Investor Presentation Final Results

Period ended 31 December 2023

Strix
TECHNOLOGY

01.
Highlights

Highlights

- A rebasing of the core business is being undertaken in 2024 to build strong foundations for medium-term term growth opportunities as the market continues to recover.

- Despite the macro challenges, the fundamentals of the Group that were seen so positively by the capital markets post listing remain unchanged. Its core business is a resilient one and maintains its dominant market position, with stable market share by value.

- Strix has demonstrated good revenue growth, largely driven by Billi, continues to be highly profitable and is strongly cash generative.

- The Board remains focused on maximising cash generation to support debt reduction which will result in a temporary pause in the final and interim dividend payments in 2024, with a planned return to a sustainable dividend pay-out ratio of 30% of adjusted PAT in 2025.

- This pause will enable the Company to accelerate its deleveraging profile to ensure that it will be in a stronger financial position. It will also provide the flexibility to enable the business to selectively invest in new technologies to support longer term growth initiatives.

- Strix has been proactively working with its banking syndicate who have provided a normalisation of the net debt leverage covenant to 2.75x for the duration of the facility.

- Senior management changes. The recent recruitment of Clare Foster (CFO) and Rachel Pallett (CCO of Kettle Controls & PFS (Billi)) who both bring extensive skills and experience to the Group.

02.
Financials

Financial highlights

Revenue (£m)

35.2%

Adjusted gross margin[1] (bps)

+80bps

Adjusted EBITDA (£m) **& margin[1]** (bps)

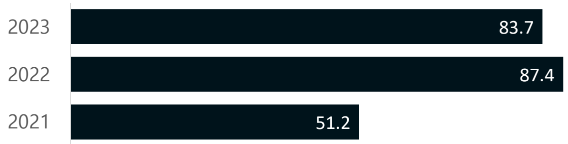
23.1% & (270bps)

Adjusted PAT[1] (£m)

(12.7%)

Net debt[2] (£m)

(£3.7m)



Operating cash flow conversion ratio[3] (bps)

+1,200bps

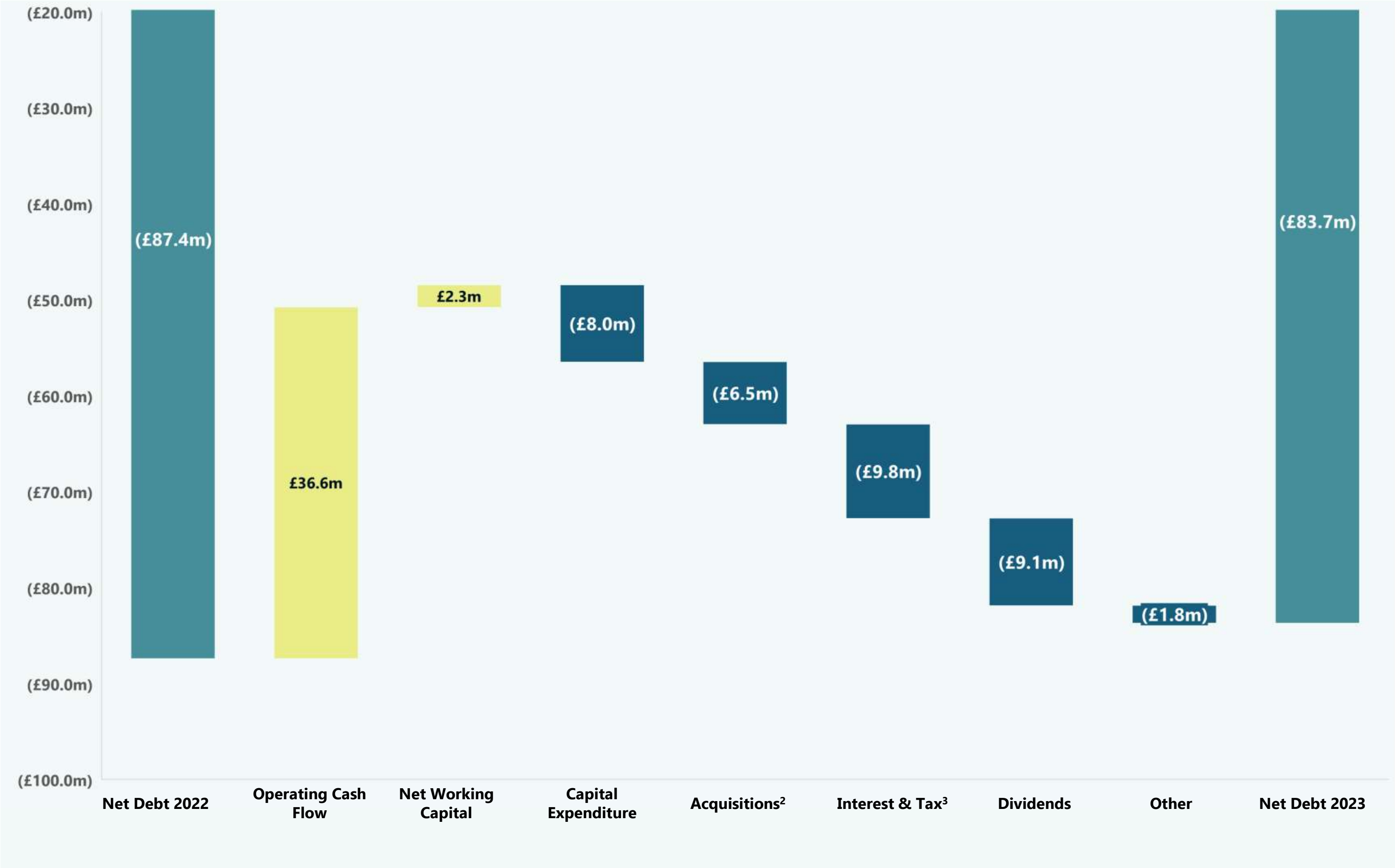
[1] Adjusted results exclude adjusting items (see note 6 of the financial statements)
[2] Net debt excludes accrued interest, ROU lease liabilities, and is net of loan arrangement fees, as defined in our banking facility agreement.
[3] Cash flow generated from operations as a percentage of EBITDA.

