Investor Presentation
Interim Results

Period ended 30 June 2023

Strix
TECHNOLOGY

01.
Executive Summary and Strategic Highlights

H1 2023 highlights

Financial

- The Group reported revenue of £65.2m, an increase of 28.6% versus H1 2022 mainly due to the first time inclusion of Billi revenues which helped to fully offset a reduction in organic sales.
- Adjusted EBITDA was £15.6m, a decrease of 1.9% versus H1 2022.
- Adjusted PAT was £5.7m, a decrease of 50.9% versus H1 2022 (£11.6m) mainly attributable to interest and finance fee costs for funding the Billi acquisition.
- Net debt increased to £93.1m (FY 2022: £61.3m) due to the strategic acquisition of Billi. This represents a net debt/adjusted EBITDA ratio (calculated on a trailing twelve month basis) of 2.66x.
- Basic earnings per share and adjusted diluted earnings per share were 2.6p (2022: 5.6p) and 2.6p (2022: 5.5p) respectively.
- The Board continues to take precautions to balance the capital allocation priorities and as a result the Board is declaring an interim dividend of 0.9p per share (HY 2022: 2.75p)

Strategic

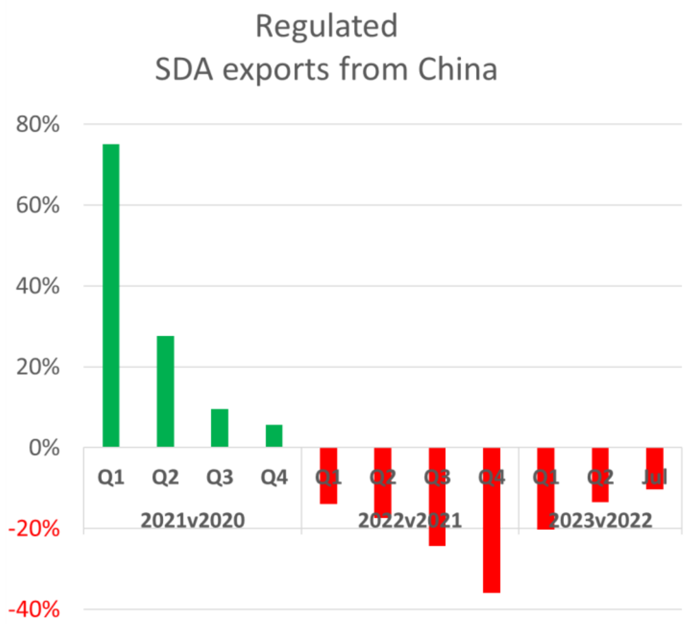
- Transformational acquisition of Billi which has a successful history of growth, double digit revenue CAGR over the past 5 years, and high cash conversion delivering historic cash conversion of c.88%.
- New divisional reporting structure to better position the Group delivering on its Strategic Business Objectives (“SBO’s”).
- SBO’s to be delivered by the end of FY 2026:
  - Group revenue to £206m and Group gross profit to £80m by end of FY 2026.
  - KJC - profitably grow Control revenue to £88m by 2026, delivering a Gross Profit in excess of 40% through innovative new products focused on sustainability, safety and convenience.
  - Billi - leverage the new product development and expand the geographical distribution in residential and commercial markets to deliver £58m of revenue with a Gross Profit in excess of 45%.
  - Consumer Goods – grow beyond market growth through innovation, world class sourcing and commercial excellence, delivering revenue of £60m and Gross Profit in excess of 30%.

Operational

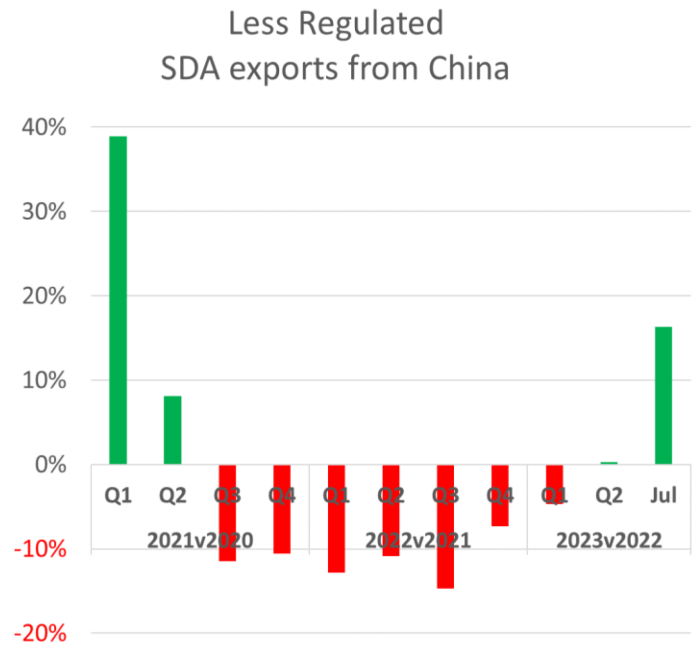
- Acquisition of Billi continues to be successfully integrated in line with plan to achieve the identified operational benefits, as the business opens up new sales channels for Strix.
- Direct labour efficiency improved by 3.5% versus H1 2022 and indirect labour efficiency was improved by 11% via various lean approaches.
- Quality performance of customer return improved by 19% and product built on the automation lines remained at zero return.
- Surveillance audits to ISO 9001:2015, ISO 14001:2015, & ISO 45001:2018 have been passed with outstanding rating for all the areas.
- Added a new line in the Vicenza facility to deliver an anti-bacterial filter, replacing a third party sourced product and completing 100% in-sourcing of all water filter products in the range.
- Pipeline of new product launches through 2023 including an integrated tap in Billi, the digital water filter kettle and Aurora coffee appliance.
- Perfect Pour jug has been awarded the Highly Commended accolade in the Sustainability category by Housewares Magazine.

