

The LYCRA Company

Q4 Investor Presentation

April 6, 2023

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This presentation includes operational and financial results for the year ended December 31, 2022. 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 and 5.375% Senior Secured Notes due 2023 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 year ended December 31, 2022, 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.

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Executive Summary

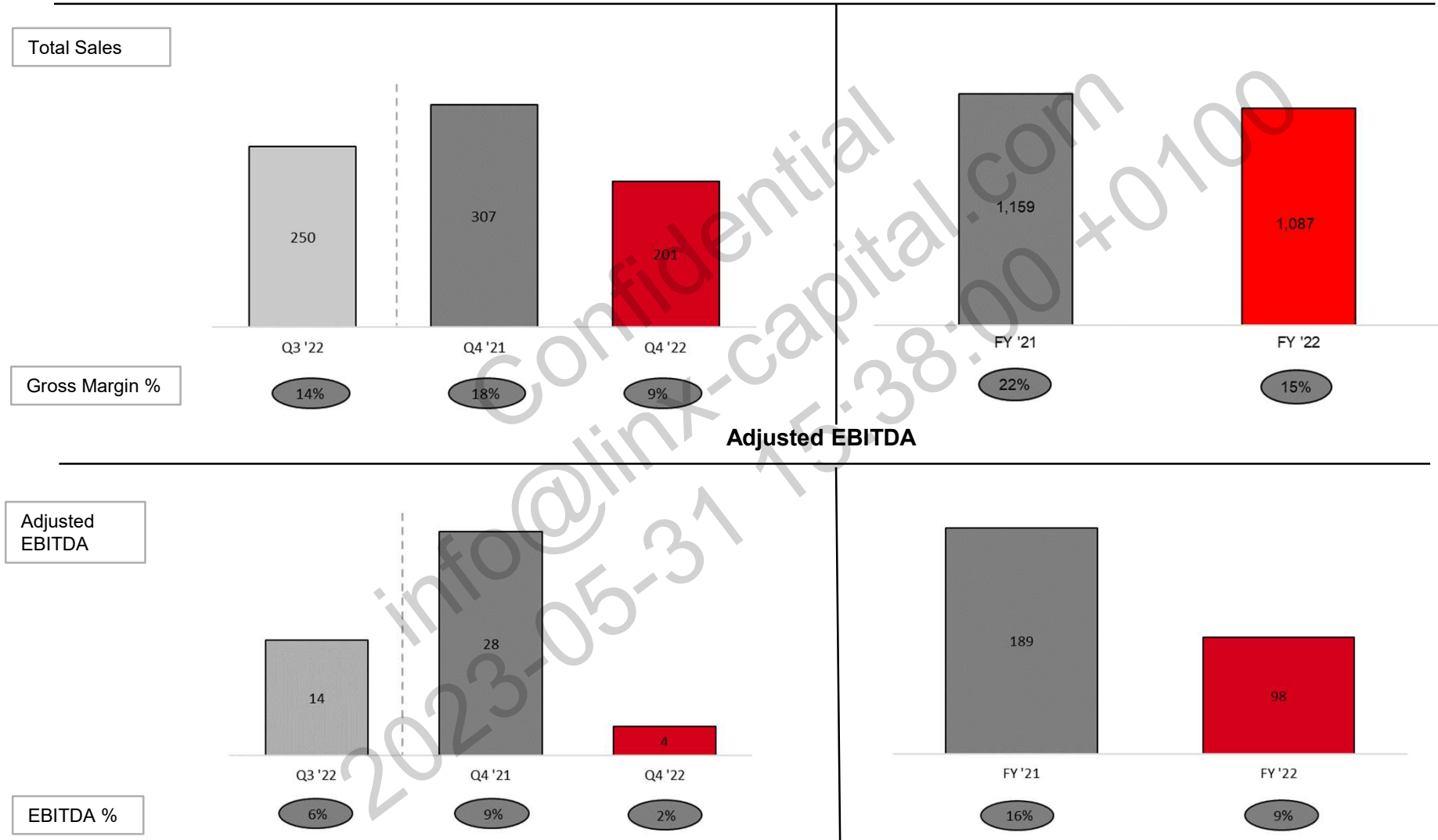
(Values in USD unless noted)

