Strix
TECHNOLOGY

Innovative & Sustainable Technology

Annual Report and Accounts 2024

P15 CEO Statement

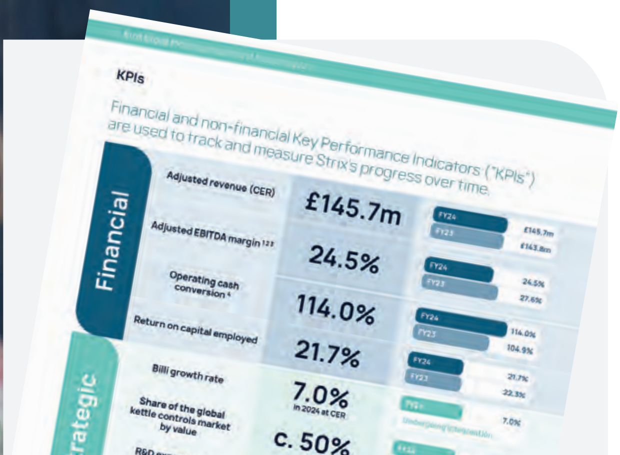

Investment Case

Strix is focused on its highly cash generative model, balancing debt reduction with strategic capital allocation into R&D and product development – increasing the Group's target addressable market in the coming year.

1. Dominant position in global controls with high barriers to entry

2. Diversified market focus with a global footprint

P19 Investment Case


KPIs

Financial and non-financial Key Performance Indicators ("KPIs") are used to track and measure Strix's progress over time.

Financial	Adjusted revenue (CER)	£145.7m
	Adjusted EBITDA margin	24.5%
	Operating cash conversion	114.0%
	Return on capital employed	21.7%
Strategic	Billi growth rate	7.0%
	Share of the global kettle controls market by value	c. 50%

P25 Key Performance Indicators

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Company Overview

Strix is a unique global supplier of sustainable technologies, on a mission to give ready access to innovative water, beverage, and wellbeing technology everywhere people come together.

- Manufacturing expert with precision engineering capabilities and comprehensive know-how on complex designs and production applications.
- Adheres to stringent quality and safety standards.
- Experience in developing products that meet end users' needs.
- Competence in go-to-market routes through own brands and with key partners globally.
- Renowned for innovation, sustainability, quality manufacturing and service.

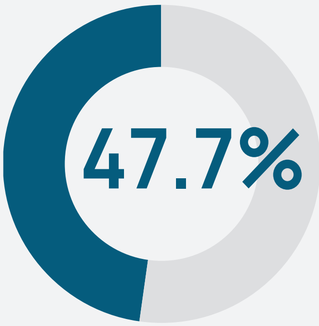
Our Vision: To have Strix products and technology at the heart of every home and workplace across the world.

Our Mission: To give ready access to innovative water, beverage, and wellbeing technology everywhere people come together.

Controls

Core product line of safety controls for kettles and small domestic appliances with a leading market share of approximately 50%.

Safer by Design



of adjusted Group revenue

£69.5m
of 2024 CER revenue

Billi (previously PFS*)

Premium instant boiling, chilled and sparkling filtered water systems with customers in commercial, institutional, retail and hospitality sectors.

Premium Instant Filtered Water

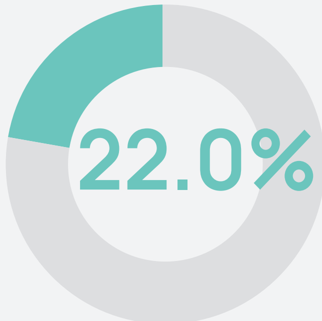
of adjusted Group revenue

£44.2m
of 2024 CER revenue

Consumer Goods

Dedicated to pioneering sustainability and innovation, creating products that enhance wellbeing in homes worldwide.

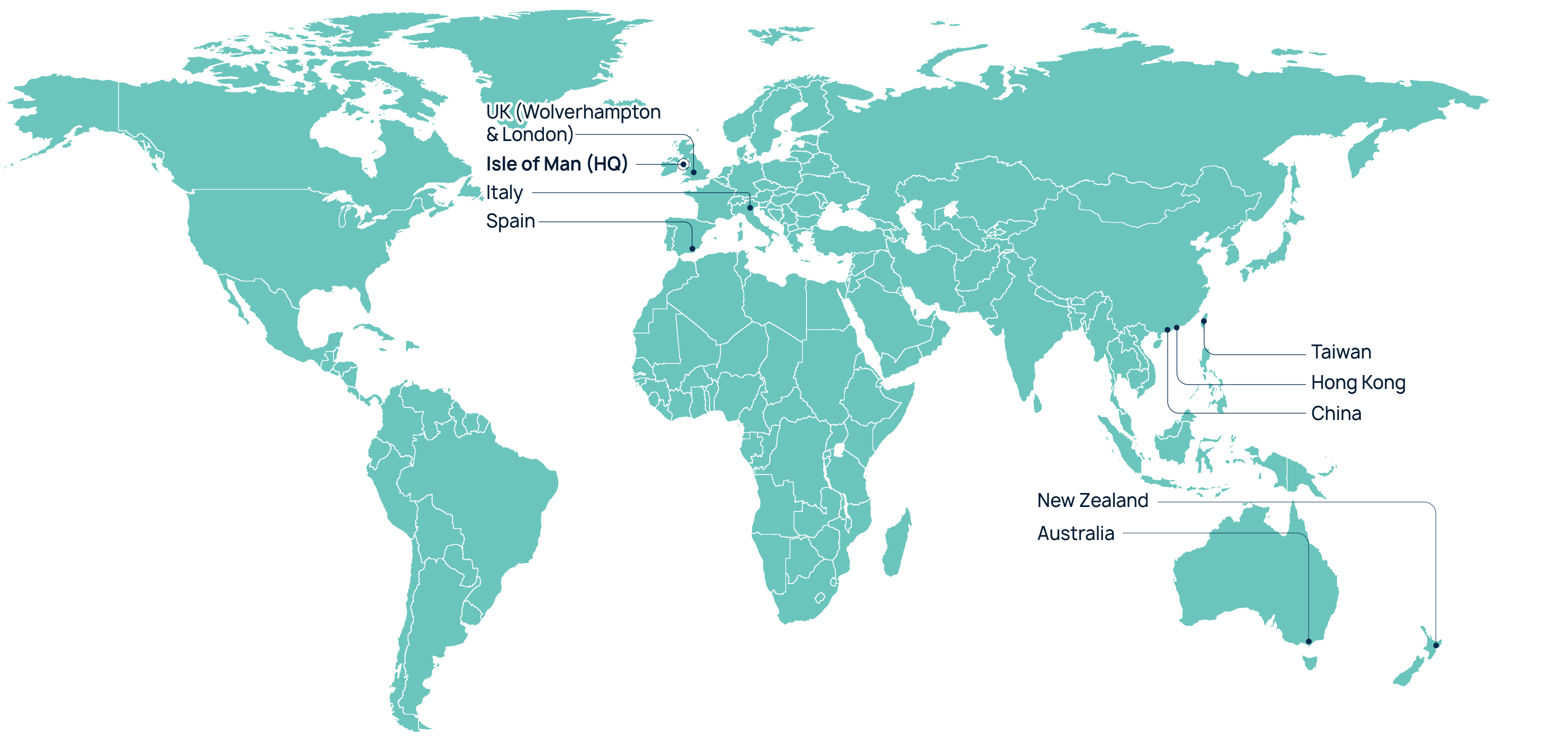
Wellness at Home for Over 50 Years



of adjusted Group revenue

£32.0m
of 2024 CER revenue

Strix has a global presence across Asia, Australasia, Europe and the US:



*PFS - Premium Filtration Systems

2024 Highlights[1]

(All figures at CER)[2]

Revenue

£145.7m

1.3%

FY24	£145.7m
FY23	£143.8m

Adjusted profit before tax

£18.7m

(16.3%)

FY24	£18.7m
FY23	£22.3m

Adjusted EBITDA margin

24.5%

(310bps)

FY24	24.5%
FY23	27.6%

Adjusted earnings per share

6.7p

(27.7%)

FY24	6.7p
FY23	9.2p

Net debt

£63.7m

(23.9%)

FY24	£63.7m
FY23	£83.7m

[1] Adjusted results from continuing operations exclude adjusting items and results from discontinued operations, see notes 6(b) and 28.

[2] "CER", being Constant Exchange Rate, is calculated by translating the FY24 figures by the average FY23 exchange rate, and "AER" being Actual Exchange Rate.

2024 Highlights

Management has maintained its focus on net debt reduction and cash generation, reporting a **£20.0m reduction in net debt** position during the year to £63.7m, with net debt leverage reduced to 1.87x, within Strix's announced target range of 1x-2x.

Welcomed Clare Foster as Chief Financial Officer, alongside additional key strategic hires across the business, bringing breadth of skills and experience to the Group.

Comprehensive restructure and rebasing of the business to support the Group's medium-term opportunities for profitable growth.

Delivered **adjusted profit before tax of £18.7m**, ahead of market consensus and comfortably within previously announced range of £18.0m-£19.0m.

The **integration of Billi** was completed successfully with division returning to double-digit growth rates in Q424.

Further **rationalisation of Consumer Goods division**, with a focus on more profitable products, geographic expansion and new product development.

The Group continued to leverage its market leading position in kettle controls, particularly in less regulated markets with **launch of new Low-Cost control.**

Structural drivers in Strix's key markets remain strong, led by **growth in less regulated markets**, rising salience of health and wellness trends and sustainability concerns and increasing urbanisation.

Business Model

The foundations of Strix's model leverages expertise and insights from across its diverse global footprint to provide best in class, high quality products.

With a consistent focus on new innovation, and optimisation, the Group is well positioned to help streamline operations, reduce costs, and enhance productivity for itself and its customers while staying ahead of emerging trends.

This enables Strix to deliver access to innovative water, beverage, and wellbeing technology everywhere people come together through its three operating divisions:

Controls

Strix's Controls division holds c. 50% value share of the global control market for kettle safety controls that are used over 1 billion times around the world, every day. Customers include Original Equipment Manufacturers ("OEMs"), brands and retailers all over the world. These relationships are supported by the Group's manufacturing expertise with precision engineering capabilities and wide know-how on complex designs and production applications. Patent-protected technology, appliance concept ideation and in-house industrial design services make Strix the strategic partner of choice for global brands and small domestic appliance manufacturers.

Billi (previously PFS)

Acquired in 2022 and now fully integrated, Billi designs and manufactures instant boiling, chilled and sparkling premium filtered water systems. Billi's products include proprietary water-cooled technology and cutting-edge filtration, coupled with distinctive design, premium service and support. The division's easy-to-install under-bench units offer substantial energy efficiency savings, generating revenues derived from product sales and maintenance services.

Consumer Goods

The Consumer Goods division has multiple go-to-market channels with its two core brands, LAICA and Aqua Optima, offering innovative consumer products to multiple market segments globally across online and off-line channels. The division also produces private label products for multiple large retailers and brands. Consumer Goods combines a global sourcing operation and strong manufacturing capabilities with exceptional facilities in both Italy and China and produces convenient, simple and sustainable product solutions across water filtration and small appliances.

This model creates value for all of the Group's stakeholder groups:

Investors	Strix's strategy to diversify its revenue stream in addition to its strengthened balance sheet means that the Group is resilient when it comes to macro headwinds. Flexibility in its divisions means that Strix can adapt to the changing markets in which it operates, supporting the Group's growth year on year.
Employees	Strix focuses on recruiting and retaining top talent who are aligned with its vision, mission, and values. Strix also invests in employee training, development and engagement initiatives to empower its workforce and foster a culture of excellence and agility, to adapt and respond to constantly changing market dynamics, customer preferences and competitive pressures.
Customers	Strix operates as a strategic partner and consultant within its markets, sharing its knowledge across the value chain to help its customers succeed. Besides finished products, Strix offers manufacturing, quality, and design services along with world-class expertise in water and heating technologies. It provides significant added value to the lives of customers, and consumers globally. Forward-looking innovation within Strix allows the Group to bring new technologies and ideas to partners, to take advantage of emerging trends.
Suppliers	Strix works closely with its suppliers to build strong relationships which brings value to both parties. In addition to supporting suppliers with compliance and regulation, Strix and its suppliers work together to devise solutions and innovation for improving supply chain and logistics processes, as well as solving technology challenges.
Communities	As a financially successful business, Strix is in a strong position to give back and acknowledge its responsibility to the communities in which it operates. Strix aims to strengthen its position as a global, socially responsible employer, whilst reinforcing its corporate culture and employee pride in its positive contribution to all of its local communities across the Group.
The Environment	Human impacts on the environment are increasingly recognised as harmful to the long-term sustainability of society and the planet. Not only is managing the environmental impact the right thing to do, but delivering environmentally friendly products is key to Strix's growth strategy.

About Strix – Divisions

Controls

- **Leading market position, holding c.50% of the global control market by value for kettle safety controls, used over 1 billion times around the world, every day.**
- Strong direct relationships with OEMs, brands and retailers globally.
- Extensive expertise and global presence builds and maintains market share while acting as a barrier to entry for competitors.
- Patent-protected technology, appliance concept ideation and in-house industrial design services make Strix the strategic partner of choice for global brands and small domestic appliance manufacturers.

Market

- Global Change to Small Domestic Appliances ("SDA") market to reach 4.1 billion units in 2029 (c. 1.5% CAGR growth 2024-2029).*
- Strix categorises the controls market into three main segments:
  - **Regulated markets**
    The goal is to uphold and improve majority share through the development of innovative new products with features that enhance customer value and more widely promote the Strix Global Support Service.
  - **Less regulated markets**
    Strix has the opportunity to grow more aggressively in this market, through leveraging established OEM partnerships, enhancing Strix brand recognition and introducing a new range of Low-Cost controls.
  - **China domestic market**
    China consumers demand new solutions where traditional products are being left behind. A rigorous value-based approach to product development and automation process improvements will drive Strix's share in this extremely cost-competitive market, supported by the launch of new Low-Cost controls.

Strategy

- Profitably grow revenue through the introduction of innovative new products focused on sustainability, safety and convenience.
- Leveraging the Group's global manufacturing footprint to drive cost efficiency and improve sustainability.
- 'Good', 'Better' and 'Best' range classification ensures Strix products are aligned to match customer need and price points.
- Expanded range of design options with a focus on aesthetic trends, consumer energy saving and OEM cost benefits.
- Commercialise new applications for controls in emerging high growth appliance categories.
- New product development including Next Generation Series Z control range provides brands and appliance designers with considerably more freedom to expand their product ranges.
- Ongoing focus on defending Strix's intellectual property and identifying counterfeit or non-compliant kettles that may pose safety risks, particularly on sale through online platforms.

Source: Statista

Growth opportunities

- New applications of controls in SDA markets such as milk frothers, healthy eating appliances, travel kettles and flasks.
- Expansion of market share in less regulated markets through increased penetration of kettles and rising consumer demand for new features.
- Next Generation of innovative controls is making good progress, with OEMs qualifying their use in new appliances, the first of which will be ready for launch in 2025.
- Market share growth in China driven by increased adoption of Strix Low-Cost controls.

Product spotlight – Low Cost Control

Launched in H224, tailored to the China domestic and selected less regulated market requirements, to increase Strix's target addressable market.

About Strix – Divisions continued

Billi (previously PFS)

- **Billi designs and manufactures instant boiling, chilled and sparkling premium filtered water systems.**
- Acquired in 2022 and successfully integrated into wider operations in support of Strix's strategy of new product development and geographic expansion.
- Proprietary, water-cooled technology and cutting-edge filtration are coupled with distinctive design, premium service and support.
- Billi's easy-to-install and use under-bench units are space saving in design, virtually silent in operation and offer substantial energy efficiency savings.
- Now emerging as a global player with expanding geographical reach.
- Billi Eco, Quadra and Quadra Plus products are certified Gold Level under Global GreenTag standards.

Market

- Estimated market growth forecasts for the global boiling water tap market from 2024 to 2030 range between CAGR 5.9% and 7.5%.*
- Consumers actively moving away from sugary beverages and towards healthier alternatives, such as filtered water.
- Increasing awareness regarding water quality and collective consciousness around sustainability, health and wellbeing.
- Growing preferences for more environmentally-friendly solutions continue to drive the adoption of under-bench drinking water systems, with the emphasis on reducing single-use plastics and energy efficiency.
- Established market presence in Australia, New Zealand and the UK, with Singapore and Hong Kong also performing well. Few geographies represent saturated markets today, with Europe, China and the wider South-East Asia region considered as high potential growth opportunities.

Strategy

- Utilise existing and newly developed technology to enter the larger residential tap market, with the 'Billi at Home' sub brand, and leverage synergies with the existing consumer goods footprint.
- European partnership agreements supporting geographical growth into new territories, supported by Billi UK.
- Strong new product development to significantly increase addressable target market, driving sales in new geographies and sectors.

Growth opportunities

- Expand geographical distribution in residential and commercial markets, with a particular focus on roll-out in Europe. Southeast Asia and Middle East are also key growth markets.
- Other growth drivers within this segment include custom tapware finishes and design profiles, and the ability to conserve space requirements.
- Recurring revenue streams from Billi include rental, servicing contracts and filter replacements.

**Source: STATS Market Research*

Product spotlight - Multifunction Mixer Tap

- One multifunctional fixture to match Billi's range of instant filtered boiling, chilled, sparkling and mains fed hot and cold water systems.
- Over two years of innovation and rigorous testing to ensure optimal user experience.
- Billi's Multifunction Mixer Tap won a prestigious Good Design Award (in 2023). The award recognised the tap for its outstanding design and innovation, highlighting its functionality and aesthetic appeal.

About Strix – Divisions continued

Consumer Goods

- **Consumer-focused approach across multiple go-to-market channels.**
- Two core brands, LAICA and Aqua Optima, offer innovative consumer products to multiple market segments globally across online and off-line channels.
- Private label and trade brand agreements with multiple large retailers and brands.
- Convenient, simple and sustainable product solutions across water filtration and small appliances.
- Strong manufacturing capability with exceptional facilities in both Italy and China to drive branded and OEM businesses across both appliance and water filtration categories.

Market

- The global water purifier market size is projected to grow from US$35 billion in 2024 to US$63 billion by 2032, exhibiting a CAGR of 7.6%.*
- Changing purchasing habits and disposable income challenges mean less consumer loyalty and a rise in private label and challenger brands.
- Strix's high quality LAICA brand is well positioned to take market share versus the competition in water filtration.
- Despite cost of living crisis, sustainability remains a key concern and consideration in many consumer purchase journeys.
- Concerns over waterborne diseases and contaminants propel demand for affordable drinking water solutions that offer superior filtration and purification capabilities.
- Increasing consumer appetite for high-quality coffee machines is accompanied by growing demand for water filtration systems required to maximise taste and machine lifespan.

Growth opportunities

- Expand OEM contracts and partnerships in water filtration and appliance manufacture.
- Grow brand awareness concentrating investment on the LAICA brand across key target territories.
- Introduce new, health and wellness home focused products across water filtration and small appliances.
- Focused expansion and growth in European markets, and the UK leveraging manufacturing in Italy.
- Further expansion into Asian markets.
- Strategically targeting incremental market segments addressing customer needs and adding value.
- Grow trade brand manufacturing agreements with multiple large retailers both for filters and appliances.

Source: Fortune Business Insights

Strategy

- Divisional restructure during 2024, rationalising product lines, moving to higher automation levels for filters manufacturing in Italy and extending specific appliance manufacturing in Strix's factory in China, improving medium term margins.
- Focus will be on geographical expansion and launch of new higher margin products to maximise profitability.
- Manufacturing appliances for the UK's leading baby brand in its China factory with further products scheduled to be introduced in H225.
- The Strix roadmap for new water products aims to enhance filtration capabilities, expanding into new channels and addressing rising demands linked to the worldwide pollution of specific contaminants and evolving preferences for filtered water characteristics.
- Strix continues to develop products to address sustainability concerns.
- Strix holds significant contracts within the private label water filtration market which is poised to grow as many consumers trade down to private label alternatives.
- Focus on functioning as an OEM partner, a technology provider and a higher margin consumer products enterprise.

Product spotlight - LAICA Healthexpert

LAICA's most balanced filter ever: Removes up to 92.0% of PFAs (emerging 'forever chemicals') and other contaminants whilst enhancing magnesium content, to support a healthy lifestyle.

LAICA's first ever filter compatible with all Brita jugs; launching this new filtration solution to target emerging water contaminants whilst addressing consumer health trends, with the ultimate objective of gaining market share in core markets.

Product spotlight - LAICA New Handheld Vacuum Machine (VT-3402)

Introducing LAICA's new mini vacuum pump

Compatible with LAICA's premium range of vacuum containers.

Addressing consumer needs and frustrations surrounding food waste, and desires to eat more fresh, healthy food.

Objective is to increase category penetration with a convenient, easy to use and simple to store solution that helps consumers conserve fresh food for up to five times longer.

Chairman's Statement

Delivering Against Strategic Objectives

In 2024, Strix conducted further restructuring and rebasing efforts, substantially reduced its debt position and refocused the Group for medium-term profitable growth.

"With a highly experienced management team, a streamlined and refocused business and strong demand drivers in the Group's underlying markets, the Board is confident in its ability to deliver value against its strategic objectives."

Gary Lamb
Non-Executive Chairman

Looking back on 2024, it is pleasing to say that Strix is now in a much stronger and more robust position than it was 12 months ago. The Group has undergone significant restructuring and rebasing efforts which have helped build strong foundations and support an accelerated growth profile.

During the year, macroeconomic and geopolitical conditions in key markets remained challenging. However, as a result of the proactive measures undertaken by the Group over the last 12 months and with a stronger balance sheet, Strix is now excellently placed for future growth, profitability and cash generation. The Group remains singularly focused on delivering against its strategic objectives, as the Group progresses in its mission to provide ready access to innovative water, beverage and wellbeing technology wherever people come together.

Reducing Strix's net debt position has remained a key priority in 2024 and through a combination of prudent capital controls and other cash conservation methods, debt leverage has been retained at 1.87x. This is comfortably within the Group's specified forward-looking appetite of between 1.0-2.0x. With lower net debt debt levels, the Group is able to make measured and focused capital investment in innovation and new product development, helping to drive strategic expansion across the business.

It has been encouraging to see the effects of Strix's divisional restructure driving efficiency improvements across the business. Completing the disposal of Halosource, further streamlining the Consumer Goods division and the relocation of some of the manufacturing at the Ramsey factory to the Group's facility in China, has driven efficiency and cost savings, which has been a key part of Strix's strategy over the last 12 months.

The restructuring efforts in Consumer Goods over this year have resulted in a more streamlined and refocused division that is now excellently placed to deliver sustainable growth. This has involved a rationalisation of product lines and simplifying brand architecture across Strix's divisions.

The focus now is driving geographical expansion and continuing to launch innovative new products to address increasingly diverse consumer demands. The Group is also focused on enhancing its function as an OEM and expanding its contracts and partnerships in this area. Strix's brands are excellently placed to secure increased market share moving forward and the Board is excited for the progress this leaner, refocused division can deliver throughout 2025.

Last year, the Group discussed its intention to grow LAICA as a centre of excellence and this has been progressing well. Strix has established new key distribution agreements and is continuing to further position LAICA as a European leader in products for consumers wanting to achieve "wellness at home". During the year the Group was also able to celebrate LAICA's 50-year anniversary, a key milestone for Strix and highlights the rich history of innovation of one of the Group's key brands.

In the Controls division, Strix continues to leverage its leading market position in the industry, holding c. 50% of the global kettle control market by value. The Group is now focused on growing revenue through innovation, with a key drive on new product development and expansion in the breadth of the Group's offerings, alongside continuing to aggressively defend its IP globally. The Group expects to see an improvement in market penetration over 2025, particularly in less regulated markets where products like Strix's new Low-Cost and Next Generation controls are expected to help drive future expansion.

Billi is performing well, returning to double-digit growth in Q424. Customers continue to actively move away from sugary beverages towards other alternatives such as filtered water which is driving market adoption. Billi continues to provide an excellent energy saving, small footprint, quiet operation and easy-to-install value proposition that fits well with both high-end residential and commercial requirements. Strix will capitalise on this opportunity through new product development, benefitting from its core engineering expertise, to increase the addressable market, as well as expanding the Group's geographical distribution.

This year Strix was delighted to welcome Clare Foster as its new CFO. Clare has over 25 years of experience working in international businesses. Having Clare on board has strengthened the management team during this pivotal moment for the Group and her knowledge and experience has been essential to the Group's rebasing efforts this year. Following Clare's appointment, Mark Kirkland returned to his role as a Non-Executive Director on the Board. The Board would like to thank Mark for his invaluable contribution as interim CFO during the transition period.

The Group was also pleased to welcome a number of key strategic hires in 2024, evidencing Strix's continued commitment to excellence.

These key hires were made across the business and strengthened the senior leadership, including enhancing the treasury function, Billi management and bolstering the commercial and business teams.

In common with Strix's peers, 2024 presented a challenging business environment for the Group's global operations, but despite the various headwinds, Strix has made strong strategic progress.

The Board would like to thank the Strix team for their hard work. The Group is in a much stronger position than it was 12 months ago, the balance sheet has been strengthened, the net debt position significantly improved and divisional restructuring activities are now bearing fruit.

The Board would also like to take this opportunity to thank its shareholders for their continued support. With a highly experienced management team, a streamlined and refocused business and strong demand drivers in the Group's underlying markets, the Board is confident in its ability to deliver and create value for its shareholders.

Gary Lamb
Non-Executive Chairman
29 April 2025

Chief Executive Officer's Statement

2024: A Year of Refocus

Adjusted revenue (CER)

£145.7m

1.3%

2023: £143.8m

Adjusted profit before tax

£18.7m

(16.3%)

2023: £22.3m

"Alongside carefully managing debt reduction, management has ensured appropriate investment has continued to be made across the Group to protect new product development and other projects to support the long term growth prospects of the Group."

Mark Bartlett
Chief Executive Officer

Introduction

2024 was a year of refocus for Strix, during which significant changes were made to the leadership team and the structure of the business and it is pleasing to report that each of these initiatives are beginning to deliver results. The Board's priority has been to cement strong foundations for Strix's medium-term growth. Despite the continued global market volatility, the Group remains resilient and is now in a stronger position to execute against its growth strategy.

While much of the restructuring carried out this year has been with cost savings in mind, selective investment has also been made in areas and projects that produce higher returns for the Group. This flexibility, in addition to the strengthened balance sheet, allows Strix to focus on its market leading technology and innovation which supports the Group's future growth.

In addition to the structural improvements made across the Group, Strix has further strengthened its senior leadership by enhancing the treasury function and Billi leadership, as well as the commercial and business development teams to support its long-term growth ambitions.

Deleveraging

Net debt reduction and cash generation has remained a priority for the Board in 2024 and the Group is pleased to report a £20.0m reduction in the net debt position to £63.7m. This has been achieved through the implementation of a number of self-help actions to conserve cash, via enhanced working capital management and a careful deceleration of capital expenditure. This was bolstered by an equity placing raising gross £8.7m as announced on 12 June 2024.

Alongside carefully managing the debt reduction, management has ensured appropriate investment has continued to be made across the Group to protect new product development and other projects to support long-term growth prospects.

Restructuring

As part of its rebasing efforts, Strix undertook several initiatives in the year to support a more efficient and effective structure. Medium-term growth aspirations have been prioritised with a focus on commerciality across the Group to better support sustainable revenues and improved margins.

Strix relocated parts of its manufacturing capabilities, primarily the press production lines, from its Ramsey factory to its China facility, with the core technology of blades production, a key part of the Group's heritage, remaining on the Isle of Man. This allows for more cost effective and efficient transportation of raw materials, as well as being more environmentally friendly, thereby aligning with Strix's robust ESG strategy.

The Consumer Goods division has refocused its commercial priorities to support projects with higher returns, namely high margin product launches. This has resulted in structural improvements through further rationalisation of product lines and optimising headcount. This provides greater flexibility to selectively invest time and resources for the short and medium-term.

As stated in the H124 interim results announced in September 2024, the Group concluded a comprehensive review of its HaloSource unit (the smaller part of the formerly named Premium Filtration Systems ("PFS") division) and agreed that the Group would dispose of the business on the open market as the HaloSource technology did not align with the rest of the Group's focus on smaller scale domestic filtration products. The business had been loss making since acquisition and was forecast to continue to be so for the medium term, whilst requiring additional investment to support ongoing growth. The HaloSource unit was sold for a nominal value on 30 November 2024.

There have been a number of write-off/impairments and other adjusting items that have been booked during 2024 (see note 6(b)), as a result of the restructuring and rebasing of the business through the activities described above.

The segmental reporting structure, as outlined in the Group's H124 interim results, now comprises:

1. Controls
2. Billi
3. Consumer Goods

Market

Despite macroeconomic and geopolitical headwinds causing much market volatility in 2024, the Group's structural growth drivers remain constant.

Political and economic uncertainty in key regulated markets such as the UK, Germany and the US impacted on consumer spending. However, the Group has seen significant initial interest in the launch of the new Low-Cost control products tailored for customers in less regulated markets, further supporting Strix's commercial decision to invest in this new technology.

Another key driver of Strix's markets is the growing popularity of health and wellness and the increasing consumer focus on using sustainable products, which is particularly pertinent to all divisional product suites.

Urbanisation and the return to office refurbishment post Covid are also key drivers for the Group as both consumers and corporate organisations look to upgrade their appliances, this change is particularly relevant to Billi.

Overall, Strix expects the global Small Domestic Appliance ("SDA") market to reach 4.1 billion units in 2029 (c. 1.5% CAGR growth 2024-2029).

Controls

The Controls division contributed £69.5m (CER) in adjusted revenue for the year, after experiencing relatively lower trading for parts of H224, particularly in regulated markets, namely the UK and Germany. Sales in H124 were stronger as a result of a pipeline refill, however underlying consumer demand into H224 declined due to cost price inflation, cautious discretionary spending and international political uncertainty.

Positively, the Controls division saw the launch of the new Low-Cost control, which has been well received by the Group's customers in less regulated markets, and sales commenced in China in the second half of the year. Following planned capital investments in H224, which has continued into the new financial year, the development of the Next Generation of innovative controls is making good progress. OEMs are qualifying their use in new appliances, which will be ready at the end of H125, further protecting Strix's market-leading position and supporting barriers to entry.

Chief Executive Officer's Statement continued

Billi

Billi returned to double-digit growth rates in Q424, following on from the successful launch of the new multifunction mixer tap and OmniOne under-bench unit, contributing £44.2m (CER) in adjusted revenue to the Group. The division has seen an increase in sales in Europe following successful progress on the division's geographical roll-out strategy focused on Europe, securing seven distribution contracts at the time of this announcement. New products continue to gain traction in in Australia, with expected UK launch dates in H125.

Billi's key growth areas are focused on developing recurring revenue streams; product sales, rental, servicing contracts and filter replacements, expanding international distribution in residential and commercial markets and developing custom tapware finishes and design profiles.

Consumer Goods

The Consumer Goods division reported £32.0m (CER) in adjusted revenue. The rationalisation of product lines has allowed for a better focus on more profitable revenue streams, including extending successful product ranges and deepening relationships with key OEMs.

New product launches include the first Brita-compatible filter to target emerging water contaminants whilst addressing consumer health trends and LAICA's new Handheld Vacuum Machine to increase category penetration with a convenient, easy to use and simple to store solution that helps consumers conserve fresh food for up to five times longer.

A number of incremental retail contracts have been secured for 2025, the Group began manufacturing appliances for an existing baby brand OEM customer out of its China factory and further products are scheduled to be introduced in H225. This new revenue stream is relatively lower margin than other routes to market, however it is offset by the much higher quality customer engagement, after-sale consumables and retention opportunities it provides to the Group.

IP & protection strategy

Strix continuously monitors risks and threats from the competitive landscape, resulting in constantly evolving innovative technology. New products and solutions are protected by a robust IP strategy and sustainable investment, and the Group retains consumer safety at the core of its product development strategy.

Strix continues to work with regulatory enforcement authorities to identify and remove unsafe and poor quality products from its major markets. Strix has successfully taken actions against patent infringement throughout the year, including cases in South Africa, India and China.

Strix's market leading position is built on its unique relationships with its brands, retailers and OEMs. The Group's comprehensive know-how on complex design and production applications allows it to provide valuable support across the production chain, including product design and advice on specification and manufacturing solutions, as well as the product's ongoing lifecycle. Strix's reputation for customer focused services and solutions cements strong relationships, ensuring brand strength and positioning Strix as a trusted partner in the market.

Sustainability

Sustainability has always been at the core of Strix's purpose driven strategy for growth. 2024 was another year of solid progress for the Group's sustainability journey, which is built around Strix's Planet, People, Purpose philosophy, aligned to the UN's Sustainable Development Goals.

All of the Group's primary operations were carbon neutral in the year, including Billi for the first time. Energy consumption for the Group increased by 7.0% to 15,930MWh, due to expansion of the Chinese facility. The Group's on-site solar installations generated 1,318MWh of electricity, a 2.1% increase. This accounted for 9.0% of total Group power consumption, down slightly on the 9.6% of the previous year, reflecting higher overall energy consumption with no further solar capacity added in the period.

Sustainability is embedded into Strix's new product roadmap. The Group continued with prudent spending in the year, supporting strategic research and development costs to ensure positive future growth. The Group invested in the Next Generation control as it enters commercialisation, and in the increased level of co-development with the Group's western branded partners as they look for innovative new products and solutions.

Dividend

Strix has continued to make strong progress on achieving its goals for the year, in particular the transformative restructuring and rebasing of the business and reduction of the net debt position to well within the targeted range of 1.0x-2.0x. The Company also continues to see opportunities in its key markets and appropriate investment across the Group remains ongoing to protect new product development and other projects to support growth aspirations over the medium-term.

Macroeconomic conditions continue to be challenging and it still remains too early to determine the global net impact of the evolving tariff arrangements on the Group. To be prudent, the Board has decided to reinstate the FY24 final dividend of 1.28p per share but for payment to take place in December 2025 alongside the FY25 interim dividend. A resolution to seek approval for the FY24 final dividend payment will be sought in a general meeting to be scheduled in Q425.

Outlook

Following the rebasing and restructuring activities undertaken in FY24, and with leverage remaining within the medium-term stated range of 1.0x to 2.0x, Strix is now in a stronger position to focus on medium-term growth.

In April 2025, management once again attended the Canton Fair, China's premier international export event. This provides Strix with valuable opportunities to engage with existing customers and partners. Despite the obvious uncertainty surrounding US tariffs, there was plenty of activity, with more than 3,000 models of kettles on display and Strix visibly holding market share. The show was well attended by OEMs and brands alike, and the Group was particularly pleased to see a strong pull for the Next Generation controls and new technology offering.

While it is still too early to be definitive about the global net impact of the evolving tariff arrangements on the Group, Strix's direct sales into the USA are limited to c. £7.0m, with no material sales from Consumer Goods and none from Billi. Strix remains attentive to navigate the broader inflationary effects of rising global tariffs and any potential indirect consequences.

In the Controls division, initial sales of the new Low-cost control have been positive, expanding Strix's target addressable market. The division's Next Generation control remains on track to be formally launched in H125. The newly launched Industrial Design service proved to be of particular interest at the fair, with multiple projects signed up to and more to follow. Despite a strong start to the year, there is some evidence that macro-uncertainties could weigh on Q225 sales volumes. If this does continue, then Strix expects to see trading volumes in our Control's division normalise back to a greater H2 weighting in FY25.

Billi's double-digit growth has continued into H125 as it gains further traction with customers across its key target markets in Australasia and Europe. Scheduled product launches are underway in the UK and Europe as planned supported by strong customer appetite.

Consumer Goods has seen its white label retail contracts continue production for its leading OEM customer in the global baby brand, and has ramped up manufacturing in the Group's China facility. The division has seen some initial weakness in certain sectors, including online sales in Q125. However, with the recruitment of a new dedicated ecommerce sales lead, the division is already implementing appropriate strategies to improve sales for the remainder of the year. Following the division's restructure, it is now in a stronger and better focused position to execute on the sale of more profitable products, geographic expansion and new product innovation.