Market conditions are improving but at a slower rate than anticipated

Q4 performance in Kettle Controls

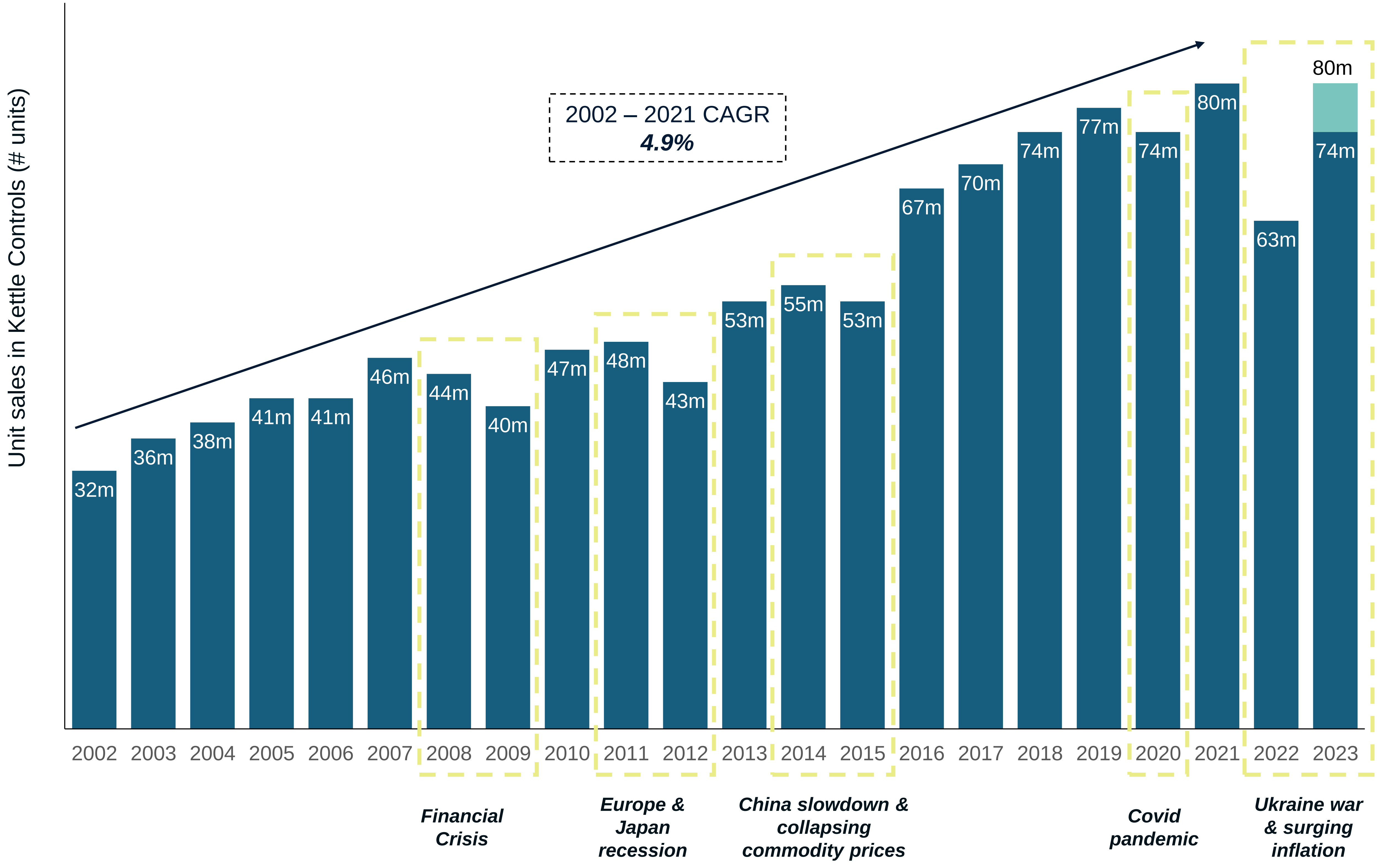


- The Regulated Market, which accounts for >60% of Strix's control sales by value, has been posting Q on Q recovery during 2023 with July being only 10% lower than July 2022, but YTD the regulated market is still 16% down.
- Countries performance varies, with UK 19% up in July v July 2022 (YTD –1%) whereas Japan is worsening with July at –30% (-20%)



- The Less Regulated Market, which accounts for 25% of Strix's control sales by value, has recovered strongly in H1 and July was 16% up on July 2022 (YTD was 0.5% up).
- The key driver of growth is Russia up 82% YTD, but this has not benefited Strix as our key sales in Russia were through the Global brands who remain exited from Russia.

Kettle Controls business historically recovers and has been highly resilient over time



Update on Billi

Overview of Strategic Rationale

1. Billi has a successful history of growth, with double digit revenue CAGR over the past 5 years and is highly cash generative, delivering cash conversion of c.88%.

2. The acquisition materially changes the earnings profile of the Group, accelerating growth plans for the Water & Appliance categories and supporting the medium-term ambition.

3. It adds well developed and premium products in the high growth and strategically important hot tap market and increases Strix's position and portfolio of water dispenser systems. The Board expects Strix's existing technology, resource and expertise can be used to further enhance Billi's new product development roadmap.

4. Efficiencies were identified across Billi's product lifecycle and will be enhanced utilising Strix's Chinese operation to improve procurement, insourcing of certain key parts, and consolidation of the marketing group.

5. There are also opportunities for further organic growth. These include residential sales, new product development particularly in sparkling, internationalising Billi's revenue stream through Strix's global footprint, cross selling Strix products into commercial applications and growing aftermarket sales.

