

The LYCRA Company

Q4 2023 Investor Presentation

April 5, 2024

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This presentation includes operational and financial results for the quarter and year ended December 31, 2023. 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 and year ended December 31, 2023, 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 December 31, 2022 and the years ended December 31, 2023 and 2022.

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

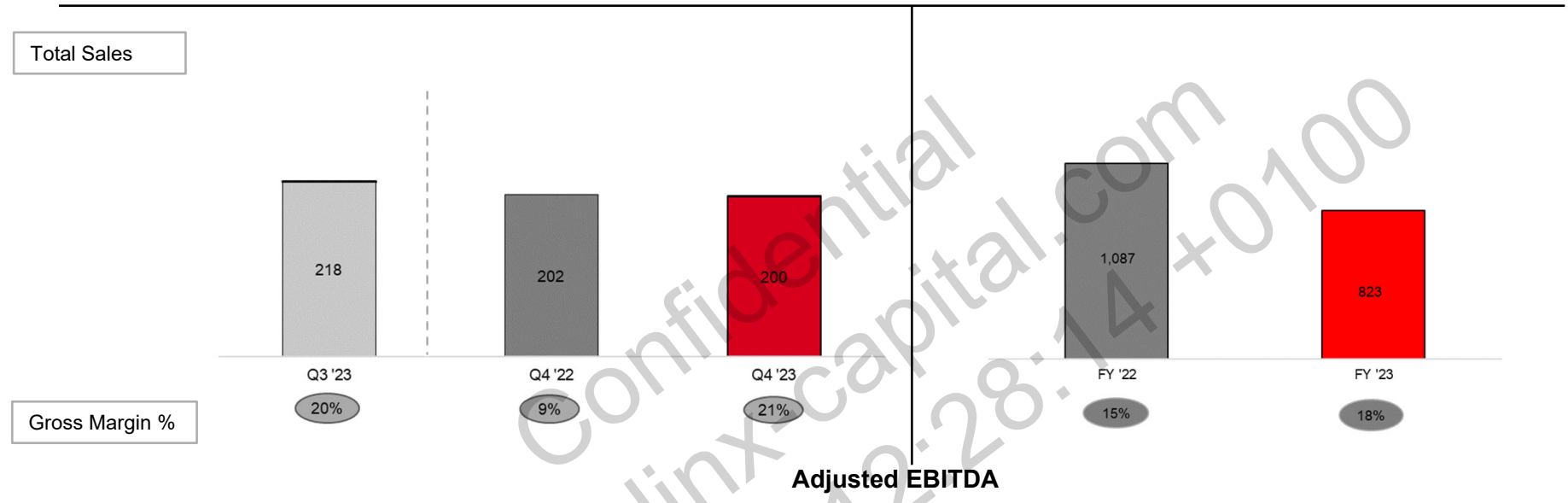
(Values in USD unless noted)

- Q4 '23 EBITDA was \$20 million, flat vs prior quarter and up \$16 million vs same quarter prior year.
- Higher EBITDA in Q4 '23 compared to Q4 '22 was driven by improved unit margins, with declining raw material costs outpacing price reductions, and higher volumes.
- LYCRA® fiber and LYCRA HyFit® fiber prices showed slight declines as compared to Q3 '23. Compared to Q4 '22, LYCRA® and LYCRA HyFit® fiber prices were down due to mix and targeted price adjustments in LYCRA® fiber and pass through of lower cost PTMEG in LYCRA HyFit® fiber.
- During Q4 '23, a period of continued demand softness, management curtailed production to conserve working capital, resulting in global spandex production at 71% utilization, with the exception being our China facility which ran at 78%.
- Although overall demand has been weak, we continue to grow our differentiated LYCRA® fiber offerings. In apparel, we grew our LYCRA® ADAPTIV fiber range which offers a differentiated wearing experience to consumers in high stretch garments. We had recent retail launches from Sport and Intimate apparel brands such as: Victoria's Secret, Adidas, Athleta and Puma. We've also launched in China with Li Ning and Anta, in Germany with C&A, and in Brazil with Riachuelo.
- In hygiene, our LYCRA® ENVIROFIT fiber has increasingly gained commercial adoption. Supported by a new type of spandex polymer, this high-power fiber for hygiene applications allows for reduced spandex usage per garment. This improves the efficiency of garment production and reduction of garment weight which enables greater shipping density of the final product to retail.
- Cash and cash equivalents as of December 31, 2023, were \$85 million, following payment of semiannual bond interest and partial repayment of the Shareholder Loan. Cash paid for interest and taxes in Q4 '23 was \$28 million and \$4 million, respectively.

