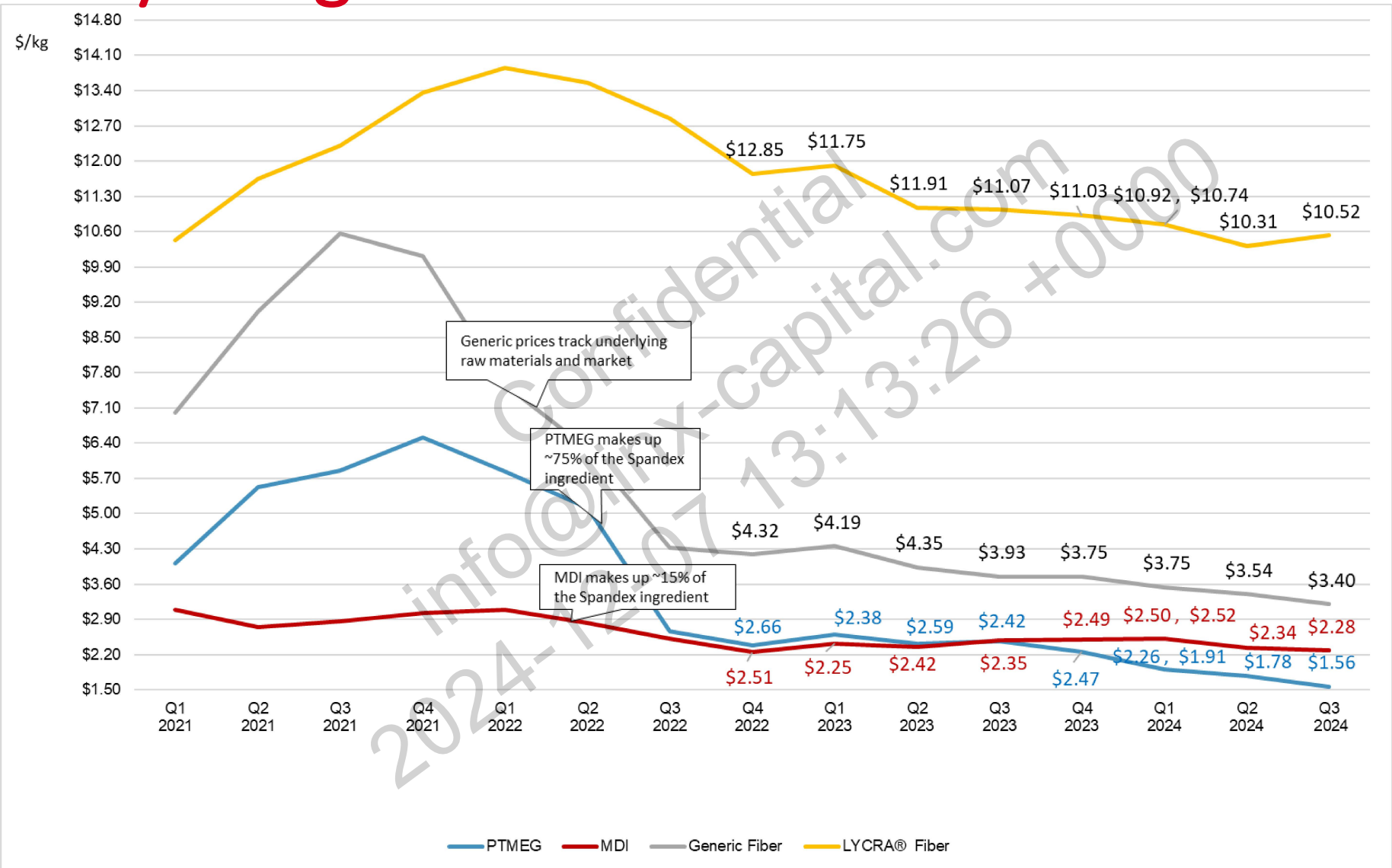


Note: Volumes are unaudited management estimates.