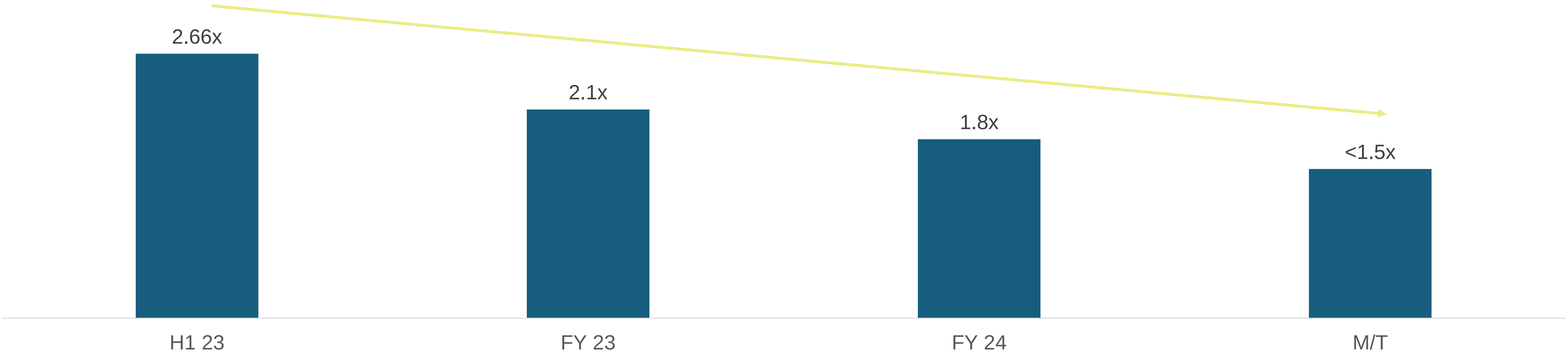
Progress since acquisition of Billi

- The acquisition of Billi continues to be successfully integrated in line with plan to achieve the identified operational benefits, as the business opened up new sales channels for Strix.
- New flagship OmniOne product (offering boiling, chilled and sparkling water for commercial and residential applications) was successfully launched in Q2. This will be a major opportunity for all markets and an order has already been secured from one of Australia’s largest listed companies.
- Strong progress has been made at Billi UK to exit the Transitional Services Agreement (TSA) on time on 31 August 2023. Australian TSA with Culligan exited on time and without incident on 31 May 2023.
- Good progress has also been made with new sites identified as Strix procures smaller storage locations in New South Wales, Western Australia and South Australia and the New Showroom in London (Farringdon) has been opened. The head office in Wolverhampton has already been established and Strix continues to integrate Strix and Billi employees.
- Distributors in Singapore, Hong Kong and China have been re-signed and new distributors in the UAE and Qatar have been secured.

Note: Billi brand awareness statistics are from third party sources relating to the Australia region

Capital allocation priorities

- Strix is focused on its highly cash generative operating model and the management team will prioritise integration and unlocking anticipated revenue and cost synergies following the acquisition of Billi.
- There will be no further M&A activity or investment into new factory builds, significantly reducing capex spend and working capital over the medium term.
- The Group's net debt was £93.1m as at 30 June 2023.
- Capital allocation decisions will prioritise debt reduction and free cash flow generation with a clear plan to get net debt / EBITDA to below 1.5x over the medium term.



- Given the increase in net debt due to the strategic acquisition of Billi, and with the high interest rates environment, the Board continues to take precautions to balance the capital allocation priorities. To be prudent, the Board has decided to prioritise the reduction of debt for the rest of the current year.
- Therefore the Board is declaring an interim dividend in FY 2023 of 0.9p per share (HY 2022: 2.75p).
- The interim dividend will be paid on 29 December 2023 to shareholders on the register on 17 November 2023 and the shares will trade ex-dividend from 16 November 2023.
- Going forward the Group will implement a payout ratio of 30% of adjusted profit after tax which will enable sustainable returns to be delivered to our shareholders. Over the medium term, Strix has a clear plan to reduce net debt / EBITDA to below 1.5x and will then have the ability to return excess capital to shareholders subject to their future requirements and the prevailing macro environment.

02.
Financials

Financial highlights

Revenue (£m)

+28.6%

Revenues in the first half increased by 28.6% to £65.2m (H1 2022: £50.7m), mainly as a result of the first time inclusion of Billi revenues of £21.5m, which helped to fully offset a reduction in organic sales, particularly of kettle controls.

Adjusted Gross Profit[(1)] (£m)

+22.6%

Adj. gross profit increased by 22.6% to £23.9m (H1 2022: £19.5m), in line with increased revenues. This increase is mainly attributable to the Billi inclusion of £10.0m, and also slightly from the water category, however partially offset by a decrease in adjusted gross profits for kettle controls of £4.3m and slightly by appliances category.

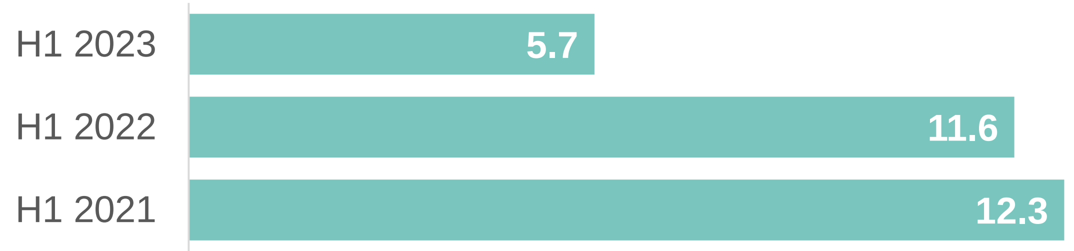
Adjusted EBITDA[(1)] (£m)

(1.9%)

Adj. EBITDA was £15.6m (H1 2022: £15.9m), showing a small decrease of 1.9% compared to the same period last year. Billi provides significant income growth to H1, however the underlying Strix organic business shows significant decrease to H1, with kettle controls being the main driver.

Adjusted PAT[(1)] (£m)

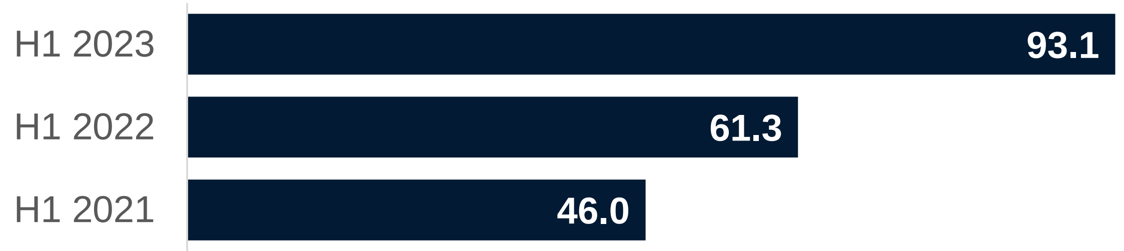
(50.9%)



Adjusted profit after tax was £5.7m (H1 2022: £11.6m), a decrease of £5.9m (50.9% decrease) mainly due factors described above particularly kettle controls sales decrease against constant fixed overheads, increased finance costs and increased tax expense.

Net Debt[(2)] (£m)

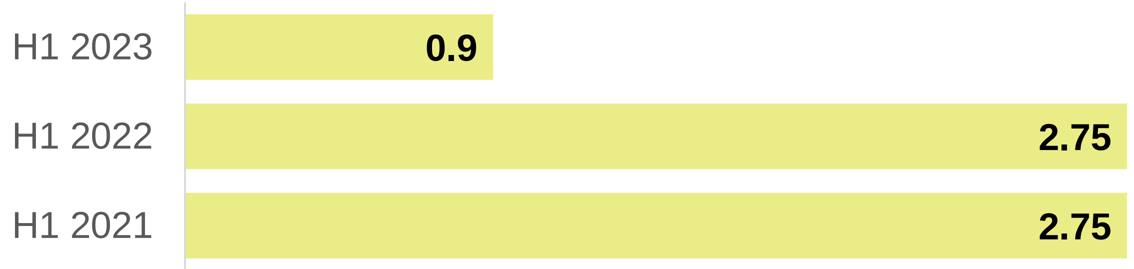
+51.9%



The Group's net debt position as at 30 June 2023 increased to £93.1m (FY 2022: £87.4m), mainly due to financing and taxation expenses, capital expenditures, and LAICA-related earn-payments.

