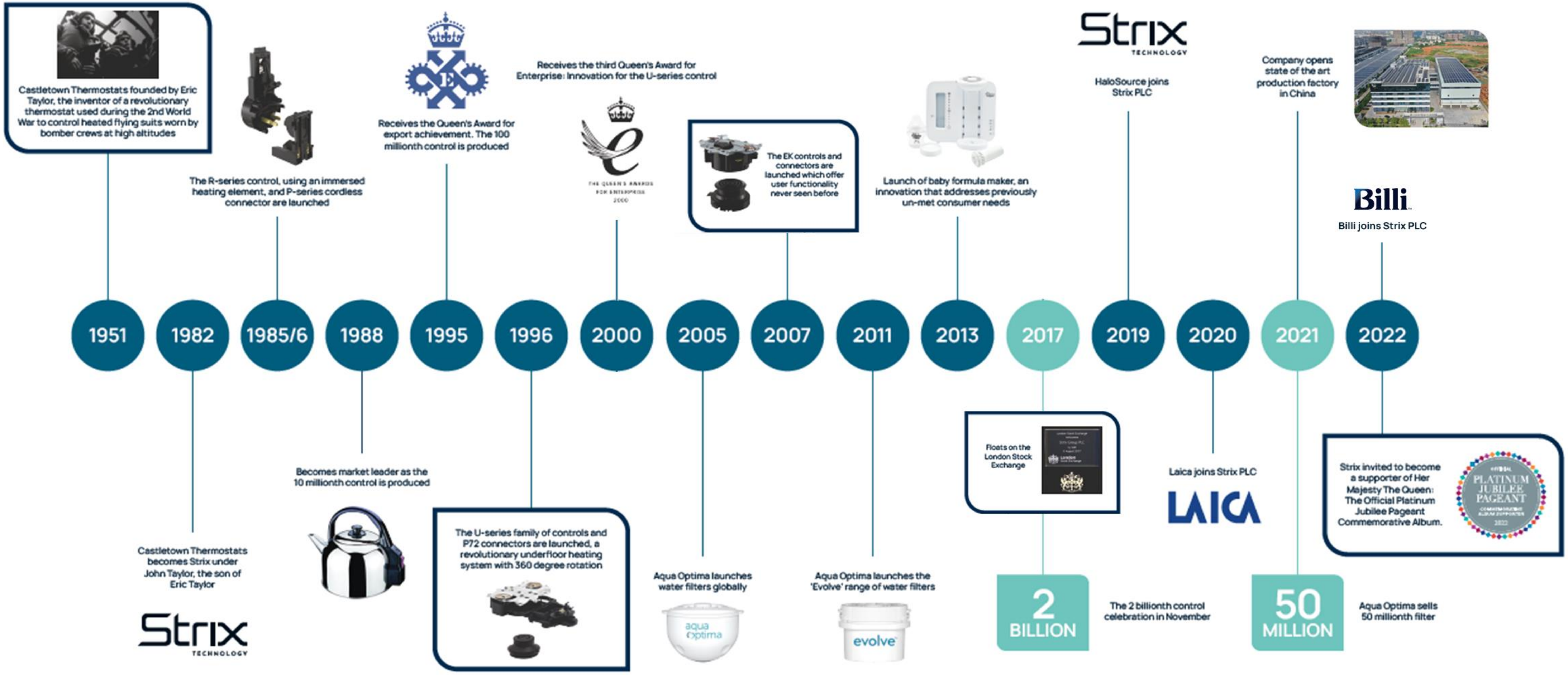
Investor Presentation
2024 AGM

Strix
TECHNOLOGY

Our story



Headquartered in the first Unesco Biosphere on the Isle of Man, Strix is a global leader in the design, manufacture and supply of kettle safety controls, other components and devices involving water heating and temperature control, steam management and water filtration.

Strix Value Proposition

In a world racing to the bottom, **Strix stands apart.**

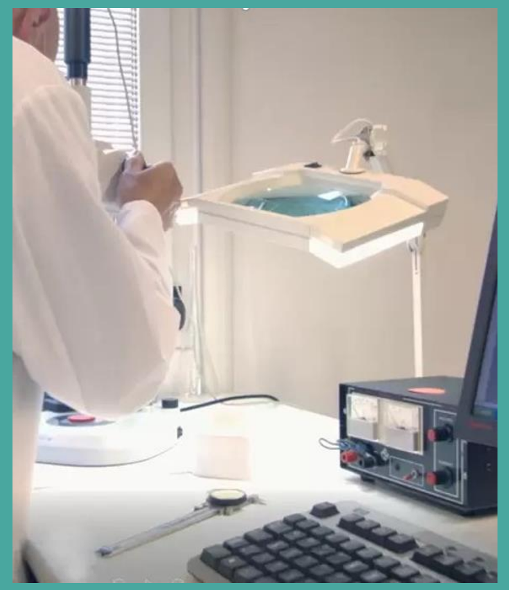
We craft unrivalled standards of safety and quality, whilst maintaining **exceptional value**.

Because where water meets electricity:
Precision isn't a luxury. It's a necessity.

Welcome to Strix Technology.

Where engineering precision meets world class manufacturing, and innovative technology meets sustainability.