With a strengthened balance sheet, growth prospects for Strix and its divisions remain compelling and as a market leader, Strix continues to be well positioned to capitalise on these opportunities. Looking ahead, there can be no doubt that the macroeconomic and geopolitical environment will continue to present challenges. However, notwithstanding this, the strong foundations of the Group mean the Board remains confident in the Group's outlook, with its full year expectations unchanged.

Mark Bartlett
Chief Executive Officer
29 April 2025

Investment Case

Strix is focused on its highly cash generative model, balancing debt reduction with strategic capital allocation into R&D and product development – increasing the Group's target addressable market in the coming year.

1.

Dominant position in global controls with high barriers to entry

- Strix's high value market share in controls gives it attractive margin and cash characteristics, generating cash flow to further cement its leading position through strategic investment into R&D and new product development.
- Global market value share of kettle controls remained stable in Strix's regulated and less regulated markets, despite trading volatility in Q424 in its key regulated end consumer markets, such as the UK and Germany. Strix's dominant position means it is well placed for when these markets stabilise.
- The Group holds extensive patented IP, with measures in place to report infringement and remove copyist products from the market.

2.

Diversified market focus with a global footprint

- Successful launch of Low-Cost controls tailored to less regulated and Chinese markets to protect market share and increase target addressable market. The Group has already secured a significant new customer in China.
- Key initiatives going forward include new patent protected "Next Generation" controls, which are already undergoing customer testing with preparations for volume manufacture underway.

3.

Significant growth opportunities presented by Billi and restructured Consumer Goods division

- Following on from a successful product launch, Billi returned to double-digit growth at the end of 2024, and Strix anticipates this momentum to continue as it uses its international reach to expand Billi into new markets and geographies.
- Billi product launches in Australia and New Zealand provide a strong foundation upon which the division is executing its geographical roll-out strategy.
- European expansion for Billi via strategic sales and service partners continues to progress with new distribution contracts into 2025.
- Successful divisional restructuring in 2024 streamlined and refocused Consumer Goods division to drive ongoing profitable growth.
- Extended key OEM relationships and newly secured private label customers, expand market access.

4.

Highly cash generative operating model

- Chinese Controls customers generally operate on a cash in advance basis, with close working capital management across the rest of the Group driving strong operating cash conversion of >100% in FY24 and FY23.
- Significant prior investment into capacity and automation provide a strong foundation for growth, with a relatively low ongoing capital expenditure requirement.

5.

Disciplined Capital Allocation Framework and deleveraging strategy

- Strix's Capital Allocation Framework is designed to maximise long-term shareholder value creation by prioritising the investment of free cash into high-value growth initiatives.
- Deleveraging is a key focus of management, and Strix has already achieved improvements in its leverage position over the year, allowing the Group to maintain a year end net debt leverage of below 2x.
- Self-help initiatives – prudent cost control and cash conservation actions have resulted in strong cash generation in 2024.
- Continual implementation of responsible capital allocation and cost cutting measures will support ongoing organic investments for profitable growth, including into R&D.
- Management remains committed to creating value for shareholders. Following successful restructuring and balance sheet strengthening activity, it is Strix's intention to reinstate the final dividend for FY24.

6.

Highly experienced management team who are invested in Strix

- All key management are invested in Strix via direct share ownership and LTIP schemes to ensure appropriate alignment with shareholders' interests.
- The appointment of Clare Foster to the Board and Executive team, bringing a wealth of knowledge and experience, having spent 25 years in international business.
- Strong strategic hires across the Group including key hires in Treasury, Billi, Operations and Commercial teams.

7.

Strong ESG credentials

- Sustainability and wellbeing for all society remains at the heart of Strix's mission.
- Comprehensive Board-led sustainability strategy embedded within core business activities and aligned with key and relevant UN's Sustainable Development Goals.
- Range of initiatives focused on full spectrum of Environmental, Social and Governance considerations with baselines established to track improvements and monitor progress year on year.

Chief Financial Officer's Statement

Results from continuing operations[1] Adjusted measures	CER[3] FY24 £m	CER[3] Change %/bps	AER FY24 £m	AER Change %/bps	FY23 £m
Revenue	145.7	1.3%	144.0	0.1%	143.8
Gross profit	54.6	-4.6%	54.0	-5.8%	57.3
Gross profit %	37.5%	-230bps	37.5%	-230bps	39.8%
EBITDA	35.7	-10.0%	35.4	-10.8%	39.7
EBITDA %	24.5%	-310bps	24.6%	-300bps	27.6%
Operating profit	27.6	-15.1%	27.5	-15.6%	32.5
Profit before tax	18.7	-16.3%	18.5	-17.1%	22.3
Net debt[2]			63.7	-23.9%	83.7
Net debt leverage			1.87x	-14.6%	2.19x
Operating cash conversion			114.0%	910bps	104.9%
ROCE			21.7%	-60bps	22.3%
Diluted earnings per share (pence)	6.7	-27.7%	6.6	-28.0%	9.2
GAAP Measures					
Revenue			141.8	-1.4%	143.8
Gross profit			50.9	-10.9%	57.2
Gross profit %			35.9%	-390bps	39.8%
Operating profit			13.9	-50.8%	28.3
Profit before tax			5.0	-72.6%	18.1
Diluted earnings per share (pence)			0.8	-88.7%	7.5

[1] Adjusted results from continuing operations exclude adjusting items and results from discontinued operation, see notes 6(b) and 28.
[2] Net debt is as defined by the Group's bank facility agreement and excludes the impact of IFRS 16 lease liabilities and accrued interest.
[3] "CER", being Constant Exchange Rate, is calculated by translating the FY24 figures by the average FY23 exchange rate, and "AER" being Actual Exchange Rate.

"Looking ahead, the Group intends to initiate a full competitive refinancing process in the coming months to provide appropriate, cost effective and flexible funding to support the Group's medium-term investment driven growth aspirations."

Clare Foster
Chief Financial Officer

Continuing operations	FY24 (CER)				FY24 (AER)				FY23 (AER)	
	Adjusted Revenue £m	Change	Adjusted GP%	Change	Adjusted Revenue £m	Change	Adjusted GP%	Change	Adjusted Revenue £m	Adjusted GP%
Controls	69.5	-0.9%	36.3%	-270bps	69.5	-0.9%	36.3%	-270bps	70.1	39.0%
Billi (previously PFS)	44.2	7.0%	46.5%	-40bps	43.1	4.4%	46.6%	-30bps	41.3	46.9%
Consumer Goods	32.0	-1.2%	27.7%	-490bps	31.4	-3.1%	27.6%	-500bps	32.4	32.6%
Group	145.7	1.3%	37.5%	-230bps	144.0	0.1%	37.5%	-230bps	143.8	39.8%

Unless stated otherwise, amounts and comparisons with prior year are calculated at CER, and where we refer to 'adjusted' this is defined as being before adjusting items. All comparisons have been made based on continuing operations only.

Adjusted revenue

Despite challenging macro conditions in Q424, and the ongoing rationalisation of the Consumer Goods division, Group adjusted revenues continued to grow reaching £145.7m, representing a 1.3% increase (at CER) against the prior year. At AER, growth was lower at 0.1%, reflecting foreign exchange headwinds in the form of a weaker AUD and EUR. Reported revenues decreased by (1.4)% to £141.8m (FY23: £143.8m).

The Controls division remained broadly in line with prior year, reporting a slight decrease of 0.9% at CER to £69.5m (AER: 0.9% to £69.5m, FY23: £70.1m). Despite the widely publicised year end macro volatility in key end markets such as the UK and Germany, the Group has continued to see some year on year volume recovery in its higher margin regulated/less regulated sectors (averaging 85.0-90.0% of division revenues). However, as reported in HY24 this has been offset by a decrease of c.25.0% in the lower margin China market, reflecting both a slowdown in this part of the market, and a market share reduction as the Group continues to walk away from non-profitable business. Looking ahead, the strategic investments the Group is making into its Low-Cost control product are already driving volume recoveries in this highly price-sensitive market.

Following on from the successful introduction of new products into the Group's established Australian market in Q324, Billi returned to double-digit growth, leading to a solid overall year on year growth of 7.0% at CER to £44.2m (AER: 4.4% to £43.1m, FY23: £41.3m). This division continues to offer the Group significant future opportunities, through the development of a residential product and the ongoing geographical expansion into Europe.

Consumer Goods sales were slightly down, by (1.2)% at CER to £32.0m (AER: down (3.1)% to £31.4m, FY23: £32.4m), predominantly as a result of the previously announced successful restructuring and rationalisation initiatives (see note 6(b)). Looking ahead, actions taken will see this part of the Group able to focus more effectively on its core growth opportunities.

Adjusted trading profit

The Group experienced a decrease of (230)bps to 37.5% (AER: 37.5%; FY23: 39.8%) at adjusted gross margin level, predominantly driven by the Controls and Consumer Goods divisions.

In Controls, adjusted gross margin decreased by (270)bps at CER (AER: (270)bps to 36.3%; FY23: 39.0%). This is largely due to increased commodity costs and a weaker USD, offset in part by the favourable market mix noted above. Looking ahead, currency and commodity cost volatility is expected to continue to impact gross margins. Although where possible, the Group will work to manage this via appropriate hedging and pricing strategies. The introduction of the new Low-Cost control will increase the Group's access to the low margin China market. Whilst this is expected to drive revenue growth as volumes recover, it will also have a dilutive impact on average divisional gross margins going forward.

Billi continues to report the highest adjusted gross margin in the Group, staying broadly in line with the prior year at 46.5% at CER (AER: 46.6%; FY23: 46.9%). Looking ahead, the Group expects adjusted gross margin to remain at this elevated level, supported by the high underlying growth and lower price sensitivity of end markets.

The Consumer Goods division reported a more marked decrease in adjusted gross margin of (490)bps to 27.7% at CER (AER: (500)bps to 27.6%; FY23: 32.6%), to end the year more in line with HY24 where the division reported adjusted gross margins of 29.6%. The main reason for the H224 vs H124 reduction is the start of appliance manufacturing for a key OEM in the baby formula sector. This new revenue stream is relatively lower margin than other routes to market, however this is offset by the much higher quality customer engagement and retention opportunities it provides. Looking ahead, as Strix continues to build on its appliance manufacturing volumes with new products already in the pipeline, the Group expects adjusted gross margins to remain broadly consistent with FY24.

Adjusted net overhead and distribution costs ran ahead of the prior year at £27.4m at CER (AER: £26.9m; FY23: £25.2m) largely as the result of ongoing investments to support return of Billi's double digit growth in Q4 which is expected to continue in FY25, as well as key strategic hires at a Group level into the commercial, finance and operational teams.

Reflecting the above, adjusted operating profit at CER has reduced by (15.1)% at £27.6m (AER:(15.6)% to 27.5m; FY23: £32.5m) and adjusted PBT by (16.3)% to £18.7m (AER: (17.1)% to £18.5m; FY23: £22.3m). Reported operating profit reduced by (50.8)% to £13.9m (FY23: £28.3m) and reported profit before tax reduced by (72.6)% to £5.0m (FY23: £18.1m).

Net finance costs

Net finance costs decreased compared to the prior year to £9.0m (FY23: £10.2m) predominantly due to the reduction in average gross debt. This decrease is in part due to the strong cash generation and conservation actions taken by the Group and the £8.4m net proceeds from the reverse equity placing in June 2024, in addition to the maintenance of a more efficient cash holding position.

The maintenance of lower net debt leverage of <2.0x in the second half of the year has also brought the Group into a reduced interest rate ratchet. This has decreased the interest margin on the Group's facilities by (50)bps to 2.35% when compared to FY23.

Chief Financial Officer's Statement continued

Adjusting items from continuing operations

As previously announced, the restructuring and rebasing of the business has continued in FY24 to allow Strix to build strong foundations to support the Group's medium-term growth opportunities.

A key part of this process has been the ongoing commercial review of product lines/groups (predominantly within the Consumer Goods division) with the intention of providing the business with the flexibility to selectively invest time and resources in those projects with higher returns. As a result of this process, the Group has approved the cessation of a number of product lines/groups and associated capital development projects, which has resulted in the write-off/impairments of certain items on the balance sheet including capital development assets, stock and some licensing debtors.

As a result of these activities, the Group has reported non-recurring adjusting items of £11.9m for the year (FY23: £2.6m) (see note 6(b)) in continuing operations.

The largest element of these costs relates to write-off/impairments in the Consumer Goods division of £6.4m, including tooling/intangibles, inventories and licensing agreements associated with product lines/groups where the Group does not intend to place further commercial focus or allocate resources. These decisions have been made based on the level of additional investment in both time and resources required to ensure specific product lines/groups can be successfully marketed, including the provision of suitable marketing and promotional strategies, versus the expected timing and profitability of that product line/group. Included above, personnel costs relating to the restructuring of the Consumer Goods division, have also been incurred.

Non-recurring adjusting items have been recognised in the Controls division of £1.5m. Certain Controls capital expenditure projects were deferred to allow the business to retain additional cash within the Group and reduce net debt levels. This timing change has resulted in the £0.9m impairment of specific fixed-term licensing debtors that related to this technology. Restructuring costs related to the announced part-closure of the Group's Ramsey manufacturing site totalled £0.6m (FY23: £0.3m).

Central restructuring costs of £0.6m (FY23: £nil) relate to personnel changes.

The £3.3m of settlements relate predominantly to a £2.2m commercial settlement with one of the Group's key OEM customers. As this is a non-recurring and material amount, it has been presented as an adjusting item in the FY24 income statement. The other £1.1m largely relates to a final settlement agreement with all parties to the LAICA acquisition, regarding the transfer of a Taiwanese property.

Discontinued operations

Following a comprehensive review of the Group's business unit HaloSource (part of the previously named PFS division), it was concluded that the Group would look to dispose of this business on the open market. As an industrial farming filtration product, the HaloSource technology did not fit well with the rest of the Group's focus on smaller scale domestic filtration products. The business had been loss making since acquisition and was forecasting to continue to be for the medium term, whilst requiring additional investment to support ongoing growth. The business was sold for a nominal value (on 30 November 2024) which led to HaloSource being disclosed as a Discontinued Operation for the Group. This resulted in a total loss on disposal (including impairments) of £2.8m to reflect the minimal NRV on disposal.

Cash flow

The Group has maintained consistently high operating cash generation, with a strong adjusted operating cash conversion ratio of 114.0% in the current period (FY23: 104.9%).

Ongoing improvements in working capital management have reduced net working capital by £4.4m in the year. Reflecting the Group's success in this area, working capital as a percentage of sales has reduced significantly to 10.7% (FY23: 16.7%). Measured and careful monitoring of organic capital expenditure has allowed the business to maintain reduced investment outflows of £8.2m (FY24) vs £8.0m (FY23).

Net proceeds from the reverse equity placing generated £8.4m of cash in the first half of the year, allowing the part repayment of the Group's RCF. Additional repayments have subsequently been made in the second half of the year, leaving the Group with access to £10.5m of unutilised RCF facilities as at 31 December 2024 (FY23: £nil), providing greater security and flexibility of funding.

Net debt and capital allocation

Prioritising cash generation and net debt reduction remains a key focus for the Group. As a result of that focus, and reflecting all the successes discussed above, the Group saw a marked decrease in its net debt position of £20.0m to £63.7m (FY23: £83.7m).

Net debt leverage reduced significantly in the period to 1.87x (FY23: 2.19x), providing substantial headroom against a covenant of 2.75x. The Group continues to prioritise cash retention and net debt leverage reduction in the short term in line with its capital allocation framework. As a result of this process, a target of initially reducing net debt leverage to 1.5x has been put in place, after which leverage appetite will remain at between 1.0x to 2.0x for the medium term.

The Group has continued to work proactively with its banking partners to enhance flexibility and security of funds within the existing agreement. Step one of that process was the March 2024 normalisation of the Group's net debt leverage covenant to 2.75x for the duration of the remaining facility (previously: 2.25x). This was followed up by the approval of a one-year extension for the full £80.0m of RCF facility on 11 September 2024, providing the Group with funding security extending to 25 October 2026.

Looking ahead, the Group intends to initiate a full competitive refinancing process in the coming months to provide appropriate, cost effective and flexible funding to support the Group's medium-term investment driven growth aspirations.

Prior year restatement

The FY23 comparatives have been restated within these financial statements to correct a historic technical accounting error with the translation of goodwill, acquired intangibles and deferred tax liabilities for its subsidiaries Billi Australia and Billi New Zealand, see note 29. Correction of this, has had no impact on the Group's consolidated income statement, consolidated statement of cash flows, its banking covenant or its prior year KPIs.

Clare Foster

Chief Financial Officer

29 April 2025


LAICA
LAICA

KPIs

Financial and non-financial Key Performance Indicators ("KPIs") are used to track and measure Strix's progress over time.

				FY24	FY23
Financial	Adjusted revenue[1,2]		£145.7m	£145.7m	£143.8m
Financial	Adjusted EBITDA margin[1,2,3]		24.5%	24.5%	27.6%
Financial	Operating cash conversion[1,3,4]		114.0%	114.0%	104.9%
Financial	Return on capital employed[1]		21.7%	21.7%	22.3%
Strategic	Billi growth rate		7.0% in 2024 at CER	7.0%	Undergoing integration
Strategic	Share of the global kettle controls market by value		c. 50%	c. 50%	c. 50%
Strategic	R&D expenditure as a % of revenue		3.0%	3.0%	3.1%
Strategic	Revenue growth from key Consumer Goods OEMs		4.9%	4.9%	7.9%
Sustainability	Accident frequency rate in lost time per 200,000 hours		0.21	0.21	0.89
Sustainability	Energy intensity MWh / £M		111	111	103
Sustainability	Gender diversity:	Women in senior management	27%	27%	27%
Sustainability	Gender diversity:	Women in Strix Group	59%	59%	51%

[1] Adjusted results from continuing operations exclude adjusting items, see note 6 (b) and results from discontinued operations see note 28.
[2] "CER" being Constant Exchange Rate, is calculated by translating the FY24 figures by the average FY23 exchange rate, and "AER" being Actual Exchange Rate.
[3] EBITDA, which is defined as earnings before finance costs, tax, depreciation and amortisation, is a non-GAAP metric used by management and is not an IFRS disclosure.
[4] Cash generated from operations as a percentage of adjusted EBITDA.

Definition	Progress
Value of items sold during the year by the Group.	The overall increase in revenues is attributable to the ongoing organic growth journey of the Billi division. This has been offset by reductions in the Consumer Goods division as a result of the planned restructuring and commercial review process undertaken in the year.
Adjusted EBITDA margin highlights the underlying operational performance of the Group excluding the impact of adjusting items, net finance costs, and depreciation and amortisation.	The Group's adjusted EBITDA margin remains strong at 24.5% (FY23: 27.6%) reflecting the robust underlying profitability of the Group. The (310 bps) reduction largely reflects a reduced gross margin, as the result of commodity and FX headwinds in the Controls division and the planned restructuring and introduction of appliance manufacturing in the Consumer Goods division.
Net cash generated from operating activities is a measure of the cash generated by the Group's operating activities, excluding the cash impacts of longer-term financing and investing activities.	In line with previous years, the Group has maintained consistently high operating cash generation. This has been helped by strong working capital management, leading to further decreases in net working capital compared to the prior year.
Return on capital employed measures how efficiently a company can generate profits from its capital employed by comparing net adjusted operating profit to capital employed.	In line with previous years, this remains very high reflecting the Group's ongoing efficient use of capital.
Growth in the value of items sold during the year within the Billi division.	Billi has continued its successful history of growth, achieving 7.0% growth despite a short delay in the introduction of new products to Q424. Billi returned to double-digit growth in the last quarter, which it expects to maintain into FY25.
Maintaining market share provides the foundation for the Group's ongoing business resilience. Market share is calculated as the Group's global Controls revenues as a percentage of the total global Controls market.	The Group remains global market leader in this key market.
Total R&D expenditure (including capitalised costs) as a percentage of reported revenue, which supports the Group's investment in future technologies and products.	R&D spend within expected spend of 3.0% - 5.0% of revenue in line with the medium-term goals to support long-term growth aspirations.
Increasing trading with key OEM customers is a key strategic driver of the Consumer Goods division. Growth is calculated as total key OEM revenue (excluding promotion activities) in the current year over equivalent revenues in the prior year.	Following restructuring, the Group rationalised the division's product lines, which will allow the Group to focus on revenue growth with key OEMs.
This refers to the total number of accidents recorded that resulted in employees missing work due to injury.	The Group recorded the lowest level of lost time accidents since 2020.
The total Scope 1 & 2 energy consumption divided by the Group revenue.	Increase is in-line with expectation given the increase in volume and the expansion of the Chinese facility.
This refers to the number of women in senior management roles expressed as a percentage of all senior management level employees.	In-line with previous years reflecting effective retention practices across the Group.
This refers to the number of women working across the Group expressed as a percentage of total employees.	Improving trend driven by the Chinese facility reflecting the number of benefits offered.

Capital Allocation Framework

The Board's aim is to maximise long-term shareholder value creation.

Strix's Capital Allocation Framework (the "Framework") is designed to meet this aim by prioritising the investment of free cash into long-term, high-value growth initiatives.

As well as addressing the organic and acquisition investment needs of the business, the Framework considers returns and rewards, whilst maintaining an appropriate capital structure.

The Board uses return on investment as the metric to assess investment proposals, looking for returns in excess of the Group's return on capital employed ("ROCE"), with ROCE for FY24 being 21.7% . When assessing proposals, qualitative as well as quantitative factors will be considered. The Framework is reviewed annually as part of the budget process.

Organic growth strategy

To maintain its market leading position and meet customer demands, Strix needs to regularly invest in new technologies, new products and in its production lines.

Acquisition growth strategy

Acquisitions continue to form a core part of the Group's growth strategy, within the Board's leverage risk appetite of 1.0-2.0x. This is demonstrated in recent history by the successful integrations of LAICA (FY20) and Billi (FY22).

Returns and rewards

The Board understands the role dividends play as part of total shareholder return, and since IPO has been committed to a progressive dividend policy. In FY23, the Board resolved to temporarily pause dividend payments to prioritise debt reduction and cash flow generation.

Capital structure

The Group currently has access to two banking facilities:

- Revolving credit facility of £80m, available until October 2026 (FY24 headroom: £10.5m).
- Term loan until November 2025 (FY24 loan position: £10.6m).

A competitive refinance is planned for 2025 to secure the right facilities to support the Board's medium-term strategic aims.

Leverage appetite continues to be in the range of 1.0-2.0x, with an initial target of 1.5x.

FY24 application:

During the year, the Group spent £8.2m on capital expenditure, representing 23.0% of underlying adjusted EBITDA. These specific, focused investments in new technology and ongoing capitalised development costs provide a foundation for growth in the medium term.

There has also been significant investment in the senior management team, most notably the Billi leadership, commercial and business development and treasury teams.

Operational cash conversion target:

75-85%

of underlying adjusted EBITDA

FY24 application:

There were no acquisitions in FY24, as the current focus is on debt reduction.

Initial target leverage of:

1.5x

FY24 application:

A final dividend of 1.28p per share is planned to be reinstated with payment to take place in December 2025 alongside the FY25 interim dividend. This represents a total distribution of £2.9m, accounting for two-thirds of 30% of adjusted profit after tax for FY24. A resolution to seek approval for the FY24 final dividend payment will be sought in a general meeting to be scheduled in Q425

Target dividend payout:

30%

of adjusted profit after tax

FY24 application:

The Group has successfully completed a number of actions during the year to strengthen the balance sheet, for further details please see the CFO report on pages 21-23.

At year end, net debt was significantly reduced to £63.7m (FY23: £83.7m) and leverage was 1.87x (FY23: 2.19x).

Ongoing leverage risk appetite:

1.0-2.0x

Responsible Business

"2024 saw another year of solid progress along Strix's sustainability journey. We continued our 'best-in-class' emissions with all operations now carbon neutral. We made good progress in a number of areas such as health and safety but faced challenges in others such as energy usage, as the new Z series control prepares to enter mass production. A combination of measurement, analysis and a drive for continuous improvement from all our colleagues provide the bedrock to our sustainability strategy."

Mark Bartlett, CEO

Sustainability strategy

Sustainability has always been at the core of Strix's purpose driven strategy for growth. Like any business, the customer comes first and has therefore been at the heart of the Group's sustainability roadmap, ensuring safety, reflecting the issues with proximity of electricity and water, to energy reduction through to lifestyle improvements particularly through the expansion of LAICA and Billi. Strix's shareholders, as providers of capital, and colleagues, as the workhorse and dynamism of the Group, are key assets. However, the Group operates in an increasingly interconnected world, hence communities and suppliers provide clear and important elements to the eco-system in which Strix operates. Similarly, the regulatory bodies are not just stakeholders but key to the ethical operating environment within which the Group operates.

The Group's strategy starts with the appreciation of all its stakeholders. This is an interactive exchange through dialogue and relationships, many fostered over a long period of time.

Strix looks to understand the various requirements of each stakeholder group and develop a range of interactions with each party. It also looks to consider each stakeholder in context. The environment and nature may not have a voice as such, but Strix interacts with and has impact on them, every day. The Group's focus has historically been on its emissions profile, but it is increasingly looking at the full environmental impact of its activities in alignment with key stakeholders.

Strix's sustainability strategy is built around a Planet - People - Purpose philosophy. To bring this closer to an operational level these have been grouped into more transactional focused pillars which are aligned to both the UN's SDGs and also Strix's sustainability KPIs. The Group's intention is to ensure that this strategy is fully embedded into activities at all levels. Strix's manufacturing philosophy for continuous improvement relates equally to its sustainability agenda including stretched KPI targets.

ESG: KPIs

Strix uses a range of KPIs aligned to its UN SDG goals to promote and monitor progress. The Group sets ambitious targets as it looks to excel with best-in-class performance as highlighted by its drive to carbon neutral operations which was achieved across the Group in 2024, including Billi for the first time. Strix's goals are based on continuous improvement and medium-term trends cognisant that the business environment can provide short-term hurdles to overcome.

KPI	Measurement	Unit	2022	2023	2024	Target	Progress
Climate emissions	Scope 1 & 2 (absolute)	tCO_2e	6,298	692	420	Net zero Scope 1 & 2 emissions (significantly ahead of the Paris 1.5°C requirement)	Over 95.0% reduction in emissions with Billi also carbon neutral in 2024. Continue to focus on the Group's 'hard to remove' emissions with 29.0% reduction in Scope 1 in 2024. The outstanding emissions are offset with certified carbon credits.
	Scope 1 & 2 (intensity)	tCO_2e/£m	60.5	4.8	2.9		
Energy	Energy used	MWh	14,052	14,883	15,930		
	Electricity generated	MWh	1,193	1,291	1,318		
	Energy intensity	MWh/£m	135	103	111	3.0% intensity reduction	Increased energy use from expanding capacity in China but remained stable on a per piece basis.
	Energy intensity	kWh/unit of production (k)	11.6	11.9	11.9		
Waste & recycling	Waste generated	t	1,301	1,339	1,382		
	Waste intensity	t/£m	12.5	9.3	9.6	3.0% intensity reduction	Reclassification of reworked to waste in China.
	Recycled waste	%	94.1	95.0	97.2		Recycling rates at an all-time high.
Clean water and sanitation	Water consumption	m^3	34,600	31,780	41,830		Increased due to new water meter and measurement system installation in China. Intensity per piece still trending positively.
	Water intensity	m^3/£m	333	220	291		
Health & safety	Lost time rate	per 200,000 hours	0.22	0.89	0.21	Target zero accidents	Lowest rate since 2020.
Gender equality	Women in senior management	%	27	27	27	Further embed diversity thinking	Record levels maintained.
	Women in the organisation	%	49	51	59		
Innovation	R&D/sales	%	4.7	3.1	3		Continued positive investment alongside manufacturing capital investment to improve internal processes.

ESG: Planet

Strix's goal is to minimise the use of the world's natural resources. Internally this is achieved through a combination of design and manufacturing to ensure products utilise the least resources, are efficiently produced and increasingly conform to the circular economy.

Emissions

All of the Group's primary operations were carbon neutral in the year, including Billi for the first time. A combination of internal solar generation and certified renewable energy has removed all of Strix's Scope 2 emissions. Scope 1 emissions decreased by 29.0% due to investment in more efficient boilers and the relocation of press parts production from Ramsey to China in the middle of the year. The remaining hard to abate emissions were offset through certified carbon credits. The extent of the Group's actions is perhaps best highlighted by its market based emissions, a true reflection of Strix's actual emissions, being over 95.0% lower than calculated on the more generic location based approach.

The Group's Scope 3 is dominated by Category 11 'in-use' emissions relating to the energy required to boil water, accounting for approximately 95.0% of these emissions. Whilst governments have made commitments to decarbonise their grids, progress is mixed. For instance, UK Government factors from DEFRA were unchanged between 2023 and 2024. In this scenario it is somewhat difficult to grow production and deliveries without Strix's Scope 3 emissions increasing. Nevertheless, the Group continues to work on a range of initiatives, in particular its supply chain as the second largest source and to maintain business travel below pre COVID levels despite the inclusion of Billi, based in Australia. With Scope 1&2 emissions progress reducing, Scope 3 is clearly key to the Group's goal to be net zero by 2050 and is driving its transition pathway plans.

Strix submitted to the Carbon Disclosure Project ("CDP") again in 2024 and received B rating compared to a C rating in 2023.

Energy

Energy consumption for the Group increased by 7.0% to 15,930 MWh. This was due to expansion of the Chinese facility and an associated 10.3% increase in energy usage at the major facility which far outweighed a reduction of 8.6% seen elsewhere. This reflects an increase in volume along with the build-out and commissioning of the fourth floor of the building for appliance manufacturing and the relocation from the Isle of Man to China in the middle of the year. Energy intensity increased 7.4% in revenue terms (MWh/£m) due primarily to currency translation and mix. This is behind Strix's 3.0% annual intensity reduction target albeit, the Group remains significantly ahead of this over the last three years. Intensity per piece manufactured, was flat on the year. A range of projects were enacted in the year to reduce energy consumption with an expected annual benefit of around 2.0%. Energy usage will be a key focus through 2025.

Strix's on-site solar installations generated 1,318MWh of electricity, a 2.1% increase. This accounted for 9.0% of total Group power consumption down slightly on the 9.6% of the previous year reflecting higher overall energy consumption with no further solar capacity added in the period.

Water & waste

Reported water consumption increased by 31.6% in the year. This was entirely due to the increase in consumption in China reflecting the installation of a new meter at the facility. The overall consumption is still below 2021 levels despite the addition of Billi to the Group. None of Strix's facilities are in water distressed regions.

Waste reduces efficiency and brings associated cost. As it strives to do more with less, eliminating waste is a key element of Strix ethos. Waste increased in the year due to a new reporting system in China reflecting metal scrap. Given that China is the main manufacturing facility this led to an increase in the Group's overall scrap level and scrap rate despite improvements at the other facilities. Focus also remains on recycling which improved in the year from 95% to 97.2% with waste sent to landfill declining 21.0%, assisted by lack of an obsolete stock issue which impacted the previous year. Clearly landfill is sub-optimal given the drive towards a circular economy and the increasing cost of such disposal.

Improvement programmes

Continuous improvement is a key philosophy across Strix to retain its world leading positions. The largest single programme in the year involved the relocation of presswork from Ramsey, Isle of Man, to China. This brings clear logistics benefits and sustainability benefits from the reduced transportation of components across the globe. However, such actions bring consequences, and Strix has worked hard at mitigating the inevitable social impact on its dedicated workforce. Equally important are the large number of smaller initiatives enacted in the year. This is highlighted by a range of projects undertaken in China. Projects enacted in the year are expected to deliver annual savings of over 290kWh of electricity and 7.0t of materials.

ESG: People

Strix's employees and its communities are key to the Group's ecosystem. They are the most important and influential asset demanding full attention and investment in their wellbeing and development.

Health & safety

The safety of all Strix employees continues to be a top priority. As a manufacturing business Strix operates within a higher risk environment, even as a small parts manufacturer and assembler with few high-risk processes. Hence, health & safety is a key KPI and an agenda item at all operations boards. Training remains a priority to promote best practices including holding awareness days over the year. Most importantly, all facilities are now ISO45001 Health & Safety accredited, ensuring the latest best practices are embedded across the Group's operating procedures as it strives for the ultimate goal of zero incidents.

In 2024 the number of reported accidents reduced from 14 to 11, a 21.0% improvement, with LAICA the stand-out facility reporting zero incidents in the period. Within the Group's key measures, lost time incident rate improved whilst lost time rate and severity of incident rate both recorded the lowest level since 2020 which arguably benefitted from COVID restrictions.

Staff turnover

Group employee turnover increased in 2024 albeit remaining below 2022 levels. China provides the greatest impact as the facility employs around two thirds of Group total headcount. China turnover rates tend to be high reflecting the local working practices with the shop floor in particular utilising more transitory workers, often moving employer when there are staff shortages in the region or leaving for longer periods back home before returning to the region for re-employment. Strix offers a range of packages including high quality off-site accommodation, transport to the site, staff canteen, annual occupational health checks and medical insurance. The Group also aims to provide a career path through training and job progression opportunities. Indeed, turnover in the supervisory levels upwards is significantly lower than the shop floor. Strix also provides work injury insurance. Strix's end customers are often well known western brands, increasingly cognisant of potential labour issues in their supply chain and hence regularly audit the Group's working conditions and practices. Turnover was also impacted by restructuring, in particular at the Ramsey facility with the closure of certain press lines which were moved to China.

Inclusivity & diversity

Strix is a truly international company, a theme which has been enhanced through the acquisition of LAICA in Italy and Billi in Australia. The strategy is to employ local and think global. Therefore, where possible, the Group's associates and management are recruited from the local talent pool with the potential through training and career development programmes to further their career within the Group.

The proportion of women in the workforce increased towards the long-term norm of approximately 60%. Predominantly this reflects the make-up of the Chinese facility where much of the assembly operations, involving precision work on increasingly small component sets requires particular dexterity to ensure high degree of accuracy. The Group's women in management profile has increased from 20% to 27% since 2019 whilst Strix's Board composition remained stable with 20% women.

Employee welfare

Strix operates a range of benefits in-line with local practises to ensure best-in-class support for all colleagues across the Group. A particular focus over the last twelve months has been on mental health.

In the Isle of Man, the first two mental health focused first aiders were trained and qualified. Their role is to provide employees with support on mental health related topics. They are also advocates for discussing mental health challenges in a positive light. Billi celebrated R U OK? Day as part of a national mental health initiative rollout across all corporate offices in Australia. R U OK? is a national suicide prevention charity that encourages people to stay connected and have conversations that can help others through difficult times. The Group's programmes extend beyond the workplace. As part of National Safe Work Month 2024, Billi held informative and resourceful training programmes on how to advise, manage and safeguard family members at home.

Internal events and interaction are also seen as a key element to the health and mental wellbeing of the Group's associates. Strix's large Chinese facilities host a number of events throughout the year. Two of the more high profile activities were; the 2024 "Workers Union Cup" Badminton Competition held in June. This brings together employees fostering greater interaction on a daily basis and promotes exercise and fitness, key for the wellbeing of all of the Group's employees. The second, an annual travel event for office staff in November, a weekend at the historic Tianlu Mountain Resort offering families de-stress and quality time. This annual event has become a tradition. It provides a welcome break for families and boosts social and mental health.

Social & community interaction

Strix supports a range of community projects through the year organised by the individual facilities and management teams. These provide benefits not just to the community but also a positive mental benefit to all volunteers. A group of volunteers took part in a "Plantation Clean" alongside local charity Beach Buddies from the Isle of Man aimed at raising awareness that 90.0% of rubbish starts inland before finding its way into the seas as well as assisting in clean up. LAICA supported the 'La Marcia con Gusto' sporting event with 1,500 myLAICA filter flasks sponsorship and event organisation volunteers. Not only supporting local activity to promote wellbeing but replacing disposable water bottles with LAICA re-useable flasks. In addition, employees organised an array of fundraising and awareness days including: MacMillan, Wishing Tree, Downs Syndrome awareness day wearing odd socks and breast cancer research.