Dividends (Pence per share)

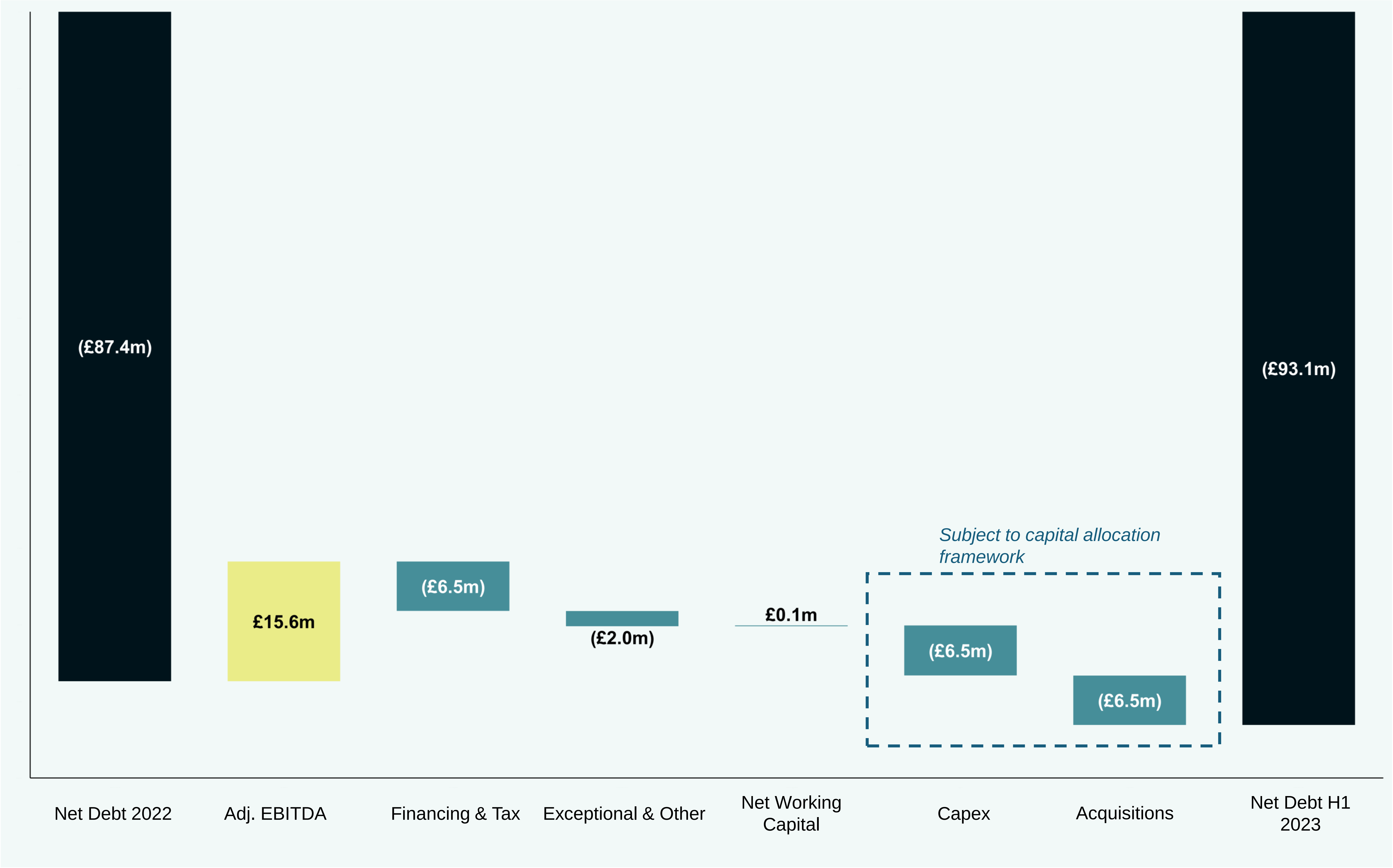
(67.2%)



The Board continues to take precautions to balance the capital allocation priorities and has decided to prioritise the reduction of debt for the rest of the current year. Therefore final dividends will be declared in FY 2024 in line with our cash flow forecasting.

[1] Adjusted results exclude adjusting items, which include share-based payment transactions, COVID-19 related costs, and other reorganisation and strategic project costs. Adjusted results are non-GAAP metrics used by management and are not an IFRS disclosure.
[2] Net debt excludes the impact of IFRS 16 lease liabilities, pension liabilities, deferred tax liabilities and earn-out provisions on satisfaction of performance conditions and providing post-combination services.

Net debt / cashflow waterfall



Commentary

Net working capital: £0.1m inflow

Net working capital cash flows turned into a £0.1m cash inflow in the current period this year (H1 2022: £4.2m cash outflow), due to addition of Billi of £1.7m. Strix organic NWC reduced by £1.8m as continuous improvement plans are in place to optimize working capital and to preserve cash.

Financing & Tax: £6.5m outflow

Finance costs significantly increased due to a higher interest rates environment. Tax-related cash outflows increased by £1.4m compared to the same period last year mainly due to tax payments made in Australia and New Zealand.

Exceptional & Others: £2.0m outflow

Exceptional costs incurred in H1 2023 reduced by 50% to £1.9m (H1 2022:£3.8m). They were largely due to post Billi acquisition costs relating to legal and tax due diligence, with a small portion due to restructuring. Included herein as well are adverse FX translations.