<sup>1</sup> LYCRA® fiber concentration reflects LYCRA® fiber and LYCRA HyFit® fiber combined volumes as a percentage of total spandex volumes

<sup>2</sup> Prices and volumes exclude OEM Outsourced LYCRA® fiber sales.

# Key Margin Drivers



Source: CCF index

# Q4 '24 Updates

(Values in USD unless noted)

- In Apparel, we remain cautious about Q4 as brands and retailers will likely manage inventory levels very closely. We will also have seasonality in December in the West.
- In Personal Care, we expect lower volumes compared to Q3 and some price declines due to PTMEG passthrough and customer adjustments.
- Construction is underway for our new Yinchuan facility in the PRC, which we expect to be operational by the end of Q2 2025. We are actively recruiting to fill start up roles.
- Our Q4 ending cash and cash equivalent balances are expected to remain around \$70 following the payoff of remaining balance on the Shareholder Loan.

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# The LYCRA Company

## Appendix

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# Consolidated Statement of Operations

(Values in millions of USD unless noted)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net sales	\$ 216	\$ 217	\$ 644	\$ 622
Sales to related parties	—	1	2	2
Total sales	216	218	646	624
Royalty and licensing income, net	1	—	2	2
Total revenue	217	218	648	626
Cost of goods sold and other operating expenses	154	175	468	520
Gross profit	63	43	180	106
Selling, general and administrative expenses	29	27	87	81
Research and development expenses	7	7	20	21
Restructuring expense	3	5	13	8
Other (income) expense, net	25	(8)	23	6
Operating income (loss)	(1)	12	37	(10)
Equity in (income) loss of affiliates	(2)	(1)	(7)	(4)
Pension non-service cost (benefit)	—	—	1	(2)
Interest expense, net	50	48	149	116
Income (loss) before income taxes	(49)	(35)	(106)	(120)
Income tax expense (benefit)	10	5	22	13
Consolidated net income (loss)	(59)	(40)	(128)	(133)
Net (income) loss attributable to noncontrolling interest	(3)	(1)	(6)	(1)
Net income (loss) attributable to The LYCRA Company	\$ (62)	\$ (41)	\$ (134)	\$ (134)

# Consolidated Statement of Cash Flows

(Values in millions of USD unless noted)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Consolidated net income (loss)	\$ (59)	\$ (40)	\$ (128)	\$ (133)
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	11	12	33	38
Amortization of deferred financing costs and discounts	17	14	49	33
Net impact of leases	1	—	1	—
Undistributed loss (earnings) in investments in equity affiliates	(2)	(1)	(7)	(4)
Disposals (Recoveries) of long-lived assets	—	1	—	2
Deferred income taxes	1	—	(1)	(2)
Pension expense, net of contributions	—	—	—	(1)
Return on investments from equity affiliates	2	—	3	3
Changes in assets and liabilities: <sup>(1)</sup>				
Receivables	(4)	(6)	(15)	(5)
Inventories	(4)	36	5	71
Other assets	1	7	5	6
Payables	19	(6)	9	2
Other liabilities	36	28	83	22
Net cash provided by (used in) operating activities	19	45	37	32
Cash flows from investing activities:				
Capital expenditures	(4)	(3)	(8)	(8)
Net cash provided by (used in) investing activities	(4)	(3)	(8)	(8)
Cash flows from financing activities:				
Repayments of revolvers	—	—	—	(100)
Short-term bank borrowings	5	6	15	16
Payments of short-term debt	(4)	(4)	(25)	(15)
Proceeds from long-term debt	—	—	—	394
Payment of long-term debt	—	(3)	—	(274)
Payment of deferred financing costs	—	(4)	—	(15)
Principal payment on finance leases	—	—	(1)	—
Net cash provided by (used in) financing activities	1	(5)	(11)	6
Net increase (decrease) in cash and cash equivalents and restricted cash	16	37	18	30
Cash and cash equivalents and restricted cash at beginning of period	96	56	94	63
Cash and cash equivalents and restricted cash at end of period	\$ 112	\$ 93	\$ 112	\$ 93

# Consolidated Balance Sheet

(Values in millions of USD unless noted)