Biodiversity

Strix's position as a leading business in the Isle of Man increases its responsibility to positively impact the UNESCO world biosphere designated island. Strix continues to use the outside space surrounding its facilities as a platform to assist biodiversity. The Group's Isle of Man HQ wilding and garden programme continues to expand. 2024 has seen the return of wild flower gardens and sunflower areas as well as some new additions to the grounds. These truly support biodiversity including Strix's bee hives as well as assisting everyone's mental wellbeing. Strix also installed a recycled greenhouse and gave it a new lease of life on its site to aid the germination of plants. This has been complemented with Intermediate Bulk Containers to collect rain water to lower the Group's use of mains supplied water. Strix also created a dedicated area for its recycling making it easier for not only the Group's suppliers but staff also. Elsewhere LAICA has redeveloped external areas of its site to assist in both health and safety, aesthetics and environment.

Young people development

Young talent provides the engineering brains and know how for Strix and other companies to continue to innovate and develop. Hence Strix looks to promote education within the communities within which it operates.

Isle of Man

Strix is involved in a number of organisations and events on the Isle of Man aimed at educating children in areas such as science and engineering whilst offering guidance and opportunities for future career development. In particular Strix is a lead member of Awareness of Careers in Engineering which promotes STEM subjects in the classroom and looks to assist with career progression including working with the University College of the Isle of Man. Initiatives range from supporting school activities for primary level upwards, site visits from interested groups, assisting with career choice and supporting overseas trips to other universities and engineering organisations.

China child education sponsorship scheme

As part of Strix's community outreach programme in China, Strix China has undertaken to sponsor two underprivileged children through their school education, assisting with uniform, books and, where applicable, fees. This scheme is expected to extend long-term with the potential to develop further over time. It is aligned with the Group's social goals, the view that knowledge is transformational and the UN Sustainable Goal 4 – ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. This is a long-term programme demonstrating Strix's commitment to the local community and is aligned with the Group's operational strategy to be an integral part of the fabric within China.

ESG: Purpose

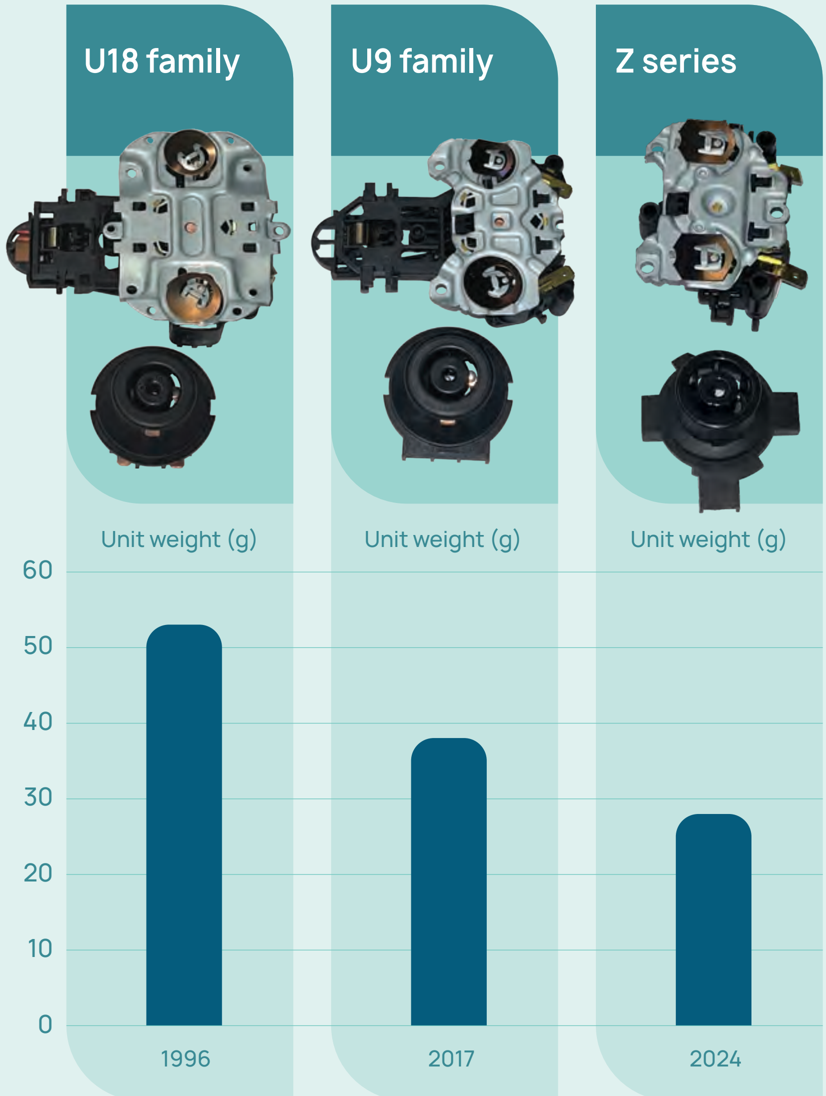
Being a trusted, forward thinking and respected business of choice by delivering long-term social value to all of Strix's stakeholders.

New product development

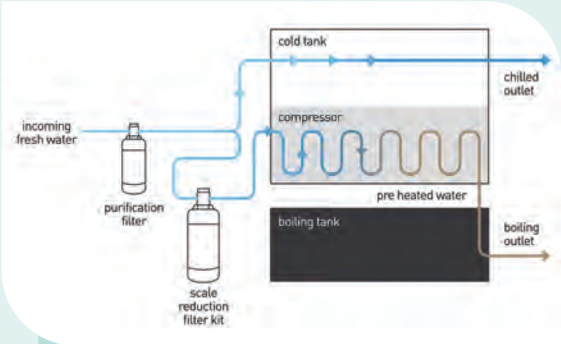
Investment into new products is the lifeblood of Strix. Sustainability is embedded into the Group's new product roadmap, not just because it is part of Strix's ethos but also due to the opportunities being seen in the changing end markets. The absolute level of R&D spend was maintained despite continued challenging end markets to ensure positive future growth. Less apparent from the headline figures is the internal investment in the new Z series switch as it enters commercialisation or the increased level of co-development with the Group's western branded partners as they look for innovative new products and solutions.

Z series product developments

The Z series is a smaller footprint three pole heating control which is preparing for mass production to be ready toward the end of May 2025. The reduced size enables the switch to be used in both traditional kettles and emerging water heating categories such as travelling kettles. The new switch is protected with nine control patents and four appliance patents. In the year, work on the new production line moved on at pace. The technology offers the benefit of more accurate switch-off, saving energy, but the key benefit comes from the reduced size of the component, thereby reducing the level of materials required. There are to be multiple variants of this new technology product with an average material reduction of 45.0% when compared against U18/P72. New products under development utilising the new switches include a 4A traveling kettle and a Turkish coffee machine. This reduction will also offer benefits and opportunities for customers to develop more sustainable new products. They will be able to design kettles with a smaller physical footprint and more accurate switch-off times.



Billi: A focus on the environment



Zero impact refrigerants

Billi uses natural gas refrigerant (R290), which has no ozone depletion potential and a negligible direct global warming potential ("GWP"). R290 has a GWP of 3 according to the Australian Department of Climate Change, Energy, the Environment and Water, meaning it has 99.7% less impact on global warming. In addition, R290 exhibits exceptional thermodynamic characteristics, enhancing heat transfer efficiency and expediting cooling processes. As a consequence, the Billi R290-powered systems require less energy for temperature control, thereby reducing the energy usage and operating costs.

Efficient heat exchangers

Billi's dual technology incorporates the energy efficiency and heat transfer benefits of water cooling, with the water efficient heat exchange technology. Water is a more effective conductor of heat than air and keeps the system running at a more consistent and efficient operating temperature. The heat exchange technology ensures waste heat is exchanged within the system to generate a viable source of heating energy. This in turn saves energy costs, reduces the user's carbon footprint and reduces the overall size and material requirements in comparison to competitor systems.

Filtration systems

In the year Billi produced its 500,000th filter cartridge in association with long-time partner BWT. The filters are an integral part of the Billi water delivery system removing particles down to 0.2 microns in size enabling the removal of sediment, chlorine, odour, parasitic cysts including cryptosporidium & giardia and lead. With a capacity of 30,000 litres throughput per filter this equates to 1.5bn litres of water filter capacity, equivalent to 6,000 Olympic sized swimming pools. This is positive for both human health and reduction in the use of single use plastic bottles.

All these credentials are supported by Billi being certified by Global GreenTag, a globally trusted certification standard recognised in over 70 countries including Australia, New Zealand, Africa and South-East Asia and compliant with other major international standards such as ISO. This includes the LCARate Program, internationally recognised standard to assess compliance with the circular economy.

ESG: Purpose continued

Corporate governance

The Board is committed to effective corporate governance and adhering to the highest standards, often applying policies over and above those required by the AIM market or the Isle of Man where Strix is domiciled. Strix applies the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the Board believes that adherence to the QCA Code provides a strong foundation for delivering shareholder value and serves to mitigate and minimise risks. Strix is currently working towards adoption and compliance of the new IFRS sustainability standards S1/S2 from 2026, albeit the timing and application remains somewhat unclear and the European CSRD legislation which the Group expects to comply with in due course.

AGM

The average vote in favour of the resolutions at the AGM declined from 96.8% to 91.8%. This was primarily due to Resolution 5, the re-election of Mark Kirkland as a Non-Executive Director, a position held since the IPO in 2017, which received 63.0% of votes cast in favour. The Board is actively engaged with shareholders to understand concerns such as the remuneration report in 2022, subsequently receiving over 98.0% of votes in favour in 2024. Sustainability is a key element within executive director remuneration, in line with the TCFD requirement. 15.0% of the Long-Term Incentive Plan ("LTIP") award is based on a reduction in Group energy intensity over the three-year period of at least 5.0% per annum, ahead of the Group's stated targets of 3.0%.

Governance

Strix's culture is to set the highest standards in all that it does. The Group sees this as important from both a commercial and ethical standpoint and espouses these values throughout the organisation. The Group's policies include:

- **Anti-Bribery and Corruption: Zero-tolerance**

  Outlined in the Group's Anti-Bribery and Corruption Policy Statement is Strix's commitment to conducting business in an ethical and honest manner, also implementing and enforcing systems that ensure bribery is prevented. The Group recognises that it has a duty to implement this policy and all employees (whether temporary, fixed-term or permanent, officers, directors or trustees), consultants, trainees, agency staff, sponsors or any other person or persons associated with the Group (including third parties), no matter where they are located, are expected to comply with it.

- **Anti-harassment and bullying: A pleasant place to stay**

  Harassment or victimisation on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation is unacceptable in any circumstances. Harassment can take many forms ranging from tasteless jokes to abusive remarks, from pestering for sexual favours to threatening behaviour and actual physical abuse, including bullying behaviour. The Group operates a zero tolerance stance in respect of all forms of harassment and seeks to ensure that the working environment is suitable for all its employees.

- **Anti slavery and human trafficking: Free choice and fair compensation**

  Strix despises and fights any activity linked to slavery and human trafficking. Strix and any Covered Person shall not knowingly hire any forced labour or make any person work against their own will and will ensure all such persons or employees are fairly compensated for their time and effort freely put forth.

- **Whistleblowing**

  Should any of Strix's employees meet issues concerning breaches of the law, serious misconduct to another person, health and safety or financial malpractice, the Group-wide Policy provides them with guidelines as to actions that they may take to raise such issues.

ISO accreditations

Accreditations form an integral part of Strix's ethos for the highest standards and continuous improvement. They provide a platform, particularly important when supplying premium brands, and a framework for further enhancement. Hence the Group's drive for all sites to achieve accreditation in the key quality, environmental management and health and safety standards. Since joining Strix, Billi has embraced this philosophy, achieving ISO9001 accreditation in 2023 followed by both ISO14001 and ISO45001 in 2024.

Strix operations now have a full suite of relevant ISO with the exception of ISO50001 energy management. Management intends 2025 to be a year of energy improvement, arguably the next stage having already achieved carbon neutral operations. This will include a review of ISO50001 adoption across the Group which will assist in the drive to reduce overall energy consumption.

ISO	9001	14001	45001	50001	13485	17025
	Quality systems	Environmental management	Occupational H&S	Energy management	Medical devices	Test & calibration
Ronaldsway (IOM)	✓	✓	✓			✓
Ramsey (IOM)	✓	✓	✓	✓		
China	✓	✓	✓	✓		
Italy	✓	✓	✓		✓	
Australia	✓	✓	✓			

ESG: Task Force on Climate-related Financial Disclosures ("TCFD")

Introduction and Compliance Statement

Strix's disclosures are consistent with the Task Force on Climate related Financial Disclosures' four overarching recommendations on Governance, Strategy, Risk Management, and Metrics and Targets, along with the 11 associated recommended disclosures. This includes consideration of section C of the TCFD Annex entitled 'Guidance for all sectors'. This is in-line with the UK Listings rules.

Governance

Board oversight

Climate issues are assessed by the full Board reflecting the importance which the Directors place on the risks and opportunities along with the relative size of the Board and scale of the Group. Richard Sells, Non-Executive Director, provides additional oversight on sustainability matters, leveraging his career at Electrolux and its long-held focus on sustainability. Board meetings are held six times a year with sustainability, including climate-related issues, both opportunities and risk, a consistent agenda item. Climate risks are consolidated into the annual Operational Board Risk Committee review for the Group and are seen as part of the ongoing ecosystem in which Strix operates. The Board provides the final sign-off on the Group's sustainability and hence climate targets and the associated investment. The Board is also responsible for overall strategy and ensuring that investment, including acquisitions, is aligned to the sustainability objectives of the Group.

The Remuneration Committee, comprising of the three independent Board directors, is responsible for the executive team's remuneration including LTIPs. The executive LTIPs include targets associated with the Group's sustainability agenda. The 2024 LTIP required a reduction in Group energy intensity over the three-year period. For this element of the award to vest, there must be a minimum reduction in energy intensity of at least 5.0% per annum over the period.

Management's role

The Executive Management Team provides the key executive management forum for climate change and sustainability. It is chaired by the CEO, Mark Bartlett and includes personnel responsible for engineering, commercial, technology, health & safety, human resources and finance. In terms of climate risk matters, Matt Thomas, Divisional Operations Director and Strix Consumer Goods Engineering Director, has a key role in respect to climate change, responsible for assimilating climate-related data. He also has key responsibility for ISO programmes, in particular ISO14001 environmental management and ISO50001 energy management, which drive a broad range of sustainability strategy and actions. He is supported with both internal and external resources.

Climate opportunities for new products are again prioritised and incorporated into the R&D/new product development road map. The Group continually looks to enhance its new product development programme along sustainability driven corridors enhanced by thorough life cycle analysis, carbon accounting, circular economy, consumer safety and potential legislative changes.

Strategy

Climate-related risks and opportunities

In assessing Strix's risks and opportunities, the Group looks to consider timescales of short (0-2 years), medium (2-8 years) and long-term (8+ years). However, given the timescales of environmental impacts it is arguably unrealistic to compartmentalise into such distinct and relatively short time spans.

Risks

	Category	Risk	Potential impact	Likelihood	Time horizon	Mitigation
Physical risk	**Acute**	Storm & flood disruption and rising sea levels	Strix manufacturing facilities and/or supply chain. Note that Zengcheng, Guangzhou (where the Group's main factory is located) rarely sees typhoon conditions due to its inland location although extreme wind conditions were recorded in 2015, therefore such a risk has been included. None of the Group's plants are in flood plains or below 5m above sea level.	Low	Medium	A detailed recovery plan has been documented as part of the Group's Business Continuity Plan which is overseen by the recovery management team. Procedures relate to communications and information exchange, recovery process phase, clean-up process, pollution prevention, and restoration (including insurance claims and compensations). Restoration procedures include planned maintenance, back-ups, testing and emergency sources of power generation. The Chinese facility has been strategically positioned whilst the improved construction provides safer and more flexible infrastructure. The plants carry an element of buffer stock against a range of supply related risks. All facilities have contingency business plans in place. Supply chain is assessed within the audit process and all key components are dual sourced with increased emphasis on at least one local supplier.
	Chronic	Drought	Strix facility / supply chain.	Medium	Medium	Primary use of water is in the research & development/test facilities. Whilst businesses are prioritised at times of water shortages in the Isle of Man the Group can defer certain programmes if conditions required without likelihood of long-term impact. Additional water recycling processes and procedures have been put in place to minimise any risk.
	Acute & Chronic	Heat stress	Primary facility exposed to acute temperatures in China. Other key facilities are unlikely to see lengthy periods of extreme heightened temperatures.	Low	Medium	The site is fully air conditioned and, like the factory, less than two years old. Air conditioning in the mould-shop, the hottest department in the plant, has recently been upgraded.

ESG: Task Force on Climate-related Financial Disclosures continued

Risks continued

	Category	Risk	Potential impact	Likelihood	Time horizon	Mitigation
Transition risk	**Policy & legal**	Carbon price - own operations	Scope 1 & 2 emissions (market based) equated to 420tCO2e in 2024. As part of Strix's 'carbon neutral' strategy, these are offset through the purchase of certified carbon credits. At the lower end of expectations ($25/tonne) a cost of $15k rising to $90k at the upper end where credits are predicted to cost $150/tonne. This excludes any Scope 3 offsets. The Group's analysis suggests that to achieve 'carbon neutral' by 2050 it is likely to require the use of offsets for remnant Scope 3 emissions, the level of which is likely to depend on the level of grid decarbonisation, supplier actions and ability of the transportation sector (distribution) to decarbonise.	Medium	Medium	Scope 1 & 2 emissions have been reduced by over 95.0% since Strix's base year. Continuous improvement drive remains to attempt to eliminate the remaining emissions including additional EVs, more efficient boilers, improved energy management through ISO50001 adoption. The level of emissions and carbon credits required in 2024 declined from 692 to 420. The worst case scenario of 500 credits @$150/ton would be unhelpful rather than significant.
	Policy & legal	Carbon price - up / downstream	This could add to costs as suppliers look to abate their own emissions, particularly in sectors which are hard to tackle such as transportation (especially shipping and aviation) or primary materials such as metals and plastics for components.	Medium	Medium	The Group engages with its suppliers to better understand its Scope 3 emissions so they are becoming more cognisant of the emissions landscape, leading them to address their emissions profile. Completely decarbonising the end-to-end supply chain (from mining to processing to manufacturing) is highly complex and may take many years. Key is to ensure that Strix is ahead of its competition so the Group is not at a competitive disadvantage.
	Market	Robustness of local power grid	Increased electrification could lead to power outages at individual sites.	Low	Medium	The primary manufacturing site in China is connected through modern upgraded infrastructure. The Group's own solar power and contingency plans including the use of generators are in place.

	Category	Risk	Potential impact	Likelihood	Time horizon	Mitigation
Transition risk	**Market**	Cost of renewable electricity	Cost of renewable electricity could rise depending on the additional capacity installed as demand increases with companies looking to meet their carbon reduction targets.	Medium	Medium/ Long	Strix currently generates around 10% of its electricity requirement from its own solar installations. The Group's contracts for renewables tend to be medium-term 3-5 years which provides a degree of certainty in the short term. Key will be the China manufacturing plant which has a long-term supply agreement in place.
	Policy & legal	Failure to meet / maintain expected ESG credentials	This could have an impact on wider stakeholders and investor base, including ESG specific funds.	Medium	Short/ Medium	Strive for 'best-in-class' as highlighted by the Group's Carbon neutral Scope 1&2 commitment achieved every year since 2023. Strong reporting/ management structure with key KPIs to ensure compliance. Strix continues its drive in the use of automation. This requires greater energy usage but has other significant benefits in improving quality, reducing scrap, etc. Combined with the use of renewable power, management see such a shift as a double win in terms of sustainability.
	Market	Increased investor scrutiny	There is increased focus on climate change by Strix's equity investors and other stakeholders. This is evidenced by the rise in ESG funds and the drive to provide consolidated emissions transparency for individual funds.	Medium	Short/ Medium	Strix's sustainability agenda has accelerated in recent years, including establishing future roadmaps and targets. From an emissions perspective the Group achieved the Group's targets to be Scope 1 & 2 'carbon neutral operations' in 2023 and started developing it Scope 3 supply chain emissions inventory which opens an additional avenue for making a difference. With the 'in use' dominating Scope 3 Strix's new product direction includes improved efficiency to reduce energy usage and hence emissions. The Group's sustainability report provides full transparency to all stakeholders. In 2025, Strix aims to finalise its 'net zero pathway' for all the Group's operations.

ESG: Task Force on Climate-related Financial Disclosures continued

Opportunities

	Category	Risk	Potential impact	Likelihood	Time horizon	Mitigation
Transition opportunity	**Products & services**	Internal power generation	Solar production for internal use.	High	Short	Chinese investment has been made and Billi also has significant installed capacity. Hence the Group generates approximately 9.0% of its internal power requirements. Further opportunities, including LAICA are under consideration. Relocation of Billi in 2025 is likely to see a reduction in electricity generation, although the division will work with the landlord to look at the potential to add additional capacity to the new site.
	Market	Electrification	As cooking moves away from carbon based fuels such as gas and towards electricity, this offers the potential to change habits i.e. stove top kettles to electric kettles.	Medium	Long	Clear benefit for the use of kettles.
	Products & services	Adoption of energy saving products	Consumer demand for lower energy consumption from both a cost and environmental perspective.	Medium	Long	Introduction of new features and products. In kettles this includes accurate temperature measurement and switch off. In other product ranges this includes 'one cup' boiling products. For Billi 'water on demand' enhancing efficiency systems such as heat recycling in the chiller/heating cycles.
	Market	Higher cost of electricity	Renewables tend to carry a cost premium. Increasing the cost of using a kettle.	Medium	Long	The energy required to boil a kettle is relatively small at c0.25kWh costing around 6p. Nevertheless, this accumulates hence the strategy to develop a range of features such as pre-boil switch off, over-fill/one-cup and the benefit of Billi hot taps.

	Category	Risk	Potential impact	Likelihood	Time horizon	Mitigation
Transition opportunity	**Market**	Population/ urbanisation	Population increases by 1bn (RCP2.5) with increase up to 3bn (RCP8.5) albeit the high level will see reduced level of urbanisation/grid connectivity. Against the current population of 8bn in 2022 (according to the UN) and 7.2bn with access to electricity, this suggests potential growth of 24.0-32.0% although over such a long time period less than 1.0% a year.	High	Long	Clearly a benefit to Strix's end markets. Development of new strategy unlikely to be required.
	Products & services	Increasing importance of Scope 3 emissions	Customers, particularly the branded western clients, are increasingly looking to measure and report their Scope 3 emissions. This could increase importance if Carbon Adjustment Mechanisms are extended to include the Strix product portfolio.	High	Short/ Medium	Work with suppliers to further refine Strix's emissions to assist customers develop their own Scope 3. Continue to reduce the Group's internal and supply chain emissions to be the preferred partner.

Impact on Strix's businesses, strategy and financial planning

In terms of risk, Strix has developed a range of business contingency plans, including detailed recovery strategies for all manufacturing operations. This includes understanding both lengthy internal supply lines and understanding and mitigating risks within the supply chain. Note that the relocation of some internal component production from the Isle of Man to China has mitigated some transportation risk. Strix's kettle controls are key to the most efficient method of boiling water which should provide benefit from rising energy prices and the shift towards alternative fuels, e.g. gas to electricity. New developments are aimed at reducing energy consumption be it new products such as one cup or new features such as pre-boil cut off which switches off at approximately 97° yet the latent heat ensures that the water still attains full boiling point. Similarly, Strix's water category and associated filters increase the quality of drinking water whilst reducing the use of single use plastic containers and associated waste. In addition, Billi complements Strix's Control business as hot taps become more widely adopted, particularly in high usage environments such as offices and commercial properties. These trends are driving the direction of the Group's new product development with R&D expected to grow alongside the business remaining at 3-4% of sales.

Resilience of Strix's strategy

Strix's current assessment has been based on the Paris Agreement 1.5°C scenario. Management sees little likelihood of negative impact on Group assets but continues to assess and build on its resilience, in particular suppliers and supply chains which are relatively lengthy. From an operational risk perspective, Strix has developed a range of business contingency plans, including detailed recovery strategies for all manufacturing operations. A key risk to the Group's carbon neutral strategy is access to renewable energy (electricity) supply to its key manufacturing plants, particularly China. To counter such risks, Strix has invested approaching £1.0m in a solar system in China which, along with the solar installations at Billi in Australia, has been providing around 10.0% of the electricity supply required. The Group has signed long-term contracts for renewable energy for the other 90.0%.

ESG: Task Force on Climate-related Financial Disclosures continued

Risk Management

Identifying and assessing climate-related risks

Internal research and external assistance is combined to provide a full understanding of the potential risk avenues and opportunities. Input is garnered from across the Group's operations as well as externally from customers and suppliers – a process which will accelerate as work on Scope 3 emissions and Strix's roadmap to net zero progress. These risks are incorporated into the Group's risk software. The Group assesses the potential financial implication where appropriate and the cost of mitigation. This is best evidenced in the solar and renewable power purchase agreements in China. Neither were the lowest cost option of the status quo but provided additional sustainability and risk mitigation.

Managing climate-related risks and opportunities

Risks are managed relative to the likelihood and potential severity to the Group. The global shift to reduce emissions is highly likely (or happening) and is reflected in the Group's accelerated actions in this area. Weather related impact has been assessed and a more measured approach of a contingency plan and insurance applied to reflect the level of risk and mitigate potential impact. These actions form part of the Group's overall risk policy with key risks identified and logged within the risk register. Opportunities follow a similar pattern based on the scale of the opportunity and a set of metrics of internal measures to assess the Group's ability to compete/benefit from such avenues.

Climate-related risk integration

Climate change has become a clear reality and is now seen in Strix as 'business as usual' and part of the ongoing environment in which the Group operates. In addition, whilst complex, Strix is a small business with a flat structure and short lines of communication. The focus on climate change risks has clearly risen up the Group's agenda in recent years, as have actions, and is now an integral part of the overall business planning and management.

Metrics and Targets

Key metrics used

Significant work was undertaken in 2023 and continued into 2024 to expand Strix's carbon footprint analysis through development of Scope 3 supply chain emissions and developing a net zero pathway for the individual activities and hence, the Group. This is in addition to the internal orientated Scope 1 & 2 emissions historically reported. These have been calculated using the GHG Protocol, the internationally recognised standard for corporate carbon reporting.

Absolute and intensity (per £m) are used for both emissions and energy consumption to provide more prescient analysis as the Group expands and ensure that its focus remains on energy usage as well as emissions.

Historically, the Group has used 'location based' analysis but has added 'market based' approach in 2023 as it believes that this provides a far more accurate representation of the actions which have been undertaken and the true emissions from Strix's operations.

At present a full, independent audit is seen as unwarranted given the steps in place to achieve carbon neutral operations in Scope 1 & 2 emissions. This is continually kept under review, taking into account all stakeholders, in particular customer requirements and financial providers. The adoption of S1/2 accounting standards is very much on the Group's agenda and will clearly provide increased audit for its emissions. Note that in 2024, Strix continued to submit its emissions to the CDP.

Disclosures

The following table provides Strix emissions using both location and market based methodologies.

		2021	2022	2023	2024
Location based					
Scope 1	**tCO_2e**	265	415	589	**420**
Scope 2	**tCO_2e**	7,430	5,883	7,602	**8,281**
Scope 1 & 2	**tCO_2e**	7,695	6,298	8,191	**8,701**
Scope 1 & 2 intensity	**tCO_2e/£m**	64.4	60.5	56.7	**60.4**
Market based					
Scope 1	**tCO_2e**			589	**420**
Scope 2	**tCO_2e**			103	**0**
Scope 1 & 2	**tCO_2e**			692	**420**
Scope 1 & 2 intensity	**tCO_2e/£m**			4.8	**2.9**
Scope 3	**tCO_2e**	573,895	410,096	478,090	**563,638**
Energy usage	**MWh**	15,666	14,052	14,883	**15,930**
Energy usage intensity	**MWh/£m**	131.2	135.1	103.0	**110.6**
Energy usage intensity	**MWh/kpcs**	10.2	11.6	11.9	**11.9**

Targets

Strix's target set in 2021 was to achieve Scope 1 & 2 carbon neutral by 2023. This was achieved by Strix and LAICA in 2023 and Billi, and therefore the Group, in 2024. This is being achieved through internally generated solar power and the purchase of renewable energy which are now in place for all Strix facilities. In addition, management is targeting a 5% improvement in energy intensity (energy used against sales) to further reduce risk.

Strix's Scope 3 work has provided a good initial understanding of the Group's total emissions footprint. The key element is the 'in use' phase at approximately 94.0%, reflecting the kettle as an energy consumptive heating device. The laws of physics limit the impact which the Group can put on the Scope 3 inventory. Strix is therefore focusing on other areas which may have less impact but where it can actively make a difference. In particular, areas such as supply chain as well as working with customers who are increasingly looking to assess and reduce their own Scope 3 emissions.

However, given the dominance of the 'in-use' element Strix has not set targets for the Group but continues to work on its net zero pathway. If governments achieve their stated grid reduction/carbon neutral targets, with this accounting for 94.0% of emissions, Strix will easily achieve any Paris Accord, SBTi targets. However, this will also bring to the forefront other areas such as transportation or waste which appear minor at present. The Group will continue to provide attention to all areas of emissions.

Full disclosure of the Group's sustainability KPIs and targets are shown on page 30.

Engaging With Our Stakeholders

Strix's business model is predicated on understanding and serving the needs of all its stakeholders as developed through continual and responsive dialogue. The Group considers the impacts that its business decisions have on stakeholders, with the aim of addressing any concerns they might have, as it actively engages with them to nurture relationships that underpin the long-term success and sustainability of the Group.

The Group considers six key stakeholders that drive its strategy:

1. Shareholders
2. Employees
3. Customers
4. Suppliers
5. Communities
6. The environment

	1. Shareholders	2. Employees
Risk	As ultimate owners of the business, Strix engages with its investors for transparency on its business model, strategies and performance, whilst obtaining an understanding of their needs and priorities in order to deliver value for their investment in the Group.	With over 1,000 employees across 12 locations worldwide, Strix's employees are its greatest asset and the Group believes that the development and retention of talent is important to achieve the long-term strategic goals of the business.
Areas of focus?	• Revenue growth and profitability. • Product and geographical diversification. • Value creation and returns on investments, including dividends. • Market share and leadership. • Sustainability through our Environmental, Social and Governance ("ESG") strategy.	• Health, safety and wellbeing. • Training and development. • Reward and recognition. • Career progression. • Culture, diversity and community.
How?	• Annual General Meetings. • Capital Markets Days. • Investor roadshows and presentations. • Direct meetings with institutional investors. • Non restricted research for retail investors is provided through Equity Development. • Written communications, including Annual Reports and results releases. • Independent investor feedback reviews. • Individual shareholders are encouraged to contact Directors on all matters relating to governance and strategy via the Group Secretary or Representative.	• Communication through a variety of channels including internal meetings, video and call conferencing, email and written communication. • Quarterly newsletters including business updates and news on finances, social events and employee interests and profiles. • A global intranet platform including notices and announcements, workflows processes and employee directory. • Periodic employee surveys and annual reviews as a feedback platform. • Employee assistance programme, including counselling, to assist on issues impacting wellbeing and performance. • Encouraging employee participation through 'Think Twice' and 'Lean Initiative' schemes. • Internal training and certification including relevant ISOs.

3. Customers	4. Suppliers	5. Communities	6. Environment
In line with the Group's mission statement, the value of the business is created based on giving ready access to innovative water, beverage, and wellbeing technology everywhere people come together.	Strix works closely with its suppliers to build strong relationships that make doing business with us a long-term goal, bringing value to both parties. Forming strategic partnerships enhances the value of Strix's business and plays a major role in ultimately satisfying the needs of the Group's customers, whilst meeting sustainability targets.	As a financially successful business, Strix is in a strong position to give back and acknowledge its responsibility to the communities in which it operates. Strix aims to strengthen its position as a global, socially responsible employer, whilst reinforcing its corporate culture and employee pride in its positive contribution to all of its local communities across the Group.	Human impacts on the environment are increasingly recognised as harmful to the long-term sustainability of society and the planet. Not only is managing the environmental impact the right thing to do, but delivering environmentally friendly products is key to Strix's growth strategy.
• Safety and sustainability. • Innovation and efficiency. • Quality and reliability. • Supply chain management. • Cost effectiveness.	• Long-term relationships and supply chain security. • Pricing and related terms of supply. • Quality and audit standards, and related requirements. • Governance and corporate responsibility.	• Job creation, including young people development and apprenticeships. • Charitable funding. • Public health and safety. • Education. • Preservation and restoration of the environment.	• Reduced carbon footprint. • Charitable funding. • Preservation of the planet.
• Continual dialogue to understand their challenges supported by close research and development alignment. • Maintaining close relationships via regional sales and commercial teams. • Involving customers in product design and testing, knowledge sharing and understanding of products for faster product releases in line with market needs. • Regular participation in self-organised seminars and exhibitions. • Engage with consultants to manage customer relations for large group companies who request to deal with manufacturers. • Effective order and supply chain process, simplifying order execution and product delivery.	• Bi-annual audits. • Continual communications on our Supplier Code of Business Conduct. • Discussion on mutual working, including understanding of their operations to improve awareness on sustainability requirements in line with the Responsible Business Alliance. • Internal risk assessments on policy awareness, quality, capacity and performance.	• Communication of Strix's sustainability strategy via the Group's ESG reports and presentations. • Sponsorship of, and participation in annual graduate intern and youth development programmes, including Junior Achievement programmes to enhance training and development for children, young people and graduates. • Participation and membership in local business networks, including Chamber of Commerce committees and STEM (science, technology, engineering, mathematics) groups. • Continued volunteering, support and fundraising activities for various charities involved with, amongst others: mental health, social welfare, humanitarian aid for children, cancer support groups, and various disability groups. • Awards earned from the various contributions made to our various stakeholders and society.	• Communication of Strix's sustainability strategy via the Group's annual sustainability report. • Participation in local community projects focused on preservation of nature and the environment, including voluntary work with local charities. • Various initiatives to raise awareness of environmental preservation. • Alignment with the UN's Sustainable Development Goals. • Continued research and development of energy efficient kettles to reduce wasted energy. • Investment into plastic waste reducing products to reduce and eliminate the need for single-use bottles which end up in a landfill or part of the millions of tonnes of plastic in the oceans. • Ensuring availability of safe water and sanitation for all through the development of the filtration products to enhance water quality, removing lead, bacteria and viruses.

Risk Management Approach

The Board is responsible for identifying, assessing, mitigating and managing business and operational risk across the Group.

Effective risk management is core to Strix's strategy and is incorporated into everyday activity across the Group, allowing Strix to identify opportunities based on strong foundations, supporting future sustainable growth. It continues to be critical for the delivery of the Group's strategic objectives and its management is fundamental to how the Group operates.

Strix approaches risk at both Group and divisional level allowing the Board and the senior leadership team to identify and manage risks and opportunities specifically relevant to their division, as well as across the Group. Strix promotes a risk awareness culture, supporting management to make better commercial decisions to deliver sustainable long-term growth.

Risk assessment

The Board recognises that there are risks and uncertainties that could have a material effect on the Group. Where the reduction or removal of the risk is not possible, the Group formulates a management action plan to respond to the risk should the risk materialise (e.g. the Business Continuity Plan). The Board approves the level of risk appetite taken by the Group and endorses that of the senior management team.

The list included here is not an exhaustive list of all of the risks that the Group faces, but points to the risks that would most affect the Group should they materialise. Strix's operating environment is subject to change and new risks may arise. The potential impact of known risks may increase or decrease and/or the Group's assessment of these risks may change. Included on the following pages are explanations of how each risk is being mitigated.

Strix categorises its risks in the following areas:

- **Strategic**
- **Financial**
- **Operational**
- **Reputational**
- **Compliance**

These categories are assessed on a residual basis according to the Board's current view of their potential severity (being the combination of likelihood and consequence), assuming that existing controls in place are effective.