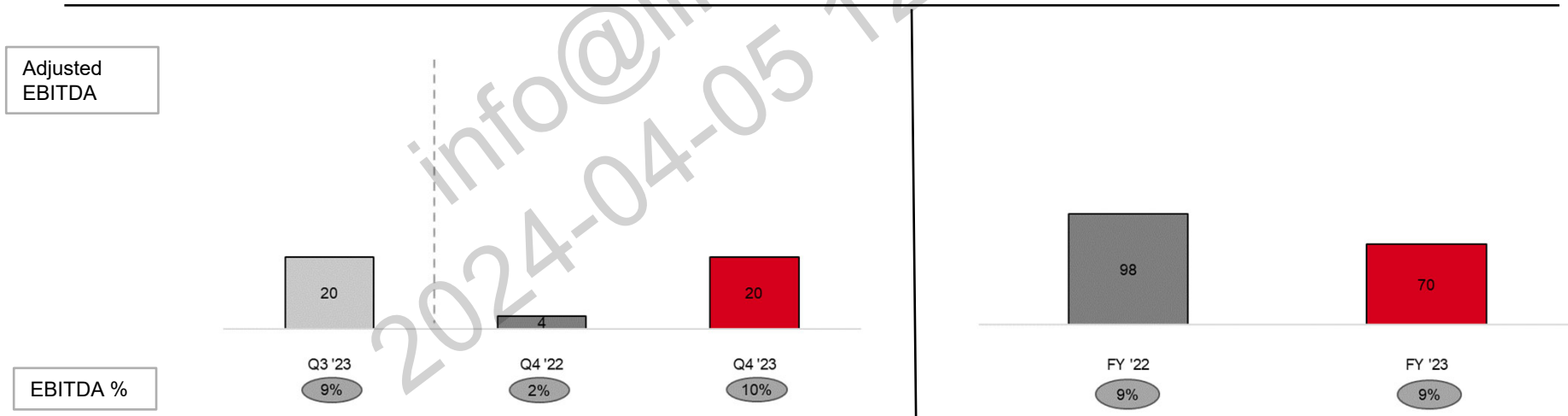
Key Financial Metrics

(Values in millions of USD unless noted)