	September 30, 2024	December 31, 2023 (Audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 105	\$ 85
Restricted cash	7	9
Receivables, net	132	117
Inventories, net	165	170
Prepaid expenses and other current assets	12	11
<b>Total current assets</b>	<b>421</b>	<b>392</b>
Property, plant and equipment, net	231	245
Right of use lease assets, net	50	52
Goodwill	334	334
Other intangible assets, net	326	335
Investments in equity affiliates	139	136
Deferred income tax assets	19	17
Other assets	7	11
<b>Total assets</b>	<b>\$ 1,527</b>	<b>\$ 1,522</b>
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Current debt	1,280	26
Lease liabilities, current portion	5	5
Payables	72	67
Accrued and other current liabilities	79	52
<b>Total current liabilities</b>	<b>1,436</b>	<b>150</b>
Long-term debt, net	—	1,158
Lease liabilities, long-term	30	31
Pension and other post-retirement benefit liabilities	12	12
Deferred income tax liabilities	39	37
Other liabilities	1	1
<b>Total liabilities</b>	<b>\$ 1,518</b>	<b>\$ 1,389</b>
Shareholder's equity:		
Shareholder's equity	(53)	81
Accumulated other comprehensive income	(4)	(8)
<b>Total The LYCRA Company shareholder's equity</b>	<b>(57)</b>	<b>73</b>
Noncontrolling interest	66	60
<b>Total shareholder's equity</b>	<b>9</b>	<b>133</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 1,527</b>	<b>\$ 1,522</b>

# Management Adjusted EBITDA

(\$ in millions of USD unless noted)

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Consolidated net income (loss)	\$ (59.3)	(40.0)	\$ (127.6)	\$ (132.7)
Interest expense	49.9	48.0	148.7	116.2
Income tax expense	10.5	5.0	21.7	12.8
Depreciation and amortization	10.7	12.6	34.1	44.3
EBITDA	11.8	25.6	76.9	40.6
Joint venture EBITDA adjustment <sup>(a)</sup>	1.1	1.0	3.3	3.2
Noncontrolling interest EBITDA <sup>(b)</sup>	(3.0)	(0.8)	(7.9)	(2.6)
Foreign exchange adjustment <sup>(c)</sup>	0.6	—	1.2	0.3
Foreign exchange on bonds <sup>(d)</sup>	14.1	(10.6)	4.4	(4.1)
Restructuring <sup>(e)</sup>	3.5	2.9	12.7	8.0
Yinchuan facility project costs <sup>(f)</sup>	0.1	—	1.6	—
Impact of PRC functional currency <sup>(g)</sup>	3.9	0.3	2.8	(5.5)
Financing costs <sup>(h)</sup>	6.2	8.6	8.3	18.4
Other items <sup>(i)</sup>	(0.3)	(6.8)	0.5	(8.2)
Adjusted EBITDA	\$ 38.0	\$ 20.2	\$ 103.8	\$ 50.1

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 LYCRA Singapore.
- c) Represents foreign currency transactions (gains)/losses relating to intercompany indebtedness between restricted subsidiaries and foreign currency remeasurement relating to lease liabilities and income taxes, most significantly in the PRC, Brazil, and Switzerland.
- d) Represents the amount of foreign currency remeasurement loss (gain) on the senior secured borrowings denominated in euros.
- e) Represents costs mainly incurred to settle litigation for the Laika joint venture, severance and other costs associated with strategic projects.
- f) Represents facility pre-opening costs incurred, net of service fees received, for our joint venture with Yinchuan Shengrong in the PRC.
- g) Represents impacts from the foreign currency transaction (gains) losses primarily on intercompany activity with our operations in the PRC, whose functional currency is the Chinese yuan and whose foreign currency translation impacts are reflected within Other Comprehensive Income.
- h) Represents costs mainly incurred in connection with refinancing our senior secured borrowings coming due in 2025. The prior year mainly represents costs associated with the restructuring of financing arrangements and the loss upon extinguishment of the Euro Notes.
- i) Represents certain other unusual items. The prior year is primarily a gain upon the sale of emission reduction credits.

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