- Q4 '22 EBITDA was \$4 million, down \$10 million vs prior quarter and down \$24 million vs same quarter prior year.
- Lower EBITDA in Q4 '22 compared to Q3 '22 was primarily driven by lower volumes resulting from the continued effects of China's COVID policies, softer Western retail markets driven by challenging macro factors (inflation, recessionary concerns, geopolitics) coupled with seasonality, and a significant garment inventory overhang across the global apparel supply chain vs the same period last year.
- LYCRA® fiber price was down \$1.61/kg and LYCRA HyFit® fiber price was up \$1.91/kg as compared to Q4 '21, in comparison to a sharp \$5.92/kg price decline of generic spandex during that same period. LYCRA® and LYCRA HyFit® fiber prices were down in Q4 '22 vs Q3 '22, and although our prices were down quarter to quarter, variable costs were also down by a corresponding amount, therefore the decline in Q4 variable margin was driven by the lower volumes.
- The depreciation of the euro & RMB vs USD negatively impacted LYCRA® fiber price by \$0.22/kg during Q4 compared to Q3. In some cases, we have lowered price as a tactical concession to maintain share and stimulate sales volumes in a context of soft spandex demand and high price premium vs generics.
- Lower PTMEG prices began to move through inventory, however energy costs remained elevated as compared to Q4 '21. Compared to Q3 '22, a \$14 million reduction in variable costs was driven by \$13 million lower raw materials and by \$1 million lower energy costs.
- During the period of demand softness, management chose to strategically curtail production to avoid further inventory build, resulting in global capacity utilization drop of 30% compared to Q4 '21.
- In line with our strategic plan, we started commercializing third party production of certain LYCRA® fibers.
- We are now the primary apparel development partner and exclusive distributor for HeiQ AeonIQ fiber. AeonIQ fiber is a high tenacity, cellulosic fiber with the potential to be used instead of nylon or polyester and be carbon negative.
- Ending cash position increased by \$16 million vs Q3, inclusive of \$33 million bond interest payment during the quarter.

Key Financial Metrics

(Values in millions of USD unless noted)

Consolidated Total Sales & Gross Margin



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

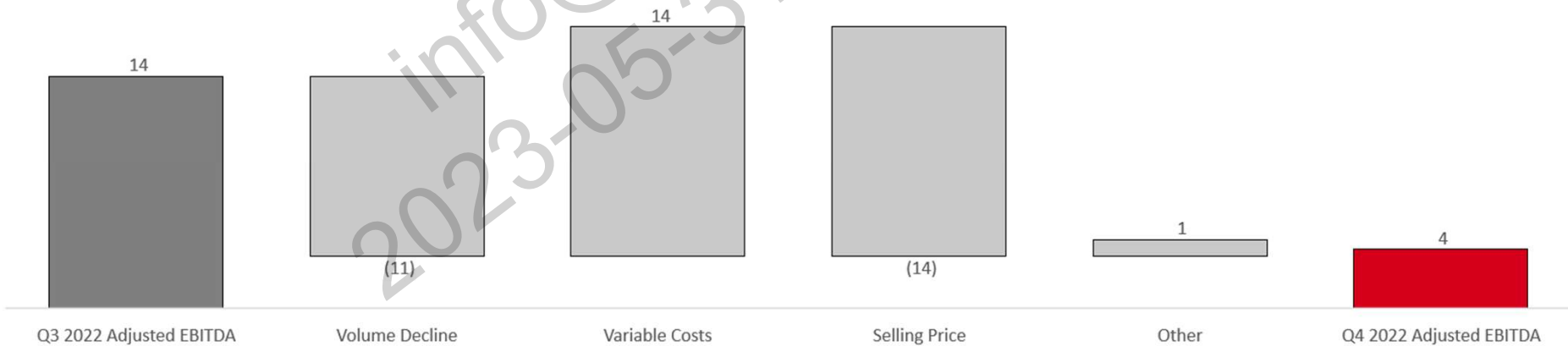
Financial Performance

(Values in millions of USD unless noted)