Adjusted gross margin

Product category	2023 Gross margin	2022 Gross margin	Commentary
Kettle Controls	**39.0%**	**40.9%**	▪ Gross margins have reduced by 190bps, largely reflecting a change in mix as the less regulated and China markets have recovered faster than regulated ▪ We expect this to stabilise as the higher margin regulated market continues to recover, although the positive impact of this will be offset as we continue to push into some lower cost areas of the Kettle Controls market
Premium Filtration Systems ("PFS") (Billi)	**45.8%**	**35.4%**	▪ Gross margins have increased strongly as a result of the full year inclusion of Billi (2022: only one month of trading) ▪ PFS (Billi) now represents the highest gross margin division in the Group
Consumer Goods	**32.6%**	**35.1%**	▪ Reduction in manufacturing volumes lowers overhead recovery ▪ Product mix shift with higher weighting towards lower margin online and Aqua Optima ranges
Group	**39.6%**	**38.8%**	

[1] Adjusted results exclude adjusting items (see note 6 of the financial statements)

Net Debt Bridge – Prioritising cash generation and gross debt reduction



Commentary

Working capital:

- Strong working capital management drives a £2.3m reduction
- Working capital as a percentage of sales reduces to 16.7% (2022: 25.3%)

Investment:

- Capital expenditure restricted to maintenance levels to retain cash in the business
- Acquisition expenditure relates to the final LAICA earn-out payments of £7.5m

Financing:

- Significant loan repayments have reduced gross debt[1] from £117.8m to £103.7m, largely relating to the quarterly amortisation of the Billi term loan (£3.5m per quarter)
- Interest cash outflows have increased to £7.6m, reflecting the higher average gross debt and increased SONIA rate in 2023

Dividends, made up of:

- 2022 final dividend of 3.25p per share (paid in August 2023)
- the reduced 2023 interim dividend of 0.9p per share (paid in December 2023)

[1] Gross and net debt is shown excluding accrued interest of £2.0m and ROU lease liabilities £4.8m, and net of £1.9m of loan arrangement fees, as defined in our banking facility agreement
[2] £6.5m comprise of £7.5m Laica related earn out payments net of by £1m refund from Billi acquisition after submitting completion accounts
[3] Interest costs of £8.5m include the non-cash amortisation of arrangement fees of £0.9m

Capital allocation framework

- In the near term, the Board remains focused on maximising cash generation to support debt reduction