Consolidated Total Sales & Gross Margin



Adjusted EBITDA

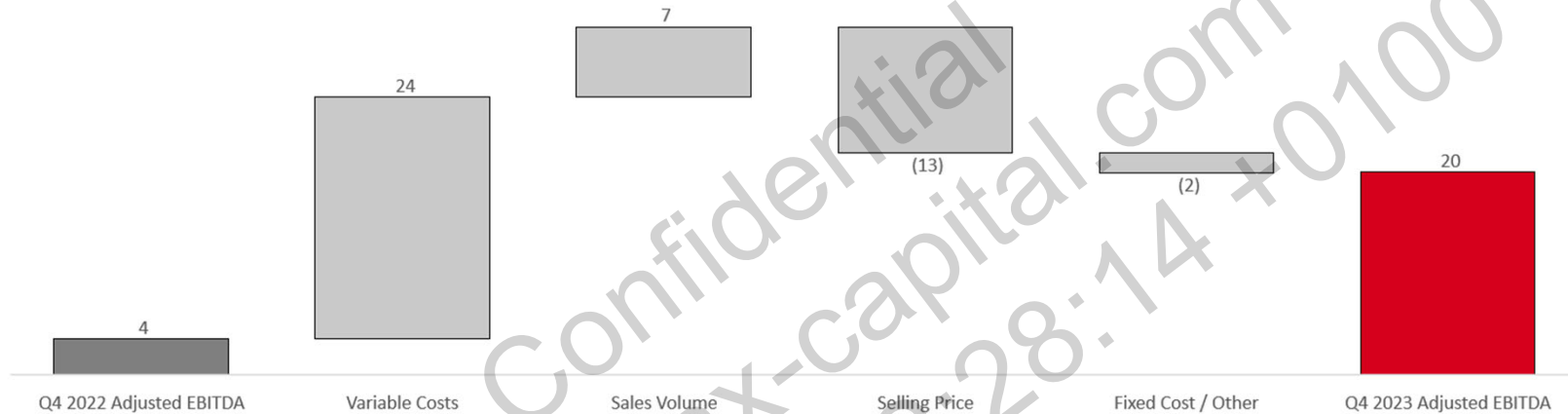


Note: EBITDA and Adjusted EBITDA are not required by or presented in accordance with GAAP or any other internationally accepted accounting principles.

Financial Performance

(Values in millions of USD unless noted)

Adjusted EBITDA Q4 '22 to Q4 '23 Bridge



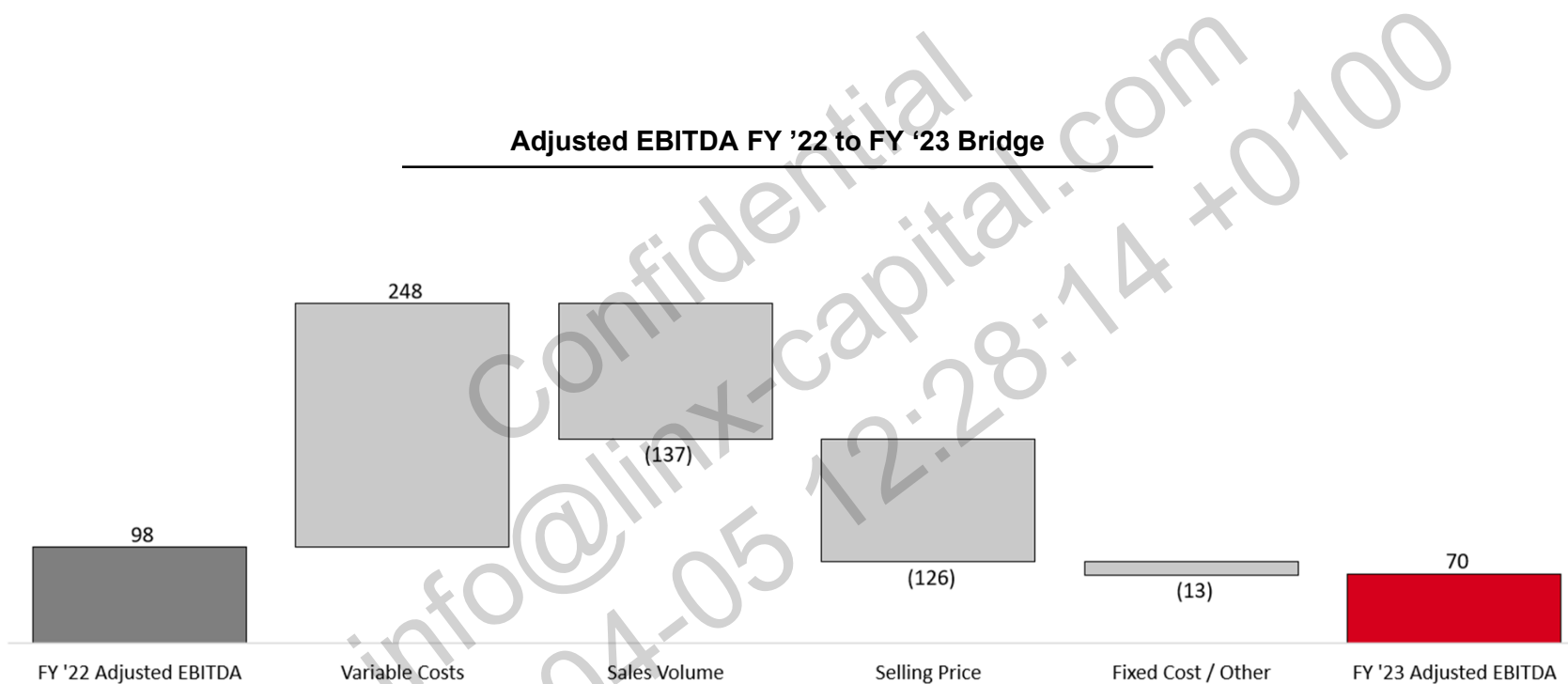
Adjusted EBITDA Q3 '23 to Q4 '23 Bridge



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)