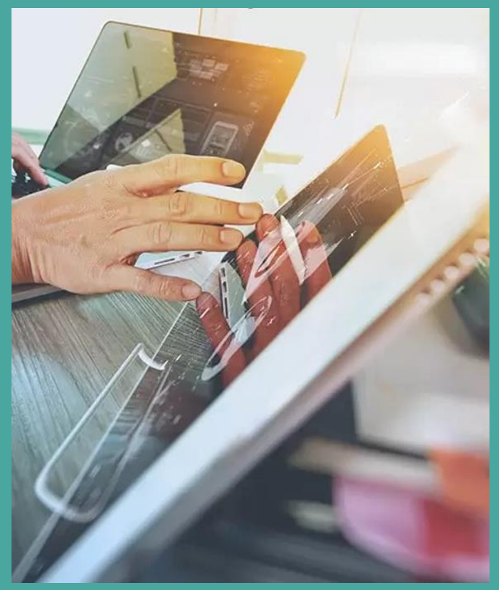
Quality



Our reliable products are used over **one billion** times around the world, every day.

Every product passes rigorous compliance & compatibility testing

Innovative



We help brands pioneer new technologies & enter new categories.

Over 2,000 patents registered worldwide. Award winning designs.

Sustainable

Our factory achieved **'net zero'** status in 2023.

New products focus on sustainable applications and materials.

Business 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 in 2023, largely driven by Billi, and continues to be highly profitable and strongly cash generative.
- The Board remains focused on maximising cash generation to support debt reduction 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.
- Restructuring initiatives continue to be implemented across the Group to drive profitable growth, support improved efficiency, sustainability and cost control, whilst securing a suitable platform and resources for our mid-term growth objectives.
- Bank covenants have been normalised providing positive headroom throughout the term of the facility.
- Senior management changes. The recent recruitment of Clare Foster (CFO) and Rachel Pallett (CCO of Kettle Controls & Billi) who both bring extensive skills and experience to the Group.

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
Kettle Controls	**39.0%**	**40.9%**
Premium Filtration Systems ("PFS") (Billi)	**45.8%**	**35.4%**
Consumer Goods	**32.6%**	**35.1%**
Total Group	**39.6%**	**38.8%**

Commentary

Kettle controls:

- Gross margins have reduced by 190bps, largely reflecting a change in mix as the less regulated and China markets have recovered faster than regulated.

Market segment	Proportion of revenue value*	Gross margin range*
Regulated	c. 70%	45 - 50%
Less regulated	c. 15%	35 - 40%
China	c. 15%	c. 5%

**The above represents approx. averages, based on historic trading levels*

PFS (Billi):

- Gross margins have increased strongly as a result of the full year inclusion of Billi (2022: only one month of trading).

Consumer Goods:

- Reduction in manufacturing volumes, and a product mix shift with a higher weighting towards lower margin online and Aqua Optima ranges, tempers gross margin.

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

Capital allocation framework

- In the near term, the Board remains focused on maximising cash generation to support debt reduction
- The ongoing disciplined deployment of free cash flow forms a core aspect of Strix's aim to maximise medium-term returns

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

A proactive approach to banking

- Illustrating the ongoing confidence and support of our banking syndicate, in March 2024 the Group secured a normalisation of the net debt leverage covenant to 2.75x, providing significant covenant headroom for the duration of the facilities

5% Equity Placing

- **Transaction Summary**
  - 5% Equity Placing on 11 June 2024 generating £8.7m of gross proceeds
    - 80 pence Placing Price (representing a nil discount to the previous closing price)
  - Placing was originated by a reverse enquiry from an existing institutional shareholder
  - Board has concluded that the Placing is in the best interests of shareholders and will promote the long-term success of the Company. This conclusion by the Board has been endorsed by the shareholder consultation
- **Use of Proceeds**
  - Intention is to begin a full refinance of its banking facilities in 2025 to help advance the Group's growth aspirations, supported by an expected FY 2024 net debt leverage of less than 2.0x
  - Placing facilitates that leverage reduction happening 4-6 months earlier than anticipated
  - Also secures an associated interest saving benefit due to the margin ratchet mechanism contained within the current facilities
  - A more sustained net debt leverage of less than 2.0x is expected to:-
    - enhance negotiations with potential banking partners at refinance (improving the Group's ability to access appropriate; and
    - cost effective banking facilities in 2025 to support the Group's medium term growth aspirations)

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.

- **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

- The Kettle Controls market continues to show some promising signs of recovery as we move into the peak season. Whilst it is too early in the season to determine whether this uptick is due to stock refill or an ongoing improvement in consumer demand, the initial indicators are encouraging.
- Profit before tax for the 2024 full year remains in line with current market expectations. Additionally, the cash conservation actions taken in HY 2024 have resulted in year-to-date cash generation for the Group running slightly ahead of expectations. This positive trend further supports an anticipated net debt leverage position of less than 2.0x.
- Recent 5% Equity Placing allows the Group to achieve net debt leverage reduction 4-6 months earlier than originally anticipated, securing an associated interest saving benefit due to the margin ratchet mechanism contained within the current facilities. This earlier leverage reduction facilitates upcoming discussions and refinancing plans with the Group’s banking syndicate.
- It remains the Company’s intention to finalise a full refinance of its banking facilities in 2025 to advance the Group's growth aspirations. Accelerated deleveraging will enable the Group to expedite its investment in new technologies, to support longer term growth opportunities while still delivering on its stated target to reduce net debt leverage to 1.5x by the end of FY 2025. Once this debt leverage target has been achieved, the Board remains committed to maintaining a leverage range of between 1.0x to 2.0x for the medium term.
- Restructuring initiatives continue to be implemented across the Group to drive profitable growth, support improved efficiency, sustainability and cost control, whilst securing a suitable platform and resources for our mid-term growth objectives.
- The Group will announce a Pre-Close Trading Update for the six months period ended 30 June 2024 on 25 July 2024.

End of CEO Presentation

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