Ongoing monitoring

Identified risks included within the Risk Register at both Group and divisional level, are reviewed periodically by the senior management team, and at least annually by the Board. The review includes an assessment of each risk to address any changes in circumstance, a re-appraisal of the residual risk and the effectiveness of mitigating actions taken to date, and whether any additional controls are required.

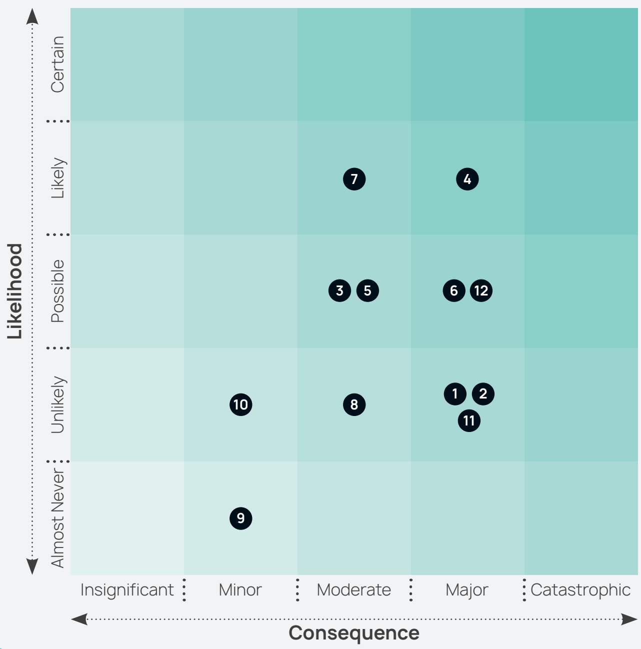
New risks are added to the Register on identification, via a number of processes which seek to capture risks not already included.

Risk appetite

To strengthen Strix's competitive advantage and culture of innovation, the Board recognises that employees are encouraged to take considered risks that drive product innovation and support the growth potential.

Strix categorises its appetite to risk by the following categories:

- Tolerate (work with it).
- Treat (mitigate and manage).
- Terminate (eliminate the risk e.g. by selling the asset, closing the service).
- Transfer (e.g. buy insurance).



Risk Heat Map

The risks identified in the heat map highlight those risks which would have the greatest impact on the Group's operations and viability.

Principal risks are highlighted by a bold typeface, whilst less critical risks are highlighted in an italicised typeface.

1 **Reliance on key customers**
2 **Reliance on key suppliers**
3 **Competitors and market pressures**
4 **Raw material and commodity prices and general cost inflation**
5 *External factors*
6 **Foreign exchange risk**
7 **Loss of key personnel**
8 *Disruption to supply chain*
9 *Manufacturing facilities*
10 *Reputational risks*
11 **Intellectual property**
12 **Cybersecurity**

As part of its risk management approach, Strix uses the following thresholds to calculate the impact of potential risks on the business.

Risk Category	Impact Rating				
	Insignificant	Minor	Moderate	Major	Catastrophic
External Authority Interest	No active interest.	Advice and/or monitoring only.	Active involvement such as setting and monitoring requirements for improvement.	Presenting the threat of direct intervention and/or requiring immediate corrective actions. Associated high level of scrutiny.	Direct intervention imposing restrictions on key on-going operations.
External Stakeholder Confidence	Addressed in > 2 weeks.	Addressed within 2 weeks to 1 month.	Addressed within 1 to 2 months.	Addressed within 2 to 6 months.	Extending beyond 6 months.
Financial 1 - Enterprise Value	Under £100k	£100,000 - £199,000	£200,000 - £399,000	£400,000 - £2m	> £2m
Financial 2 - Revenue	Under £100k	£100,000 - £199,000	£200,000 - £399,000	£400,000 - £2m	> £2m
Financial 3 - EBITDA	Under £100k	£100,000 - £199,000	£200,000 - £399,000	£400,000 - £2m	> £2m
Non-Compliance	Insignificant non-compliance.	Minor non-compliance.	Moderate non-compliance.	Major non-compliance.	Extremely serious non-compliance.
Reputation	Limited if any external media interest.	Local media interest lasting 5 days or less.	Local media interest lasting 5-10 days.	Local media interest lasting 10-30 days or national media interest lasting 10 days or less.	Media interest lasting more than 30 days or national media interest lasting 10-30 days.
Workforce Relations	Issues resolved within less than 1 month.	Issues resolved within 1 to 2 months.	Issues resolved within 2 to 4 months.	Issues resolved within 4 to 12 months.	Issues extending beyond 12 months.

Risk Management Approach continued

Movement key:

Increase Decrease No change

Risk	Impact	Mitigation	Status
Strategic risks			
1. **Reliance on key customers**	The Group has a number of key customer relationships, including some of the largest OEMs in the global market. The top 10 customers contributed c.45% of the Group's adjusted revenues in the financial year ended 31 December 2024 (2023: c.43%), with the largest customer making up c.12% (2023: c.12%) of the Group's adjusted revenues. The loss of any of these key customer relationships would have a negative impact on the Group's business, financial position and results of operations.	• Strix undertakes regular dialogue with its key customers, building strong commercial relationships. • Strix is fully integrated in the entire value chain for its key products and provides a number of value-added services to its customers to protect these key customer relationships. • Strix regularly reviews and manages key customer credit exposures. • Strix has a diversified product portfolio and customer base, allowing for multiple sources of income in different geographies to mitigate further the risk of reliance on a limited number of key customer relationships.	Movement: Decrease Likelihood: **Unlikely** Consequence: **Major** Appetite: **Tolerate**
2. **Reliance on key suppliers**	The Group relies upon certain key suppliers, although dual source arrangements are in place across the supplier base. As a result, if alternative supply sources could not fulfil the required demand, the Group would be exposed to a number of risks, including the risk of supply disruption, the risk of key suppliers increasing prices and the risk of a key supplier suffering a quality issue which impacts upon the quality of the Group's products. All of these risks, which apply across the marketplace, could have a negative impact on the Group's business and, if required, the engagement of alternative suppliers may increase the Group's cost base.	• Dual sourcing where appropriate to reduce dependence on single suppliers. • Monitoring of the financial and operational viability of key suppliers. • Ongoing monitoring of inventory levels to ensure availability in times of production volatility. • Insourcing of production to Strix's manufacturing plant to reduce reliance on external suppliers, also thereby reducing overhead costs. • Supplier Quality Management is achieved by initial vendor approval against predefined thresholds for standards compliance and production capability, which is maintained by regular supplier audits against the current targets.	Movement: Decrease Likelihood: **Unlikely** Consequence: **Major** Appetite: **Tolerate**
3. **Competitors and market pressures**	The Group operates in competitive and price sensitive markets, and a number of Low-Cost competitors exist, especially in the controls market, that are attempting to increase their market share by undercutting Strix on pricing, amongst other tactics. If a significant shift in market pricing occurs and the Group is not able to mitigate this by reducing costs or investing in appropriate technological innovation, the Group's revenues and profitability may be negatively affected.	• Strix constantly monitors its competitors and market trends to understand the dynamic forces which shape the Group's competitive landscape. • Strix uses automated production where possible to mitigate the risk of labour cost inflation and reduce the costs of production, particularly in China where the majority of its manufacturing employees are located. • Strix is active in a wide variety of markets across the world which provides some protection from targeted competitive activity in specific markets. • Strix carefully manages its variable and fixed cost bases with an added advantage of the continued adoption of lean and automated manufacturing processes with insourcing of commodities from increased production capacity at the China manufacturing plant. • Strong customer relationship management and a targeted investment in engineering and technological innovation, eg Next Generation/Low-Cost maintains the Group's wider relevance to the market, to add value beyond lowest price.	Movement: No change Likelihood: **Possible** Consequence: **Moderate** Appetite: **Tolerate**

Movement key:
Increase Decrease No change

Risk	Impact	Mitigation	Status
Financial risks continued			
4. Raw material and commodity prices and general cost inflation	Strix is exposed to fluctuations in the prices of some raw materials, in particular copper and silver. This volatility has been ongoing and is seen across all major global supply chains in all industries due to remnant impacts from the COVID-19 pandemic, the cost of living crisis and from the ongoing conflicts in Ukraine and the Middle East. The Board monitors commodity and raw material prices and have put in place appropriate steps to mitigate the impact of this. However, a significant change in the cost of certain raw materials, particularly silver and copper, if sustained for a prolonged period may increase the Group's material costs without necessarily allowing a corresponding increase in the sales price of its products, which could affect the Group's margins and ultimate profitability. Any change in the costs of operating the Group could impact the Group's profitability. Such cost increases could be incurred from increments in supplier costs (including, amongst other things, raw materials and energy costs, particularly electricity costs), employment costs or wage inflation, or increases in costs to be incurred due to regulatory change. Although such costs are accounted for, where these can be estimated, in future budgets for the Group, not all cost increases are capable of being estimated adequately in advance.	• Strix has undertaken a number of automation projects to mitigate the risk of labour cost inflation and reduce the costs of production wherever possible, particularly in China where the majority of its manufacturing employees are located. • Strix carefully manages its variable and fixed cost bases, with an added advantage of the continued adoption of lean and automated manufacturing processes with insourcing of commodities from increased production capacity at the China manufacturing plant. • As market leader, Strix has the ability to undertake a price increase if the inflation of costs is prolonged and significant. • Forward procurement of commodities to secure future profits, and raw material purchasing policy of buying between 3 to 12 months in advance for silver and copper. • The Group recruited a Head of Treasury in 2024 whose responsibility includes monitoring and managing these costs for the Group.	Movement: No change Likelihood: **Likely** Consequence: **Major** Appetite: **Tolerate**
5. External factors	Strix continues to monitor the ever-changing political landscape with particular focus on the ongoing conflicts in Ukraine and the Middle East, and US/China trade tensions. Economic slowdowns in key markets can also affect performance, for instance, Germany, the UK and Australia. Due to the large degree of uncertainty and volatility in macroeconomic and geopolitical landscapes, the Group is actively monitoring these situations and continues to review the Group's risks.	• The geographical spread of Strix's business and end markets across the world limits its exposure to this risk. • Where required, Strix maintains stock levels to mitigate the risk of increased raw material and customer shipment lead times. • The Group is actively monitoring these situations and continues to review the Group's risks and take targeted actions where necessary.	Movement: No change Likelihood: **Possible** Consequence: **Moderate** Appetite: **Tolerate**
6. Foreign exchange risk	The Group's exposure to currency fluctuations inherently exists due to trading in foreign currency across multiple jurisdictions, and also due to the consolidation of foreign subsidiaries into the Group. The Group's payments and receipts are predominantly in Pound Sterling ("GBP"), US Dollar ("USD"), Chinese Yuan ("CNY"), Euro ("EUR") and Australian Dollar ("AUD"). Changes in the rates of foreign exchange against GBP, the Group's presentation currency, could adversely impact margins earned.	• The Group has a clear understanding of its net foreign currency exposures, with the Group's biggest risk relating to a net long US$ trading position. • The Group monitors actual and forecast currency movements on a regular basis, and will enter into forward foreign currency exchange contracts where appropriate. • Trading results are presented in CER to mitigate translation risk into GBP and allow readers of the accounts to better understand underlying trading performance. • Net investment hedging structures help to offset balance sheet risk. • The Group has appointed a new Head of Treasury.	Movement: Decrease Likelihood: **Possible** Consequence: **Major** Appetite: **Tolerate**

Risk Management Approach continued

Movement key:
Increase Decrease No change

Risk	Impact	Mitigation	Status
Operational risks			
7. Loss of key personnel	Not having the right talent and diversity at all levels of the organisation to deliver Strix's strategy whilst promoting the Group's culture, resulting in reduced financial performance or reputational damage.	• Refinement of operational model tailored to each division down to department level with clearly defined roles and responsibilities. • Enhanced employee engagement, including 'open-door' access by, and regular two-way communications between, all employees and the senior management team (particularly the CEO and the Group's Human Resources function). • Regular reviews of remuneration structures, including matching remuneration levels with industry standards, reviews of reward payment structures (including bonuses and Long-Term Incentive Plans). • Transparency of career development paths. • Recruitment processes strengthened as the Group continues with its commitment to sourcing key talent both to strengthen resources and replace any recent losses in key personnel.	Movement: Increase Likelihood: **Likely** Consequence: **Moderate** Appetite: **Treat**
8. Disruption to supply chain	Major global supply chain disruptions due to ongoing global events directly affect the Group, previously experienced in the form of disruptions to normal operations, and increased carriage, freight, shipping and transportation costs. The Group's operations facilitate the transfer and movement of commodities and goods across multiple jurisdictions, internally amongst the Group's various production and distribution sites, and externally to and from customers and suppliers. Therefore, an inherent risk to the Group supply chain still exists in the form of disruptions to operations from shortages of supplies, delays in deliveries and increased costs of carriage and freight, all of which can directly impact the Group's underlying margins, profitability and performance.	• The Group continues to monitor global supply chain trends in order to reasonably anticipate any potential future hurdles, and thereby plan ahead to ensure minimal disruptions to normal operations should these resurface, including seeking optimal shipping and transportation arrangements if necessary. • The Group constantly monitors margins and profitability of products and can implement price increases to help offset increased costs. • Freight costs budgetary planning and analysis continues to be done on a monthly basis to assess the global supply chain trends and any potential impacts on the Group's operations and finances. • Forward procurement of commodities to ensure availability of stock for minimal disruptions to operations. • Holding of finished stock in different districts in order to minimise any disruptions. • Adoption of lean and automated manufacturing processes with insourcing of commodities from increased production capacity at the China manufacturing plant. • Dual sourcing where appropriate to reduce dependence on single suppliers or supply chain routes.	Movement: Decrease Likelihood: **Unlikely** Consequence: **Moderate** Appetite: **Tolerate**

Movement key:
Increase Decrease No change

Risk	Impact	Mitigation	Status
Operational risks continued			
9. Manufacturing facilities	In addition to facilities in the Isle of Man, Italy and Australia, the Group's China facility currently manufactures the majority of its products. If for any reason, including product mix changes, a capacity constraint is created, or should the operations at this and the other sites become disrupted for whatever reason (or reasons), and/or the Group is unable to find suitable alternative manufacturing sites, the Group's ability to meet the demands of its customers could be affected. Any of the above could negatively impact the Group's relationships with its customers.	• The China factory features automated functionality and increased manufacturing capacity, and was constructed in a modular way in order to reduce the risk posed by any potential disruptions. • Strix put in place preventative measures at all operational sites including fire suppression and prevention systems, periodic health and safety training for staff and implementation of alternative energy sources to ensure continuity in the event of any disruption to normal power supplies. • A detailed recovery plan has been documented as part of the Group's Business Continuity Plan which is overseen by the Recovery Management Team. Procedures relate to communications and information exchange, recovery process phase, clean-up process, pollution prevention and restoration (including insurance claims and compensations). Restoration procedures include plan maintenance, back-ups, testing and emergency sources of power generation.	Movement: No change Likelihood: **Almost Never** Consequence: **Minor** Appetite: **Tolerate**

Risk Management Approach continued

Movement key:

Increase · Decrease · No change

Risk	Impact	Mitigation	Status
Reputational risks			
10. Reputational risks	The Group's reputation for and delivery of products of high- standards of quality and safety is key to a number of direct and indirect customers in choosing Strix products. Should Strix suffer product quality or safety issues, leading to a negative impact on its reputation with customers, future performance could be significantly impaired.	• Robust engineering design and validation processes from initial design and development through production and into service. • High levels of quality assurance are embedded in robust manufacturing systems. • Engagement with external certification bodies in order to ensure Strix's products have already passed certification with key standard setting bodies.	Movement: Increase Likelihood: **Unlikely** Consequence: **Minor** Appetite: **Tolerate / Treat**
Compliance risks			
11. Intellectual property	The Group relies on a combination of patents, design registrations, trademarks, trade secrets, copyright and other contractual agreements and technical measures to protect its proprietary intellectual property rights. The Group's success will in part depend on its ability to establish, protect and enforce proprietary rights relating to the development, manufacture, use or sale of its existing and proposed products.	• The Group vigorously defends its key intellectual property in order to derive the maximum economic benefit from its portfolio of intellectual property assets. • The Group actively monitors new products introduced in markets where intellectual property protection is in place to ensure its designs and trademarks are not being infringed and where they are, restitution is sought.	Movement: Decrease Likelihood: **Unlikely** Consequence: **Major** Appetite: **Tolerate**
12. Cybersecurity	Cybersecurity risks include risks from malware and ransomware attacks by third parties attempting to gain unauthorised access to Strix's systems. The Group's operations are heavily reliant on its IT infrastructure. Therefore, any unauthorised access could result in disruptions to operations, loss of data, breach of privacy, and loss of assets and funds.	• Deploying security tools to limit the impact and spread of ransomware, including the use of endpoint security systems to monitor and secure entry and end-points to the Group's full IT infrastructure. • Ensuring firewalls and anti-virus software are robust and up-to-date to block any potential attacks. • Employees across the whole Group continue to receive extensive training about IT security and potential risks. This is supported by a continuous awareness programme to further explain what measures need to be taken to ensure consequences are minimised. • Should a cyber incident occur, the Group has a detailed recovery plan that has been documented as part of the Group's Business Continuity Plan which is overseen by the Recovery Management Team. Procedures relate to communications and information exchange, recovery process phase and restoration (including insurance claims and compensations). Restoration procedures include plan maintenance, back-ups and testing. • Further strengthening of Disaster Recovery plans to ensure that different geographical locations may continue if breach occurred elsewhere.	Movement: No change Likelihood: **Possible** Consequence: **Major** Appetite: **Treat**

Board of Directors

Gary Lamb

Chairman

Appointed: 2017

Committees: (A) (N) (R) Chairman: (N)

Gary is a qualified accountant (CIMA) who has gained extensive business experience over the past 35 years in numerous senior roles. Gary is currently CEO of Manx Telecom. Prior to joining Manx Telecom, Gary was a founder director of Bladon Jets Limited, and a Non-Executive Director until July 2017. For 11 years, prior to Bladon Jets, Gary was the Finance & IT Director of Strix Limited, leaving in 2007.

Mark Bartlett

Chief Executive Officer

Appointed: 2006

Mark joined Strix in 2006. He led the Group through its Admission to AIM in 2017. Prior to Strix, Mark's experience includes holding various positions ranging from Engineering Director through to Managing Director for multinationals in Europe and the Americas, including serving as Managing Director of a company within the Ametek Inc. group and ABS Waste Water Limited.

Clare Foster

Chief Financial Officer

Appointed: 2024

Clare is an experienced Chief Financial Officer with an extensive skills base gained over 25 years working in and advising international businesses. Prior to joining Strix, Clare spent seven years as Group CFO at Trifast Plc, a global leader in the design, manufacture and distribution of industrial fastenings. Clare qualified as a Chartered Accountant with KPMG where she worked for 16 years.

Mark Kirkland

Non-Executive Director

Appointed: 2017

Committees: (A) (N) (R) Chairman: (A)

Mark has extensive corporate experience gained over the last 30 years having held numerous senior roles in public and private companies. He qualified as a Chartered Accountant with PricewaterhouseCoopers in London and his initial career was in corporate finance, predominantly spent at UBS Limited. He has been CFO of numerous public companies and latterly was CEO of Delin Property until 2022. Mark is currently a Director of Kelso Group Holdings Plc and a Non-Executive Director of AEW UK REIT Plc.

Richard Sells

Non-Executive Director

Appointed: 2020

Committees: (A) (N) (R) Chairman: (R)

Richard is an experienced company director and advisor with over 30 years' experience working across multinational corporations, public companies, entrepreneur-led SME enterprises, and private-equity backed businesses. He previously served as Chairman of the Association of Manufacturers of Domestic Appliances, and was on the Board of London listed Alba Plc. Additionally, he has worked with a number of entrepreneur-led private companies and served as a deal advisor for a large private equity firm.

Richard leads the Board's efforts in overseeing the Group's ESG policies and procedures and monitors Strix's progress against stated goals.

Note: (A) Audit Committee (N) Nomination Committee (R) Remuneration Committee EMT Executive Management Team

Senior Management Team

Emma Cox
Group Human Resources Director

Joined: 2020

Emma drives the Group's human capital strategy focusing mainly on attraction, recruitment, retention and development of talented people across the organisation.

Riccardo Dolcetta
Managing Director of LAICA & Strix Consumer Goods

Joined: 2021

Riccardo manages the Strix Consumer Goods division and the LAICA group of companies with overall leadership over the division's operations and strategic direction. He has responsibility for the commercial, research and development, manufacturing and engineering operations.

Frank Gao
Chief Operating Officer

Joined: 2012

Frank directs and leads the global operations team that spans Strix's Guangzhou and Ramsey facilities, and oversees the Group's overall manufacturing, supply chain and technology footprint. He also oversees the research and development function for the Group.

Neil Geoghegan
Director of Group Finance

Joined: 2021

Neil directs the finance teams across all Group locations, including the team responsible for the accuracy of financial reporting and financial controls.

Nick Gibbs
Group Engineering & Western Operations Director

Joined: 1992

Nick has functional responsibility for engineering throughout the Strix Group of companies. Nick also has functional responsibility for the Group's manufacturing facilities outside of China.

Rachel Pallett
Chief Commercial Officer Controls & Billi

Joined: 2023

Rachel manages the Controls and Billi divisions, with a global team spread across the Isle of Man, UK, Australia and China. She oversees the commercial business operations within the divisions and provides strategic leadership, whilst implementing product development and building enduring customer relationships.

Matt Thomas
Strix Consumer Goods Engineering & Divisional Operations Director

Joined: 2003

Matt is based in Guangzhou and leads the global manufacturing engineering teams looking for innovative methods of manufacture, including automation and customer quality teams.

David Trustrum
Western Supply Chain & Commercial Operations Director

Joined: 1991

David directs the commercial operations department, optimising commercial activities through intellectual property rights and product safety, market intelligence and pricing management.

Nicolò Zanuso
Strix Consumer Goods Finance Director

Joined: 2021

Nicolò ensures appropriate financial asset controls are in place, along with information and business processes, whilst ensuring compliance with relevant accounting standards and legislation for the Strix Consumer Goods division.

EMT Executive Management Team

Board Activities

The Board is committed to effective corporate governance as the basis for delivering long-term value growth and meeting shareholder expectations for proper leadership and oversight of the business.

Audit Committee
Chaired by Mark Kirkland

The Audit Committee report which lays out the duties and responsibilities of the Audit Committee can be read on pages 65-66.

Nomination Committee
Chaired by Gary Lamb

The Nomination Committee is responsible for leading the process for all potential appointments to the Board and making recommendations to the Board accordingly. The Nomination Committee report can be found on page 67.

Remuneration Committee
Chaired by Richard Sells

The Remuneration Committee reviews the Group's remuneration policy for the Executive Directors and senior management on an annual basis to ensure continued alignment with the principles set out within the Directors' remuneration report on pages 69-76.

CEO and Executive Management Team

The Board delegates the day-to-day responsibility of running the Group to the CEO, who is responsible for all commercial, operational, risk and financial elements. He is also responsible for the management and development of the strategic direction for consideration and approval by the Board. The Officers and senior management assist the CEO in implementing the strategy as approved by the Board.

Board roles

Strix's current Board is made up of three Non-Executive Directors, including the Chairman, and two Executive Directors, the CEO and CFO. All members have been selected for their diverse experience, which draws from a range of industries and background that align to promote the Group's long-term sustainable success.

The Board has determined that all its Non-Executive members are independent.

Annually, the Board conducts an appraisal evaluation of its own performance whereby each Director will complete questionnaires which are reviewed and feedback discussed.

Our Chairman

- Chairing Board meetings, Nomination Committee meetings and the Annual General Meeting, and setting the Board agenda.
- Ensuring there is effective communication between the Board, management, shareholders and the Group's wider stakeholders, while promoting a culture of openness and constructive debate.
- Ensuring Directors receive accurate, timely and clear information.
- Overseeing the annual Board evaluation and addressing any subsequent actions.
- Promoting the highest standards of corporate governance.
- Ensuring the views of stakeholders are taken into account when making decisions.

Our Non-Executive Directors

- Chairing Remuneration and Audit Committee meetings.
- Providing effective and constructive challenge for the Executive Committee and scrutinising the performance of management.
- Assisting in the development and approval of the Group's strategy.
- Reviewing Group financial information and ensuring there are effective systems of governance, risk management and internal controls.
- Ensuring there is regular, open and constructive dialogue with shareholders.

Our CEO

- Chair of the Executive Management Team.
- Day-to-day management of the Group.
- Responsible for commercial, operational, risk and strategy of the Group.
- Developing and implementing strategic direction.
- Ensuring effective communication and information to the Board and Chairman.
- Representing the Group to external stakeholders.

Our CFO

- Member of the Executive Management Team.
- Providing strategic financial leadership to the Group.
- Operating as a financial business partner in all major strategic, commercial and investment decisions.
- Responsible for maintaining and developing the Group's liquidity, its financing facilities and wider banking relationships.
- Day-to-day management of the finance function.
- Representing the Group in financial communications with external stakeholders.

Chairman's Introduction to Governance

Dear Shareholder,

On behalf of the Board, I am pleased to present our Corporate Governance Report for the year ended 31 December 2024. The Board's commitment to robust governance practices remains key, ensuring that Strix operates in a manner that is consistent with the highest corporate governance standards at all times.

In the Corporate Governance section of this report on pages 57-79, the Group describes in more detail the current governance arrangements at Strix.

This year the Non-Executive Directors have spent a significant amount of time dedicated to Strix and I am grateful for their commitment. They have provided constructive challenge, strategic guidance, offered specialist advice and have held management to account. I firmly believe the Board and its Committees contain an appropriate combination of skills, experience, and knowledge and they continue to be effective at fulfilling our responsibilities to shareholders and stakeholders.

The Board has three Committees to advise it:

- The Audit Committee advises the Board on matters relating to internal controls and financial reporting of the Group.
- The Remuneration Committee determines and recommends the framework and policy for the remuneration of the Executive Directors.
- The Nomination Committee provides a process and procedure for the appointment of new Directors.

2024 has been a year of transition for Strix, rebasing and restructuring the business to better support medium and long-term growth. The balance sheet has been strengthened and strong progress has been made in reducing our net debt position, which was a key strategic priority for the Board.

Other Board activities during 2024 included:

- Considered the reinstatement of the final dividend for 2024.
- Monitored financial performance against budgets and forecasts and discussed any deviations from expectations at each scheduled meeting.
- Reviewed and approved the Group's trading updates, full and half year results and the Annual report and accounts.
- Received updates and recommendations from the Committee Chairs following each Committee meeting.
- Received briefings from the Group's brokers.
- Received feedback and insights gathered from meetings with the Group's top shareholders.

Changes to the Board

Clare Foster joined the Group in February 2024, and was welcomed to the Board as CFO in April 2024. I relinquished my position of Chairman of the Audit Committee as Mark Kirkland resumed the role, having stepped down from his position to serve as interim CFO.

Environmental, Social and Governance ("ESG")

The Board takes its ESG responsibilities very seriously, with the goal to hand Strix over to our future successors in an even more sustainable position than it is now. Strix remains dedicated to its ESG focus and significant progress has been made against the Group's targets this year, overseen at Board level by Richard Sells. More information on this is provided in the Responsible Business and ESG sections on pages 29-46.

AGM 2025

The AGM will be held on 10 July 2025 which shareholders can attend in person. Strix considers the AGM to be an important event in the calendar and a significant opportunity for the Board to engage with its stakeholders, encouraging shareholders to share their views.

If shareholders do have questions they would like to raise at the AGM, please send an email ahead of the meeting to agmquestions@strix.com.

"I am passionate about creating the right strategy, delivered by the right executive team and supported by the right Board with sound corporate governance, in order to deliver value for our stakeholders."

Gary Lamb
Non-Executive Chairman

How Strix Governs

Corporate Governance Statement (the "QCA Code")

The Board is committed to effective corporate governance as the basis for delivering long-term value growth and for meeting shareholder expectations for proper leadership and oversight of the business.

Strix applies the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the Board believes that adherence to the QCA Code provides a strong foundation for delivering shareholder value and serves to mitigate and minimise risks. Directors of companies incorporated in the Isle of Man are required to comply with certain duties that are contained in the Isle of Man Companies Act 2006, and the Directors comply with those duties.

Going concern

These consolidated financial statements have been prepared on the going concern basis.

The Directors have made enquiries to assess the appropriateness of continuing to adopt the going concern basis. In making this assessment the Directors have considered the following:

- The current and historic trading and profitability performance of the Group.
- Income statement and cash flow forecasts for the period to 30 April 2026, including current and forecast debt covenant headroom.
- The financial position of the Group as 31 December 2024, including (i) cash and cash equivalents balances of £15.1 m (FY23: £20.1m) and (ii) undrawn and accessible RCF facilities of £10.5m (FY23: £nil).
- The ability to repay loan facilities due in the next 12 months.

Based on these considerations, the Directors have concluded that there is a reasonable expectation that the Group and the Group have adequate resources to continue in operational existence for the foreseeable future. The key entities in the Group have traded profitably, excluding non-cash adjusted items, for an extended period of time. As a result, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements and consider there are no material uncertainties about the Group's ability to continue as a going concern.

Forward-looking statements

This Annual report and accounts contains forward-looking statements that involve risk and uncertainties. The Group's actual results could differ materially from those estimated or anticipated in the forward-looking statements as a result of many factors. Information contained in this Annual report and accounts relating to the Group should not be relied upon as a guide to future performance.

AGM - voluntary disclosure

The business to be conducted at the AGM of the Group is set out in the separate Notice of Annual General Meeting which accompanies the Annual Report and Accounts. Resolutions put before shareholders at the AGM will usually include resolutions for the appointment of Directors, approval of the Directors' remuneration report, declaration of the final dividend and authorisation for the Board to allot and repurchase shares. At each AGM there is an update on the progress of the business over the last year and also on current trading conditions.

Board composition and operation

The Board is made up of three Non-Executive and two Executive Directors. The Board meets frequently throughout the year to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings.

All Directors have access to the advice and services of the Chief Executive Officer, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Group's expense.

The Board has conducted an appraisal of its own performance and that of each Director for 2024. This was completed by the use of questionnaires completed by all Directors. The results of this exercise were reviewed and feedback discussed in full by the Board. Feedback was given by the Independent Non-Executive Directors in respect of the Chairman, and by the Chairman in respect of assessments of each of the other Directors and the Board as a whole. The outcome of the appraisal is that the Board has been effective in discharging its duties during 2024, with appropriate changes, deemed necessary, made.

Internal control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control, to provide it with reasonable assurance regarding the reliability of financial information that is used within the business and for publication and the safeguarding of assets. There are inherent limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss. Some examples of internal controls operated by the Group are given below and elsewhere in this statement.

The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is delegated to functional management, which is in most cases the members of the senior management team.

The Board has an ongoing process for identifying, evaluating and managing the Group's significant risks. The process includes:

- Preparation and approval of budgets and regular monitoring of actual performance against budget.
- Preparation of monthly management accounts for each subsidiary and for the Group, including investigation of significant variances from budget; these are summarised and reviewed at Board level.
- Preparation of updated profitability and cash flow forecasts to reflect actual performance and revised outlook as the year progresses, including an assessment of the adequacy of funds for the foreseeable future.
- Investment policy acquisition proposals and major capital expenditure projects are authorised and monitored by the Group Board.

Throughout the year, the Board has carried out assessments of internal controls by considering documentation from the Executive Directors and the Audit Committee as well as taking into consideration events since the year end. The internal controls extend to the financial reporting process and the preparation of the consolidated accounts.

The Group continues to take steps to embed internal control and risk management further into the operations of the business and to deal with areas for improvement which come to the attention of management and the Board. The Group has ethical guidelines and a defined fraud reporting and whistleblowing process which are issued to all employees within the Group.

The Group's risk management programme, which assesses key risks and the required internal controls that are delegated to Functional Directors is reviewed regularly in order to ensure that it continues to meet the Board's requirements.


STANDARD FINISHES
B
SPECIAL FINISHES

Shareholders

The Chairman and the Non-Executive Directors will always make themselves available to meet with shareholders. Normal relationships with shareholders are maintained by the Executive Directors who brief the Board on shareholder issues and who relate the views of the Group's advisers to the Board. The Board believes that the disclosures set out in the Strategic Report on pages 1-56 of the Annual Report provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

As at 07 March 2025, the Group has been advised, in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests in 3% or more of its voting rights:

	Number
Number of securities in issue	**229,859,939**
AIM securities not in public hands	**1.43%**

Identity of significant shareholders as follows:

Shareholder	Shares	%
Mr Victor U Vallejo	22,988,560	10.00%
Octopus Investments	19,610,896	8.53%
Van Lanschot Kempen Investment Mgt	13,744,000	5.98%
Jupiter Asset Mgt	12,577,042	5.47%
Hargreaves Lansdown Asset Mgt	8,485,065	3.69%
Fidelity Investments	7,769,441	3.38%
Blackwell Partners	7,114,925	3.10%
Total	**92,289,929**	**40.15%**

Share capital structure

Details of the Group's share capital can be found in note 22 to the Group financial statements.

Audit Committee Report

"I am pleased to present the Audit Committee's report for 2024. I trust that this report will provide you with an insight into our work, the matters handled and the focus of the Audit Committee's deliberations during the year."

Audit Committee membership & meetings

The Committee met formally twice throughout the year with all members attending scheduled meetings. In addition to the formal meetings, Committee members also attended additional ad hoc meetings as required, including virtually, and through discussions via multiple emails.

The members of the Committee, all of whom held office for the year ended 31 December 2024, and at the date of this report (unless otherwise stated), are:

- Mark Kirkland - resumed role as Chairman of the Committee in April 2024, having stepped down from his position to serve as interim CFO.
- Gary Lamb – served as Chairman of the Committee from January to April 2024.
- Richard Sells.

All Committee members are independent Non-Executive Directors and the Board is satisfied that all members have significant, recent and relevant financial experience. Both Mark Kirkland and Gary Lamb are qualified Chartered Accountants and have held Chief Financial Officer roles for significant periods at other AIM quoted companies. For further details on Strix's Board and the members of the Audit Committee, see page 57.

The CEO, CFO and other senior finance staff attend meetings of the Audit Committee by invitation. The external auditors attend relevant meetings to present the planning and conclusions of their work, and as in previous years, the Audit Committee met with them during the year without the executive team present.

The Committee is able to call for information from management and consults with the external auditors directly if required. The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal declarations of independence, assessing the level of non-audit fees payable to the auditors, and monitoring relationships between key audit staff and the Group.

The role of the Committee

The role of the Audit Committee is set out in a terms of reference document and is to:

- Monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them.
- Review the Group's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent Directors, or by the Board itself, to review the Group's internal control arrangements for whistleblowing, and risk management systems.
- Evaluate the need to establish internal audit processes.
- Make recommendations to the Board, for it to put to shareholders for their approval in the Annual General Meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK and Isle of Man professional and regulatory requirements.
- Develop and implement policies on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.
- To report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Significant issues considered in relation to the financial statements

At the request of the Board, the Audit Committee considered whether the 2024 Annual Report and Accounts were fair, balanced and understandable, and whether they provided the necessary information for shareholders to assess the Group's performance, business model and strategy. The Committee was satisfied that this is the case.

The Audit Committee assesses whether suitable accounting policies have been adopted and whether appropriate estimates and judgements have been made by management. The Committee also reviews accounting papers prepared by management, and reviews reports by the external auditors. The specific areas reviewed by the Committee during the year were:

- Examining the Annual Report for the year to 31 December 2024 discussing with management to assess whether the report, taken as a whole, was fair, balanced and understandable prior to recommending to the Board for approval.
- The accounting treatment and presentation of the restructuring and rebasing actions taken in the year, including the disposal of HaloSource.
- Revenue recognition of the various revenue streams within the Group.
- Appropriateness of the use of the going concern assumption.
- Review of the preliminary and interim financial statements and disclosures thereof.
- Key areas of accounting estimates and judgements.