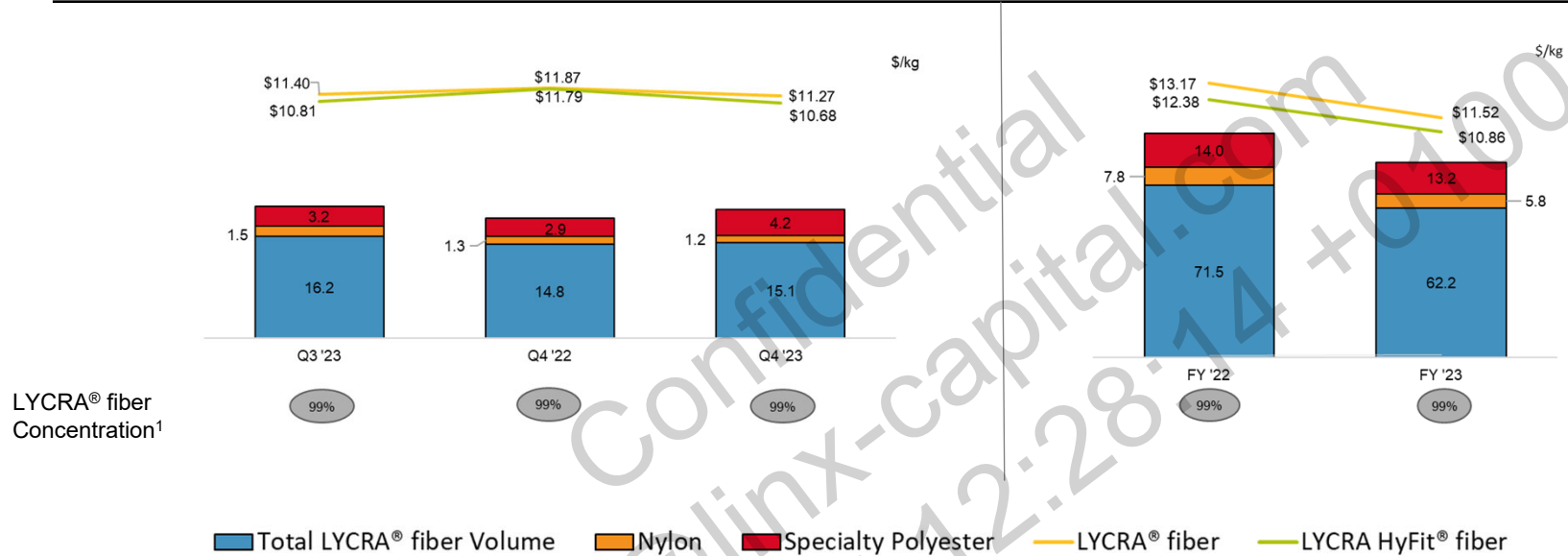


Note: EBITDA and Adjusted EBITDA are not required by or presented in accordance with GAAP or any other internationally accepted accounting principles.