Adjusted EBITDA Q4 '21 to Q4 '22 Bridge



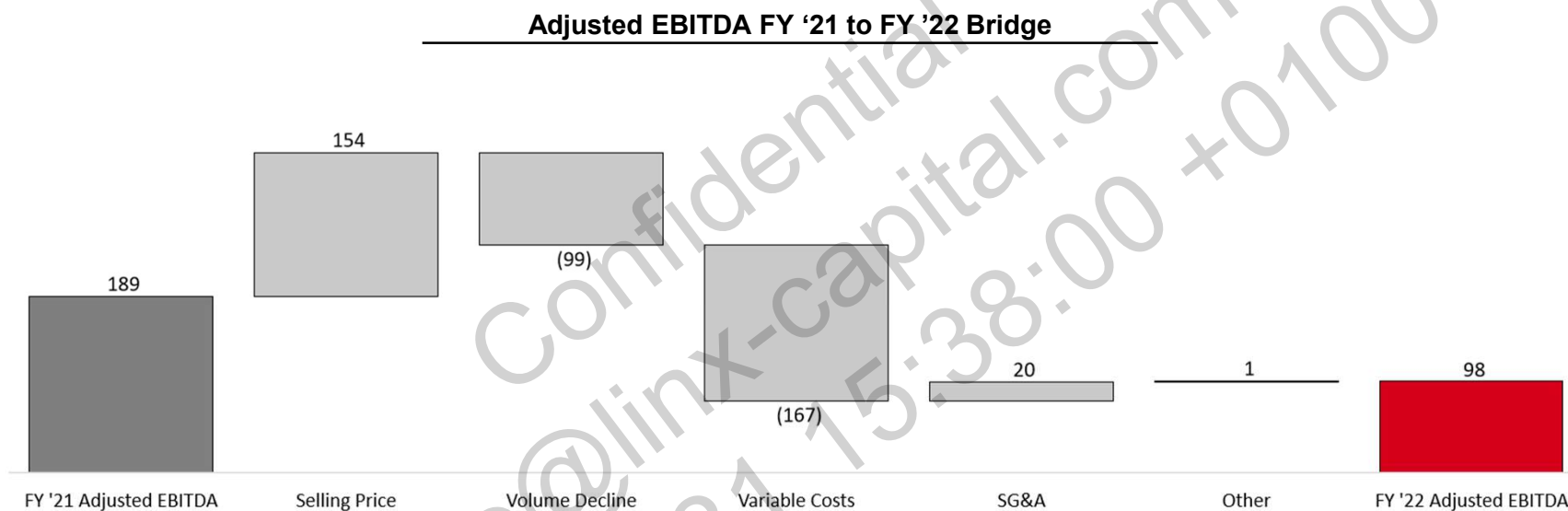
Adjusted EBITDA Q3 '22 to Q4 '22 Bridge



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)