PRIORITISED DEBT REDUCTION

Clear plan to reduce net debt leverage ratio to c.1.5x by the end of 2025

Ongoing leverage appetite of between 1.0x to 2.0x

Temporary pause in dividend payment in 2024

Planned return to sustainable payout ratio of 30% of adj PAT in 2025

Management of short-term investment in organic growth drivers

No further acquisitions planned

- The generation and disciplined deployment of free cash flow is a core aspect of Strix's aim to maximise medium-term returns

Banking update

- The business continued to operate within existing banking covenants as at 31 December 2023 and compliance with these is forecast to continue for the remainder of facility term.
  - Net debt leverage: 2.19x (max limit: 2.25x)
  - Debt service coverage ratio: 1.18x (min limit: 1.10x)

Taking a proactive approach…

- We have been proactively working with our banking syndicate to enhance flexibility and security of funds within the existing agreement.
- As a result of that process and illustrating their ongoing confidence and support, a normalisation of the net debt leverage covenant to 2.75x for the duration of the facility was agreed on 22 March 2024.
- To further support our proactive approach, we have recruited an experienced Group Head of Treasury, who will be joining the business in August 2024.

Technical guidance

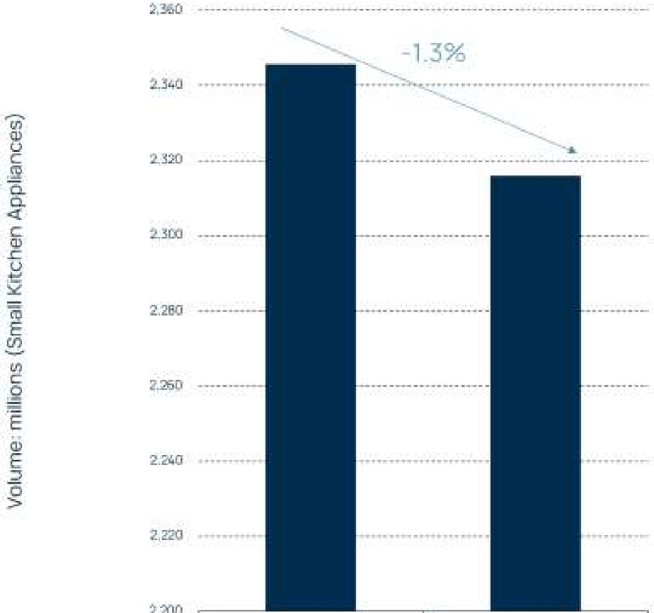
Area	FY 2023	FY 2024	Guidance
Adjusting items	£3.9m	c.£4m	▪ FY 2024 adjusting items will consist of share based payments, amortisation charges on acquired intangible assets and some anticipated divisional restructuring costs
Effective tax rate (ADJ Tax / ADJ PBT)	8.5%	12-13%	▪ The Group's effective rate is based on the geographic spread of profits. The key components being: – Australia tax rate 30% – Italy tax rate of 28% – China tax rate 25% – UK tax rate 25% – IoM tax rate of 0% ▪ The effective tax rate was lower in 2023 due to adjusting costs related to the Billi acquisition which are not recurring in nature
Capital expenditure (inc. capitalised development costs)	£8.0m	c.£12m	▪ Investment in capex/capdev in 2023 remained at around maintenance spend levels ▪ Investment in certain key strategic new product development projects in 2024 will increase to support the Group's organic growth
Depreciation and amortisation	£8.7m	c.£9m	▪ Depreciation and amortisation expected to remain broadly in line with 2023
Net interest and finance charges	£10.2m	c.£9m	▪ Decrease in interest rates expected in 2024 reflecting the reduction in average gross debt to £98m (2023: £112m) and the forecast reduction in SONIA rates as interest rates stabilize
Net debt / EBITDA	2.19x	<2.0x	• Ongoing prioritisation of net debt reduction and the forecast steady recovery in trading drives an expected <2.0x leverage by the end of 2024