Internal audit

At present, Strix does not have an internal audit function. The Audit Committee believes that, owing to the Group's size, management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without an internal audit function. The Audit Committee reviews the need for such a function on an annual basis.

External auditor and independence

PricewaterhouseCoopers LLC is the Group's auditor and has confirmed its independence as auditor through written confirmation to the Group, and the Audit Committee monitors the relationship to ensure that auditor effectiveness, independence and objectivity are maintained. On an annual basis and in addition to reporting their audit conclusions, the external auditor reports the audit plan, including fee proposal, to the Audit Committee.

A resolution to reappoint PricewaterhouseCoopers as the Group's auditor is being proposed at the forthcoming Annual General Meeting.

A summary of fees paid to the external auditor, including the breakdown between fees for audit and non-audit services, is set out in note 6(c) to the financial statements.

Mark Kirkland
Chairman of the Audit Committee
29 April 2025

Mark Kirkland
Audit Committee Chairman

Nomination Committee Report

"Strengthening Strix's Board and management team during this pivotal moment for the Group has been essential to our rebasing efforts this year."

Nomination Committee membership & meetings

The Committee met twice during the year (with all applicable members present).

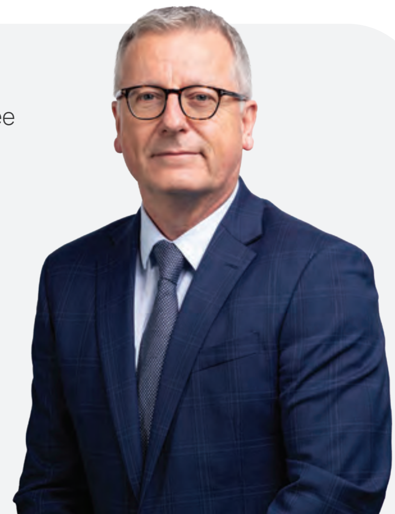
The members of the Committee, all of whom held office for the year ended 31 December 2024 and at the date of this report (unless otherwise stated), are:

- Gary Lamb (Chairman).
- Mark Kirkland.
- Richard Sells - appointed to the Committee on 7 March 2024.

The role of the Committee

The role of the Committee includes reviewing the composition of the Board, succession planning for the Board and, together with the CEO, succession planning for senior leadership positions throughout the Group. It also considers:

- The structure, size and composition of the Board and its Committees including evaluating the balance of skills, experience, independence and knowledge of its members.
- The independence and time commitments of Non-Executive Directors.
- The Board's policy on diversity as it relates to appointments to the Board.
- Succession planning for the Board and the Executive Committee roles.
- The Committee's effectiveness.
- The Committee's terms of reference.



Gary Lamb
Chairman of the
Nomination Committee

Activities during the year

The Committee met to discuss and recommend the appointment of Clare Foster, CFO as an Executive Director of Strix Group Plc; recommend the appointment of Richard Sells to the Committee; and to discuss the structure, size and composition of the Board. Other subjects were discussed to ensure the Board and Committees continue to operate effectively.

Gary Lamb

Chairman of the Nomination Committee

29 April 2025

Directors' Remuneration Report

This report sets out the Directors' remuneration policy, the basis for the remuneration paid to Directors in respect of 2024 and explains how the Committee intends to implement the policy for 2025. The key elements of our approach are summarised below.

The Remuneration Committee

The members of the Remuneration Committee are Richard Sells (Chairman of the Committee), Gary Lamb and Mark Kirkland.

The Committee held five meetings during 2024. All members of the Committee attended all meetings.

Korn Ferry has provided independent advisory services to the Committee since 2017. Korn Ferry is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct.

Duties

The main duties of the Remuneration Committee are set out in its terms of reference and include:

- Determining the remuneration policy for the Board Chairman and all Executive Directors, having regard to the risk appetite of the Group and alignment to the Group's long-term strategic goals.
- Reviewing the ongoing appropriateness and relevance of the remuneration policy, having regard to pay and employment conditions across the wider Group.
- Approving the design of, and determining targets for any performance-related pay schemes operated by the Group and approving the total annual payments made under such schemes.
- Reviewing the design of all share incentive plans for approval by the Board and shareholders.
- Determining the policy for, and scope of, pension arrangements for each Executive Director and other senior executives.
- Approving the terms of the service contracts for Executive Directors and other senior executives, and determining the policy for and scope of termination payments.
- Determining the total individual remuneration package of each Executive Director and other designated senior executives including bonuses, incentive payments and share awards.
- Establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

Remuneration policy

The Committee's objective is to ensure that remuneration incentivises and rewards the growth of shareholder value through full alignment with the Group's strategy and with the interests of shareholders. The Committee is guided by a number of fundamental principles:

- Remuneration should be set by taking into account pay levels in the various jurisdictions in which the Group operates, whilst complying with UK PLC structural norms and good practice.
- The policy should attract, retain and motivate high-calibre Executive Directors and senior management through a significant weighting on performance-related pay.
- Incentive plans should be robust and include metrics and targets which are directly relevant to Strix.
- Pay should be simple and understandable, both externally and to colleagues.
- Good practice features such as clawback and malus arrangements should be included.
- Share ownership should be encouraged across the executive team to ensure a long-term focus and alignment of interest with shareholders.
- Pay structures should not reward behaviour that inappropriately increases the Group's exposure to risks beyond the Group's risk appetite.

The Committee will keep the remuneration policy under review and will make changes as required to ensure continued alignment with the principles set out above. In doing so, he Committee will consult with Strix's major shareholders where necessary.

Application of the remuneration policy in 2024

During the year under review, there were no changes to the remuneration policy or its implementation, with executive remuneration operating in line with the intentions as set out in last year's Directors' remuneration report. Clare Foster was welcomed to Strix during the year; she joined the Board with effect from the 2 April 2024. The remuneration agreed for Clare was set out in detail in last year's report. She participated in the annual bonus scheme during the year and received a Long-Term Incentive Plan ("LTIP") grant in April on the terms summarised in last year's report. The award will vest subject to EPS performance and the satisfaction of energy intensity targets over the three-year period ending 31 December 2026. A similar award was made to Mark Bartlett. The full targets are disclosed on page 74.

Separately, and as explained last year, Clare received an additional award of shares as part of the terms agreed on her recruitment. The award will vest after three years and is subject to Clare's continuing employment and the standard malus and clawback provisions. Clare is required to build a minimum shareholding in Strix shares over time equivalent to 150% of her basic salary.

Given the ongoing challenges faced by the business during 2024, there were no payments under the annual bonus scheme. In respect of the LTIP granted in 2022, the EPS targets (which applied to 85% of the award) were not met, based on performance over the three-year period ended 31 December 2024. The separate energy intensity targets were met in full, resulting in the overall award vesting at a level of 15%.

Proposed application of the remuneration policy in 2025

The Remuneration Committee has considered the Executive Directors' salaries for 2025 and has agreed increases of 3.5% with effect from 1 April 2025. This is aligned with the average salary increase across the wider workforce in the UK, and lower than the average increase for the workforce globally.

The maximum annual cash bonus opportunity for the Executive Directors remains at 100% of basic salary for 2025. Any bonus payment will be based on challenging financial and, if relevant, non-financial targets. The exact targets are currently being finalised and will be disclosed in next year's Directors' remuneration report.

The LTIP award made in 2025 will also be based on the achievement of challenging performance conditions, to be met over the three-year period ending 31 December 2027. As at the date of finalising this report, the Committee had not taken final decisions regarding the specific measures and targets to be used for the 2025 award. The Committee's intention is to disclose full details of the targets at the time the LTIP awards are announced to the market. Full details will also be included in next year's Directors' remuneration report.

Wider workforce remuneration

The Remuneration Committee continues to consider wider pay issues across the business when making decisions in respect of the Executive Directors. Strix is an international company with employees based in a number of different regions across the globe. Pay levels and structures reflect local practice in each market and for the relevant job grade. Performance-related pay is in place for certain roles, including participation in bonus arrangements and (for more senior staff) grants of awards under the LTIP. The performance measures for the LTIP awards are normally aligned with those chosen for the Executive Directors although different conditions may apply in certain cases and grant sizes are lower.

As disclosed last year, at the beginning of 2024 Strix integrated hardship allowances into the salaries of those employees who had received these payments, thus effectively making the payments permanent.

QCA Corporate Governance Code

The Remuneration Committee has considered the 2023 update to the QCA Corporate Governance Code, which formally applies to Strix with effect from the 2025 financial year. The Committee is satisfied that the current remuneration arrangements are broadly aligned with the new remuneration principle in the Code, and will give further consideration to potential enhancements to disclosure for the 2025 Directors' remuneration report.

Engagement with shareholders

The Remuneration Committee would welcome any feedback from shareholders on any matter to do with Directors' remuneration; please contact me if you have any comments.

In line with our normal practice, Strix will again present shareholders with the opportunity to vote on this Directors' remuneration report by way of a separate resolution at the forthcoming AGM. The Board hopes the the Group's shareholders will support the resolution. I will also be available at the AGM to answer any questions you may have.

Richard Sells

Chairman of the Remuneration Committee

29 April 2025

Directors' Remuneration Policy

The objective of the remuneration policy for Executive Directors is to ensure remuneration incentivises and rewards the growth of shareholder value through full alignment with the Group's strategy and with the interests of shareholders.

The total remuneration package is structured so that a significant proportion is linked to performance conditions measured over both the short and long term. A high proportion of the potential remuneration is paid in shares, thereby ensuring that executives have a strong ongoing alignment with shareholders through the Company's share price performance.

When setting the levels of short-term and long-term variable remuneration and the balance of cash and share-based elements, consideration is given to obtaining the appropriate balance so as not to encourage unnecessary risk-taking, whilst ensuring that performance hurdles are suitably challenging.

In addition to the elements of remuneration set out in the table below, Executive Directors are required to work towards meeting share ownership guidelines. Further details are provided on page 75.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Base salary	To recruit and reward high-calibre executives for the role required.	Reviewed annually by the Committee, taking account of Group performance, individual performance, changes in responsibility and levels of increase for the workforce generally. Reference is also made to comparator benchmarks from time to time. The Committee considers the impact of any basic salary increase on the total remuneration package.	There is no prescribed maximum annual increase. The Committee is guided by movements in market rates, the performance of the business and the general salary increase for the broader employee population, but on occasion may need to take into account factors such as development in role, change in responsibility, and/or specific retention issues.
Benefits	To provide market-competitive benefits and to help ensure the overall wellbeing of employees.	The Group typically provides: • Car allowance. • Medical insurance. • Health insurance. • Cost-of-living allowance. • Other ancillary benefits, including relocation expenses (as required). Executive Directors are also entitled to 25 days' leave per annum.	Benefits provision is set at a level considered appropriate taking into account a variety of factors, including market practice elsewhere.
Pension	To provide market-competitive benefits and to assist post retirement financial planning.	A Group contribution to a defined contribution pension scheme or provision of cash allowance in lieu of pension.	Up to 10% of basic salary.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Annual bonus scheme	To encourage and reward excellent performance over the course of the financial year.	Annual bonus payments are based on performance against challenging targets linked to the Group's strategic objectives. Bonuses are currently paid in cash. The Remuneration Committee may review on an ongoing basis whether a proportion of the bonuses should be deferred into shares. A recovery and withholding mechanism applies in the event of a material misstatement of the Group's accounts and also for other defined reasons.	Maximum annual opportunity of 100% of basic salary.
Long-Term Incentive Plan ("LTIP")	To encourage and reward delivery of the Group's long-term strategic objectives and provide alignment with shareholders through the use of share-based remuneration.	The Group makes annual awards of nil-cost options. Awards are released subject to continued employment and satisfaction of challenging performance conditions measured over three years. A recovery and withholding mechanism applies in the event of a material misstatement of the Group's accounts and also for other defined reasons.	There is no formal individual limit within the LTIP rules. However, the Remuneration Committee normally applies a limit of 100% of basic salary to grants made under the LTIP to Executive Directors.
Non-Executive Director fees	To attract and retain a high-calibre Chairman and Non-Executive Directors.	Fee levels are set as appropriate for the role and responsibility for each Non-Executive Director position and with reference to market levels in comparably sized public companies. Fees are paid in cash. The Chairman is paid a single fee for all his responsibilities. Other Non-Executive Directors are also paid a single fee.	There is no prescribed maximum annual increase. Any increases to fee levels are guided by movements in market rates and the general salary increase for the broader employee population. On occasion, however, fee increases may need to recognise, for example, change in responsibility and/or time commitments.

Service contracts and payments for loss of office

The Remuneration Committee is responsible for approving the terms of the service contracts for Executive Directors and other senior executives. Directors' service contracts are available for inspection at the Company's registered office.

The service agreements for Mark Bartlett and Clare Foster are terminable on 12 months' notice and six months' notice respectively. Other than payment of salary and benefits in lieu of notice, the Executive Directors' service agreements do not provide for benefits upon termination of employment.

The Non-Executive Directors have entered into letters of appointment with the Group which can be terminated by either party providing three months' prior written notice.

Directors' Remuneration Report continued

Name of Director		Salary and fees £k	Benefits[2] £k	Pension £k	Annual bonus £k	Long-term Incentives[3] £k	Other £k	Total £k
Executive Directors								
Mark Bartlett	2024	390	71	39	-	16	-	516
	2023	375	70	38	-	-	-	483
Clare Foster[1]	2024	256	13	26	-	-	-	295
	2023	-	-	-	-	-	-	-
Non-Executive Directors								
Gary Lamb	2024	85	-	-	-	-	-	85
	2023	82	-	-	-	-	-	82
Mark Kirkland[4]	2024	51	-	-	-	-	40	91
	2023	49	-	-	-	-	35	84
Richard Sells	2024	51	-	-	-	-	-	51
	2023	49	-	-	-	-	-	49

1. Clare Foster was appointed to the Board with effect from 2 April 2024, having joined Strix on 1 February 2024. The payments in the table above represent her remuneration as a Director from 2 April to 31 December 2024.
2. Mark Bartlett's benefits include participation in the Company's private medical insurance scheme and a car allowance. Clare Foster's benefits include life assurance, private medical insurance and a car allowance.
3. The number in this column for 2024 reflects the value of the 2022 LTIP award based on the vesting level of the award (15%) and the average share price over the last three months of 2024 (58p), plus an amount reflecting the value of dividend equivalents. This award was based on performance measured up to 31 December 2024.
4. Fees under "Other" for Mark Kirkland represent the amounts received for his role as interim CFO with effect from 27 October 2023 to 2 April 2024.

Annual bonus scheme outcome for 2024

Executive Directors had the opportunity to earn a maximum annual cash bonus for 2024 of 100% of basic salary, subject to the achievement of challenging financial and non-financial targets linked to profit (50%), cash (40%) and the achievement of specific ESG targets (10%). Payment of the bonus required minimum adjusted PAT for 2024 of £21.1m.

Given an adjusted PAT outturn from continuing operations for the year of £15.2m, the Committee determined that no bonuses should be paid.

Performance under the LTIP award granted in 2022

Executive Directors and other members of senior management were granted an award of shares under the LTIP in April 2022. Vesting of 85% of the awards was based on basic adjusted EPS performance measured over the three-year period ended 31 December 2024. The specific EPS targets, and the performance achieved, are set out below.

Annual EPS growth to be achieved in the period ended 31 December 2024	Level of vesting
Below 3%	0%
3%	25%
Between 3% and 7%	Vesting on a straight-line basis between 25% and 100%
7% or above	100%

The Committee assessed the level of performance achieved and determined that the targets had not been met, taking into account the basic adjusted EPS of 6.8p reported for the year ended 31 December 2024. Given negative EPS growth over the three-year performance period, the Committee determined that this portion of the Directors' LTIP awards should lapse.

The remaining 15% of the LTIP awards was based on Strix achieving a reduction in energy intensity of at least 5% per annum over the three-year performance period to the end of 2024. The actual reduction in energy intensity over the period was 6.1% per annum; as a result, this portion of the LTIP will vest in full.

The total vesting level for the LTIP award was therefore 15% of the shares originally granted in 2022.

LTIP award granted in 2024

Executive Directors and other senior employees were granted an award of shares under the LTIP in April 2024. For the Executive Directors, the award was granted at a level of 100% of basic salary. Vesting of 85% of the award is subject to the achievement of performance conditions based on the Company's EPS performance over the three financial years ending 31 December 2026. The specific targets were disclosed in last year's report and are also set out below.

Annual EPS growth to be achieved in the period ending 31 December 2026	Level of vesting
Below 3%	0%
3%	25%
Between 3% and 7%	Vesting on a straight-line basis between 25% and 100%
7% or above	100%

The remaining 15% is based on Strix achieving a reduction in energy intensity of at least 5% per annum over the three-year performance period.

In addition to the above awards, and as explained in last year's Directors' remuneration report, Clare Foster received an additional award of 50% of salary at the time of her recruitment to Strix. This award vests subject to continued employment over the three-year period following grant.

LTIP awards are subject to malus and clawback provisions, as set out in the remuneration policy on page 69.

Directors' participation in the LTIP

Details of the numbers of shares held by the Executive Directors under the LTIP are set out in the table below.

Name of Director	Scheme	Grant date	Exercise price	Number of LTIP shares at 31 December 2023	Granted during year	Vested during year	Lapsed during year	Number of shares at 31 December 2024	End of performance period	Vesting date[1]
Mark Bartlett	LTIP	21 Apr 2021	nil	123,995	-	-	123,995	-	31 Dec 2023	1 Apr 2024[2]
	LTIP	21 Apr 2022	nil	148,760	-	-	-	148,760	31 Dec 2024	1 Apr 2025[3]
	LTIP	17 Apr 2023	nil	359,295	-	-	-	359,295	31 Dec 2025	1 Apr 2026
	LTIP	25 Apr 2024	nil	-	528,972	-	-	528,972	31 Dec 2026	1 Apr 2027
Clare Foster	LTIP	1 Feb 2024	nil	-	225,089[4]	-	-	225,089	n/a	1 Feb 2027
	LTIP	25 Apr 2024	nil	-	458,741	-	-	458,741	31 Dec 2026	1 Apr 2027

1. All LTIP options above cannot be exercised until the Remuneration Committee determines the performance conditions (where relevant) have been met.
2. As explained in the 2023 Directors' Remuneration Report, the performance conditions for this award were formally tested after the 2023 year end and it was deemed that the award had lapsed in full.
3. As explained in the relevant section above, the performance conditions for this award were formally tested after the 2024 year end and it was deemed that the award will vest at a level of 15%, reflecting the achievement of the targets linked to reduction in energy intensity.
4. This award represents the additional LTIP grant made to Clare Foster in connection with her recruitment to the Group, as explained above.

Directors' Remuneration Report continued

Directors' shareholding guidelines and share interests

To align their interests with shareholders, Executive Directors are required to work towards meeting specific shareholding guidelines. These guidelines require the Directors to retain at least 50% of the net of taxes gain arising from any shares vesting or acquired under the LTIP until such time as the share ownership target has been met. The guidelines require the CEO to build a holding equivalent in value to 200% of basic salary, and the CFO to build a holding equivalent in value to 150% of basic salary.

The Chairman and Non-Executive Directors are encouraged to hold shares in the Group but are not subject to a formal shareholding guideline. Details of the Directors' interests in shares are shown in the table below.

Name of Director	Beneficially owned at 31 December 2024	Shareholding guideline achieved at 31 December 2024 as % of 2024 basic salary[1]
Mark Bartlett	2,745,147	>200%
Clare Foster	-	0%
Gary Lamb[2]	468,313	n/a
Mark Kirkland	63,613	n/a
Richard Sells	14,241	n/a

1. Based on the year end share price of 48.2p.
2. Shares registered in the name of GEL Holdings Limited, a company controlled by Gary Lamb.

Application of the remuneration policy for 2025

Fixed remuneration

The Remuneration Committee has agreed that the salaries of the Executive Directors will increase by 3.5% with effect from 1 April 2025. This is in line with the average salary increase for the wider workforce in the UK, and lower than the average increase for the workforce globally.

The resulting salaries are £407,112 for Mark Bartlett and £353,059 for Clare Foster.

The level of pension provision for both of the Executive Directors remains at 10% of basic salary.

Annual bonus scheme

The annual bonus scheme will continue to incentivise the delivery of performance over the short term. It is anticipated that the scheme will primarily be based on the achievement of challenging financial targets. The exact targets are currently being finalised and will be disclosed in the 2025 Directors' Remuneration Report.

The maximum annual bonus opportunity for the Directors for 2025 will be 100% of basic salary, payable in cash.

LTIP

The 2025 LTIP award will be subject to the achievement of stretching targets to be achieved over the three financial years ending 31 December 2027. As at the date of finalising this report, the Committee had not taken final decisions regarding the specific measures and targets to be used for the award. Our intention is to disclose full details of the targets at the time the LTIP awards are announced to the market. Full details will also be included in next year's Directors' remuneration report.

It is anticipated that the LTIP award will again be granted with the right to a payment equivalent to the value of the dividend paid over the vesting period to be made at the time of vesting. The awards will be subject to malus and clawback provisions, as set out in the remuneration policy on page 69.

The LTIP awards for the Executive Directors will be granted at the normal levels of 100% of basic salary.

Chairman and Non-Executive Directors

The fees payable to the Board Chairman and the other Non-Executive Directors have been increased by 3.5% for 2025, in line with the salary increase for the Executive Directors and the average salary increase across the wider workforce in the UK. Accordingly, the new fees are £88,695 for Gary Lamb and £53,218 each for Mark Kirkland and Richard Sells.

This report was approved by the Board of Directors and signed on its behalf by:

Richard Sells
Chairman of the Remuneration Committee
29 April 2025

Directors' Report
for the year ended 31 December 2024

The Directors present their report together with the audited consolidated financial statements of Strix Group Plc ("the Company") for the year ended 31 December 2024.

Principal activities of the Group

The principal activities of Strix Group Plc and its subsidiaries (together, the "Group") are operating as a unique global supplier of sustainable technologies, committed to providing innovative water, beverage, and wellbeing solutions wherever people come together.

Annual General Meeting

The Annual General Meeting will be held at the Company's Head Office, which is located at Forrest House, Ronaldsway, Isle of Man, IM9 2RG at 9:00am (BST) on Thursday 10 July 2025.

Results and dividends

The Group recorded reported revenue in the year of £141.8m (FY23: £143.8m) and a reported profit after tax of £2.0m (FY23 profit: £16.6m) from continuing operations.

The Directors have proposed not to pay a final dividend at this time, but plan to reinstate the FY24 final dividend of 1.28p per share with payment to take place in December 2025 alongside the FY25 interim dividend. A resolution to seek approval for the FY24 final dividend payment will be sought in a general meeting to be scheduled in Q425.

Financial risk management

Information relating to the financial risks of the Group have been included within note 20, "Financial risk management".

Directors and their interests

The Directors of the Group who were in office during the year and up to the date of signing the consolidated financial statements were:

Name of Director	Role
Mark Bartlett	Chief Executive Officer
Clare Foster	Chief Financial Officer (Appointed 2 April 2024)
Gary Lamb	Non-Executive Chairman
Richard Sells	Non-Executive Director
Mark Kirkland	Non-Executive Director, Interim CFO until 1 April 2024

All members of the Board of Directors will retire by rotation in accordance with the Company's Memorandum and Articles of Association and all will be proposed for re-election at the AGM on 10 July 2025. The Directors who held office during the year and as at 31 December 2024 had the following interests in the number of ordinary shares of the Company:

Name of Director	2024	2023
Mark Bartlett	**2,745,147**	2,676,762
Mark Kirkland	**63,613**	63,613
Gary Lamb	**468,313**	468,313
Richard Sells	**14,241**	14,241
Clare Foster (Appointed 2 April 2024)	**-**	-

In addition to the interests in ordinary shares shown above, the Group operates a performance share plan (the LTIP) for senior executives, under which certain Directors have been granted conditional share awards. Subject to achieving performance targets, the maximum number of ordinary shares which could be issued to Directors in the future under such awards as at 31 December 2024 is shown below:

Name of Director	2024	2023
Mark Bartlett	**1,037,027**	632,050
Clare Foster (Appointed 2 April 2024)	**683,830**	-

The market price of the Company's shares at the end of the financial year was 48.2p (FY23: 74.6p) and the range of market prices in the year was between 44.6p and 90.0p (FY23: between 52.8p and 112.6p).

No changes took place in the interests of Directors between 31 December 2024 and the date of signing the consolidated financial statements.

Directors' indemnities and insurance

The Articles permit the Board to grant the Directors indemnities in relation to their duties as Directors, including third party indemnity provisions (within the meaning of the Isle of Man Companies Act 2006) in respect of any liabilities incurred by them in connection with any negligence, default, breach of duty or breach of trust in relation to the Company. Deeds of indemnity have been granted to each Director, but do not cover criminal acts. Directors' and Officers' liability insurance cover is in place at the date of this report. The Board remains satisfied that an appropriate level of cover is in place and a review of the levels of cover takes place on an annual basis.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of issue of these consolidated financial statements. As a result, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Further details are provided in note 2 of the financial statements.

Independent auditor

The auditor, PricewaterhouseCoopers LLC, has indicated its willingness to continue in office and a resolution concerning reappointment will be proposed at the AGM.

On behalf of the Board

Gary Lamb
Non-Executive Chairman
29 April 2025

Statement of Directors' Responsibilities in Respect of the Financial Statements

for the year ended 31 December 2024

The Directors are responsible for preparing the consolidated financial statements in accordance with applicable laws and regulations. The Directors have elected to prepare the consolidated financial statements in accordance with UK-adopted international accounting standards.

In preparing the consolidated financial statements, the Directors are responsible for:

- Selecting suitable accounting policies and applying them consistently.
- Stating whether UK-adopted international accounting standards, have been followed subject to any material departures disclosed and explained in the financial statements.
- Making judgements and accounting estimates that are reasonable and prudent.
- Preparing the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.
- Preparing consolidated financial statements which give a true and fair view of the state of affairs of the Group and of the financial performance of the Group for that period.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Mark Bartlett
Director
29 April 2025

Clare Foster
Director
29 April 2025

Independent Auditor's Report
to the members of Strix Group Plc

Our opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Strix Group Plc (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with UK-adopted international accounting standards.

What we have audited
Strix Group Plc's consolidated financial statements (the "financial statements") comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued
to the members of Strix Group Plc

Key audit matter	Restructuring and rebasing of the business Refer to notes 2, 6(b) and 28 to the financial statements. The Group has undertaken restructuring actions, which include: • Streamlining the Consumer Goods division; • Rationalising product lines and groups; and • Reducing headcount. As a result, there have been a number of impairments and other adjusting items that have impacted the 2024 financial statements. We considered the accuracy and completeness of the impairment and derecognition assessments, as well as the disclosure of these items, to be a matter of most significance to our current year audit due to their magnitude and non-recurring nature.
How our audit addressed the key audit matter	We performed enquiries of the Board and inspected relevant Board minutes of meetings identifying the approval of the restructuring and rebasing of the business, as well as the Board's approval of the sale of the HaloSource business. We obtained an understanding of the procedures and controls applied by management during their assessment of the terminated product lines, identifying the completeness of associated assets and the related write-offs, impairments and disclosures relating to their commercial review of product lines. We assessed and challenged the key accounting concepts included within management's technical accounting analysis utilising our technical accounting expertise. Our audit procedures included, amongst others, testing of the principles and integrity of management's calculations by: • For licensing debtors, obtaining signed agreements for customer settlements, agreeing any repayments made to bank statements and amounts written off to credit notes; • Comparing the carrying value of assets derecognised to approved disposal records; • Inspecting sales records subsequent to the product lines being discontinued, confirming that no further sales were made; • Agreeing redundancy costs to relevant payroll records; • Agreeing the amount and terms of the rebate repayment to one of the Group's key OEM customers to the signed agreement and vouching any payments made to bank statements; and • Challenging management on the presentation of the settlement rebate under IFRS 15 Revenue from Contracts with Customers, resulting in the rebate being recognised as a reduction to revenue. Specifically for the discontinued operations: • Assessing and challenging HaloSource's classification as a disposal group; • Obtaining evidence of the transfer of control of the business prior to the financial year end, including inspecting the fully executed sales agreement and completion of the conditions precedent; • Agreeing the carrying amount of net assets sold to the underlying accounting records and recalculating the loss on disposal; • Obtaining management's impairment calculations, assessing the mathematical accuracy and agreeing key components to underlying support; and • Challenging management as to whether the discontinued operation was impaired prior to or post classification as a discontinued operation and assessing the sufficiency of evidence that impairment occurred post classification. We evaluated the nature, extent and completeness of management's disclosures against UK-adopted international accounting standards. We also assessed whether the nature of these items was compliant with the adjusting items definition as defined in the material accounting policies and found these to be in compliance.

Other Information

The other information comprises all of the information in the Annual Report and Accounts 2024 other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with UK-adopted international accounting standards and Isle of Man law, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with our engagement letter dated 17 October 2024 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Paul Jones BSc FCA
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man
29 April 2025

Consolidated Income Statement
for the year ended 31 December 2024

	Note	2024 £000s	2023 £000s
Income statement			Restated*
Revenue - before adjusting items		**143,968**	143,807
Revenue – adjusting items	6(b)	**(2,200)**	-
Revenue	4	**141,768**	143,807
Cost of sales – before adjusting items		**(90,001)**	(86,537)
Cost of sales – adjusting items	6(b)	**(818)**	(65)
Cost of sales		**(90,819)**	(86,602)
Gross profit		**50,949**	57,205
Distribution costs		**(9,960)**	(10,555)
Administrative expenses – before adjusting items		**(16,941)**	(14,632)
Administrative expenses – adjusting items	6(b)	**(10,518)**	(4,127)
Administrative expenses		**(27,459)**	(18,759)
Share of profits from joint ventures		**-**	85
Other operating income		**405**	370
Operating profit – before adjusting items		**27,471**	32,538
Adjusting items	6(b)	**(13,536)**	(4,192)
Operating profit		**13,935**	28,346
Finance costs	7	**(9,187)**	(10,378)
Finance income		**224**	175
Profit before taxation – before adjusting items		**18,508**	22,335
Adjusting items	6(b)	**(13,536)**	(4,192)
Profit before taxation		**4,972**	18,143
Income tax expense – before adjusting items		**(3,286)**	(1,872)
Income tax credit - adjusting items	6(b)	**271**	329
Income tax expense	8	**(3,015)**	(1,543)
Profit from continuing operations – before adjusting items		**15,222**	20,463
Adjusting items	6(b)	**(13,265)**	(3,863)
Profit from continuing operations		**1,957**	16,600
Loss from discontinued operations – before adjusting items	28	**(485)**	(406)
Loss from discontinued operations – adjusting items	6(b)	**(2,830)**	(34)
Loss from discontinued operations	28	**(3,315)**	(440)
(Loss)/profit for the year		**(1,358)**	16,160
(Loss)/profit for the year attributable to:			
Equity holders of the Company		**(1,377)**	16,203
Non-controlling interests		**19**	(43)
		(1,358)	16,160
(Loss)/profit for the year attributable to Equity holders of the Company arises from:			
Continuing operations		**1,938**	16,643
Discontinued operations		**(3,315)**	(440)
		(1,377)	16,203
Earnings per share (pence) from continuing operations			
Basic	9	**0.9**	7.6
Diluted	9	**0.8**	7.5
(Loss)/earnings per share (pence)			
Basic	9	**(0.6)**	7.4
Diluted	9	**(0.6)**	7.3

* Prior period numbers have been restated as a result of discontinued operations (note 28) and representation of income statement (note 2).

The notes on pages 88-134 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2024

	Note	2024 £000s	2023 £000s
			Restated*
(Loss)/profit for the year		**(1,358)**	16,160
Other comprehensive expense			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of continuing foreign operations, net of tax		**(3,351)**	(2,869)
Exchange differences on translation of discontinued operation, net of tax		**(22)**	(135)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	5(c)	**(8)**	-
Total comprehensive (expense)/income for the year		**(4,739)**	13,156
Total comprehensive (expense)/income for the year attributable to:			
Equity holders of the Company		**(4,757)**	13,210
Non-controlling interests		**18**	(54)
		(4,739)	13,156
Total comprehensive (expense)/income for the year attributable to Equity holders of the Company arises from:			
Continuing operations		**(1,420)**	13,785
Discontinued operations		**(3,337)**	(575)
		(4,757)	13,210

* Prior period numbers have been restated as a result of discontinued operations (note 28), change in presentation of the income statement (note 2) and correction of a technical accounting error (note 29).

The notes on pages 88-134 form part of these consolidated financial statements.

Consolidated Statement of Financial Position
for the year ended 31 December 2024

ASSETS	Note	2024 £000s	2023 £000s
			Restated*
Non-current assets			
Intangible assets	10	**63,021**	71,584
Property, plant and equipment	11	**44,143**	46,215
Deferred tax asset	8	**1,512**	957
Investments in joint ventures		**-**	1
Net investments in finance leases		**-**	11
Total non-current assets		**108,676**	118,768
Current assets			
Inventories	13	**25,391**	25,440
Trade and other receivables	14	**22,676**	27,713
Current income tax receivable		**292**	220
Cash and cash equivalents	15	**15,117**	20,114
Total current assets		**63,476**	73,487
Total assets		**172,152**	192,255
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium	22	**32,002**	23,642
Share-based payment reserve		**-**	572
Retained earnings		**18,659**	19,134
Foreign currency translation reserve		**(5,731)**	(2,359)
Non-controlling interests		**671**	653
Total equity		**45,601**	41,642
Current liabilities			
Trade and other payables	16	**30,729**	27,165
Borrowings	17	**11,230**	16,062
Lease liabilities	24	**1,129**	1,218
Current income tax liabilities		**2,396**	2,074
Total current liabilities		**45,484**	46,519
Non-current liabilities			
Lease liabilities	24	**2,545**	3,592
Deferred tax liabilities	8	**8,998**	9,871
Borrowings	17	**68,807**	89,743
Post-employment benefits	5(c)	**717**	888
Total non-current liabilities		**81,067**	104,094
Total liabilities		**126,551**	150,613
Total equity and liabilities		**172,152**	192,255

* Prior period numbers have been restated as a result of correction of technical accounting errors, see note 29.

The consolidated financial statements on pages 83-134 were approved and authorised for issue by the Board of Directors on 29 April 2025 and were signed on its behalf by:

Mark Bartlett
Director

Clare Foster
Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

	Share capital and share premium £000s	Share-based payment reserve £000s	Retained earnings £000s	Foreign currency translation reserve £000s	Total Equity attributable to owners £000s	Non-controlling interests £000s	Total Equity £000s
Balance at 1 January 2023	23,861	202	12,479	-	36,542	707	37,249
Profit/(loss) for the year	-	-	16,203	-	16,203	(43)	16,160
Other comprehensive expenses (restated*)	-	-	(2,993)	-	(2,993)	(11)	(3,004)
Total comprehensive income/(expense) for the year (restated*)	-	-	13,210	-	13,210	(54)	13,156
Dividends paid (note 23)	-	-	(9,070)	-	(9,070)	-	(9,070)
Share-based payment transactions (note 21)	-	380	-	-	380	-	380
Transfers between reserves (note 21)	-	(10)	10	-	-	-	-
Transaction costs (note 22)	(219)	-	-	-	(219)	-	(219)
Total transactions with equity holders recognised directly in equity	(219)	370	(9,060)	-	(8,909)	-	(8,909)
Other transactions recognised directly in equity	-	-	146	-	146	-	146
Correction of error (note 29)	-	-	2,359	(2,359)	-	-	-
Balance at 31 December 2023 (restated*)	23,642	572	19,134	(2,359)	40,989	653	41,642
Balance at 1 January 2024	**23,642**	**572**	**19,134**	**(2,359)**	**40,989**	**653**	**41,642**
(Loss)/profit for the year	**-**	**-**	**(1,377)**	**-**	**(1,377)**	**19**	**(1,358)**
Other comprehensive expenses	**-**	**-**	**(8)**	**(3,372)**	**(3,380)**	**(1)**	**(3,381)**
Total comprehensive (expense)/income for the year	**-**	**-**	**(1,385)**	**(3,372)**	**(4,757)**	**18**	**(4,739)**
Share-based payment transactions (note 21)	**-**	**343**	**-**	**-**	**343**	**-**	**343**
Transfers between reserves (note 21, 22)	**2**	**(912)**	**910**	**-**	**-**	**-**	**-**
Issue of shares (note 22)	**8,748**	**-**	**-**	**-**	**8,748**	**-**	**8,748**
Transaction costs (note 22)	**(390)**	**-**	**-**	**-**	**(390)**	**-**	**(390)**
Total transactions with equity holders recognised directly in equity	**8,360**	**(569)**	**910**	**-**	**8,701**	**-**	**8,701**
Other transactions recognised directly in equity (note 21)	**-**	**(3)**	**-**	**-**	**(3)**	**-**	**(3)**
Balance at 31 December 2024	**32,002**	**-**	**18,659**	**(5,731)**	**44,930**	**671**	**45,601**

* Prior period numbers have been restated as a result of correction of technical accounting errors, see note 29.