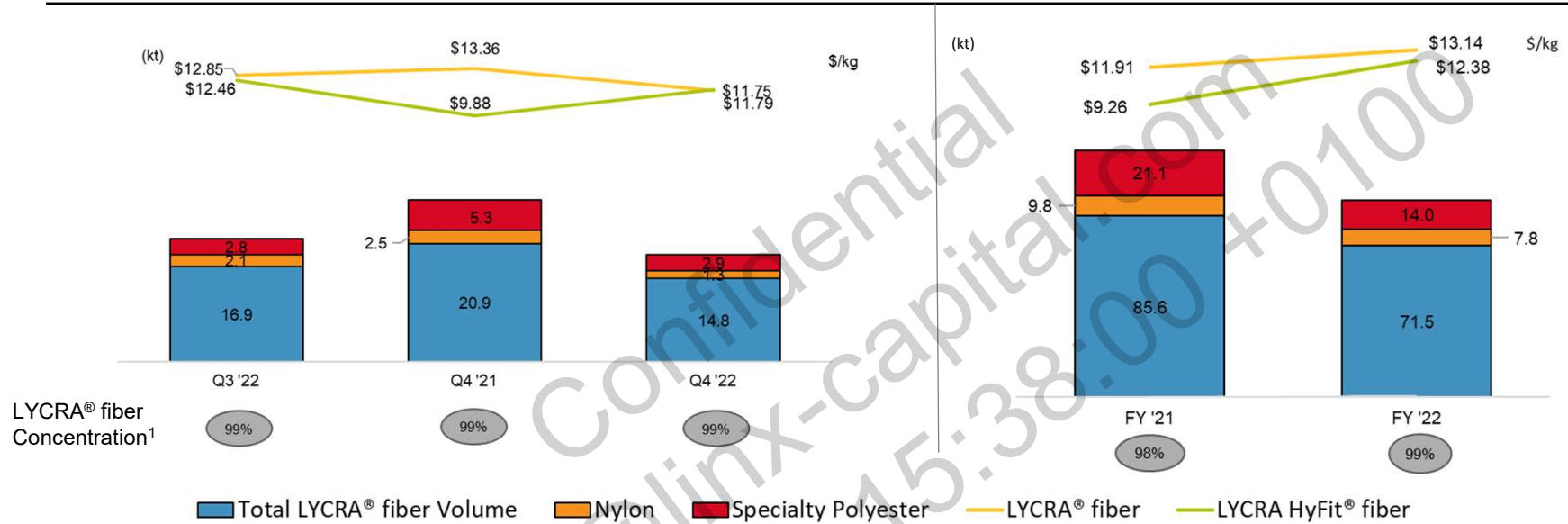


Note: EBITDA and Adjusted EBITDA are not required by or presented in accordance with GAAP or any other internationally accepted accounting principles.

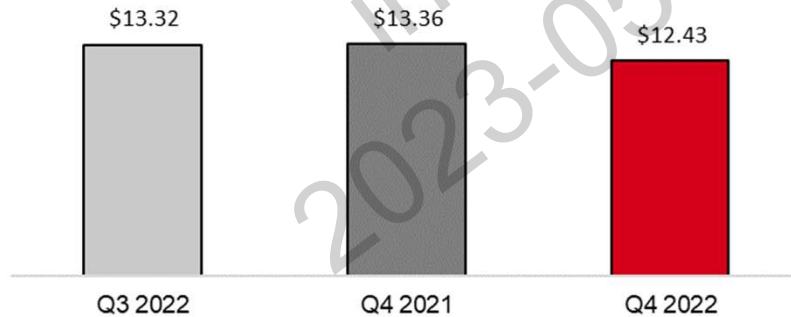
Volume and Revenue

(Values in millions of USD unless noted)

Volume (kt) & LYCRA® fiber Concentration¹



Currency Adjusted LYCRA® fiber Prices (\$/kg)