03.
Business Categories

- Kettle Controls
- PFS (Billi)
- Consumer Goods

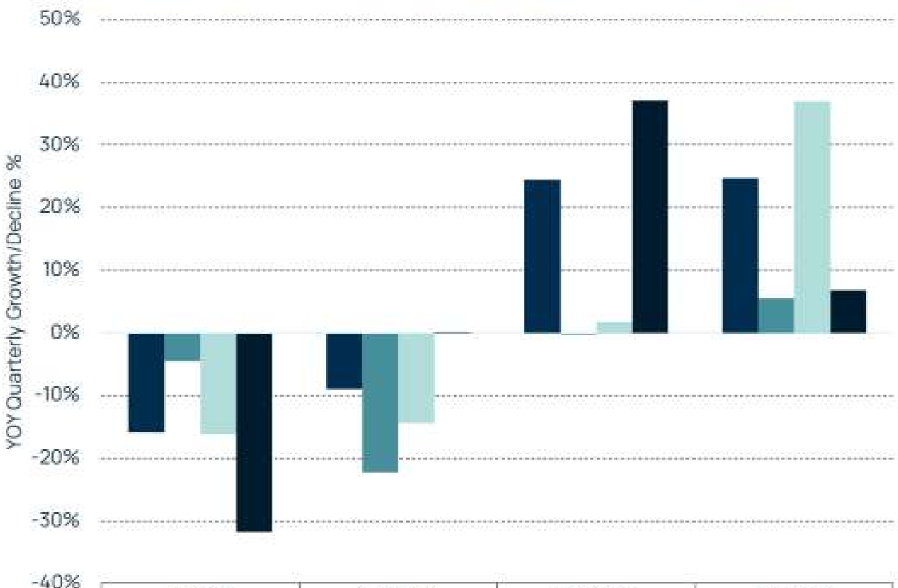
Small Appliances: Market Dynamics

Global Small Kitchen Appliance Volume: 2022-2023



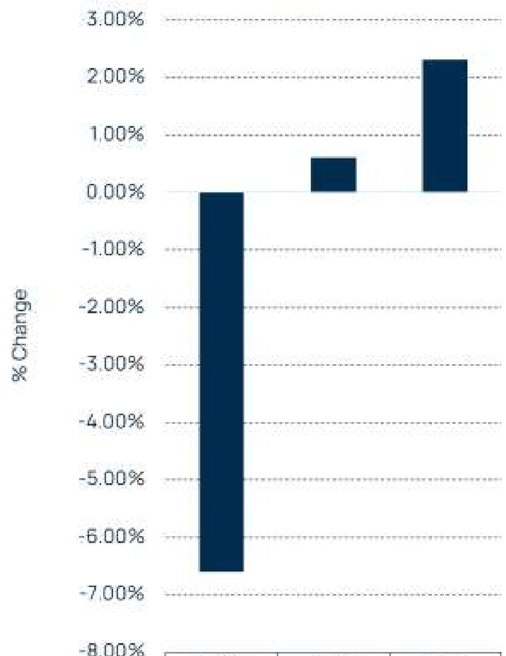
	2022	2023
Global Small Appliance Volume	2,346	2,316

SDA Exports from China - YOY Quarterly Growth by Region



	2023 Q1	2023 Q2	2023 Q3	2023 Q4
EMEA	-16%	-9%	24%	25%
APAC	-4%	-22%	0%	6%
NAM	-16%	-14%	2%	37%
LATAM	-32%	0%	37%	7%

UK Electricals Retail Growth



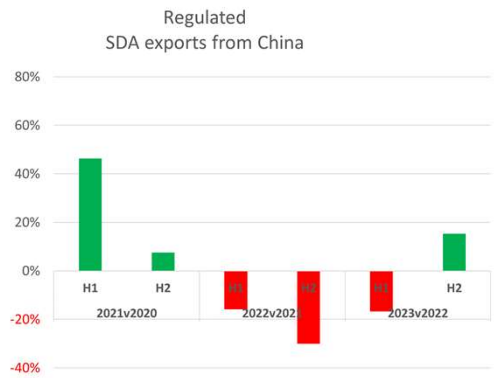
	2022	2023	2024
UK Electricals Retail Growth	-6.60%	0.60%	2.30%

Overall market decline in 2023 → With positive pipeline activity in H2 → Leading to modest anticipated key market growth in 2024

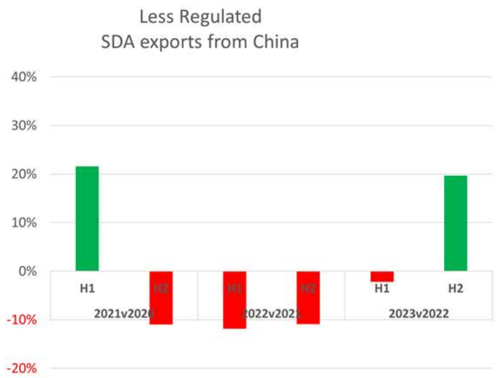
Source: Statista, BHETA (Global Data), Strix Management Data