Capital Expenditure: £6.5m outflow

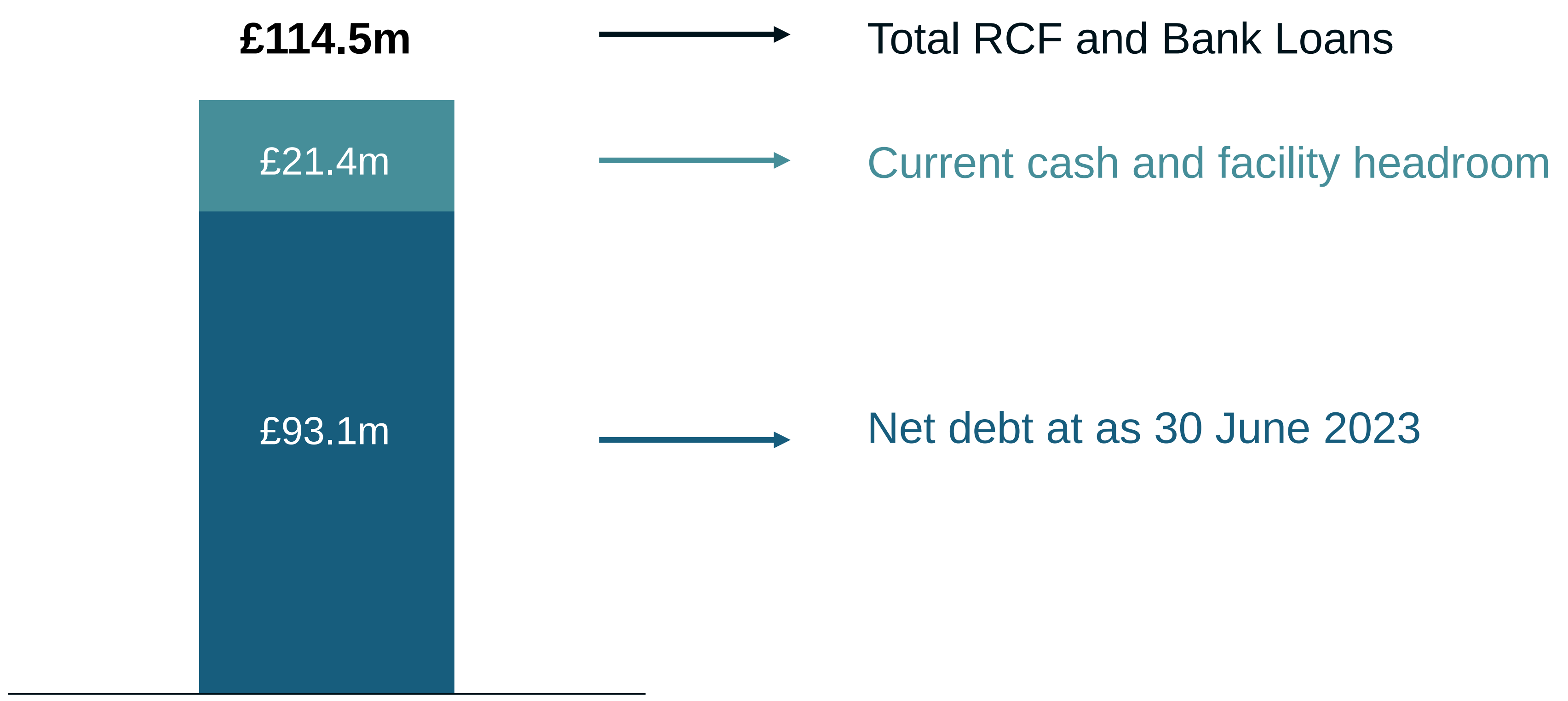
Cash outflows for Capex investment increased in the current period (H1 2023:£6.5m) compared to the same period last year (H1 2022: £6.4m) mainly due to Billi's investment in capex of £1m.

Acquisitions: £6.5m outflow

This pertains to LAICA-related earn-out costs which were paid at the beginning of the current year, partially offset by cash inflows from completion adjustments from the acquisition of Billi.

Net debt

Breakdown of net debt



Debt repayment schedule

RCF fixed at £80m
TLA amortising over 3 year tenor with 11 fixed quarterly payments of £3.55m from March 2023

Facility covenants and interest rate

Debt covenants:

- 2.75x EBITDA, falling to 2.25x from Q3 2023 onwards
- Minimum of 1.1x debt service coverage ratio from December 2022 onwards

Restriction on paying dividends above 2.5x

Interest rate schedule:

Leverage Ratio	Margin over SONIA
< 1.0x	2.00%
≥ 1.0x to < 1.5x	2.15%
≥ 1.5x to < 2.0x	2.35%
≥ 2.0x to < 2.5x	2.85%
≥ 2.5x to < 3.0x	3.50%
≥ 3.0x	4.00%

Opening margin: 3.5% until 31 March 2023. Then fixed at 2.85% from 1 April 2023 to 30 June 2023. Thereafter the margins as per the above table

Arrangement fee amortised over 3 years and charged to interest on P&L

Net working capital balance

Commentary

Net working capital which includes inventories, receivables and payables (including tax liabilities, but excluding short-term portions of long-term liabilities) increased to £28.5m (FY 2022: £27.6m), an increase of £0.9m from FY 2022.

This was mainly due to Billi's net working capital increase of £1.6m as the Group invests further in expanding Billi's working capital in its first year of operations post-acquisition. £8.2m of the total HY2023 relates to Billi.

Excluding Billi, net working capital decreased by £0.7m as the Group continues to prudently manage working capital demands.

Note that for purposes of HY2023 'normalised WC level' does not adjust out any Billi related working capital, it is now reflected fully as part of the group.

Prior FY22 'normalised WC level' is shown with adjustments that most notably include the exclusion Billi WC at point of acquisition, to enable comparison to FY 21/20.

Technical guidance

Area	FY 2022	FY 2023	Guidance
Adjusting items	£6.1m	£3.4m	▪ Adjusting items included Exceptional charges and amortisation of acquired intangibles (non-cash) for Laica and Billi (FY2023: £0.9m). ▪ Significant reduction in Exceptional spend anticipated in 2023 (FY2023: £2.5m), driven by lower M&A activity, COVID (no longer applicable in 2023), and lower restructuring costs (FY2022: £6.1m).
Effective Tax Rate	+3.6%	8.5% to 9.5%	▪ The Group tax position in 2022 benefited from grants and aged releases, delivering a tax 'credit'. A higher rate of blended tax will be seen in 2023 and thereafter as tax normalises and adjusts to the inclusion of Billi within the group tax structure.
Capital Expenditure (inc. capitalised Development Costs)	£9.1m	£9.7m	▪ Grown investment of Capex / Capdev to support key projects and NPD. Billi Capex investment requirements c.£2.0m in 2023.
Depreciation and Amortisation	£6.3m	£8.5m	▪ Increase in deprecation in 2023 due to full year of annualised depreciation costs from 22 additions and key 2023 projects. Acquisition of Billi also contributed c. +£1.2m D&A in 2023.
Net Interest and Finance charges	£3.9m	£10.1m	▪ Significant year on year increase in Interest costs due to growth in RCF facility to fund Billi acquisition. This is in combination with higher SONIA rates.
Net Debt / EBITDA	2.2x	2.1x	▪ Net Debt multiple remains below prior year levels despite SONIA hikes and softening of trading results.