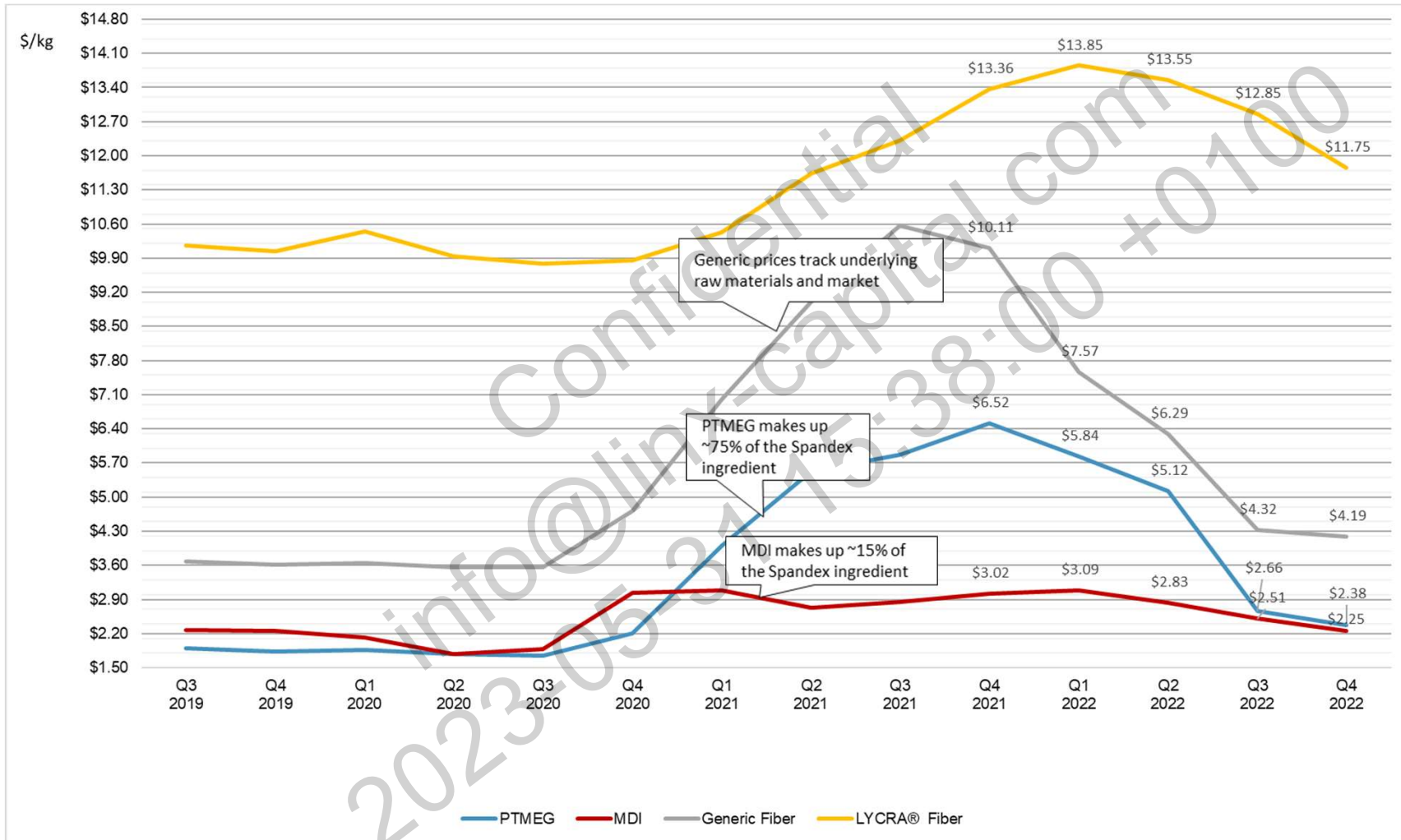
Constant currency prices measured against Q4 2021 FX rates. Quarter over quarter price reduction driven mostly by geography, customer and product mix.

Note: Volumes are unaudited management estimates.

¹ LYCRA® fiber concentration reflects LYCRA® fiber and LYCRA HyFit® fiber combined volumes as a percentage of Spandex volumes.