Kettle Controls: Market Dynamics

Small Domestic Appliances (SDA) market growth, exports from China

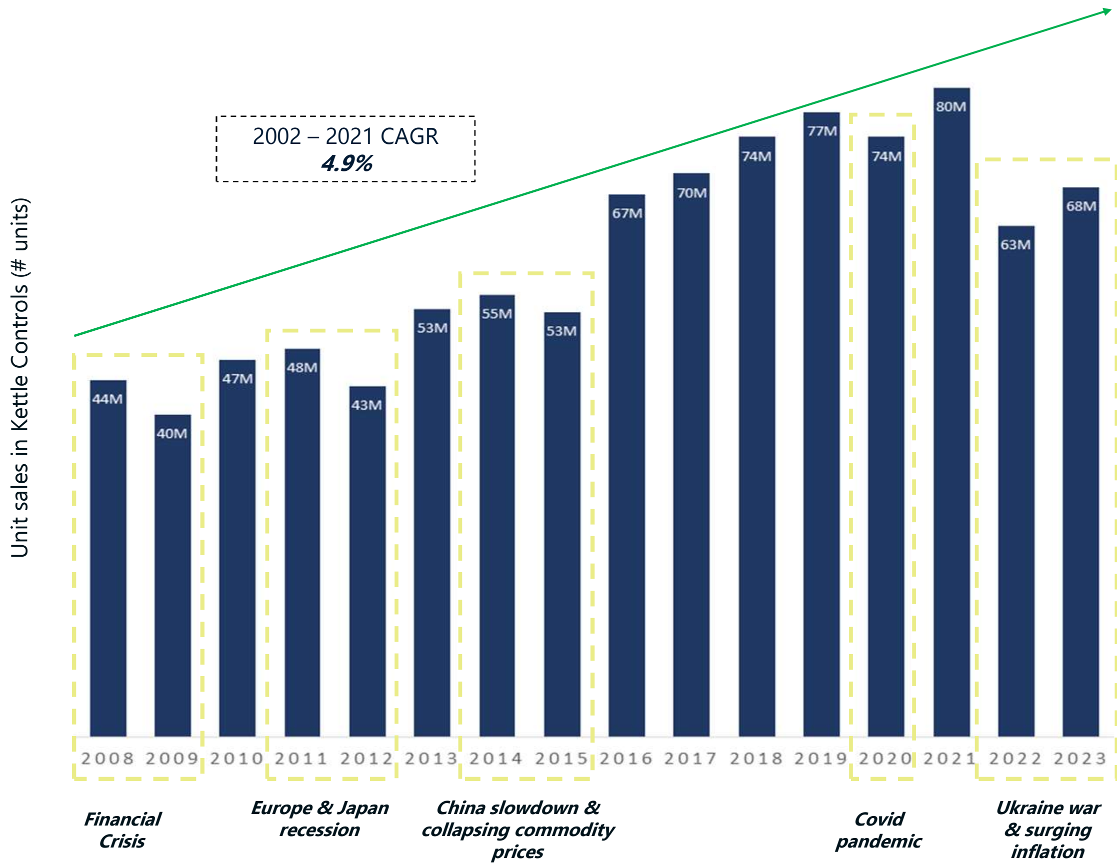


- The **Regulated Market** accounts for >60% of Kettle Controls sales by value and delivers the highest gross margins
- This market declined by c.-1% in value in 2023
- Signs of recovery apparent in H2 although still below 2021 levels



- The **Less Regulated Market** accounts for c.25% of Kettle Controls sales by value.
- Margins are lower in this more cost-competitive market sector
- This market rebounded in 2023, up +7% in value overall