Volume and Revenue

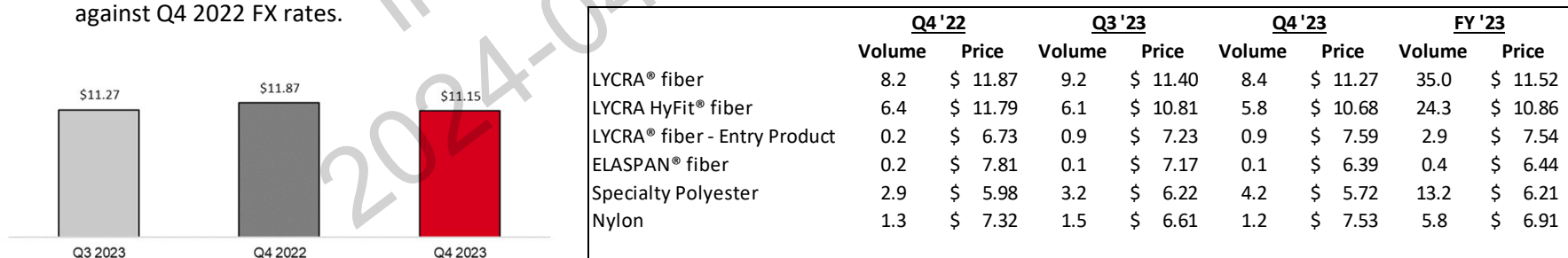
(Values in millions of USD unless noted)

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



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

Constant currency prices measured against Q4 2022 FX rates.