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Key Margin Drivers



Source: CCF index

Q1 '23 Updates

(Values in USD unless noted)

- We expect volumes to continue to be impacted by COVID in China, where we still have weak domestic retail activities coupled with seasonality due to Lunar New Year, inventory overhangs across the global supply chains and softer Western retail markets driven by challenging macro factors (inflation, recessionary concerns, geopolitics).
- In this environment of weak market demand and uncertainty, we are first focused on continuing to hold share and minimize price erosion, which we have accomplished so far thanks to our strong customer relationships, brand assets and innovation pipeline. We reduced prices for LYCRA HyFit® fiber with minimal unit margin impact as variable cost decreased accordingly.
- We expect to see continued improvements of LYCRA® fiber variable unit margins as price erosion is more modest than raw material cost decline.
- We are also implementing several actions to capitalize on the reporting of the Chinese retail market working with our local mill partners on targeted commercial offers to stimulate sales and tapping into our network of Brands and retail partners.
- We remain focused on accelerating the scale up of our key patented innovations, working with key customers as part of our Qore® and HeiQ partnerships, and growing our pipeline of fiber specifications for future apparel retail seasons, while in our Personal Care business extending key customers' annual supply arrangements.
- We will continue with targeted curtailments at some of our manufacturing sites to avoid further inventory build, while implementing a series of cost reduction measures that support EBITDA recovery efforts in 2023.

The LYCRA Company

Appendix

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Consolidated Statement of Operations

(Values in millions of USD unless noted)

	Year ended December 31,	
	2022	2021
Net sales	\$ 1,071	\$ 1,136
Sales to related parties	16	23
Total sales	1,087	1,159
Royalty and licensing income, net	5	2
Total revenue	1,092	1,161
Cost of goods sold and other operating expenses	928	903
Gross profit	164	258
Selling, general and administrative expenses	108	128
Research and development expenses	29	28
Restructuring (income) expense	37	(39)
Goodwill impairment	326	—
Other (income) expense, net	(32)	(14)
Operating income (loss)	(304)	155
Equity in (income) loss of affiliates	(6)	(8)
Pension non-service cost (benefit)	(1)	—
Interest expense, net	87	77
Income (loss) before income taxes	(384)	86
Income tax expense (benefit)	15	27
Consolidated net income (loss)	(399)	59
Net (income) loss attributable to noncontrolling interest	15	(5)
Net income (loss) attributable to The LYCRA Company	\$ (384)	\$ 54

Consolidated Statement of Cash Flows

(Values in millions of USD unless noted)

	Year ended December 31,	
	2022	2021
Cash flows from operating activities:		
Consolidated net income (loss)	\$ (399)	\$ 59
Adjustments to reconcile consolidated net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	67	68
Amortization of deferred financing costs and discounts	16	8
Share-based compensation	1	2
Exchange rate changes on cash and cash equivalents and restricted cash	1	1
Undistributed loss (earnings) in investments in equity affiliates	(6)	(8)
Goodwill impairment	326	—
(Gain) on sale of pipeline assets	—	(23)
Write-offs (Recoveries) of long-lived assets	—	(1)
Deferred income taxes	(7)	(3)
Pension expense, net of contributions	—	2
Return on investment in equity affiliates	4	6
Changes in assets and liabilities: ⁽¹⁾		
Receivables	65	(40)
Inventories	(9)	(104)
Other assets	29	(29)
Payables	(94)	—
Other liabilities	(39)	(10)
Net cash provided by (used in) operating activities	(45)	(72)
Cash flows from investing activities:		
Investment in Laika New Material (Foshan) Co., Ltd.	—	(30)
Capital expenditures	(8)	(10)
Proceeds from sale of pipeline assets	—	24
Return of investment in equity affiliate	1	—
Net cash provided by (used in) investing activities	(7)	(16)
Cash flows from financing activities:		
Borrowings of revolvers	50	50
Repayments of revolvers	—	(20)
Short-term bank borrowings	10	—
Proceeds from shareholder loan	27	—
Payment of short-term debt	(3)	(18)
Payment of deferred financing costs	(3)	—
Dividends paid to noncontrolling interest	—	(6)
Net cash provided by (used in) financing activities	81	6
Net increase (decrease) in cash and cash equivalents and restricted cash	29	(82)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(1)	(1)
Cash and cash equivalents and restricted cash at beginning of period	35	118
Cash and cash equivalents and restricted cash at end of period	\$ 63	\$ 35
⁽¹⁾ Net of effect of translation		
Supplemental cash flow information		
Cash taxes paid	\$ 28	\$ 32
Cash interest paid	\$ 68	\$ 68