03.
Business Categories

New reporting structure

Strix Controls & Billi (SCB)

Kettle Controls

- Strix's core product line of safety controls for small domestic appliances.
- Remains the strong market leader within the kettle controls market and with a reputation for safety.
- Established and maintained a strong reputation for dependable products that will achieve the highest level of performance while meeting all of the relevant safety requirements.



Premium Filtration Systems

- A leading brand for the supply of premium instant boiling, chilled and sparkling filtered water systems.
- Clear #2 player within Australia, New Zealand and the UK.
- With a 30+ year history, Billi is renowned for its premium and innovative products.
- Successful history of growth, with double digit revenue growth over the past five years, attractive margins and is highly cash generative.

Billi™
ADVANCED MULTI-STAGE FILTRATION TECHNOLOGY

Strix Consumer Goods (SCG)

- Consumer Goods portfolio includes numerous products through its Aqua Optima, LAICA and Astrea brands.
- Continued focus on innovation, solving real problems and providing meaningful benefits through convenient, simple and sustainable solutions.
- Applying our water, temperature and steam management technologies to relevant, value-driven consumer appliances.



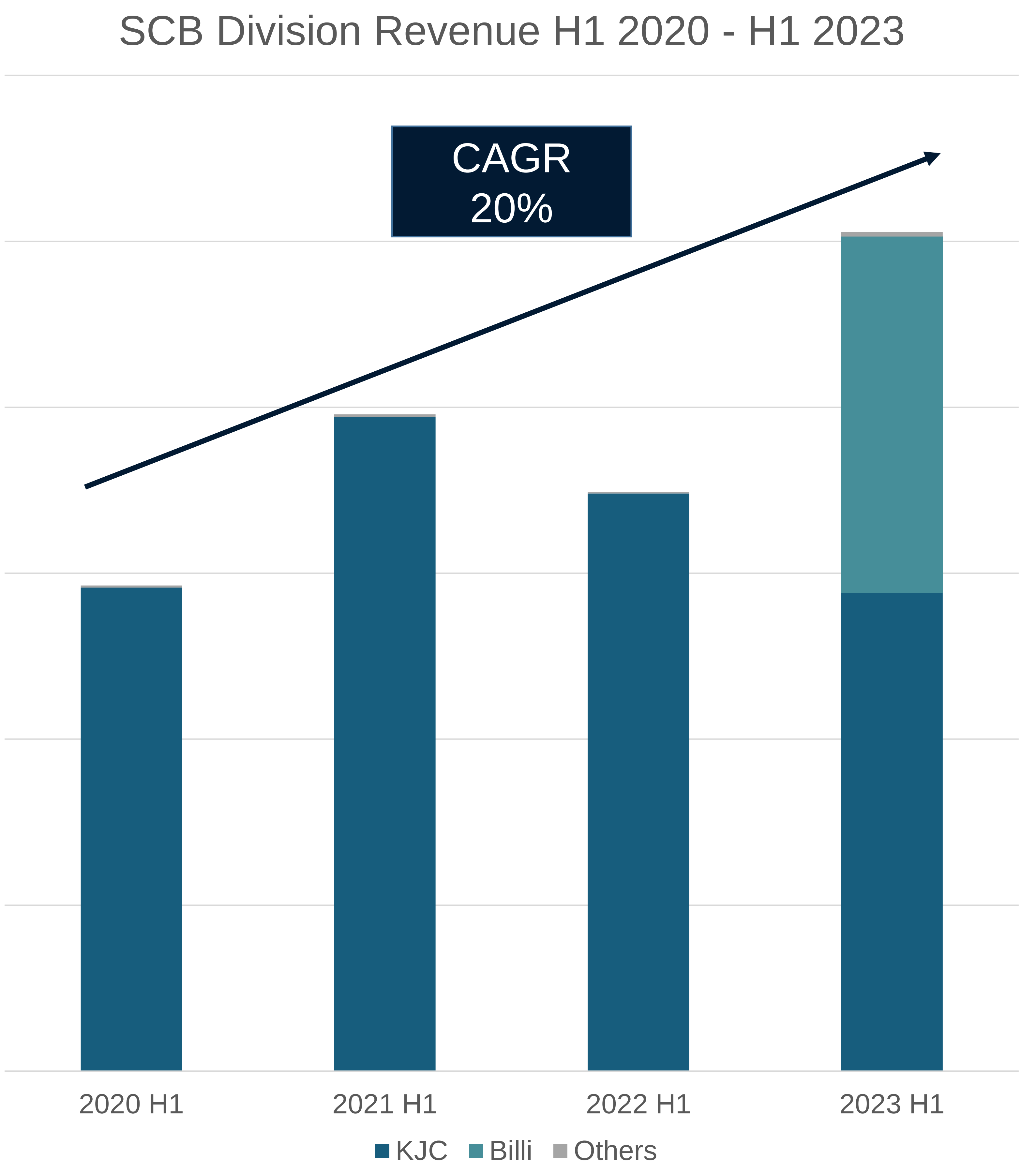
Reallocated Revenue & Gross Profit

	H1 2023	H1 2022
Revenue	£28.8m	£34.8m
Gross Profit	£10.7m	£15.0m
Gross Margin	37.2%	43.1%

	H1 2023	H1 2022
Revenue	£21.5m	-
Gross Profit	£10.0m	-
Gross Margin	46.3%	-

	H1 2023	H1 2022
Revenue	£14.9m	£15.9m
Gross Profit	£3.3m	£4.5m
Gross Margin	21.8%	28.2%