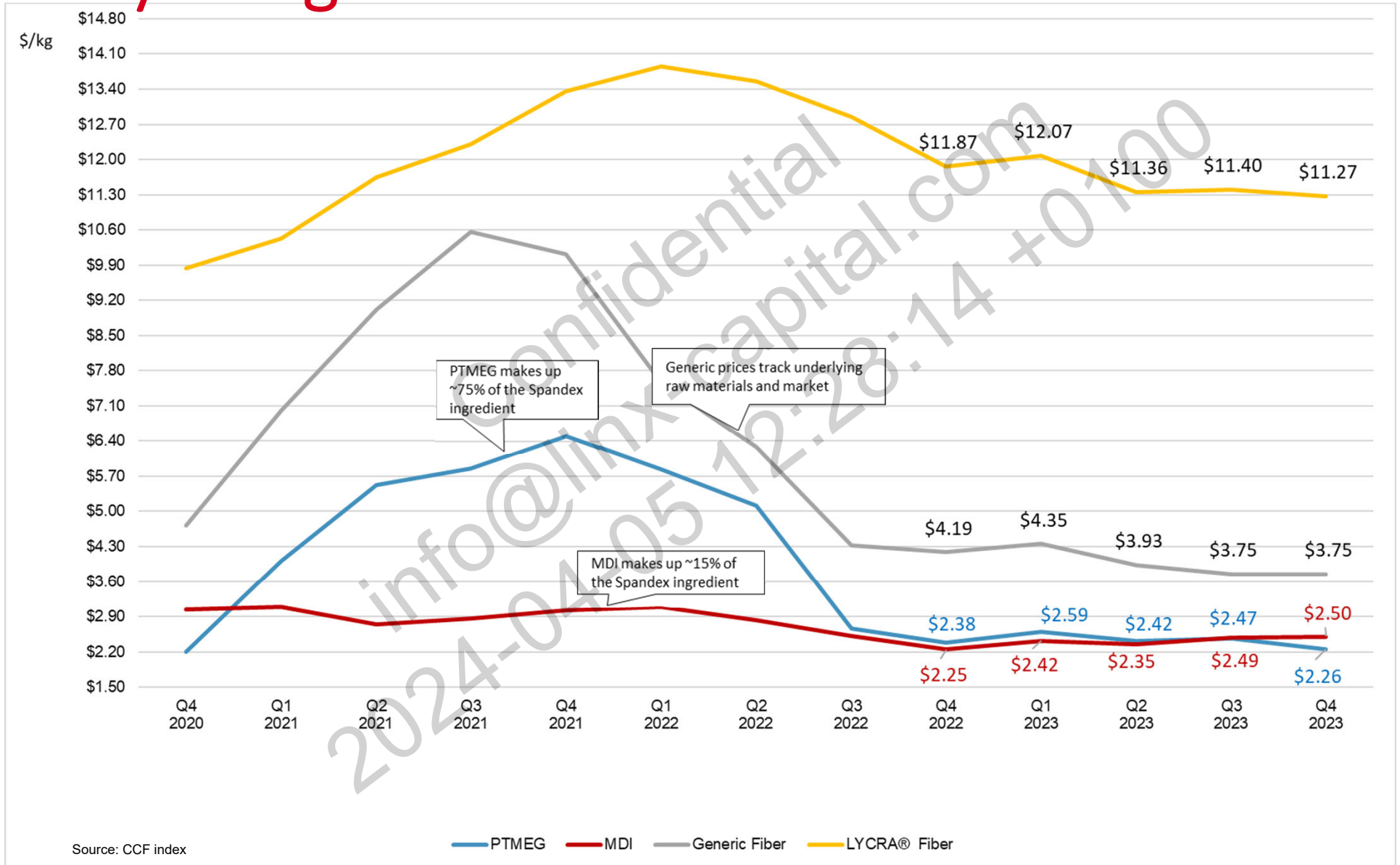


Note: Volumes are unaudited management estimates.

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



Q1 '24 Updates

(Values in USD unless noted)

- We anticipate a marginal improvement in Apparel demand in Q1'24 compared to Q4'23 driven by large Western Brands placing orders into Asia mills, Western markets anticipated to remain weak.
- In Personal Care, demand continues to be stable in the 1st quarter and slightly above expectations.
- We are expecting to hold our strong unit margins by materially maintaining price while supported by continued lower raw material costs. It is expected raw materials will remain at Q4'23 levels.
- We expect our Q1 utilization to increase from 71% in Q4'23 driven by increases across Singapore and China facilities, matching regional demand patterns.
- Our Q1 ending cash and cash equivalent balances are higher compared with Q4 ending.

The LYCRA Company

Appendix

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Consolidated Statement of Operations

(Values in millions of USD unless noted)

	Year ended December 31,	
	2023	2022
Net sales	\$ 820	\$ 1,071
Sales to related parties	3	16
Total sales	823	1,087
Royalty and licensing income, net	3	5
Total revenue	826	1,092
Cost of goods sold and other operating expenses	678	928
Gross profit	148	164
Selling, general and administrative expenses	109	108
Research and development expenses	28	29
Restructuring expense	12	37
Goodwill and other intangible assets impairment	411	326
Other (income) expense, net	22	(32)
Operating income (loss)	(434)	(304)
Equity in (income) loss of affiliates	(5)	24
Pension non-service cost (benefit)	(2)	(1)
Interest expense, net	164	87
Income (loss) before income taxes	(591)	(414)
Income tax expense (benefit)	15	6
Consolidated net income (loss)	(606)	(420)
Net (income) loss attributable to noncontrolling interest	22	15
Net income (loss) attributable to The LYCRA Company	\$ (584)	\$ (405)

Consolidated Statement of Cash Flows

(Values in millions of USD unless noted)

	Year ended December 31,	
	2023	2022
Cash flows from operating activities:		
Consolidated net income (loss)	\$ (606)	\$ (420)
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	51	67
Amortization of deferred financing costs and discounts	48	16
Net impact of leases	1	—
Employee stock-based compensation	—	1
Exchange rate changes on cash and cash equivalents and restricted cash	(1)	1
Undistributed loss (earnings) in investments in equity affiliates	(5)	(6)
Impairment of goodwill and other intangible assets	411	326
Loss (gain) on long-lived assets	2	—
Impairment of investment in equity affiliate	—	30
Deferred income taxes	(4)	(16)
Pension expense, net of contributions	(1)	—
Return on investments from equity affiliates	6	4
Changes in assets and liabilities: ⁽¹⁾		
Receivables	2	65
Inventories	78	(9)
Other assets	6	29
Payables	15	(94)
Other liabilities	45	(39)
Net cash provided by (used in) operating activities	48	(45)
Cash flows from investing activities:		
Capital expenditures	(10)	(8)
Return of investment in equity affiliate	—	1
Net cash provided by (used in) investing activities	(10)	(7)
Cash flows from financing activities:		
Borrowings of revolvers	—	50
Repayments of revolvers	(100)	—
Short-term bank borrowings	22	10
Payments of short-term debt	(302)	(3)
Proceeds from long-term debt	394	27
Payment of long-term debt	(5)	—
Payment of deferred financing costs	(16)	(3)
Principal payment on finance leases	(1)	—
Net cash provided by (used in) financing activities	(8)	81
Net increase (decrease) in cash and cash equivalents and restricted cash	30	29
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	63	35
Cash and cash equivalents and restricted cash at end of period	\$ 94	\$ 63
⁽¹⁾ Net of effect of translation, disposition and acquisitions.		
Taxes paid	\$ 18	\$ 28
Interest paid	\$ 60	\$ 68
Non-cash investing activities:		
Commencement of leases	\$ 7	\$ —