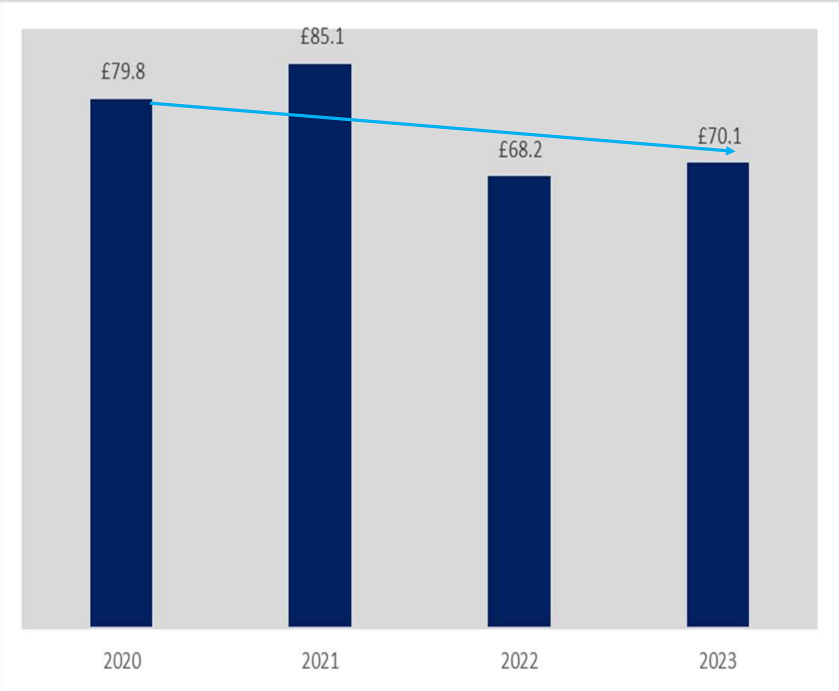
Kettle Controls market, showing signs of recovery but still below 2021



Kettle Controls

Kettle Controls Net Sales: 2020 - 2023

(3.2%) CAGR



2023 Overview

- Overall market grew by c.1% in value, c.5% in volume, driven by recovery in the Less Regulated sector. The key Regulated sector declined c.1% on prior year although signs of a slow recovery apparent in H2.
- Key negative market drivers included the ongoing Cost of Living crisis in Regulated markets and softness in China's post-COVID economy.
- However, Kettle Controls revenue growth outpaced the market, growing c.2.5% in value despite economic headwinds, buoyed by double digit growth in Less Regulated sales.

What's Coming? 2024 Key Initiatives

- New patent protected Series Z controls range undergoing customer testing. Preparations for volume manufacture underway.
- 'Technology Showcase' to demonstrate how Series Z controls enable new applications and growth opportunities beyond traditional kettles.
- A new range of low-cost controls tailored to the domestic China and Less Regulated market requirements to increase addressable market

PFS (Billi)

Strategy + Fit

- Billi's range of premium instant boiling, chilled and sparkling filtered water systems is a natural fit within Strix's technology, water, filtration and appliance business.
- Billi has a successful history of growth, with double digit revenue CAGR over the past 5 years, robust gross margins and is highly cash generative – supportive of Group growth ambitions.
- Technology synergies (water heating, thermal control and energy efficiency) provide Billi with new product development opportunities, enabling further differentiation and IP protection.

Revenue + Reach

- Existing Strix relationships and networks support Billi's geographic expansion plans outside their established markets of Australia, New Zealand and the UK.
- Billi's strong presence in Australasia provides reciprocal growth opportunities for Kettle Controls and Consumer Goods.

Efficiency + Cost

- Established Group Functions including Research & Development, IP Protection and Compliance improve efficiency and bolster Billi's new product development capability.
- Strix best-practice volume manufacturing, procurement and product testing capabilities provide opportunities to reduce costs and increase throughput.

PFS (Billi)

2023 Highlights

- Successful post-acquisition integration of Billi into Strix Group plc and exit from the Australian and UK Transition Service Agreements
- The recent strategic acquisition of Billi delivered double-digit revenue and profit growth on a constant currency basis over the period
- New Billi UK head office opened in Wolverhampton, a new UK warehousing, distribution and refurbishment facility in Thurrock and the flagship Billi showroom and event space in London
- Right-sizing of Australian storage and distribution facilities in New South Wales, Western Australia and South Australia
- First installations of the new OmniOne unit, offering boiling, chilled and sparkling water for commercial and residential applications
- Introduction of the new Luxgarde™ UVC purification system for defense against waterborne bacteria and pathogens
- Connections established with Group HR, Compliance and Approvals, Engineering and Operations. Value-add synergy projects underway

Market trends driving growth

- Sustainability initiatives targeting reduction of single use plastics seek to replace traditional bottled water with reusable vessels, requiring water dispensing systems
- Consumers actively moving away from sugary beverages and towards calorie-free alternatives, including filtered and sparkling water
- Concern over waterborne diseases and contaminants driving demand for filtered and purified water dispensing units
- Refurbishment growth in Corporate Offices (return to workplace initiatives) and Institutional, Retail, Hospitality sectors (sustainability, health and wellbeing drivers)