SCB Division

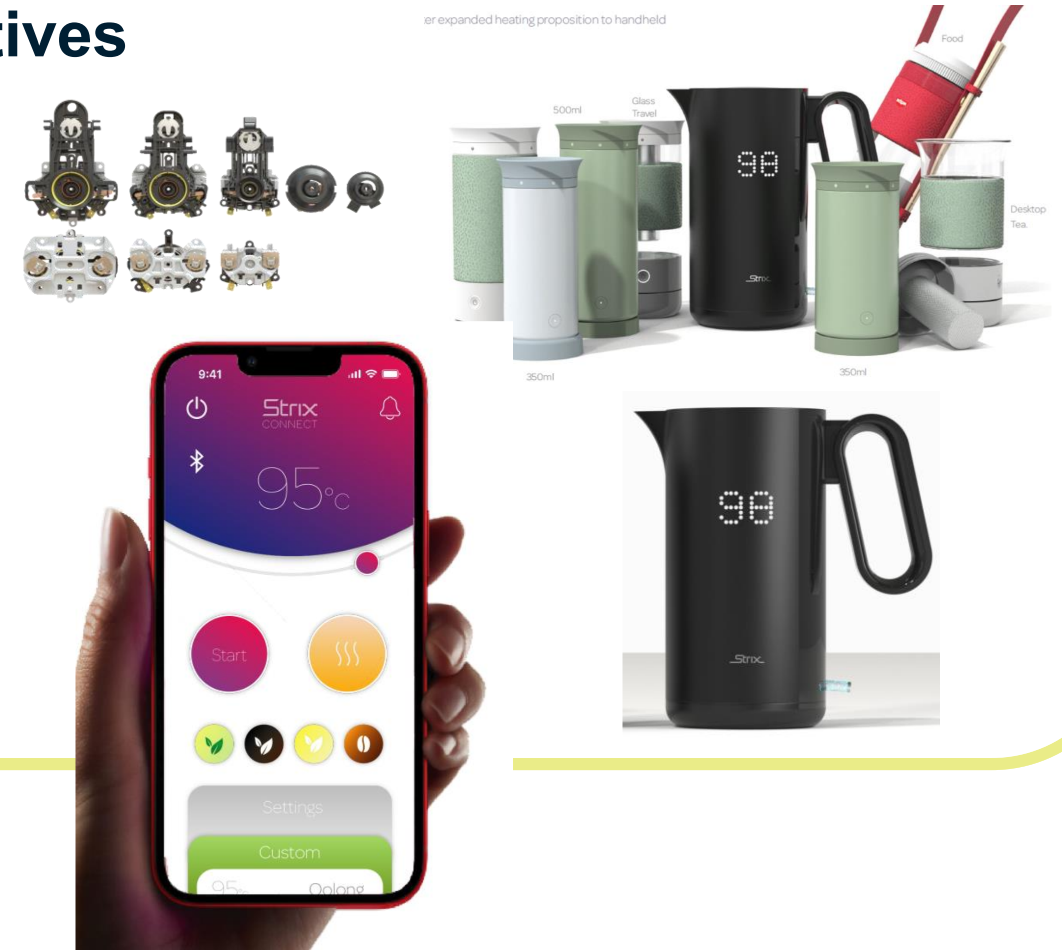


2022 Overview

- The market headwinds continued in H1 with a >10% softening compared to 2022 H1, with Regulated market particular sluggish with circa 15% decline versus PYTD although the rate of decline did reduce as we progressed through the period.
- Key negative driver remains Cost of Living crisis in Regulated markets.
- In line with international government sanctions, our key global brands remain exited from Russia (a significant market) and Strix continues to cease trading directly with Russian brands. Excluding the effected regions, Strix's market share in Kettle Controls remained at c. 56%.

What's Coming? 2023 Key Initiatives

- Project Z Next Gen, small footprint 3 pole control to launch in 2024 targeting incremental emerging categories (new technology is protected with 9 control Patents & 4 appliance Patents).
- Eco Features and process led Product sustainability strategy, driving cost and environmental savings for both the OEM and the consumer.