Consolidated Balance Sheet

(Values in millions of USD unless noted)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 85	\$ 62
Restricted cash	9	1
Receivables, net	117	119
Inventories, net	170	248
Prepaid expenses and other current assets	11	15
Total current assets	392	445
Property, plant and equipment, net	245	274
Right of use lease assets, net	52	53
Goodwill	334	627
Other intangible assets, net	335	465
Investments in equity affiliates	136	137
Deferred income tax assets	17	13
Other assets	11	14
Total assets	\$ 1,522	\$ 2,028
Liabilities and Shareholder's Equity		
Current liabilities:		
Current debt	26	300
Lease liabilities, current portion	5	5
Payables	67	57
Accrued and other current liabilities	52	59
Total current liabilities	150	421
Long-term debt, net	1,158	784
Lease liabilities, long-term	31	29
Pension and other post-retirement benefit liabilities	12	5
Deferred income tax liabilities	37	37
Other liabilities	1	1
Total liabilities	\$ 1,389	\$ 1,277
Shareholder's equity:		
Shareholder's equity	81	665
Accumulated other comprehensive income	(8)	4
Total The LYCRA Company shareholder's equity	73	669
Noncontrolling interest	60	82
Total shareholder's equity	133	751
Total liabilities and shareholder's equity	\$ 1,522	\$ 2,028

Management Adjusted EBITDA

(\$ in millions of USD unless noted)

	Year ended December 31,	
	2023	2022
Consolidated net income (loss)	\$ (606.5)	\$ (420.4)
Interest expense	163.9	87.1
Income tax expense	15.2	5.1
Depreciation and amortization	56.8	63.5
EBITDA	(370.6)	(264.7)
Joint venture EBITDA adjustment ^(a)	4.1	4.9
Noncontrolling interest EBITDA ^(b)	(3.7)	(3.2)
Foreign exchange adjustment ^(c)	0.3	0.3
Foreign exchange on bonds ^(d)	8.5	(16.4)
Other items ^(e)	(5.7)	(2.8)
Other restructuring ^(f)	12.5	40.1
Impact of PRC functional currency ^(g)	(3.4)	(15.6)
Financing costs ^(h)	16.9	1.7
La Porte post-closure costs ⁽ⁱ⁾	—	0.1
La Porte restructuring ^(j)	—	(3.0)
Goodwill and other intangible assets impairment ^(k)	411.2	326.2
Impairment loss on investment in equity affiliate ^(l)	—	30.0
Adjusted EBITDA	\$ 70.1	\$ 97.6

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, Hong Kong, and Switzerland.
- d) Represents the amount of foreign currency remeasurement loss (gain) on the Refinancing Notes and the Euro Notes.
- e) Represents certain other unusual items in which the current year, was primarily a gain on sale of emission reduction credits and a gain upon termination of the pension plan in Hong Kong, partially offset by losses from the write-off of certain non-operating assets. The prior year was primarily a gain upon extinguishment of a liability.
- f) Represents costs primarily associated with the restructuring of financing arrangements and change of ownership. The prior year costs represent professional fees and other costs incurred due to the Enforcement Action and subsequent change of ownership.
- g) 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.
- h) Represents costs mainly from the loss on extinguishment of the Euro Notes and certain legal and other fees associated with the Refinancing Notes.
- i) Represents prior year's costs incurred at La Porte following the cessation of operations.
- j) Represents a reversal of certain accrued liabilities at La Porte.
- k) Represents impairment losses following management's annual analysis of goodwill and other intangible assets
- l) Represents other than temporary impairment charges taken on the Company's investment in Laika.

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