What's Coming? 2024 Key Initiatives

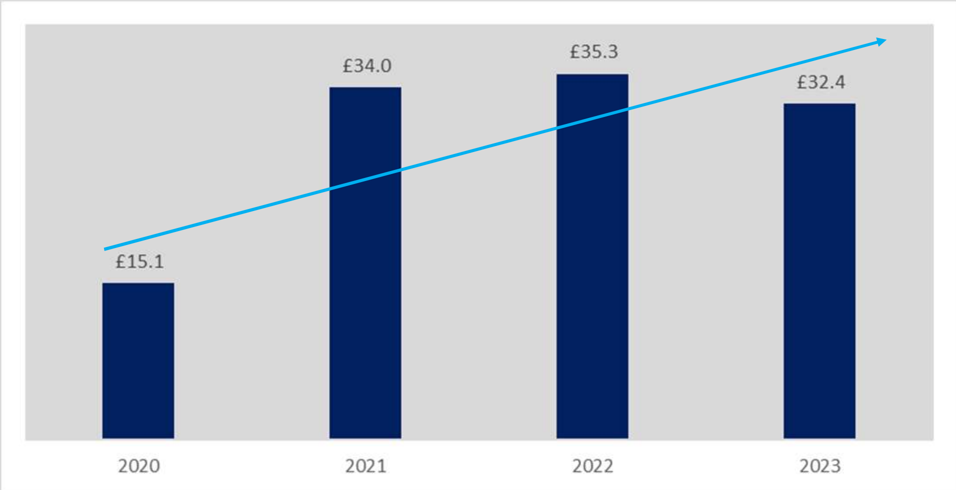
- Global launch of new Multi-Function Tap, compatible with the full range of Billi under-counter modules
- Introduction of the new Omni-One under-counter unit to export markets (commercial and residential applications)
- New Product Development programme targeting the residential market via selected channel partners
- European expansion via strategic sales and service partners, with technical and commercial support from Billi UK
- Business Development in South East Asia and the Middle East through established distribution channels

Consumer Goods

2023

Consumer Goods Net Sales: 2020 - 2023

21% CAGR



Achievements & Initiatives

- ✓ LAICA EBITDA growth of 21% vs. 2022.
- ✓ Aqua Optima Brand growth of 19% vs. 2022.
- ✓ Significant Aqua Optima distribution secured in major UK retail outlets.
- ✓ Geographical expansion: Secured significant European private label deal within water category, strategic brand partner for distribution in French market, and significant deal agreed for expansion to Turkish market.
- ✓ Aurora coffee launched in North America.
- ✓ Record sales in OEM coffee machine filters.
- ✓ Internalised the manufacturing of high volume anti-bacterial filter in Italian plant (previously outsourced in China).
- ✓ Expanded China distribution channels for filtration and appliances.

2024 Outlook

40%

Drive OEM business;
two major contracts secured which will deliver c. 40% of 2024 growth

Divisional restructure being actioned to streamline the division for mid-term profitable growth, built on a refreshed and robust foundational strategy

NPD focus on bolstering core profitable categories, including launches across Filtration & Vacuum Sealer categories

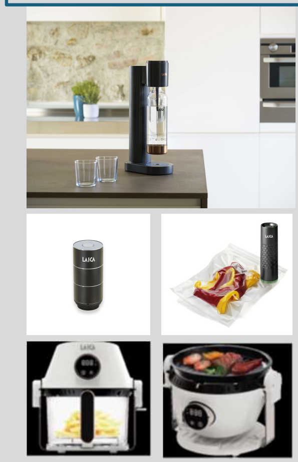
Consumer Goods

Category & Product Roadmap: 2024-2025

Appliances

2024

- Handheld Vacuum Sealer.
- Premium vacuum sealer models.
- Sparkling water accessories.
- Appliance manufacture (ODM business expansion).
- Multi-function air-fryer / grill targeting APAC region.

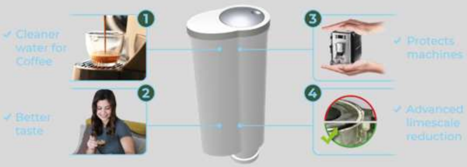


2025/6

- Range refresh: roll out new cohesive design language across core categories.
- LAICA app update to add more value to product range.
- Expand healthcare offering.

- Coffee filtration line expansion.
- Jug & Filters for a Leading EU Retailer (Private Label).
- New LAICA filter range focusing on health-conscious consumers.
- Range consolidation to streamline divisional efforts on most profitable & differentiated SKUs.