The Group has re-represented the translation of its foreign operations into a separate component of equity, foreign currency translation reserve. The translation of foreign operations was previously reported as part of retained earnings.

The notes on pages 88-134 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 December 2024

	Note	2024 £000s	2023 £000s
Cash flows from operating activities			
Cash generated from operations	25	**35,817**	38,902
Tax paid		**(3,690)**	(1,297)
Net cash generated from operating activities		**32,127**	37,605
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(4,952)**	(3,296)
Capitalised development costs	10	**(2,629)**	(3,560)
Earnout payments regarding the acquisition of LAICA		-	(7,502)
Consideration refunded regarding the acquisition of Billi	10	-	1,046
Purchase of other intangibles	10	**(662)**	(1,169)
Payment for acquisition of Laica Brand House, net of cash acquired	12	**130**	-
Disposal of discontinued operation, net of cash disposed	28	**(605)**	-
Finance income		**224**	180
Net cash used in investing activities		**(8,494)**	(14,301)
Cash flows from financing activities			
Repayment of borrowings	17	**(25,957)**	(15,114)
Finance costs paid	17	**(8,679)**	(7,611)
Principal elements of lease payments	24	**(1,847)**	(1,426)
Net proceeds from issue of new shares/(transaction costs)	22	**8,358**	(219)
Dividends paid	23	-	(9,070)
Net cash used in financing activities		**(28,125)**	(33,440)
Net decrease in cash and cash equivalents		**(4,492)**	(10,136)
Cash and cash equivalents at the beginning of the year		**20,114**	30,443
Effects of foreign exchange on cash and cash equivalents		**(505)**	(193)
Cash and cash equivalents at the end of the year		**15,117**	**20,114**

The notes on pages 88-134 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2024

1. GENERAL INFORMATION

Strix Group Plc (the "Company") was incorporated and registered in the Isle of Man on 12 July 2017 as a company limited by shares under the Isle of Man Companies Act 2006 with the registered number 014963V. The address of its registered office is Forrest House, Ronaldsway, Isle of Man, IM9 2RG.

The Company's shares were admitted to trading on AIM, a market operated by the London Stock Exchange, on 8 August 2017. Strix Group Plc and its subsidiaries (together, the "Group") are operating as a unique global supplier of sustainable technologies, committed to providing innovative water, beverage, and wellbeing solutions wherever people come together.

2. MATERIAL ACCOUNTING POLICIES

The Group's material accounting policies set out below have, except for those applied for the first time, been applied consistently to all of the years presented.

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards as applicable to companies reporting under those standards.

The financial statements have been prepared on a historical cost basis with the exception of certain items which are measured at fair value as disclosed in the accounting policies below.

During the year, the consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards, which was changed from IFRS Accounting Standards ("IFRS") and International Financial Reporting Standards Interpretation Committee ("IFRS IC") interpretations as adopted by the European Union. This was changed to align with the AIM Listing Requirements for an Isle of Man entity. The Directors have assessed the impact on recognition and measurement of assets, liabilities, equity and comprehensive income and presentation and disclosure requirements and due to there being no impact of the change, concluded that there is no need to restate comparative information.

The preparation of consolidated financial statements in conformity with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

As permitted by IAS 1, the Group has elected to present its income statement (statement of profit or loss) separately from its statement of comprehensive income as this provides more relevant details to users. The Group previously presented a single statement of profit or loss and other comprehensive income.

Going concern

These consolidated financial statements have been prepared on the going concern basis.

The Directors have made enquiries to assess the appropriateness of continuing to adopt the going concern basis. In making this assessment the Directors have considered the following:

- The current and historic trading and profitability performance of the Group.
- Income statement and cash flow forecasts for the period to 30 April 2026, including current and forecast debt covenant headroom.
- The financial position of the Group as at 31 December 2024, including (i) cash and cash equivalents balances of £15.1 m (FY23: £20.1m) and (ii) undrawn and accessible RCF facilities of £10.5m (FY23: £nil).
- The ability to repay loan facilities due in the next 12 months.

Based on these considerations, the Directors have concluded that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The key entities in the Group have traded profitably, excluding non-cash adjusted items, for an extended period of time. As a result, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements and consider there are no material uncertainties about the Group's ability to continue as a going concern.

Standards, amendments and interpretations adopted

The following standards and amendments apply for the first time in the period commencing 1 January 2024:

- Lease Liability in Sale and Leaseback – Amendments to IFRS 16.
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.
- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants –Amendments to IAS 1.

The amendments listed above did not have a material impact on the Group financial statements.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES continued

Standards, amendments and interpretations which are not effective or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards and amendments are outlined below.

Standard/Interpretation	Effective date Periods beginning on or after
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027

The Group is currently assessing the impact of these amendments and does not expect them to have a material impact on the financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiary undertakings. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Consolidation of subsidiaries ceases from the date that control also ceases.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of financial position, respectively.

Joint ventures

Joint ventures are joint arrangements of which the Group has joint control, with rights to the net assets of those arrangements. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Interests in joint ventures are accounted for using the equity method of accounting (detailed below) after being recognised at cost in the consolidated statement of financial position.

Equity method of accounting

Under the equity method of accounting, investments in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses from the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received from joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the impairment of assets policy as described below in this note.

Transactions eliminated on consolidation

Intra-Group balances, and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

Basis of consolidation continued

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date with the assets and liabilities of subsidiaries being measured at their fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquiree; less
- the fair value of the identifiable assets acquired and liabilities assumed.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the fair value of the acquired entity's net identifiable assets. Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

If the initial accounting for a business combination is preliminary by the end of the reporting period in which the business combination occurs, provisional amounts are reported. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognised retrospectively where material to reflect the new information obtained about facts and circumstances that existed as at the acquisition date, and if known, would have affected the measurement of assets and liabilities recognised at that date. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Foreign currency translation

Functional and presentational currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Pound Sterling, which is Strix Group Plc's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in the consolidated income statement within cost of sales.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets, including intangible assets and goodwill arising on acquisition of those foreign operations, and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position, or at historic rates for certain line items.
- Income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income. Such translation differences are reclassified to profit or loss only on disposal or partial disposal of the foreign operation.

Property, plant and equipment

Initial recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, the components are accounted for as separate items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES continued

Property, plant and equipment continued

Subsequent measurement

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of any residual values, over their estimated useful lives as follows:

• Plant and machinery	3-25 years
• Fixtures, fittings and equipment	2-10 years
• Motor vehicles	3-5 years
• Production tools	1-10 years
• Right-of-use assets	3-10 years
• Buildings (including land usage rights)	50 years
• Point-of-use dispensers	4-10 years

The Group manufactures some of its production tools and equipment. The costs of construction are included within a separate category within property, plant and equipment (assets under construction) until the tools and equipment are ready for use as intended by management at which point the costs are transferred to the relevant asset category and depreciated. Any items that are scrapped are written off to the consolidated income statement.

The assets' residual values and useful lives are reviewed at the end of each reporting period.

Fixtures, fittings and other equipment includes computer hardware.

Derecognition

Property, plant and equipment assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated income statement on derecognition.

Impairment

Tangible assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Intangible assets

Initial recognition and measurement

The Group's intangible assets relate to goodwill, capitalised development costs, intellectual property, customer relationships, brands and computer software. Goodwill acquired is allocated to those cash-generating units ("CGUs") expected to benefit from the business combination in which the goodwill arose. Goodwill is measured at cost less any accumulated impairment losses and is held in the functional currency of the acquired entity to which it relates and remeasured at the closing exchange rate at the end of each reporting period, with the movement taken through other comprehensive income. The CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Internal costs that are incurred during the development of significant and separately identifiable new products and manufacturing techniques for use in the business are capitalised when the following criteria are met:

- It is technically feasible to complete the project so that it will be available for use.
- Management intends to complete the project and use or sell it.
- It can be demonstrated how the project will develop probable future economic benefits.
- Adequate technical, financial, and other resources to complete the project and to use or sell the project output are available.
- Expenditure attributable to the project during its development can be reliably measured.

Capitalised development costs include employee, travel and other directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Refer to note 6(a) for details.

Intangible assets continued

Intellectual property is capitalised where it is probable that future economic benefits associated with the patent will flow to the Group, and the cost can be measured reliably. The costs of renewing and maintaining patents are expensed in the consolidated income statement as they are incurred.

Customer relationships, intellectual property and brands are recognised on acquisitions where it is probable that future economic benefits will flow to the Group.

Computer software is only capitalised when it is probable that future economic benefits associated with the software will flow to the Group, and the cost of the software can be measured reliably. Computer software that is integral to an item of property, plant and equipment is included as part of the cost of the asset recognised in property, plant and equipment.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Subsequent measurement

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Capitalised development costs 2-10 years
- Intellectual property Lower of useful or legal life (8-20 years)
- Technology and software 2-10 years
- Customer relationships 10-15 years
- Brands Indefinite useful life
- Goodwill Indefinite useful life

Brands have an indefinite useful life because there is no foreseeable limit on the period during which the Group expects to consume the future economic benefits embodied in the asset.

The LAICA brand has been trading since inception and has been a well recognisable brand amongst the Group's trading partners, and the Group does not foresee a time limit by when these partnerships will cease.

The Billi brand is a well-established and competitive brand, being one of the top 2 brands in the Australian and New Zealand markets, and well recognised in the United Kingdom among residential and commercial clientele. The Group does not foresee a time limit by when this market presence will cease.

Derecognition

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated income statement when the asset is derecognised. Where a subsidiary is sold, any goodwill arising on acquisition, net of any impairment, is included in determining the profit or loss arising on disposal.

Impairment

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Intangible assets with indefinite useful lives impairment assessments

Intangible assets with indefinite useful lives arising on business combinations are allocated to the relevant CGU and are treated as the foreign operation's assets.

Impairment reviews are performed at least annually, or more frequently if there are indicators that the assets might be impaired. The Group has assessed the carrying values of goodwill and brands to determine whether any amounts have been impaired. The recoverable amount of the underlying CGU was based on a value in use model where future cashflows were discounted using a weighted average cost of capital as the discount rate with terminal values calculated applying a long-term growth rate.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES continued

Intangible assets continued

Intangible assets with indefinite useful lives impairment assessments continued

In determining the recoverable amount, the Group considered several sources of estimation uncertainty and made certain assumptions or judgements about the future. Future events could cause the assumptions used in the impairment review to change with an impact on the results and net position of the Group refer to note 3 for details.

Leases

Group as a lessee

The Group leases office space, workshops, warehouses, motor vehicles and factory space. Rental contracts are typically made for periods of 3 - 10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use ("ROU") assets and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability, finance costs and foreign exchange (where the lease is denominated in a foreign currency). The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of future lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Future lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that options.
- The payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise primarily IT equipment.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Leases continued

Group as a lessor

Lease income from operating leases where the Group is a lessor, and where substantially all the risks and rewards associated with the leased asset remain with the Group, is recognised in other income on a straight-line basis over the lease term. Billi rental income is recognised in revenue.

Financial assets

Classification

The Group classifies its financial assets as financial assets held at amortised cost. Management determines the classification of its financial assets at initial recognition.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows.
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets held at amortised cost are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. Financial assets at amortised cost comprise cash and cash equivalents and trade and other receivables (excluding prepayments, VAT receivables and the advance purchase of commodities). Trade receivables are amounts due from customers for products sold performed in the ordinary course of business. They are due for settlement either on a cash in advance basis, or generally within 45 days, and are therefore all classified as current. Other receivables generally arise from transactions outside the usual operating activities of the Group.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the expected credit loss model to financial assets at amortised cost. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Given the nature of the Group's receivables, expected lifetime losses are not material.

Financial liabilities

With the exception of contingent consideration, the Group initially recognises its financial liabilities at fair value net of transaction costs where applicable and subsequently they are measured at amortised cost using the effective interest method. Financial liabilities comprise trade payables, payments in advance from customers and other liabilities. They are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Contingent consideration is measured at fair value with changes in fair value recognised in profit or loss.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other liabilities include customer rebates.

Borrowing costs

Borrowing costs are recognised initially at fair value. Borrowing costs are subsequently measured at amortised cost.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday entitlements and defined benefit and contribution pension plans.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES continued

Employee benefits continued

Short-term benefits

Short-term benefits, including holiday pay and similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered. The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) When the Group can no longer withdraw the offer of those benefits.

(b) When the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Pensions

The Group operates both defined contribution and defined benefit plans for the benefit of their employees.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service or compensation.

The liability recognised in the consolidated statement of financial position in respect of the defined benefit scheme is the present value of the defined benefit obligation at the statement of financial position date less the fair value of the scheme assets, together with adjustments for actuarial gains or losses and past service costs. The defined benefit obligation is calculated by qualified independent actuaries using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The net pension finance cost is determined by applying the discount rate, used to measure the defined benefit pension obligation at the beginning of the accounting period, to the net pension obligation at the beginning of the accounting period taking into account any changes in the net pension obligation during the period as a result of cash contributions and benefit payments.

Pension scheme expenses are charged to the consolidated income statement within administrative expenses. Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income. Net defined benefit pension scheme deficits before tax relief are presented separately in the consolidated statement of financial position within non-current liabilities.

Share-based payments

The Group has issued conditional equity settled share-based options and conditional share awards under a Long-Term Incentive Plan ("LTIP") in the parent company to certain employees. Under the LTIP, the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions such as the requirement for the Group's shares to be above a certain price for a pre-determined period.
- Excluding the impact of any service and non-market performance vesting conditions, including earnings per share targets, dividend targets, and remaining an employee of the Group over a specified period of time.
- Including the impact of any non-vesting conditions, where relevant.

Share-based payments continued

These awards are measured at fair value on the date of the grant using an option pricing model and expensed in the consolidated income statement on a straight-line basis over the vesting period, after making an allowance for the estimated number of shares that will not vest. The level of vesting is reviewed and adjusted bi-annually in the consolidated income statement, with a corresponding adjustment to equity.

If the terms of an equity settled award are modified, at a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity award is cancelled by forfeiture, where the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award as at the date of forfeiture is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards is reversed, effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is included in the calculation of diluted earnings per share.

Further details on the awards is included in note 21.

Inventories

Inventories consist of raw materials and finished goods which are valued at the lower of cost and net realisable value. Cost is determined using the following basis:

Division	Raw material	Finished Goods
Controls	FIFO	Weighted Average
Consumer Goods	FIFO	Weighted Average
Billi (previously PFS)	FIFO	FIFO

Cost comprises expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition including applicable supplier rebates, and include all related production and engineering overheads at cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. At the end of each reporting period, inventories are assessed for impairment. If inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and an impairment charge is recognised in the consolidated income statement.

Supplier rebates

The Group enters into agreements with suppliers whereby volume-related allowances and various other fees and discounts are received in connection with the purchase of goods from those suppliers. Most of the income received from suppliers relates to commercially agreed rebates based on historic sales volumes.

Rebates are recognised when earned by the Group, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract. The income is recognised as a credit within cost of sales.

Where the income earned relates to inventories which are held by the Group at the year end, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Amounts due relating to supplier rebates are recognised on a gross basis and within trade and other receivables.

Revenue

The Group primarily recognises revenue from the sale of goods and services to its customers as well as from licensing arrangements. The transaction price is based on the sales agreement with the customer. Revenue is reported net of sales taxes, discounts, rebates and after eliminating intra-Group sales. Rebates are based on a certain volume of purchases by a customer within a given period and are recognised on a net basis based on an expected value approach.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and is recognised when the performance obligations have been fulfilled. The Group recognises revenue from the sale of goods and services either at a point in time or over time, based on the nature of the contract terms. The Group recognises revenue from three main categories namely Controls, Billi and Consumer Goods.

Controls

Revenue from the sale of goods rendered is recognised net of VAT in the consolidated income statement when the customer obtains control of the goods. Where contractual arrangements with customers include an embedded freight or storage service, an appropriate percentage of revenue is deferred until these performance obligations have also been satisfied.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

2. **MATERIAL ACCOUNTING POLICIES** continued

Revenue continued

Controls continued

All of the amounts recognised as revenue are based on the underlying terms & conditions we have in place with customers. No element of financing is deemed present as sales are made under normal credit terms and consistent with wider market practice.

Payment terms for the majority of customers in this category are to pay cash in advance of the goods being delivered. The Group recognises the advance payments within trade and other payables on the consolidated statement of financial position as "Payments in advance from customers". At the point the revenue is recognised, these balances are transferred from "Payments in advance from customers" to revenue. For the majority of other customers payment is normally due within 30 to 45 days from the date of sale.

Billi

The Group recognises revenue from the following major sources under Billi:

- Sale of tap systems, consumable products and spare parts.

  Revenue from the sale of taps systems and consumables including spare parts is recognised once control of the goods has been transferred to the customer. Payment terms are 1 month from the invoice date and is recorded within trade receivables until payment is received.

- Rental of tap systems.

  Rental income is made up of revenue from the supply of tap systems where the Company is lessor in an operating lease. Payment for rental income is in advance of the rental period and the rental income is recognised over time, with the transaction price allocated to this service released on a straight-line basis over the period of the lease. Included in the transaction price for the rental of tap systems, in some contracts, is the installation of those tap systems. The supply and installation elements of the contract are one deliverable, as they are highly interrelated, and therefore there is no allocation of a portion of the transaction price to the installation.

  Initial direct costs incurred in arranging an operating lease (except where immaterial) are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

  Rental agreements run for a minimum period of twelve months and typically for three to five years. Some rental agreements have no fixed end date and may be cancelled by either party.

  The average useful economic life for a Point-of-Use ("POU") water device is approximately four to ten years whilst refurbishment can extend the life of some devices to eleven years or more. For this reason, existing rental agreements are not judged to transfer substantially all of the risks and rewards of ownership to the lessee.

  Revenue is recognised for the rental of tap systems from when the taps have been installed as this is the point in time that the consideration is unconditional from this point.

- Servicing of tap systems.

  The Company has taken advantage of IFRS 15, para 4 whereby they have grouped contracts for the servicing of taps into a portfolio, on the basis that applying IFRS 15 to each individual contract would not result in a material difference. This is on the basis that the underlying contracts are relatively homogenous and that under the contracts, each unit covered would be serviced twice per annum and the completion of the performance obligation, being the completion of the service, would be evenly spread throughout the period over the various contracts. Therefore the sale of services are recognised proportionally over the duration of the service period, provided a right to consideration has been established subject to a minimum notice period or early termination penalty.

  Whilst payment terms are in advance of the service period, revenue is recognised for the servicing of tap systems from when the contracts have been entered into as this is the point in time that the consideration is unconditional.

Consumer Goods

Sales are either 'direct' to the end user customers or 'indirect' to wholesale and retail distributors. Revenue from the supply of goods is recognised once control of the goods has been transferred to the customer, being when goods have been delivered to a customer site or in the case of indirect sales, when the goods have been delivered to the wholesale distributor.

Deferred revenue

Revenue invoiced but not yet recognised in the consolidated income statement is held on the consolidated statement of financial position within 'Payments in advance from customers'.

Revenue continued

Licensing income

The Group holds a substantial portfolio of issued and registered intellectual property rights relating to certain aspects of its hardware devices, accessories, goods, software and services under kettle controls and consumer goods. This includes patents, designs, copyrights, trademarks and other forms of intellectual property rights registered in the U.K. and various foreign countries.

From time to time, the Group enters into term-based and exclusive licensing arrangements with some of its customers in respect of its intellectual property.

The licensing income is recognised at a point in time or over time based on the following assessment. Where the licensing arrangement is a distinct performance obligation, Management assess whether the licensing contract gives the customer either:

- the right to access the Group's intellectual property as it exists throughout the licence period; or
- right to use the Group's intellectual property as it exists at the point in time at which the licence is granted.

Revenue from a licensing contract which is considered to provide a right to the customer to access the Group's intellectual property as it exists throughout the licence period is recognised over time, as and when the related performance obligation is satisfied.

A licensing contract gives the customer the right to access the Group's intellectual property as it exists throughout the license period when all the following are met:

- The contract requires, or the customer reasonably expects, that we will undertake activities that significantly affect the intellectual property to which the customer has rights.
- The rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified above.
- Those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Revenue relating to a licensing contract which does not meet the above criteria is recognised at a point in time, which is usually the point at which the licence is granted to the customer but not before the beginning of the period during which the customer is able to use and benefit from the licence.

Cost of sales

Cost of sales comprise costs arising in connection with the manufacture of thermostatic controls, cordless interfaces, and other products such as water dispensers, taps, jugs and filters. Cost is based on the cost of purchases on a weighted average basis and first in first out "FIFO" (for Billi), and includes all direct costs and an appropriate portion of fixed and variable overheads where they are directly attributable to bringing the inventories into their present location and condition. This also includes an allocation of non-production overheads, costs of designing products for specific customers and amortisation of capitalised development costs.

Research and development

Research expenditure is written off to the consolidated income statement within cost of sales in the year in which it is incurred. Development expenditure is written off in the same way unless the Directors are satisfied as to the technical, commercial and financial viability of the individual projects. In this situation, the expenditure is classified on the consolidated statement of financial position as a capitalised development cost.

Finance income

Finance income comprises bank interest earned on financial assets that are held for cash management purposes. Finance income is recognised using the effective interest rate method.

Finance costs

Finance costs directly attributable to the acquisition or construction of a qualifying asset are capitalised. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use. All other borrowing cost are recognised in the consolidated income statement in finance costs. Finance costs comprise interest charges on lease liabilities, interest on borrowings, arrangement fees, the unwind of discounts on the present value of liabilities, and finance charges relating to letters of credit. Finance costs are determined using the effective interest rate method.

Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income, and any adjustment to tax payable in respect of previous years.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICIES continued

Taxation continued

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds. Share premium arising on the issue of shares is distributable. Share capital and share premium have been grouped for the purposes of financial statement presentation.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors. The Board of Directors consists of the Executive Directors and the Non-Executive Directors.

Government grants

Subsidiary companies receive grants from the Isle of Man and Chinese governments towards revenue and capital expenditure. Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions complied with.

Revenue grants are recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. The grant income is presented within other operating income in the consolidated income statement.

Capital grants are initially recognised as other liabilities when received, and subsequently recognised as other income in the consolidated income statement on a straight-line basis over the useful life of the related asset. The grants are dependent on the subsidiary company having fulfilled certain operating, investment and profitability criteria in the financial year, primarily relating to employment.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions continued

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience which may vary due to the use of new materials, changes in manufacturing processes or other developments that affect product quality. The estimate of warranty-related costs is revised annually. Warranty provisions are recognised in cost of sales in consolidated income statement and presented in the consolidated statement of financial position in trade and other payables.

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of carrying amount and fair value less costs to sell, with the exception of assets which are scoped out of the measurement requirements of IFRS 5 'Non-current assets held for sale and discontinued operations', for example financial assets, which continue to be measured in accordance with IFRS 9 'Financial instruments'.

Where the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs to sell, a loss is recognised. This is allocated firstly against any goodwill attributable to the disposal group, and then to other non-current assets in the disposal group that are in scope of IFRS 5's measurement requirements. Any excess loss remaining is recognised against the remaining assets of the disposal group as a whole. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

A component of the Group that is held for sale or disposed of is presented as a discontinued operation either when it is a subsidiary acquired exclusively with a view to resale; or it represents, or is part of a coordinated plan to dispose of, a separate major line of business or geographical area of operations. The net results of discontinued operations are presented separately in the Group income statement (and the comparatives restated). Cash flows from discontinued operations are included in the consolidated statement of cash flows but are separately disclosed in the notes to the financial statements.

Non-GAAP alternative performance measures

In the reporting of financial information, the Directors have adopted Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and adjusted EBITDA when assessing the operating performance of the Group. Adjusting items are excluded from EBITDA to calculate adjusted EBITDA. The Directors primarily use the adjusted EBITDA measure when making decisions about the Group's activities.

EBITDA and adjusted EBITDA are non-GAAP measures and may not be calculated in the same way as by other entities and hence may not be directly comparable to those reported by other entities. In determining the adjusting items, the following criteria are considered:

- if a certain event (defined as adjusting) had not occurred, the costs would not have been incurred or the income would not have been earned; or
- the costs attributable to the event have been identified using a reliable methodology of splitting amounts on an ongoing basis; and economic resources have been expended or diverted in order to directly contribute towards the related activities; and
- costs have been incurred that cannot be recovered due to the event and the related activities.

An item is treated as adjusting if it relates to certain costs or income that derive from events or transactions that fall within the normal activities of the Group but which, individually or, if of a similar type, in aggregate, are excluded from the Group's Alternative Performance Measures ("APMs") by virtue of their nature or size, in order to better reflect management's view of the underlying trends and operating performance of the Group that is more comparable over time.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in Note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There is no change in applying accounting policies for critical accounting estimates and judgements from the prior year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Critical judgements in applying the entity's accounting policies

Functional currency

The Directors consider the factors set out in paragraphs 9, 10 and 11 of IAS 21, "The effects of changes in foreign currency" to determine the appropriate functional currency of its overseas operations. These factors include the currency that mainly influences sales prices, labour, material and other costs, the competitive market serviced, financing cash flows and the degree of autonomy granted to the subsidiaries.

This may change as the Group's operations and markets change in the future.

Capitalisation of development costs

The Directors consider the factors set out in the paragraphs entitled 'Intangible assets – initial recognition and measurement' in note 2 with regard to the timing of the capitalisation of the development costs incurred. This requires judgement in determining when the different stages of development have been met. See note 6a for the amounts capitalised during the current year.

Alternative performance measures ("APMs") - Adjusting items

Management and the Board consider the quantitative and qualitative factors in classifying items as adjusting and exercise judgement in determining the adjustments to apply to IFRS measures. This assessment covers the nature of the item, cause of occurrence, frequency, predictability of occurrence of the item or related event, and the scale of the impact of that item on reported performance. Reversals of previous adjusting items are assessed based on the same criteria.

For the year ended 31 December 2024, the presentation as discontinued operations is a new key judgement area, due to the disposal of HaloSource (see note 28). The Group considered HaloSource to be a separate major line of business, as this represented a discrete business line for the Group, that operates outside of its normal markets in the industrial farming space, with exclusive manufacturing facilities located in Shanghai and a separate workforce. HaloSource was the first acquisition that the Group made and Management recognises that the underlying trading results of this business are therefore of specific and greater interest to stakeholders, notwithstanding its relatively low level of trading in the period (see note 28).

The ongoing restructuring and rebasing activities undertaken in FY24, have also led to additional new judgements and estimates being made with regards to the impact of the de-prioritisation of specific product lines & groups, predominantly within the Group's Consumer Goods division. A key area of focus being the estimation of the carrying value of underlying assets, and their related write off/impairment in the FY24 consolidated statement of financial position (see note 6b). Creditors relating to settlement claims have also been recognised in the FY24 consolidated statement of financial position where we consider that the business has a constructive obligation to pay monies over to third parties at the consolidated statement of financial position date, to the extent that amounts are considered to be reasonably certain.

An analysis of the adjusting items included in the consolidated income statement is disclosed in note 6(b).

Critical estimates in applying the entity's accounting policies

There are no estimates in the financial statements where a reasonably possible change in the next year could be expected to result in a material change to amounts recognised. However, an area of estimation performed by management in the year which is relevant to the financial statements is disclosed below.

Impairment of indefinite lived intangible assets and goodwill

Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use or the fair value less costs to sell of the cash generating unit ("CGU") to which the goodwill or intangible asset has been allocated. The value in use calculation requires management's estimation of the future cash flows expected to arise from the CGU.

4. SEGMENTAL REPORTING

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Board of Directors is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating Segments'.

The Board of Directors has identified 3 reportable segments from a product perspective, selling primarily to Original Equipment Manufacturers, commercial and residential customers based in China, Italy, Australia, New Zealand and the United Kingdom:

1) **Controls** consists of the design, manufacture and sale of thermostatic controls, cordless interfaces.
2) **Billi** (previously Premium Filtration Systems (PFS)) is a leading brand for the supply of premium instant boiling, chilled and sparkling filtered water systems.
3) **Consumer Goods** includes products such as water dispensers, jugs, filters, water heating and temperature control, steam management and small household appliances for personal health and wellness.

The Board of Directors primarily uses a measure of gross profit to assess the performance of the operating segments, broken down into revenue and cost of sales for each respective segment which is reported to them on a monthly basis. Information about segment revenue is disclosed below.

	Reported gross profit 2024 £000s			
	Controls	Billi	Consumer goods	Total
Revenue	**67,264**	**43,052**	**31,452**	**141,768**
Cost of sales	**(44,676)**	**(22,977)**	**(23,166)**	**(90,819)**
Gross profit	**22,588**	**20,075**	**8,286**	**50,949**

	Reported gross profit 2023 Restated* £000s			
	Controls	Billi	Consumer goods	Total
Revenue	70,102	41,327	32,378	143,807
Cost of sales	(42,787)	(21,964)	(21,851)	(86,602)
Gross profit	27,315	19,363	10,527	57,205

* The FY23 figures have been restated as a result of discontinued operations and were all included in Billi.

	Adjusted gross profit* 2024 £000s			
	Controls	Billi	Consumer goods	Total
Revenue	**69,464**	**43,052**	**31,452**	**143,968**
Cost of sales	**(44,260)**	**(22,977)**	**(22,764)**	**(90,001)**
Gross profit	**25,204**	**20,075**	**8,688**	**53,967**

	Adjusted gross profit* 2023 Restated £000s			
	Controls	Billi	Consumer goods	Total
Revenue	70,102	41,327	32,378	143,807
Cost of sales	(42,746)	(21,964)	(21,827)	(86,537)
Gross profit	27,356	19,363	10,551	57,270

* Adjusted gross profit excludes adjusting items as detailed in note 6(b). Adjusted results are non-GAAP metrics used by management and are not an IFRS disclosure.

The FY23 figures have been restated as a result of discontinued operations and were all included in Billi.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

4. SEGMENTAL REPORTING continued

The Group derives revenue from the transfer of goods and services over time and at a point in time. Revenue derived over time in the current year is £4.6m (FY23: £3.3m) and this is included in Billi. All other revenues are derived at a point in time.

Included within the revenue from controls is licensing fee income relating to intellectual property amounting to £nil (FY23: £0.9m). Included within the revenue from the consumer goods is licensing fee income relating to intellectual property amounting to £nil (FY23: £0.3m).

Below is the geographical analysis of revenue based on the locations of external customers.

Country	2024 £000s	2023 Restated £000s
Australia	**27,301**	26,985
China	**66,674**	67,210
Italy	**13,651**	14,478
UK	**16,417**	16,376
Others	**17,725**	18,758
Total	**141,768**	143,807

Assets and liabilities

No analysis of the assets and liabilities of each operating segment is provided to the Board of Directors as part of monthly management reporting. Therefore, no analysis of segmented assets or liabilities is disclosed in this note.

Non-current assets (i) attributed to country of domicile and (ii) attributable to all other foreign countries

In accordance with IFRS 8, the following table discloses the non-current assets located in both the Company's country of domicile (the Isle of Man) and foreign countries, primarily China, Italy, Australia, New Zealand and the United Kingdom where the Group's principal subsidiaries are domiciled.

	2024 £000s	2023 Restated* £000s
Country of domicile		
Intangible assets	**10,966**	13,084
Property, plant and equipment	**1,826**	2,599
Total country of domicile non-current assets	**12,792**	15,683
Foreign countries		
Intangible assets	**52,055**	58,500
Property, plant and equipment	**42,317**	43,616
Total foreign non-current assets	**94,372**	102,116
Total	**107,164**	117,799

* Prior period intangibles have been restated as a result of correction of a technical accounting error, see note 29.

Major customers

In FY24, there was one major customer that accounted for at least 10% of total revenues (FY23: one customer). The revenue relating to this customer in FY24 was £17.0m (FY23: £16.9m).

5. EMPLOYEES AND DIRECTORS

(a) Employee benefit expenses

	2024 £000s	2023 Restated* £000s
Wages and salaries	**39,289**	36,302
Pension cost (note 5(c))	**1,434**	1,352
Employee benefit expenses	**40,723**	37,654
Share-based payment transactions (note 21)	**343**	380
Total employee benefit expenses	**41,066**	38,034

* Prior period numbers have been restated as a result of discontinued operations, see note 28.

The total employee benefit expense includes compensation to key management.

(b) Key management compensation

The following table details the aggregate compensation paid in respect of the key management, which includes the Directors and the members of the Executive team (previously called the Operational Board), representing members of the senior management team from all key departments of the Group.

	2024 £000s	2023 £000s
Wages and salaries	**2,159**	2,325
Pension cost (note 5c)	**184**	175
Share based payment transactions (note 21)	**279**	57
	2,622	2,557

There are no defined benefit schemes for key management. Pension costs under defined contribution schemes are included in the post-employment benefits disclosed above.

(c) Retirement benefits

(i) The Strix Limited Retirement Fund

The Strix Limited Retirement Fund is a defined contribution scheme under which the assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents costs payable by the Group to the fund and amounted to £0.6m (FY23: £0.6m).

(ii) Billi Retirement fund

The company contributes 11% of salary to an employee nominated superannuation fund, which is independent to the employing company. Billi has no post employment liability to employees. The pension cost charge represents costs payable by the Group to the fund and amounted to £0.7m (FY23: £0.6m).

(iii) LAICA S.p.A. Termination Indemnity

LAICA S.p.A. operates a defined benefit plan for its employees in accordance with the Italian Termination Indemnity (named "Trattamento di Fine Rapporto" or "TFR") provisions defined by the National Civil Code (Article 2120). In accordance with IAS 19, the TFR provision is a defined benefit plan, which is based on the principle to allocate the final cost of benefits over the periods of service which give rise to an accrual of deferred rights under each particular benefit plan.

The calculation of the liability is based on both the length of service and on the remuneration received by the employee during that period of service. Article 2120 states that severance pay is due to the employee by the companies in any case of termination of the employment contract. For each year of service, severance pay accruals are based on total annual compensation divided by 13.05. Although the benefit is paid in full by the employer, part (0.5% of pay) of the annual accrual is paid to INPS by the employer, and is subtracted from the severance pay accruals for the contribution reference period. As of 31 December, of every year, the severance pay accrued as of 31 December of the preceding year is revalued by an index stipulated by law as follows: 1.5% plus 75% of the increase over the last 12 months in the consumer price index, as determined by the Italian Statistical Institute.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

5. EMPLOYEES AND DIRECTORS continued

(c) Retirement benefits continued

(iii) LAICA S.p.A. Termination Indemnity continued

In accordance with IAS 19, the determination of the present value of the liability is carried out by an independent actuary under the projected unit method. This method considers each period of service provided by workers at the company as a unit of additional right.

The actuarial liability must therefore be quantified based on seniority reached at the valuation date and re-proportioned based on the ratio between the years of service accrued at the reference date of the assessment and the overall seniority reached at the time scheduled for the payment of the benefit. Furthermore, this method provides to consider future salary increases, due to any cause (inflation, career, contract renewals, etc.), up to the time of termination of the employment relationship.