Consolidated Balance Sheet

(Values in millions of USD unless noted)

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 62	\$ 32
Restricted cash	1	3
Receivables, net	119	184
Inventories, net	248	239
Prepaid expenses and other current assets	15	43
Total current assets	445	501
Property, plant and equipment, net	274	329
Right of use lease assets, net	53	60
Goodwill	627	953
Other intangible assets, net	465	477
Investments in equity affiliates	167	166
Deferred income tax assets	6	—
Other assets	14	9
Total assets	\$ 2,051	\$ 2,495
Liabilities and Shareholder's Equity		
Current liabilities:		
Current debt	\$ 300	50
Lease liabilities, current portion	5	5
Payables	57	134
Accrued and other current liabilities	59	75
Total current liabilities	421	264
Long-term debt, net	784	952
Lease liabilities, long-term	29	31
Pension and other post-retirement benefit liabilities	5	8
Deferred income tax liabilities	39	40
Other liabilities	1	7
Total liabilities	\$ 1,279	\$ 1,302
Shareholder's equity:		
Shareholder's equity	\$ 686	\$ 1,069
Accumulated other comprehensive income	4	27
Total The LYCRA Company shareholder's equity	690	1,096
Noncontrolling interest	82	97
Total shareholder's equity	772	1,193
Total liabilities and shareholder's equity	\$ 2,051	\$ 2,495

Management Adjusted EBITDA

(\$ in millions of USD unless noted)

	Year ended December 31,	
	2022	2021
Consolidated net income (loss)	\$ (399.8)	\$ 59.0
Interest expense	87.1	77.3
Income tax expense	14.5	26.6
Depreciation and amortization	63.5	68.3
EBITDA	(234.7)	231.2
Joint venture EBITDA adjustment ^(a)	4.9	5.9
Noncontrolling interest EBITDA ^(b)	(3.2)	(7.7)
Foreign exchange adjustment ^(c)	0.3	(0.3)
Foreign exchange on bonds ^(d)	(16.4)	(20.7)
Goodwill impairment ^(e)	326.2	—
Other items ^(f)	(2.8)	2.5
La Porte restructuring ^(g)	(3.0)	(34.9)
Other restructuring ^(h)	40.1	(2.4)
Impact of PRC functional currency ⁽ⁱ⁾	(15.6)	4.0
La Porte post-closure costs ⁽ⁱ⁾	0.1	10.4
Financing costs ^(k)	1.7	0.9
Adjusted EBITDA	\$ 97.6	\$ 188.9

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, Switzerland, and Hong Kong.
- d) Represents the amount of foreign currency remeasurement loss (gain) on the Euro Notes.
- e) Represents the impairment loss on goodwill, which is equal to the excess of the carrying value over the implied fair value.
- f) Represents certain other unusual or nonrecurring items which for 2022 primarily represents a gain upon settlement of acquisition related fees.
- g) Represents a reversal of certain accrued liabilities in the current year and recognition of income from the sale of pipeline assets in the prior year.
- h) Represents professional fees and other costs incurred due to the Enforcement Action and subsequent change of ownership.
- i) 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.
- j) Represents costs incurred at La Porte following the cessation of operations in the fourth quarter of 2020.
- k) Represents costs related to factoring of accounts receivable in 2022. In 2021 cost is related to the RCF.

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