LAICA MADE IN ITALY



- Targeted incremental coffee filter expansion.
- New OEM & professional filtration opportunities.
- Expand healthcare offering.

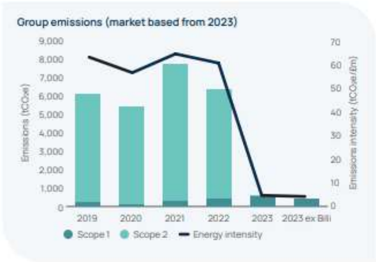
Water

Strix Consumer Goods: Divisional Reorganisation

- Priority on profitable growth.
- Lean personnel structure: Ensuring the right people are in the right roles, working on the most impactful initiatives.
- Reorganise processes towards efficiency and speed of execution.
- Leveraging LAICA Italy for all of the Group's divisional business aimed at improved cost and management accounting control.
- Focus on expanding profitable OEM business.
- Streamlined brand architecture and product rationalisation.

04.
ESG

Sustainability



Scope 1&2 net zero

- Over 95% reduction in Scope 1&2 emissions since 2021
- 9.6% of Group power requirement generated from in-house solar
- Remaining 'hard-to-abate' Scope 1 emissions offset with Gold Standard credits
- Billi achieved 'net zero' within a year of acquisition by Strix
- Focus on reducing remaining internal emissions and ISO50001 energy management implementation - Ramsay site certified in 2023
- Commitment to net zero for the Group in Scope 1 & 2 emissions following the addition of Billi as well as continued progress on Scope 3
- An updated ESG report is published today and will be available on the Strix website

Progress on other KPIs

		Unit	2022	2023	2023 ex Billi	Comment
Resource intensity	Energy consumed	MWh	15,135	16,262	15,022	Energy consumption flat. 9% improvement per unit produced
	Energy intensity	MWh/£m	146	113	146	
Waste & recycling	Waste	t	1,301	1,339	1,290	Reduced scrap rate and improved recycling
	Recycled waste	%	94.1	95.0	96.2	
Clean water & sanitation	Water consumption	m³	34,600	31,780	30,904	Use of water reduced by 11%
	Water intensity	m³/£m	333	220	300	
Health & safety	LTIR 3 year average	per 200,000 hours	0.9	1.1		LTIR increased slightly although Billi had zero accidents in the year
Gender equality	Women in the organisation	%	49	50		Overall group diversity remains balanced, senior management unchanged

05.
Key strategic business objectives & Outlook statement

Key strategic business objectives

"Developing leading, innovative technology in the fields of water heating, safety control systems and drinking water treatment."

- **Kettle Controls:**
  - Profitably grow revenue through the introduction of innovative new products focused on sustainability, safety and convenience - including a new range of controls to increase the addressable markets within the unregulated and the China domestic market.
  - Leveraging the Group's global manufacturing footprint to drive cost efficiency and improve sustainability.
- **PFS (Billi):**
  - Leverage new product development and expand the geographical distribution in both residential and commercial markets.
  - Priority will be placed on expansion into Europe and further product development to support the residential market opportunities.
- **Consumer Goods:**
  - Following a divisional restructure, a refreshed and robust strategy will see LAICA in Italy becoming a highly profitable centre of excellence for the Group.
  - Grow market share through innovation, world class sourcing and commercial excellence.
  - Focus will be on geographical expansion and rationalisation of products to maximise profitability.
- *"Right People, Right Place, Right Skills, motivated and engaged to deliver our strategic objectives."*

Outlook statement

- A rebasing of the core business is being undertaken in 2024 to build strong foundations for medium-term term growth opportunities as the market continues to recover.
- Despite the macro challenges, the fundamentals of the Group that were seen so positively by the capital markets post listing remain unchanged. The core business is a resilient one and maintains its dominant market position, with a stable Kettle Controls' market share by value.
- The recovery in the Kettle Controls regulated markets started in H2 of 2023 recording quarter on quarter growth against the prior year and has continued into Q1 of 2024.
- Billi's double-digit revenue and profit growth is expected to continue, helped by a staged expansion into key European markets.
- Divisional restructuring at the start of 2024 has streamlined and re-focused the Consumer Goods division to drive ongoing profitable growth.
- The Board remains focussed on deleveraging, prudent strategic investment continues into new products, technologies and manufacturing capabilities to support an accelerated growth profile in the medium-term.