The below table summarises the defined benefit pension liability of LAICA S.p.A. at 31 December 2024:

	2024 £000s	2023 £000s
Liability as at 1 January	**802**	832
Service Cost	**68**	69
Interest Cost	**21**	27
Total amount recognised in profit or loss	**89**	96
Remeasurements		
Experience losses	**7**	12
Loss from change in financial assumptions	**1**	20
Total amount recognised in other comprehensive income	**8**	32
Exchange differences on translation of foreign operations	**(35)**	(14)
Benefits paid	**(240)**	(144)
Liability as at 31 December	**624**	802

The key actuarial assumptions used in arriving at these figures include:

- Annual discount rate of 3.2% (FY23: 3.2%).
- Annual price inflation of 2.0% (FY23: 2.0%).
- Annual TFR increase of 3.0% (FY23: 3.0%).
- Demographic assumptions based on INPS published data.

The remainder of the post-employment benefit liability of £93k (FY23: £86k) as at 31 December 2024 is made up of contractual post-employment liabilities within LAICA S.p.A. that do not meet the definition of a defined benefit plan in accordance with IAS 19.

6. EXPENSES

(a) Expenses by nature

	2024 £000s	2023 Restated* £000s
Employee benefit expense (note 5a)	**40,723**	37,654
Depreciation charges	**5,670**	5,239
Amortisation	**2,258**	1,919
Adjusting items before tax (see below)	**13,536**	4,192
Net foreign exchange losses	**259**	521

* Prior period numbers have been restated as a result of discontinued operations, see note 28.

(a) Expenses by nature continued

Research and development (R&D) expenditure totalled £4.3m (FY23: £4.3m), and £2.6m (FY23: £3.6m) of development costs have been capitalised during the year.

(b) Adjusting items

Adjusting items are excluded from our adjusted results by virtue of their nature, cause and predictability of occurrence, frequency, and scale of impact on underlying performance in order to better reflect management's view of the underlying trends and operating performance of the Group that is more comparable over time.

Adjusting items have been broken down as follows:

Adjusting items	2024 Continuing operations £000s	 Discontinued operations £000s	 Total £000s
Non-recurring items:			
Restructuring/rebasing[1]:			
Controls	1,529	-	1,529
Consumer Goods	6,433	-	6,433
Billi (previously PFS)	-	2,830	2,830
Central costs	580	-	580
Mergers and acquisitions	28	-	28
Settlements[2]	3,296	-	3,296
Total (A)	11,866	2,830	14,696
Recurring items:			
Share-based payments	343	-	343
Amortisation charges on acquired intangible assets	1,327	-	1,327
Total (B)	1,670	-	1,670
Total adjusting items before tax (A+B)[3]	13,536	2,830	16,366
Deferred taxation credits relating to amortisation charges on acquired intangible assets	(271)	-	(271)
Total adjusting items	13,265	2,830	16,095

Adjusting items	2023 Continuing operations £000s	 Discontinued operations £000s	 Total £000s
Non-recurring items:			
Restructuring/rebasing[1]:			
Controls	278	-	278
Billi (previously PFS)	-	34	34
Consumer Goods	186	-	186
COVID-19 related costs	14	-	14
Mergers and acquisitions	2,073	-	2,073
Total (A)	2,551	34	2,585
Recurring items:			
Share-based payments	380	-	380
Amortisation charges on acquired intangible assets	1,261	-	1,261
Total (B)	1,641	-	1,641
Total adjusting items before tax (A+B)	4,192	34	4,226
Deferred taxation credits relating to amortisation charges on acquired intangible assets	(329)	-	(329)
Total adjusting items	3,863	34	3,897

[1] £0.8m (FY23: £0.1m) of adjusting items from restructuring are included in cost of sales. The balance of all other adjusting items are in administrative expenses.

[2] £2.2m (FY23: £nil) of adjusting items in settlements are against controls revenue, in line with IFRS 15 Revenue from Contracts with Customers.

[3] £10.5m (FY23: £4.1m) of total adjusting items for continuing operations are included in administrative expenses.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

6. EXPENSES continued

(b) Adjusting items continued

Adjusting items in segmental reporting:

	2024 £000s			
	Controls	Billi	Consumer goods	Total
Revenue: settlements	2,200	-	-	2,200
Cost of sales: restructuring	416	-	402	818
	2,616	-	402	3,018

	2023 Restated* £000s			
	Controls	Billi	Consumer goods	Total
Cost of sales: restructuring	65	-	-	65
	65	-	-	65

* Prior period numbers have been restated as a result of discontinued operations, see note 28.

As announced in our FY23 presentations and as part of the Group's subsequent updates to the market, restructuring and rebasing of the business has continued into FY24 to build strong foundations for medium-term growth opportunities as the market continues to recover. The Board is focused on maximising cash generation to support debt reduction, allocating resources to optimise commercial success and realigning efforts from commercially less sustainable projects to commercially more attractive ones.

A key part of this process has been the ongoing commercial review of product lines/ groups (predominantly within the Consumer Goods division) with the intention of providing the business with the flexibility to selectively invest time and resources in those projects with higher returns. As a result of this process, the business has approved the cessation of a number of product lines/groups and associated capital development projects, which has resulted in the write off/impairment of certain items on the balance sheet, including capital development assets, stock and some licensing debtors. The Group has also consequently disposed of the HaloSource business in the current year.

Adjusting items non-recurring from continuing operations:

1. ***Restructuring/rebasing of £8.5m (FY23: £0.5m), includes the following:***

   a) Consumer Goods £6.4m (FY23: £0.2m) - £5.9m (FY23: £nil) write off/impairments including tooling/intangibles, inventories and licensing agreements associated with product lines in the Consumer Goods division where the group does not intend to place further commercial focus or allocate resources. Decisions have been made based on the level of additional investment in both time and resources required to get to an end product that can be successfully marketed, including the provision of a suitable marketing and promotional strategy versus the expected timing and profitability of that product line/group.

   Additional personnel costs relate to the restructuring of the Consumer Goods division totalling £0.5m (FY23: £0.2m).

   b) Controls £1.5m (FY23: £0.3m) - Certain controls capital expenditure projects were deferred to allow the business to retain additional cash within the Group and reduce net debt levels. This timing change has resulted in the £0.9m (FY23: £nil) write off/impairment of specific fixed term licensing debtors that related to this technology.

   Additional restructuring costs related to the announced part-closure of our Ramsey manufacturing site totalled £0.6m (FY23: £0.3m).

   c) Central costs of £0.6m (FY23: £nil) - Additional personnel costs relating to the restructuring of the central team totalling £0.6m (FY23: £nil).

2. ***Settlements:***

   The £3.3m (FY23: £nil) of non-recurring adjusting costs relates predominantly to a commercial settlement of £2.2m with one of the Group's key OEM customers of which a payment of £1.0m was made prior to year end with a remaining balance of £1.2m to be settled subsequently. £0.7m relates to a final settlement agreement with all parties to the LAICA acquisition, regarding the transfer of a Taiwanese property. The remaining £0.4m relates to provisions for legal costs and other supplier settlements.

3. *Mergers and acquisitions:*

Current year M&A cost of £28k is not significant when compared with previous year cost of £ 2.1m which was mainly related to legal and consultancy fees and other acquisition related costs incurred on transition from previous shareholders and integration of the Billi entities into the group.

Adjusting items from discontinued operations:

Following a comprehensive review of the Group's business unit HaloSource (part of our Premium Filtration Systems division, now classified as Billi), it was concluded that, as an industrial farming filtration product, the Halopure technology does not fit well with the rest of the group's focus on smaller scale domestic filtration products. The business was loss making since acquisition and was forecast to continue to be for the medium term, whilst requiring additional investment to support ongoing growth. HaloSource was subsequently disposed of via sale at a nominal value which led to HaloSource being disclosed as a discontinued operation. The £2.8m adjusting costs relates to write off/impairments of £2.3m of assets before classification as held for sale, redundancy costs of £0.3m and loss on disposal of £0.2m.

Consolidated statement of financial position impact of adjusting items

Adjusting items	Intangibles £000s	PPE £000s	Net investment in finance leases £000s	Inventories £000s	Debtors £000s	Cash £000s	Creditors £000s	Lease liability £000s	Deferred tax liabilities £000s	Retained earnings £000s	Total £000s
Continuing operations:											
Restructuring/rebasing:											
- Controls	-	-	-	17	449	1,025	38	-	-	-	1,529
- Consumer Goods	3,761	532	-	554	932	661	(7)	-	-	-	6,433
- Central costs	-	-	-	-	40	539	1	-	-	-	580
M&A	-	-	-	-	-	28	-	-	-	-	28
Settlements	-	-	-	-	-	1,878	1,418	-	-	-	3,296
Share-based payments	-	-	-	-	-	-	-	-	-	343	343
Amortisation charges on acquired intangible assets	1,327	-	-	-	-	-	-	-	-	-	1,327
Deferred taxation credits relating to amortisation charges on acquired intangible assets	-	-	-	-	-	-	-	-	(271)	-	(271)
Total continuing operations (A)	5,088	532	-	571	1,421	4,131	1,450	-	(271)	343	13,265
Discontinued operations:											
Restructuring/rebasing	-	-	-	-	-	280	-	-	-	-	280
Loss on disposal	-	112	7	-	337	605	(744)	(92)	-	-	225
Impairment to fair value less costs to sell	1,556	111	-	384	274	-	-	-	-	-	2,325
Total discontinued operations (B)	1,556	223	7	384	611	885	(744)	(92)	-	-	2,830
Total adjusting items (A+B)	**6,644**	**755**	**7**	**955**	**2,032**	**5,016**	**706**	**(92)**	**(271)**	**343**	**16,095**

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

6. EXPENSES continued

(c) Auditor's remuneration

During the year the Group (including its subsidiaries) obtained the following services from the Company's auditor, PricewaterhouseCoopers (PwC) LLC and other firms in the PwC network, as detailed below:

	2024 £000s	2023 £000s
Fees payable to Company's auditor and its associates for the audit of the consolidated financial statements	**452**	283
Fees payable to Company's auditor and its associates for other services:		
– the audit of Company's subsidiaries	**14**	13
– other assurance services	**4**	4
– tax compliance and other	**9**	191
	479	491

In FY24, fees for the audit of the consolidated financial statements include one-off amounts relating to commercial reviews and discontinued operations and the transfer of the Billi Australia audit to PwC.

Included within 'other' are fees of £nil (FY23: £184k) paid to PricewaterhouseCoopers LLP, UK in relation to integration costs of the Billi UK acquisition.

7. FINANCE COSTS

	2024 £000s	2023 Restated* £000s
Letter of credit charges	**184**	176
Right-of-use lease interest	**240**	190
Borrowing costs	**8,763**	10,012
Total finance costs	**9,187**	10,378

* Prior period numbers have been restated as a result of discontinued operations, see note 28.

8. TAXATION

The comparatives have been re-represented to conform with the more detailed current year disclosures.

Analysis of charge/(credit) in year	2024 £000s	2023 £000s
Current tax (overseas)		
Current tax on overseas profits for the year	**3,555**	3,270
Adjustments to prior years - overseas	**443**	-
Total current income tax	**3,998**	3,270
Deferred tax		
Movement in deferred tax assets and liabilities	**(672)**	(978)
Adjustments to prior years - overseas	**(311)**	(749)
Total deferred tax	**(983)**	(1,727)
Total tax charge	**3,015**	1,543

The FY23 numbers for current tax and adjustments to prior year have been re-presented to show these amounts on a gross basis for better comparability.

Total tax charge relates to continuing operations.

There were no tax provision releases in the current year.

As the most significant subsidiary in the Group is based on the Isle of Man, this is considered to represent the most relevant standard rate for the Group. The tax assessed for the year is different to the standard rate of income tax in the Isle of Man of 0% (FY23: 0%). The differences are explained below:

	2024 £000s	2023 Restated* £000s
Profit from continuing operations before income tax	**4,972**	18,143
Loss from discontinued operation before income tax	**(3,315)**	(440)
Accounting profit before income tax	**1,657**	17,703
At Group's statutory income tax rate of 0% (FY23: 0%)	**-**	-
Impact of higher Overseas tax	**3,404**	3,120
Tax disallowed expenses	**97**	274
Adjustments to current tax of prior periods	**443**	-
Adjustments to deferred tax of prior periods	**(311)**	(749)
Previously unrecognised tax losses used to reduce current tax expense	**(15)**	(583)
Research and development tax credit	**(418)**	(399)
Other	**(185)**	(120)
Income tax in the consolidated income statement	**3,015**	1,543

* Prior period numbers have been restated as a result of discontinued operations, see note 28.

The Group is subject to Isle of Man income tax on profits at a rate of 0% (FY23: 0%), UK at a rate of 25% (FY23: 25%), China at a rate of 15% (FY23: 25%), Italy at a rate of 27.9% (FY23: 27.9%), Spain at a rate of 25% (FY23: 25%), Taiwan at a rate of 20% (FY23: 20%), Australia at a rate of 30% (FY23: 30%) and New Zealand at a rate of 28% (FY23: 28%).

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2024 £000s	2023 £000s	2024 £000s	2023 Restated* £000s
Property, plant and equipment	**-**	-	**393**	360
IFRS 16 Leases	**(299)**	(200)	**-**	-
Intangible assets	**-**	-	**9,083**	9,952
Provision on inventories	**(518)**	(482)	**-**	-
Expected credit losses on receivables	**(15)**	(32)	**-**	-
Provisions/accruals	**(1,085)**	(534)	**-**	-
Pension benefit	**-**	-	**12**	13
IFRS 2 Share based Payments	**(22)**	(90)	**-**	-
Derivatives	**-**	(4)	**-**	-
Tax losses	**(63)**	(69)	**-**	-
Tax (assets)/liabilities	**(2,002)**	(1,411)	**9,488**	10,325
Tax set-off - Billi Australia	**490**	454	**(490)**	(454)
Net tax (assets)/liabilities	**(1,512)**	(957)	**8,998**	9,871

* Prior period numbers have been restated as a result of correction of a technical accounting error affecting intangible assets, see note 29.

Notes to the Consolidated Financial Statements continued
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8. TAXATION continued

Strix Australia and Billi Australia are tax assessed as a group under the tax consolidation legislation in Australia, which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Movement in deferred tax asset during the current year:

	1 January 2024 £000s	Recognised in year £000s	31 December 2024 £000s
IFRS 16 Leases	**(200)**	**(99)**	**(299)**
Provision on inventories	**(482)**	**(36)**	**(518)**
Expected credit losses on receivables	**(32)**	**17**	**(15)**
Provisions/accruals	**(534)**	**(551)**	**(1,085)**
IFRS 2 Share based Payments	**(90)**	**68**	**(22)**
Derivatives	**(4)**	**4**	**-**
Tax losses	**(69)**	**6**	**(63)**
Total	**(1,411)**	**(591)**	**(2,002)**

Movement in deferred tax assets during the prior year:

	1 January 2023 £000s	Recognised in year £000s	31 December 2023 £000s
Property, plant and equipment	(10)	10	-
IFRS 16 Leases	-	(200)	(200)
Provision on inventories	(190)	(292)	(482)
Expected credit losses on receivables	(6)	(26)	(32)
Provisions/accruals	(21)	(513)	(534)
IFRS 2 Share based Payments	(18)	(72)	(90)
Derivatives	(3)	(1)	(4)
Tax losses	(65)	(4)	(69)
Total	(313)	(1,098)	(1,411)

Included within the amount recognised in the year is £49k recognised in equity (FY23: (£13k))

Movement in deferred tax liabilities during the current year:

	1 January 2024 £000s	Recognised in year £000s	31 December 2024 £000s
Property, plant and equipment	**360**	**33**	**393**
Intangible assets	**9,952**	**(869)**	**9,083**
Pension benefit	**13**	**(1)**	**12**
Total	**10,325**	**(837)**	**9,488**

Movement in deferred tax liabilities during the prior year:

	1 January 2023 £000s	Recognised in year £000s	31 December 2023 Restated* £000s
Property, plant and equipment	653	(293)	360
Intangible assets	10,719	(767)	9,952
Pension benefit	15	(2)	13
Total	11,387	(1,062)	10,325

* Prior period numbers have been restated as a result of correction of a technical accounting error relating to intangible assets, see note 29.

Included within the amount recognised in the year is £(0.4)m recognised in equity (FY23: £(0.4)m)

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the following data.

	2024		
	Continuing operations	Discontinued operations	Total
Profit/(loss) (£000s)			
Profit/(loss) for the purpose of basic and diluted earnings per share	1,938	(3,315)	(1,377)
Number of shares (000s)			
Weighted average number of shares for the purposes of basic earnings per share	224,924	224,924	224,924
Weighted average dilutive effect of conditional share awards	4,909	4,909	4,909
Weighted average number of shares for the purposes of diluted earnings per share (000s)	229,833	229,833	229,833
Earnings/(loss) per ordinary share (pence)			
Basic loss per ordinary share	0.9	(1.5)	(0.6)
Diluted loss per ordinary share	0.8	(1.5)	(0.6)
Adjusted earnings/(loss) per ordinary share (pence)			
Basic adjusted earnings/(loss) per ordinary share	6.8	(0.2)	6.6
Diluted adjusted earnings/(loss) per ordinary share	6.6	(0.2)	6.4

The weighted average dilutive effect of conditional share awards of 4,908,871 are not included in the weighted average calculation for diluted loss per ordinary share for discontinued and total operations and diluted adjusted loss per ordinary share for discontinued operations because they are anti-dilutive since there is a loss after tax.

The calculation of basic and diluted adjusted earnings per share is based on the following data:

		2024		
		Continuing operations £000s	Discontinued operations £000s	Total £000s
Profit/(loss) for the year		1,938	(3,315)	(1,377)
Total adjusting items before taxation (note 6b)	(A)	13,536	2,830	16,366
Deduct adjusting items in taxation credits:				
Deferred taxation credits relating to amortisation charges on acquired intangible assets	(B)	(271)	-	(271)
Total adjusting items (A+B)		13,265	2,830	16,095
Adjusted earnings/(loss)		15,203	(485)	14,718

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

9. EARNINGS/(LOSS) PER SHARE continued

	2023		
	Continuing operations	Discontinued operations	Total
Profit/(loss) (£000s)			
Profit/(loss) for the purpose of basic and diluted earnings per share	16,643	(440)	16,203
Number of shares (000s)			
Weighted average number of shares for the purposes of basic earnings per share	218,713	218,713	218,713
Weighted average dilutive effect of conditional share awards	3,422	3,422	3,422
Weighted average number of shares for the purposes of diluted earnings per share (000s)	222,135	222,135	222,135
Earnings/(loss) per ordinary share (pence)			
Basic earnings/(loss) per ordinary share	7.6	(0.2)	7.4
Diluted earnings/(loss) per ordinary share	7.5	(0.2)	7.3
Adjusted earnings/(loss) per ordinary share (pence)			
Basic adjusted earnings/(loss) per ordinary share	9.4	(0.2)	9.2
Diluted adjusted earnings/(loss) per ordinary share	9.2	(0.2)	9.0

The weighted average dilutive effect of conditional share awards of 3,422,078 are not included in the weighted average calculation for both diluted loss per ordinary share and diluted adjusted loss per ordinary share for discontinued operations because they are anti-dilutive since there is a loss after tax.

The calculation of basic and diluted adjusted earnings per share is based on the following data:

		2023		
		Continuing operations £000s	Discontinued operations £000s	Total £000s
Profit/(loss) for the period		16,643	(440)	16,203
Total adjusting items before taxation (note 6b)	(A)	4,192	34	4,226
Deduct adjusting items in taxation credits:				
Deferred taxation credits relating to amortisation charges on acquired intangible assets	(B)	(329)	-	(329)
Total adjusting items (A+B)		3,863	34	3,897
Adjusted earnings/(loss)		20,506	(406)	20,100

10. INTANGIBLE ASSETS

Cost	Capitalised development costs £000s	Software £000s	Intellectual property £000s	Customer relationships £000s	Brands £000s	Goodwill £000s	Intangible assets under construction £000s	Total £000s
At 1 January 2023	19,428	4,452	1,482	18,549	19,785	20,067	103	83,866
Additions	3,870	448	464	-		-	242	5,024
Transfers	-	9	42	(116)	28	69	(32)	-
Purchase consideration refund	-	-	-	-	-	(1,046)	-	(1,046)
Fair value adjustments	-	-	-	(84)	-	654	-	570
Disposals	(494)	(50)	-	-	-	-	-	(544)
Effect of movement in exchange rates	(62)	(11)	(38)	(790)	(866)	(841)	16	(2,592)
At 31 December 2023 – restated*	22,742	4,848	1,950	17,559	18,947	18,903	329	85,278
At 1 January 2024	**22,742**	**4,848**	**1,950**	**17,559**	**18,947**	**18,903**	**329**	**85,278**
Additions	**2,629**	**331**	**370**	**-**	**-**	**-**	**6**	**3,336**
Transfers	**(88)**	**389**	**26**	**-**	**-**	**-**	**(327)**	**-**
Disposals	**-**	**(31)**	**(83)**	**-**	**-**	**-**	**-**	**(114)**
Write off/impairment	**(5,570)**	**(50)**	**(592)**	**-**	**-**	**(384)**	**-**	**(6,596)**
Effect of movement in exchange rates	**(76)**	**(4)**	**(32)**	**(1,172)**	**(1,038)**	**(994)**	**(3)**	**(3,319)**
At 31 December 2024	**19,637**	**5,483**	**1,639**	**16,387**	**17,909**	**17,525**	**5**	**78,585**
Amortisation and impairment								
Balance at 1 January 2023	7,716	1,817	256	703	-	-	-	10,492
Amortisation charge for the period	1,304	641	159	1,261	-	-	-	3,365
Disposals	(184)	(46)	-	-	-	-	-	(230)
Effect of movement in exchange rates	230	(6)	(7)	(150)	-	-	-	67
At 31 December 2023 - restated*	9,066	2,406	408	1,814	-	-	-	13,694
Balance at 1 January 2024	**9,066**	**2,406**	**408**	**1,814**	**-**	**-**	**-**	**13,694**
Amortisation charge for the period	**1,453**	**730**	**184**	**1,327**	**-**	**-**	**-**	**3,694**
Write off/impairment	**(1,145)**	**(41)**	**(93)**	**-**	**-**	**-**	**-**	**(1,279)**
Effect of movement in exchange rates	**(16)**	**(1)**	**(14)**	**(514)**	**-**	**-**	**-**	**(545)**
Balance at 31 December 2024	**9,358**	**3,094**	**485**	**2,627**	**-**	**-**	**-**	**15,564**
Net book value								
At 31 December 2022	11,712	2,635	1,226	17,846	19,785	20,067	103	73,374
At 31 December 2023 – restated*	13,676	2,442	1,542	15,745	18,947	18,903	329	71,584
At 31 December 2024	**10,279**	**2,389**	**1,154**	**13,760**	**17,909**	**17,525**	**5**	**63,021**

* Prior period numbers for customer relationships, brands and goodwill have been restated as a result of correction of a technical accounting error, see note 29.

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10. INTANGIBLE ASSETS continued

The reconciliation of the carrying amount of intangible assets was presented on a net basis in the prior year. This has been presented in the current year, including the comparatives, on a gross basis as the Group believes it provides users with more sufficient details, as presentation on gross basis ensures details relating to disposals and write offs are provided to users of the financial statements particularly due to the adjusting items during 2024.

Amortisation charges for continuing operations allocated to cost of sales are £1.8m (FY23: £1.5m) and administrative expenses £1.8m (FY23: £1.7m).

Amortisation charges for discontinued operations allocated to cost of sales are £0.1m (FY23: £0.2m) and administrative expenses £nil (FY23: £nil).

As disclosed in note 6(b), the commercial review of product lines/ groups resulted in the write off of certain intangible assets. These write off/impairment charges are allocated to administrative expenses with £3.8m (FY23: £nil) relating to continuing operations and £1.6m (FY23: £nil) to discontinued operations.

Impairment review

The Group tests goodwill and brands annually for impairment.

For impairment testing, the goodwill and brands acquired are allocated to the following cash generating units ("CGUs").

	Goodwill		Brands		Total	
CGU	2024 £000s	2023 Restated £000s	2024 £000s	2023 Restated £000s	2024 £000s	2023 Restated £000s
Billi Australia	**6,747**	7,335	**8,248**	8,884	**14,995**	16,219
Billi New Zealand	**227**	253	**1,005**	1,109	**1,232**	1,362
Billi UK	**2,289**	2,289	**2,548**	2,548	**4,837**	4,837
HaloSource Astrea*	**-**	324	**-**	-	**-**	324
HaloSource Shanghai*	**-**	60	**-**	-	**-**	60
Laica S.p.A	**8,262**	8,642	**6,108**	6,406	**14,370**	15,048
Total	**17,525**	18,903	**17,909**	18,947	**35,434**	37,850

*The prior year numbers have been represented to include goodwill relating to HaloSource Astrea and HaloSource Shanghai to allow reconciliation to the carrying value table on page 114.

Prior period numbers have been restated as a result of correction of a technical accounting error, see note 29.

The recoverable amount of cash generating units is determined based on value in use calculations for goodwill over a five-year forecast period, and for brands over a twenty-year and ten-year forecast period for Laica and Billi entities respectively. The recoverable amounts have been calculated with reference to the key assumptions shown below:

	Laica S.p.A		Billi Australia		Billi New Zealand		Billi UK	
CGU	2024 £000s	2023 £000s	2024 £000s	2023 £000s	2024 £000s	2023 £000s	2024 £000s	2023 £000s
Terminal growth rate	**2.0%**	2.0%	**2.0%**	2.0%	**2.0%**	2.0%	**2.0%**	2.0%
Post-tax discount rate	**8.0%**	11.8%	**12.0%**	14.9%	**12.5%**	16.2%	**12.5%**	15.4%
Pre-tax discount rate	**11.1%**	16.4%	**17.1%**	21.3%	**17.4%**	22.5%	**16.7%**	19.0%
Royalty savings for brands	**5.6%**	5.8%	**5.8%**	5.8%	**5.8%**	5.8%	**5.8%**	5.8%

Royalty Rate

Management used publicly available trademark licensing data and applied judgement to arrive at an appropriate royalty rate with reference to comparable data.

Discount rate

The discount rate applied to the cash flows of each of the Group's operations is based on the Weighted Average Cost of Capital ("WACC"). The cost of equity element uses the risk-free rate for thirty-year bonds issued by the government in Australia, Italy and UK and twenty-year bonds issued by the government in New Zealand, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific Group operating company.

In making this adjustment, inputs required are the equity market risk premium (that is, the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.

All discount rates disclosed on the previous page have been subject to appropriate review and recalculation in 2024.

In determining the risk adjusted discount rate, management has applied an adjustment for the systemic risk to each of the Group's operations determined using an average of the betas of comparable listed companies and, where available and appropriate, across a specific territory. Management has used an equity market risk premium that takes into consideration studies by independent economists, the average equity market risk premium over the past five years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.To calculate the pre-tax discount rate, we have taken the post-tax discount rate and divided this by one minus the applicable tax rate. We consider this an appropriate approximation of the pre-tax rate as there are no significant timing differences between the tax cash flows and tax charges. Overall, Management is confident that the discount rate adequately reflects the circumstances in each location and is in accordance with IAS 36.

Impairments

£0.4m goodwill allocated to HaloSource Astrea and HaloSource Shanghai were fully written off during the current year as part of the restructuring/rebasing activities of the Group. £0.3m relates HaloSource Astrea which is included in restructuring adjusting items (see note 6(b)) for Consumer Goods. The remaining £60k relates to HaloSource Shanghai which is included in adjusting items for discontinued operations (see note 6(b)). No impairments were recognised in the prior year.

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

11. PROPERTY, PLANT AND EQUIPMENT

Cost	Plant & Machinery £000s	Fixtures, Fittings & Equipment £000s	Motor Vehicles £000s	Production Tools £000s	Land & Buildings £000s	Right-of-use Assets £000s	Point of use Dispensers £000s	Assets under construction £000s	Total £000s
Balance at 1 January 2023	29,988	8,124	375	13,693	20,690	8,678	1,430	2,247	85,225
Additions	79	705	67	101	332	2,321	297	807	4,709
Transfers	742	-	-	492	-	-	-	(1,234)	-
Fair value adjustments (note 13)	-	-	-	-	-	-	(136)	-	(136)
Disposals	(183)	(378)	(67)	(11)	-	(1,143)	(36)	(18)	(1,836)
Effect of movement in exchange rates	(96)	(136)	(86)	(3)	(10)	(283)	(2)	(11)	(627)
Balance at 31 December 2023	30,530	8,315	289	14,272	21,012	9,573	1,553	1,791	87,335
Balance at 1 January 2024	**30,530**	**8,315**	**289**	**14,272**	**21,012**	**9,573**	**1,553**	**1,791**	**87,335**
Additions	**535**	**354**	**46**	**280**	**163**	**730**	**469**	**2,453**	**5,030**
Transfers	**579**	**139**	**25**	**390**	**291**	**-**	**-**	**(1,424)**	**-**
Disposals	**(88)**	**(203)**	**(94)**	**(28)**	**-**	**(543)**	**(250)**	**-**	**(1,206)**
Write off/impairment	**(290)**	**(308)**	**(1)**	**(63)**	**(51)**	**-**	**-**	**(394)**	**(1,107)**
Effect of movement in exchange rates	**(282)**	**(115)**	**(6)**	**(1)**	**(44)**	**(342)**	**-**	**(37)**	**(827)**
Balance at 31 December 2024	**30,984**	**8,182**	**259**	**14,850**	**21,371**	**9,418**	**1,772**	**2,389**	**89,225**
Depreciation and impairment									
Balance at 1 January 2023	15,775	4,604	331	11,049	978	5,053	71	-	37,861
Depreciation charge for the period	1,553	1,010	24	601	452	1,321	380	-	5,341
Disposals	(164)	(240)	(65)	(6)	-	(1,127)	(30)	-	(1,632)
Effect of movement in exchange rates	(58)	(109)	(85)	(4)	(8)	(184)	(2)	-	(450)
Balance at 31 December 2023	17,106	5,265	205	11,640	1,422	5,063	419	-	41,120
Balance at 1 January 2024	**17,106**	**5,265**	**205**	**11,640**	**1,422**	**5,063**	**419**	**-**	**41,120**
Depreciation charge for the period	**1,521**	**947**	**22**	**882**	**482**	**1,503**	**416**	**-**	**5,773**
Disposals	**(88)**	**(202)**	**(85)**	**(28)**	**-**	**(418)**	**-**	**-**	**(821)**
Write off/impairment	**(174)**	**(230)**	**(1)**	**(54)**	**(5)**	**-**	**-**	**-**	**(464)**
Effect of movement in exchange rates	**(235)**	**(84)**	**(4)**	**(1)**	**(38)**	**(165)**	**1**	**-**	**(526)**
Balance at 31 December 2024	**18,130**	**5,696**	**137**	**12,439**	**1,861**	**5,983**	**836**	**-**	**45,082**
Net book value									
At 31 December 2022	14,213	3,520	44	2,644	19,712	3,625	1,359	2,247	47,364
At 31 December 2023	13,424	3,050	84	2,632	19,590	4,510	1,134	1,791	46,215
At 31 December 2024	**12,854**	**2,486**	**122**	**2,411**	**19,510**	**3,435**	**936**	**2,389**	**44,143**

The reconciliation of the carrying amount of property, plant and equipment was presented on a net basis in the prior year. This has been presented in the current year, including the comparatives, on a gross basis as the Group believes it provides users with more sufficient details. The presentation on gross basis ensures details relating to disposals and write offs are provided to users of the financial statements.

Depreciation charges for continuing operations allocated to cost of sales are £4.1m (FY23: £3.9m), distribution costs £0.4m (FY23: £0.2m), and administrative expenses £1.2m (FY23: £1.1m).

Depreciation charges for discontinued operations allocated to cost of sales are £0.1m (FY23: £0.1m), distribution costs £1k (FY23: £nil), and administrative expenses £1k (FY23: £2k).

Write off/impairment charges as a result of the commercial review of product lines/ groups are allocated to administrative expenses. £0.5m of this amount relates to continuing operations and £0.1m to discontinued operations (note 6b).

12. SUBSIDIARY UNDERTAKINGS AND JOINT ARRANGEMENTS OF THE GROUP

A list of all subsidiary undertakings controlled by the Group, and existing joint arrangements the Group is currently part of, which are all included in the consolidated financial statements, is set out below.

Name of entity	Nature of business	Country of incorporation	% of ordinary shares held by the Group	Nature of shareholding
Sula Limited	Holding company	IOM	100	Subsidiary
Strix Limited	Manufacture and sale of products	IOM	100	Subsidiary
Strix (U.K.) Limited	Holding company and group's sale and distribution centre	United Kingdom	100	Subsidiary
Strix Hong Kong Limited	Sale and distribution of products	Hong Kong	100	Subsidiary
Strix (China) Limited	Manufacture and sale of products	China	100	Subsidiary
Strix (USA), Inc.	Research and development, sales, and distribution of products	USA	100	Subsidiary
LAICA S.p.A.	Manufacture and sale of products	Italy	100	Subsidiary
LAICA Iberia Distribution S.L.	Sale and distribution of products	Spain	100	Subsidiary
LAICA International Corp.	Sale and distribution of products	Taiwan	67	Subsidiary
Taiwan LAICA Corp.	Sale and distribution of products	Taiwan	67	Subsidiary
LAICA Brand House Limited	Holding and licensing of trademarks	Hong Kong	100	Subsidiary
Strix Australia Pty Limited	Holding company	Australia	100	Subsidiary
Billi UK Limited	Manufacture and sale of products	United Kingdom	100	Subsidiary
Billi Australia Pty Limited	Manufacture and sale of products	Australia	100	Subsidiary
Billi New Zealand Limited	Manufacture and sale of products	New Zealand	100	Subsidiary
Billi R&D Pty Limited	Dormant company	Australia	100	Subsidiary
Billi Financial Services Pty Limited	Dormant company	Australia	100	Subsidiary

On January 19th 2024 the Group entered in an agreement finally settled on March 18th 2024, for acquiring 55% of the shares and voting interests in LAICA Brand House ("LBH"), previously owned by Drangon Will Enterprise Limited. As a result, the Group's equity interest in LBH increased from 45% to 100%, granting it control of LBH. Cash consideration of £0.1m was paid being the fair value of 55% of the net assets at the acquisition date.

Notes to the Consolidated Financial Statements continued
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13. INVENTORIES

	2024 £000s	2023 £000s
Raw materials and consumables	**8,009**	9,444
Finished goods and goods in transit	**17,382**	15,996
	25,391	25,440

The cost of inventories recognised as an expense and included in cost of sales amounted to £61.7m (FY23: £59.2m). Included in this amount are adjusting items from continuing operations of £0.6m arising from impairment due to restructuring/rebasing activities (FY23: £nil). £0.4m (FY23: £nil) relating to discontinued operations was also impaired due to restructuring/rebasing activities and was recognised in administrative expenses. Inventory provisions in continuing operations amounted to £0.4m (FY23: £nil).

14. TRADE AND OTHER RECEIVABLES

	2024 £000s	2023 £000s
Amounts falling due within one year:		
Trade receivables – current	**15,254**	11,495
Trade receivables - past due	**1,251**	8,419
Trade receivables – gross	**16,505**	19,914
Loss allowance	**(569)**	(222)
Trade receivables - net	**15,936**	19,692
Prepayments	**1,434**	1,448
Advances to suppliers	**520**	1,477
VAT receivable	**3,576**	1,399
Other receivables	**1,210**	3,697
	22,676	27,713

In the current year, current tax receivable of £0.3m (FY23: £0.2m) has been excluded from the trade and other receivables note as this is separately presented on the statement of financial position. Consequently, the prior year numbers have been re-represented.

Trade and other receivables carrying values are considered to be equivalent to their fair values. The amount of trade receivables impaired at 31 December 2024 is equal to the loss allowance provision (FY23: equal).

Adjusting items from continuing operations of £1.4m (FY23: £nil) relating to the impairment of trade and other receivables were recognised in administrative expenses in relation to restructuring/rebasing activities and £0.6m (FY23: £nil) relating to discontinued operations.