SCG Division

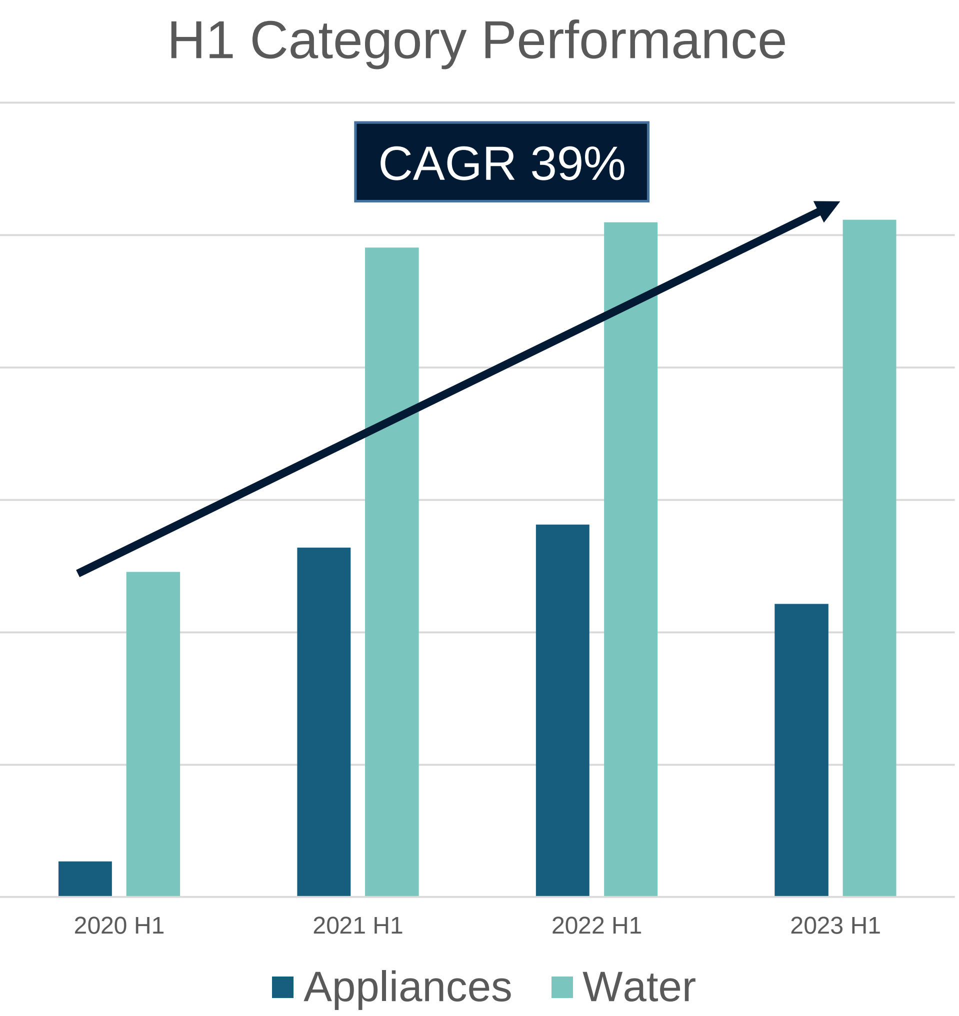
2023 H1

Key Numbers

+2% — EMEA YOY Growth:
Q1: Flat
Q2: +4%

+127% — North America YOY Growth
Q1: +59%
Q2: +247%

-56% — APAC YOY Decline
Joint venture lapsed
New distributors established



Achievements & Initiatives

- ✓ Perfect Pour won 'Sustainable Product of the Year – 2023' – Housewares magazine.
- ✓ Aurora won 'Best Smart Innovation – Small Domestic Appliances – 2023' – IER Awards.
- ✓ EMEA: Aqua Optima geographical expansion gaining momentum with sales in Europe up 46% YOY.
- ✓ North America: Launched AO online with major retailers such as HSN, QVC, Bed Bath and Beyond (Overstock), Wayfair, Walmart, Amazon, Williams Sonoma, Macys.

2023 Outlook

6 — Major incremental contracts secured, delivering c. 30% of projected growth.

-1.4% — Anticipated 'Small Kitchen Appliances' market decline in 2023 (Source: BHETA).

Launched LAICA Water Filter Kettle & Toasters, Dual Flo, Air Treatment Range, Vacuum Appliances in UK, AO Water in China, Perfect Pour in NAM and more.

04.

Outlook

Current trading, outlook and guidance

- In light of the continued macro headwinds, which have resulted in a reduction in demand in kettle controls in the key export regulated markets of UK and Germany during H1 and a slower than anticipated recovery, the Group now anticipates Q3 adjusted profit after tax of £6.5m and for the full year to be in excess of £21m.

- Whilst recent order rates are tracking in a positive direction, evident from an increase in sales in Q2 this remains in smaller quantities than expected as customers continue to manage their cash balances prudently in key regulated export markets. Strix now anticipates the path to a return of normalised growth to take longer and for there to be a decrease in the short term revenues within this category.

- The Group's second half of the year is always stronger than the first and weighted to Q4 driven by the replenishment of stock and normal seasonal uplift, the PAT performance required in Q4 to achieve the full year outcome is lower than in 2022 and 2021.

- Despite the short term headwinds, Strix is also announcing Strategic Business Objectives which summary will deliver group revenue of £206m and gross profit of £80m by the end of FY 2026 reflecting the attractiveness of the underlying markets that it operates within.

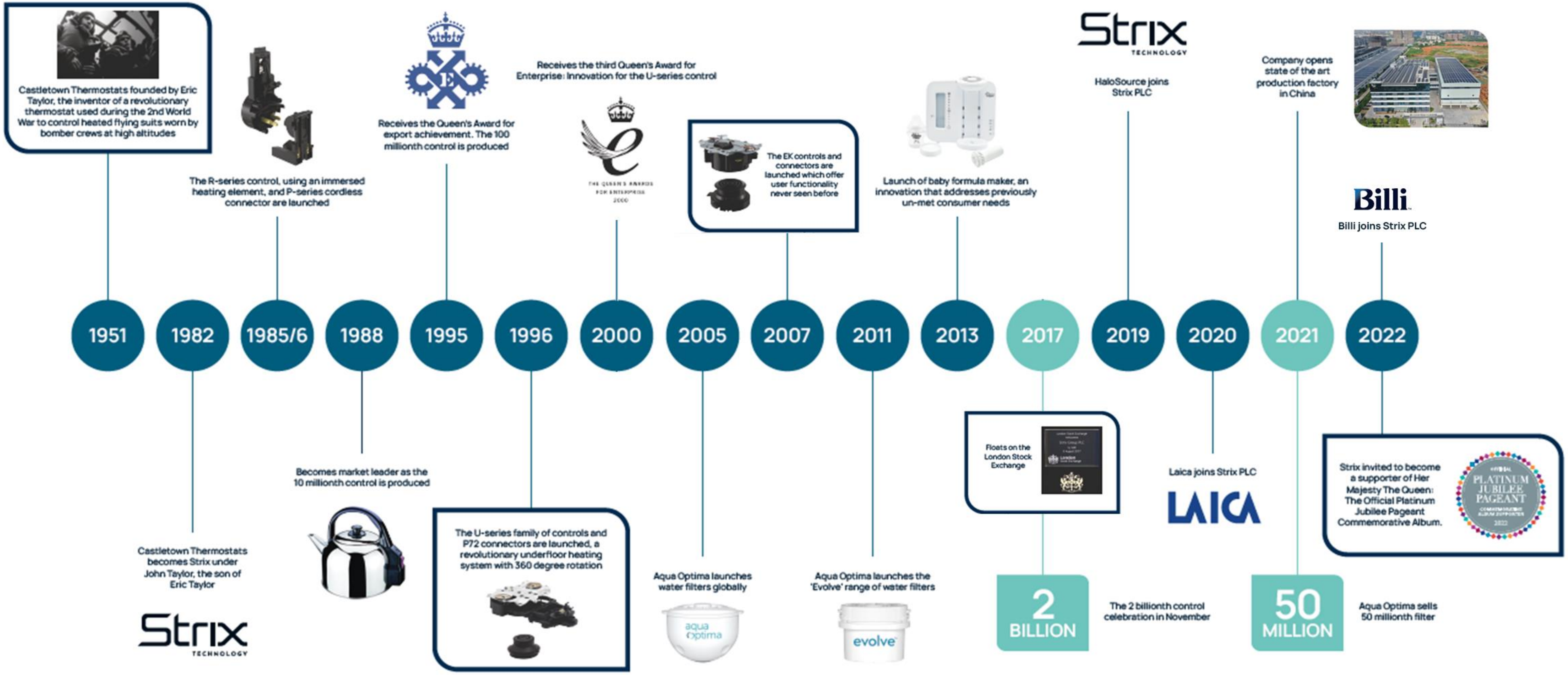
- Alongside this Strix continues to implement a range of strategic initiatives to minimise the impact of the headwinds it is facing, which includes an internal streamlining programme and a focus on the reduction of inventory in order to maximise cash generation for the Group.

- Also the successful integration of Billi will propel Strix into a new growth phase, further diversifying into these new areas whilst continuing to focus on the core Kettle Controls business with strong potential for greater top line growth and improved margins going forward.

05.

Appendix

Our story



PROUD TO PARTNER UNESCO BIOSPHERE ISLE OF MAN

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.

Thank You