Other receivables include receivables from licensing income of £nil (FY23: £1.0m) and £0.4m (FY23: £2.0m) rebates receivable from suppliers from procurements made in prior years. Settlement of the rebates receivable from suppliers will be via net cash settlement of future purchases.

Government grants due amounted to £0.2m (FY23: £0.1m). There were no unfulfilled conditions in relation to these grants at the year end, although if the Group ceases to operate or leaves the Isle of Man within 5 years (FY23: 3 years) from the date of the last grant payment, funds may be reclaimed.

The Group's trade and other receivables are denominated in the following currencies:

Currency	2024 £000s	2023 £000s
Pound Sterling	**8,333**	8,026
Chinese Yuan	**1,362**	3,068
US Dollar	**2,208**	5,740
Euro	**5,249**	6,788
Hong Kong Dollar	**85**	84
Australian Dollar	**5,028**	3,539
New Zealand Dollar	**304**	399
Taiwan Dollar	**107**	69
	22,676	27,713

Movements on the Group's provision for impairment of trade receivables and the inputs and estimation technique used to calculate expected credit losses have not been disclosed on the basis the amounts are not material. The provision at 31 December 2024 was £0.6m (FY23: £0.2m).

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

Currency	2024 £000s	2023 £000s
Pound Sterling	**3,557**	3,402
Chinese Yuan	**1,779**	2,654
US Dollar	**5,271**	2,869
Euro	**2,450**	7,132
Hong Kong Dollar	**181**	78
Australian Dollar	**1,148**	3,028
New Zealand Dollar	**270**	352
Taiwan Dollar	**430**	599
Japanese Yen	**31**	-
	15,117	20,114

Notes to the Consolidated Financial Statements continued
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16. TRADE AND OTHER PAYABLES

	2024 £000s	2023 £000s
Trade payables	**15,115**	13,847
Social security and other taxes	**392**	410
Customer rebates provisions	**1,827**	179
Capital creditors	**626**	756
VAT liabilities	**905**	721
Other liabilities	**2,675**	3,618
Payments in advance from customers	**3,020**	2,483
Accrued expenses	**6,169**	5,151
	30,729	27,165

In the current year, current tax payable of £2.4m (FY23: £2.1m) has been excluded from the trade and other payable note as this is separately presented on the statement of financial position. Consequently, the prior year numbers have been re-represented.

The fair value of financial liabilities approximates their carrying value due to short maturities. Other liabilities include goods received not invoiced amounts of £1.0m (FY23: £1.4m).

Movement in payments in advance from customers were all driven by normal trading, with the full amounts due at beginning of the year released to revenues in the current year.

Trade and other payables and current income tax liabilities are denominated in the following currencies:

Currency	2024 £000s	2023 £000s
Pound Sterling	**6,923**	4,618
Chinese Yuan	**11,623**	11,175
US Dollar	**1,983**	2,412
Euro	**4,346**	3,342
Hong Kong Dollar	**187**	132
Australian Dollar	**4,964**	5,116
New Zealand Dollar	**615**	262
Taiwan Dollar	**88**	108
	30,729	27,165

17. BORROWINGS

	2024 £000s	2023 £000s
Total current borrowings	**11,230**	16,062
Total non-current borrowings	**68,807**	89,743
	80,037	105,805

The current portion of borrowings include accrued interest of £1.2m (FY23: £2.0m).

Current bank borrowings include small individual short-term arrangements for financing purchases and optimising cash flows within the Italian subsidiary.

Current and non-current borrowings are shown net of loan arrangement fees of £1.0m (FY23: £1.0m) and £0.7m (FY23: £0.9m), respectively.

Total cash outflows relating to loan/RCF repayments and interest payments were £26.0m (FY23: £15.1m) and £8.7m (FY23: £7.6m) respectively.

Term and debt repayment schedule for long-term borrowings

	Currency	Interest rate	Maturity date	31 December 2024 Commitments	31 December 2023 Commitments
Revolving credit facility B	GBP	SONIA + 2.00% to 4.00%	25-Oct-26	69,055	80,120
Term loan (facility A)	GBP	SONIA + 2.00% to 4.00%	30-Nov-25	10,636	24,818
UniCredit facility	EUR	EURIBOR 6M + 1.20%	28-Jun-24	-	43
BNP Paribas	EUR	4.07%	31-Jan-24	-	379
Credito Emiliano	EUR	3.10%	24-Jan-25	346	433
Other	EUR	-	-	-	12
				80,037	105,805

Term loan (facility A) – The Company has a three-year term loan of £39.0m payable by eleven fixed repayments with the first quarterly repayment of £3.5m made on 31 March 2023. The purpose of the term loan was to part finance the acquisition of Billi. As at 31 December 2024, the outstanding balance on the term loan is £10.6m (FY23: £24.8m).

Revolving credit facility ("RCF") – The Group has a RCF of £80.0m. The RCF was utilised to finance the acquisition of LAICA as well as other significant capital projects including the new factory in China and the ongoing working capital needs of the Group.

In March 2024, the Group received approval from its banking syndicate to normalise its net debt leverage covenant to 2.75x (FY23: 2.25x).

On 11 September 2024 a one-year extension was approved for the Group's £80m RCF facility, taking maturity out to 25 October 2026 (FY23: 25 October 2025). As at 31 December 2024, the total facility utilised is £69.5m (FY23: £80.0m).

In response to more volatile trading conditions in Q4 of FY24, in December 2024, the Group received approval from its banking syndicate for the temporary relaxation of the debt service cover covenant to the following.

Relevant period	Relaxed debt service cover ratio	Original debt service cover ratio
31 December 2024	0.85:1	1.10:1
31 March 2025	0.85:1	1.10:1
30 June 2025	0.70:1	1.10:1
30 September 2025 and each Relevant Period thereafter	1.10:1	1.10:1

Transactions costs amounting to £0.8m (FY23: £0.2m) incurred as part of the extension and amending the RCF agreement were capitalised and will be amortised over the extension period.

The various agreements contain representations and warranties which are usual for an agreement of this nature. The agreements also provide for the payment of commitment fees, agency fees and arrangement fees, contain certain undertakings, guarantees and covenants (including financial covenants) and provide for certain events of default. During FY24, the Group has not breached any of the financial covenants contained within the agreements – see note 20(d) for further details (FY23: same).

The fair values of the Group's borrowings are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current market rates.

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17. BORROWINGS continued

Interest applied to the term loan and revolving credit facility is calculated as the sum of the margin and SONIA. The margin under the amended agreement was 3.5% until 31 March 2023, and then 2.85% from 1 April 2023 to 30 June 2023, and thereafter the margin is dependent on the net leverage of the Group based on the following table:

Leverage	Facility A Margin % p.a.	Facility B Margin % p.a.
Greater than or equal to 3.0:1	4.00	4.00
Less than 3.0:1 but greater than or equal to 2.5:1	3.50	3.50
Less than 2.5:1 but greater than or equal to 2.0:1	2.85	2.85
Less than 2.0:1 but greater than or equal to 1.5:1	2.35	2.35
Less than 1.5:1 but greater than or equal to 1.0:1	2.15	2.15
Less than 1.0:1	2.00	2.00

At 31 December 2024, the margin applied was 2.35% (FY23: 2.85%).

18. CAPITAL COMMITMENTS

	2024 £000s	2023 £000s
Contracted for but not provided in the consolidated financial statements – Property, plant and equipment	**1,792**	245

The above commitments include capital expenditure of £1.7m (FY23: £0.1m) relating to investment in the Next Gen Automation Line in China.

19. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There continues to be a number of ongoing intellectual property infringement cases initiated by the Group, as well as patent validation challenges brought by the defendants. All of these cases are still subject to due legal process in the countries in which the matters have been raised. As a result, no contingent assets have been recognised at 31 December 2024 (FY23: £nil), as any receipts are dependent on the final outcome of each case. There are also no contingent liabilities at 31 December 2024 (FY23: £nil).

20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk, liquidity risk and capital management risk.

The Group uses financial instruments where required to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed. Transactions are only undertaken if they relate to actual underlying exposures and hence cannot be viewed as speculative.

(a) Market risk

(i) Foreign exchange risk

The Group operates in the Isle of Man ("IOM"), United Kingdom ("UK"), Europe ("EU"), United States of America ("USA"), Australia, New Zealand and China and is therefore exposed to foreign exchange risk. Foreign exchange risk arises on sales and purchases made in foreign currencies and on recognised assets and liabilities and net investments in foreign operations.

The Group monitors its exposure to currency fluctuations on an ongoing basis. The Group uses foreign currency bank accounts to reduce its exposure to foreign currency translation risk, and the Group is naturally hedged, where possible, against foreign exchange risk as it both generates revenues and incurs costs in the major currencies with which it deals. The major currencies the Group transacts in are:

- British Pounds ("GBP")
- Chinese Yuan ("CNY")
- United States Dollar ("USD")

*(i) **Foreign exchange risk*** continued

- Euro ("EUR")
- Hong Kong Dollar ("HKD")
- Australian Dollar ("AUD")
- New Zealand Dollar ("NZD")
- Taiwan Dollar ("TWD")

Exposure by currency is analysed in notes 14, 15 and 16.

(ii) Interest rate risk

The Group is exposed to interest rate risk on its long-term borrowings, being the revolving credit facility and term loan and other borrowings disclosed in note 17. The interest rates on the revolving credit facility are variable, based on SONIA and certain other conditions dependent on the financial condition of the Group, which exposes the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Other borrowings are made up of both fixed rate loans and variable loans based on EURIBOR.

(iii) Price risk

The Group is exposed to price risk, principally in relation to commodity prices of raw materials. The Group enters into forward commodity contracts, forward commits or makes payments in advance in order to mitigate the impact of price movements on its gross margin.

The Group has not designated any of these contracts as hedging instruments in either FY24 or FY23 as they relate to physical commodities being purchased for the Group's own use. At 31 December 2024 and 2023, £nil payments were made in advance to buy commodities at fixed prices.

(iv) Sensitivity analysis

Foreign exchange risk: The Group is primarily exposed to exchange rate fluctuations between GBP and USD, CNY, HKD, EUR, TWD, AUD and NZD. Assuming a reasonably possible change in FX rates of +10% (FY23: +10%), the impact on profit would be a decrease of £3.7m (FY23: a decrease of £2.5m), and the impact on equity would be a decrease of £3.6m (FY23: decrease of £1.5m). A -10% change (FY23: -10%) in FX rates would cause an increase in profit of £4.6m (FY23: an increase in profit of £3.0m) and a £4.4m increase in equity (FY23: £1.8m increase in equity). This has been calculated by taking the profit generated by each currency and recalculating a comparable figure on a constant currency basis, and by retranslating the amounts in the consolidated statement of financial position to calculate the effect on equity.

Interest rate risk: The Group is exposed to interest rate fluctuations on its non-current borrowings, as disclosed in note 17. Assuming a reasonably possible change in the SONIA/EURIBOR rate of ±0.5% (FY23: ±0.5%), the impact on profit/net assets would be an increase/decrease of £0.4m (FY23: £0.6m). This has been calculated by recalculating the loan interest using the revised rate to calculate the impact on profit, and recalculating the year end loan interest balance payable using the same rate.

Commodity price risk: The Group is exposed to commodity price fluctuations, primarily in relation to copper and silver. Assuming a reasonably possible change in commodity prices of ±15% for silver (FY23: ±13%) and ±21% for copper (FY23: ±15%) based on volatility analysis for the past year, the impact on profit would be an increase/ decrease of £2.4m (FY23: £1.8m). The Group does not hold significant quantities of copper and silver inventory, therefore the impact on equity would be the same as the profit or loss impact disclosed (FY23: same). This has been calculated by taking the average purchase price of these commodities during the year in purchase currency and recalculating the cost of the purchases with the price sensitivity applied.

(b) Credit risk

The Group has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. The Group uses letters of credit and advance payments to minimise credit risk (see note 16). Management believe there is no further credit risk provision required in excess of the normal loss allowances, as disclosed in note 14. The amount of trade and other receivables written off during the year amounted to 0.2% of revenue (FY23: 0% of revenue).

Cash and cash equivalents are held with reputable institutions. All material cash amounts are deposited with financial institutions whose credit rating is at least B based on credit ratings according to Standard & Poor's. At the year end 2024, £5.2m was held with one financial institution with a credit rating of BBB- and the total of £2.2m in BBB+ category was held with three financial institutions with one of them holding £1.6m. At the year end 2023, £4.5m was held with one financial institution with a credit rating of BBB+ and the total of £8.2m in BBB category was held with five financial institutions with one of them holding £4.7m.

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20. FINANCIAL RISK MANAGEMENT continued

(b) Credit risk continued

The following table shows the external credit ratings of the institutions with whom the Group has cash deposits:

	2024 £000s	2023 £000s
AA	-	2,635
AA-	1,273	-
A+	3,226	1,037
A	3,086	3,280
BBB+	2,237	4,462
BBB	67	8,213
BBB-	5,178	-
B+	11	-
B	-	32
NA	39	455
	15,117	20,114

(c) Liquidity risk

The Group maintained appropriate cash balances and accessible credit facilities throughout the period to manage liquidity risk. Cash flow forecasting is performed for the Group by the finance function, which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and so that the Group minimises the risk of breaching borrowing limits or covenants on any of its borrowing facilities. The Group has revolving credit facilities to provide access to cash for various purposes. The total available Revolving credit facility of £80.0m (FY23: £80.0m) had loan utilisations of £69.5m (FY23: £80.0m) as at 31 December 2024.

The table below analyses the group's financial liabilities as at 31 December 2024 into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. There are no derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months £000s	6 – 12 months £000s	2 years £000s	3-5 years £000s	Over 5 years £000s	Total contractual cash flows £000s	Carrying amount liabilities £000s
Trade and other payables	30,729	-	-	-	-	30,729	30,729
Borrowings	10,500	6,366	74,633	-	-	91,499	80,037
Lease liabilities	768	768	1,091	1,168	587	4,382	3,674
Total financial liabilities	41,997	7,134	75,724	1,168	587	126,610	114,440

The table below analyses the respective financial liabilities as at 31 December 2023:

	Less than 6 months £000s	6 – 12 months £000s	2 years £000s	3-5 years £000s	Over 5 years £000s	Total contractual cash flows £000s	Carrying amount liabilities £000s
Trade and other payables	27,165	-	-	-	-	27,165	27,165
Borrowings	12,007	10,530	95,700	-	-	118,237	105,805
Lease liabilities	852	852	1,406	1,694	746	5,550	4,810
Total financial liabilities	40,024	11,382	97,106	1,694	746	150,952	137,780

(d) Capital risk management

The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The aim of the Group is to maintain sufficient funds to enable it to make suitable capital investments. In order to maintain or adjust capital, the Group may adjust the amount of cash distributed to shareholders, return capital to shareholders, issue new shares or raise debt through its access to the AIM market.

Capital is monitored by the Group on a monthly basis by the finance function. This includes the monitoring of the Group's gearing ratios and monitoring the terms of the financial covenants related to the revolving credit facilities as disclosed in note 17. These ratios are formally reported on a quarterly basis. The financial covenants were complied with throughout the period. At 31 December 2024 these ratios were as follows:

Debt Service Cover ratio ("DSCR"): 1.15x (FY23: 1.18x) – minimum per facility terms is 0.85x; and

Leverage ratio: 1.87x (FY23: 2.19x) – maximum per facility terms is 2.75x.

In March 2024, the Group received approval from its banking syndicate to normalize its net debt leverage covenant to 2.75x (FY23: 2.25x). In December 2024, the Group received approval from its banking syndicate for the relaxation of the debt service cover covenant to 0.85x {FY23: 1.1x} (see note 17 for details).

The Group has taken a number of actions to prioritise cash generation and conservation.

As a result of the actions taken, as at 31 December 2024 the Group has:

- Significantly improved RCF headroom of £10.5m (FY23: £nil).
- Reduced net debt to £63.7m (FY23: £83.7m).
- Lowered net debt leverage to 1.87x (FY23: 2.19x), providing substantial covenant headroom.
- Reduced interest costs on borrowing by 50bps to a margin of 2.35% (FY23: 2.85%).

21. SHARE-BASED PAYMENTS

Long-Term Incentive Plan terms

As part of the admission to trading on AIM in August 2017, the Group granted a number of share options to employees of the Group. All of the shares granted were subject to service conditions, being continued employment with the Group until the end of the vesting period. The shares granted to the executive Directors and senior staff also included certain performance conditions which must be met, based on predetermined earnings per share and the achievement of specific ESG targets for the three financial years from grant date.

During 2020, the Group amended the terms of the Isle of Man share options to conditional share awards.

Participation in the plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Where the employee is entitled to share options, these remain exercisable until the ten-year anniversary of the award date. Where the employee is entitled to conditional share awards, these are exercised on the vesting date.

The dividends that would be paid on a share in the period between grant and vesting reduce the fair value of the award if, in not owning the underlying shares, a participant does not receive the dividend income on these shares during the vesting period.

All of the options and conditional share awards are granted under the plan for nil consideration and carry no voting rights. A summary of the options and conditional share awards is shown in the table below:

	2024 Number of Shares	2023 Number of Shares
At 1 January	**4,221,520**	1,654,667
Granted during the year	**2,230,718**	2,821,338
Exercised during the year	**(209,890)**	(3,448)
Forfeited during the year	**(1,102,249)**	(251,037)
As at 31 December	**5,140,099**	4,221,520

Notes to the Consolidated Financial Statements continued
for the year ended 31 December 2024

21. SHARE-BASED PAYMENTS continued

Long-Term Incentive Plan terms continued

The Group has recognised a total expense of £0.3m (FY23: £0.4m) in respect of equity-settled share-based payment transactions in the year ended 31 December 2024.

For each of the tranches, the first day of the exercise period is the vesting date and the last day of the exercise period is the expiry date, as listed in the valuation model input table below. The weighted average contractual life of options and conditional share awards outstanding at 31 December 2024 was 8.7 years (FY23: 8.8 years).

Valuation model inputs

The key inputs to the dividend discount model for the purposes of estimating the fair values of the share options outstanding at the end of the year are as follows:

Grant date	Share price on grant date (p)	Expiry date	Weighted average probability of meeting performance criteria	Share options outstanding at 31 December 2024	Share options outstanding at 31 December 2023
21 April 2021	290.00	21 April 2031	26.3%	-	747,493
01 January 2022	303.50	01 January 2032	0.0%	**9,164**	9,164
21 April 2022	208.50	21 April 2031	15.0%	**382,359**	382,359
20 April 2023	96.90	20 April 2033	15.0%	**1,096,439**	1,340,208
01 November 2023	59.60	01 November 2033	0.0%	**229,216**	229,216
01 May 2024	76.50	01 May 2034	100.0%	**546,686**	-
03 June 2024	79.10	03 June 2034	100.0%	**30,496**	-
Total Share Options				**2,294,360**	2,708,440

The key inputs to the dividend discount model for the purposes of estimating the fair values of the conditional share awards outstanding at the end of the year are as follows:

Grant date	Share price on grant date (p)	Vesting date	Weighted average probability of meeting performance criteria	Conditional share awards outstanding at 31 December 2024	Conditional share awards outstanding at 31 December 2023
21 April 2021	290.00	20 April 2024	0.0%	-	210,253
06 December 2021	296.50	20 April 2024	0.0%	-	-
06 December 2021	296.50	20 April 2024	0.0%	-	6,364
21 April 2022	208.50	20 April 2025	15.0%	**156,051**	160,571
20 April 2023	96.90	19 April 2026	0.0%	**1,036,152**	1,135,892
01 February 2024	71.60	31 January 2027	100.0%	**225,089**	-
01 May 2024	76.50	30 April 2027	100.0%	**1,394,126**	-
03 June 2024	79.10	30 April 2027	100.0%	**34,321**	-
Total conditional share awards				**2,845,739**	1,513,080
Total share options and conditional share awards				**5,140,099**	4,221,520

The reduction in the fair value of the awards as a consequence of not being entitled to dividends reduced the charge for the options granted during the year by £32k (FY23: £20k) and the expected charge over the life of the options by a total of £34k (FY23: £20k).

The other factors in the model do not affect the calculation and have not been disclosed, as the share options were issued for nil consideration and do not have an exercise price. The weighted average fair value of the options outstanding at the period end was £0.9506 (FY23: £1.51).

Valuation model inputs continued

The movement within the share-based payments reserve during the period is as follows:

	2024 £000s	2023 £000s
Shared-based payments reserves as at 1 January	**572**	202
Share-based payments transactions (note 5(a))	**343**	380
Other share-based payments	**(3)**	-
Share-based payments transferred to retained earnings upon exercise/vesting	**(572)**	(10)
Share-based payments transferred to retained earnings	**(340)**	-
Shared-based payments reserve as at 31 December	**-**	572

Other movements

Other transactions recognised directly in equity represent employer contributions to national insurance for vested LTIPs.

The Group previously presented its share-based payment reserve separately in the statement of changes in equity. However, management considers it to be more relevant if it is added to the retained earnings to simplify the presentation.

22. SHARE CAPITAL AND SHARE PREMIUM

	2024			
	Number of shares 000s	Par value £000s	Share premium £000s	Total £000s
Allotted and fully paid: ordinary shares of 1p each				
Balance at 1 January 2024	**218,714**	**2,186**	**21,456**	**23,642**
Shares issued during the year	**10,936**	**109**	**8,639**	**8,748**
Transaction costs	**-**	**-**	**(390)**	**(390)**
Share options exercised during the year (note 21)	**210**	**2**	**-**	**2**
Balance at 31 December 2024	**229,860**	**2,297**	**29,705**	**32,002**

	2023			
	Number of shares 000s	Par value £000s	Share premium £000s	Total £000s
Allotted and fully paid: ordinary shares of 1p each				
Balance at 1 January 2023	218,711	2,186	21,675	23,861
Transaction costs	-	-	(219)	(219)
Share options exercised during the year (note 21)	3	-	-	-
Balance at 31 December 2023	**218,714**	**2,186**	**21,456**	**23,642**

Under the Isle of Man Companies Act 2006, the Company is not required to have an authorised share capital.

Transaction costs of £0.4m (FY23: £0.2m) recognised directly in share premium relate to costs associated with the raise of equity.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank pari passu in all respects including voting rights and dividend entitlement.

See note 21 for further information regarding share-based payments which may impact the share capital in future periods.

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23. DIVIDENDS

The following amounts were recognised as distributions in the year:

	2024 £000s	2023 £000s
Interim FY24 dividend of nil per share (FY23: 0.9p)	-	1,967
Final FY23 dividend of nil per share (FY22: 3.25p)	-	7,103
Total dividends recognised in the year	-	9,070

The Directors have proposed not to pay a final dividend (FY23: Nil).

24. LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 £000s	2023 £000s
Right-of-use assets		
Land and buildings	**2,656**	3,860
Motor Vehicles	**779**	650
Total right-of-use assets	**3,435**	4,510
Lease liabilities		
Current future lease liabilities (due within 12 months)	**1,129**	1,218
Non-current future lease liabilities (due in more than 12 months)	**2,545**	3,592
Total future lease liabilities	**3,674**	4,810

In the current year, right-of-use assets have been allocated to the appropriate category of leased assets, being land and buildings and motor vehicles. In the prior year, right-of-use assets were reported under land and buildings. The prior year amounts have been re-represented to reflect this change.

Additions to the right-of-use liabilities during FY24 were £0.7m (FY23: £2.3m). Disposals of right-of-use liabilities during the current year were £14k (FY23: £16k).

Short-term leases and leases of low values were recognised directly in the consolidated income statement, amounting to £0.4m (FY23: £0.3m). Total cash outflows relating to all lease payments, including short-term leases and leases of low values were £2.2m (FY23: £1.7m).

The movement in lease liabilities is as follows:

	2024 £000s	2023 £000s
Balance as at 1 January	**4,810**	3,888
Additions	**730**	2,321
Disposals	**(14)**	(16)
Adjustments to leases	-	(49)
Repayments	**(1,847)**	(1,426)
Interest expense (included in finance cost) *	**251**	198
Disposal of SSH (note 28)	**(92)**	-
Foreign exchange differences	**(164)**	(106)
Balance as at 31 December	**3,674**	4,810

*Included in this amount is £11k (FY23: £8k) interest expense relating to discontinued operations (see note 28).

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases from continuing operations:

	2024 £000s	2023 Restated* £000s
Depreciation of right-of-use assets	**(1,427)**	(1,257)
Short-term and low value leases	**(363)**	(317)
Interest expense (included in finance cost)	**(240)**	(190)
Total cost relating to leases	**(2,030)**	(1,764)

* Prior period numbers have been restated as a result of discontinued operations, see note 28.

(c) Group as a lessor

Rental income recognised by the Group during the year is £2.2m (FY23: £2.4) is included in the Billi segment as revenue in the consolidated income statement.

Minimum lease payments receivable under non-cancellable operating leases are as follows:

	2024 £000s	2023 £000s
Less than 6 months	**727**	679
6 – 12 months	**1,048**	981
1-2 Years	**514**	1,167
3-5 Years	**513**	261
Total	**2,802**	3,088

25. STATEMENT OF CASH FLOWS NOTES

(a) Cash generated from operations

	Note	2024 £000s	2023 Restated* £000s
Cash flows from operating activities			
Operating profit from continuing operations		**13,935**	28,346
Loss from discontinued operations before interest	28	**(3,304)**	(432)
Operating profit		**10,631**	27,914
Adjustments for:			
Depreciation of property, plant and equipment	11	**4,270**	4,020
Depreciation of right-of-use assets	11	**1,503**	1,321
Amortisation of intangible assets	10	**3,694**	3,365
Share of (profits)/losses from joint ventures		**-**	(85)
Write off/impairment of intangible assets/PPE from continuing operations	6(b)	**4,293**	-
Write off/impairment associated with discontinued operations	28	**2,325**	-
Loss on disposal of discontinued operations	28	**203**	-
Loss on disposal of property, plant and equipment		**343**	-
Other non-cash flow items		**3,482**	73
Share based payment transactions	21	**343**	380
Net exchange differences		**334**	(435)
		31,421	36,553
Changes in working capital:			
(Increase)/decrease in inventories		**(1,704)**	1,639
Decrease/(increase) in trade and other receivables		**1,853**	(2,422)
Increase in trade and other payables		**4,247**	3,132
Cash generated from operations		**35,817**	38,902

* Prior period numbers have been restated as a result of discontinued operations, see note 28.

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25. STATEMENT OF CASH FLOWS NOTES continued

(a) Cash generated from operations continued

Other non-cash flow items include inventory provision of £0.7m (FY23: £nil), receivable write off of £1.8m (FY23: £nil), provision for settlements of £1.4m (FY23: £nil), reductions in warranty provision of £0.5m (FY23: £nil) and others of £0.1m (FY23: £0.1m).

(b) Movement in net debt

		Non-cash movements			
	At 01 January 2024 £000s	Cash flows £000s	Currency movements £000s	Other movements £000s	At 31 December 2024 £000s
Borrowings, net of loan arrangement fees	(105,805)	25,957	45	(234)	(80,037)
Lease liabilities	(4,810)	1,847	164	(875)	(3,674)
Total liabilities from financing activities	**(110,615)**	**27,804**	**209**	**(1,109)**	**(83,711)**
Cash and cash equivalents	20,114	(4,492)	(505)	-	15,117
Net debt	**(90,501)**	**23,312**	**(296)**	**(1,109)**	**(68,594)**

26. ULTIMATE BENEFICIAL OWNER

There is not considered to be any ultimate beneficial owner, as the Company is listed on AIM. No single shareholder beneficially owns more than 25% of the Company's share capital.

27. RELATED PARTY TRANSACTIONS

(a) Identity of related parties

Related parties include all of the companies within the Group, however, these transactions and balances are eliminated on consolidation within the consolidated financial statements and are not disclosed, except for related party balances held with Joint Ventures which are not eliminated.

The Group also operates a defined contribution pension scheme which is considered a related party.

(b) Related party transactions

The following transactions with related parties occurred during the year:

Name of related party	2024 £000s	2023 £000s
Transactions with related parties		
Revenue earned from LAICA Brand House Limited	-	3
Contributions paid to The Strix Limited Retirement Fund (note 5(c)(i))	**(1,434)**	(1,352)

Revenue earned from Laica Brand House Limited represents the amount earned to the date control was gained on 18 March 2024, see note 12.

Further information is given on the related party balances and transactions below:

- Key management compensation is disclosed in note 5(b).
- Information about the pension schemes operated by the Group is disclosed in note 5(c), and transactions with the pension schemes operated by the Group relate to contributions made to those schemes on behalf of Group employees.
- Information on dividends paid to shareholders is given in note 23.

28.DISCONTINUED OPERATIONS

(a) Description

On 16 May 2024, the Board of Directors approved the disposal of HaloSource Water Purification Technology (Shanghai) Co. Ltd (known as HSS), a wholly owned subsidiary. This was announced to the wider business in June 2024. Following a commercial review, it was determined that the primary product line of HSS, industrial scale water filtration branded as Halopure, does not align commercially with the rest of the Group's main focus on smaller scale water filtration products. The associated assets and liabilities were consequently presented as held for sale in the HY 2024 financial statements.

Assets which had a carrying value at point of classification to assets held for sale of £2.3m (intangibles: £1.6m; PPE: £0.1m; inventories: £0.4m and debtors: £0.3m) were impaired to £nil in line with IFRS5 – Non-current Assets Held for Sale and Discontinued Operations, to reflect the expected fair value less costs to sell of the disposal group.

The subsidiary was sold on 30 November 2024, and it is reported in the current period as a discontinued operation. Before classification as discontinued, HSS formed part of our Premium Filtration Systems division, which has been subsequently renamed as Billi (see note 4).

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented below are for the eleven months ended 30 November 2024 (2024 column) and the year ended 31 December 2023:

	2024 £000s	2023 £000s
Revenue	**196**	779
Net expenses	**(692)**	(1,177)
Operating loss	**(496)**	(398)
Finance costs	**(11)**	(8)
Loss before taxation	**(507)**	(406)
Income tax expense	**-**	-
Loss after taxation before adjusting items	**(507)**	(406)
Loss on sale of the subsidiary before reclassification of foreign currency reserve (see (c) below)	**(225)**	-
Impairment loss recognised before classification to held for sale (see note 6(b))	**(2,325)**	-
Redundancy/re-organisation costs (see note 6(b))	**(280)**	(34)
Adjusting items	**(2,830)**	(34)
Reclassification of foreign currency translation reserve	**22**	-
Loss from discontinued operations	**(3,315)**	(440)
Exchange differences on translation of discontinued operations	**(22)**	(135)
Other comprehensive expense from discontinued operations	**(22)**	(135)
Earnings per share (pence)		
Basic	**(1.5)**	(0.2)
Diluted	**(1.5)**	(0.2)

Notes to the Consolidated Financial Statements continued
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28. DISCONTINUED OPERATIONS continued

(b) Financial performance and cash flow information continued

The net cash flows incurred by HSS are, as follows:

	2024 £000s	2023 £000s
Operating	(418)	(203)
Investing	(896)	(344)
Financing	(133)	(45)
Net cash outflow	(1,447)	(592)

The net cash flow from investing activities includes an outflow of £0.6m (FY23: £nil) from sale of the subsidiary.

(c) Details of the sale of the subsidiary

	2024 £000s
Consideration received	-
Carrying amount of net assets sold	(225)
Loss on sale before income tax and reclassification of foreign currency translation reserve	(225)
Reclassification of foreign currency translation reserve	22
Income tax expense	-
Loss on sale after income tax	(203)

The carrying amounts of assets and liabilities as at the date of sale (30 November 2024) were:

	30 November 2024 £000s
Assets	
Property, plant and equipment	112
Net investments in finance leases	7
Trade and other receivables	337
Cash and cash equivalents	605
Total Assets	1,061
Liabilities	
Trade and other payables	(744)
Future lease liabilities	(92)
Total Liabilities	(836)
Net Assets	225

29. CORRECTION OF TECHNICAL ACCOUNTING ERRORS

(a) In 2024, the Group discovered a historic technical accounting error with the translation of the goodwill, acquired intangibles and deferred tax liabilities on acquired intangibles for its subsidiaries Billi Australia and Billi New Zealand. The error resulted in a material understatement of other comprehensive expense recognised for 2023, and a corresponding overstatement of intangible assets and deferred tax liabilities in the statement of financial position.

(b) The Group has also re-presented the translation of its foreign operations into a separate component of equity, foreign currency translation reserve as required by IAS 21. The translation of foreign operations was previously reported as part of retained earnings.

These corrections have had no impact on the Group's consolidated income statement, its consolidated statement of cash flows, its banking covenants or its prior year KPIs. However, we have presented this as a prior year restatement to provide full details and context to the corrections, and to allow improved comparability to the prior year.

The Group has not presented a third balance sheet because it is not considered material to users of the financial statements. The balance on the reserve at 1 January 2023 would be £0.6m.

The errors have been corrected by restating each of the affected financial statements line items for the prior period as follows:

Consolidated statement of financial position (extract)

	31 December 2023 As previously presented £000s	Movement £000s	31 December 2023 Restated* £000s
Intangible assets (a)	73,409	(1,825)	71,584
Deferred tax liabilities (a)	(10,304)	433	(9,871)
Retained earnings (a&b) *	18,167	967	19,134
Foreign currency translation reserve (b)	-	(2,359)	(2,359)
Total equity	43,034	(1,392)	41,642

* £1.0m movement in retained earnings relates to presentational change (see (b) above).

Consolidated statement of comprehensive income (extract)

	2023 As previously presented £000s	Movement £000s	2023 Restated* £000s
Profit for the year	16,160	-	16,160
Other comprehensive expense for the year:			
Exchange differences on translation of foreign operations from continuing operations	(1,477)	(1,392)	(2,869)
Exchange differences on translation of foreign operations from discontinued operations	(135)	-	(135)
Total comprehensive income/(expense) for the year	14,548	(1,392)	13,156
Total comprehensive income/(expense) is attributable to:			
Equity holders of the Company	14,602	(1,392)	13,210
Non-controlling interests	(54)	-	(54)
	14,548	(1,392)	13,156

Basic and diluted earnings per share for the prior year have not been restated as there was no impact on profit after tax. Some of the amounts disclosed in note 4, note 8 and note 10 were restated, as indicated in those notes.

30. POST BALANCE SHEET EVENTS

The Group does not have any material events after the reporting period to disclose.

Other Supplementary Information

ALTERNATIVE PERFORMANCE MEASURES

The financial statements include both GAAP measures and Alternative Performance Measures ("APM"), the latter of which are considered by management to allow the readers of the accounts to understand the underlying trading performance of the Group. A number of these APMs are used by management to measure the KPIs of the business and are therefore aligned to the Group's strategic aims. They are also used at Board level to monitor financial performance throughout the year. The APMs used in these financial statements (including the basis of calculation, assumptions, use and relevance) are detailed in note 2 (EBITDA and adjusted EBITDA – non-GAAP alternative performance measures) and below.

Constant Exchange Rate ("CER") figures

These are used predominantly in the financial review and give the readers a better understanding of the performance of the Group, regions and entities from a trading perspective. They have been calculated by translating the FY24 income statement results (of subsidiaries whose presentational currency is not Sterling) using FY23 average annual exchange rates to provide a comparison which removes the foreign currency translational impact. The impacts of translational gains and losses made on non functional currency net assets held around the Group have not been removed.

Adjusted operating margin/EBIT margin

Adjusted operating margin is used in the financial review to give the reader an understanding of the performance of the Group. It is calculated by dividing adjusted operating profit (see return on capital employed section for reconciliation to operating profit) by adjusted revenue in the year.

Adjusted diluted EPS

A key measure for the Group to understand the underlying earnings per share. The calculation has been disclosed in note 9.

Adjusted profit before tax

A key measure for the Group to understand underlying results before taxes. The adjustments made to arrive at adjusted profit before tax are detailed below.

Adjusted profit before tax and adjusting items

	2024 £000s	2023 Restated £000s
Adjusted profit before taxation from continuing operations	**18,508**	22,335
Adjusting items in revenue: settlements	**(2,200)**	-
Adjusting items in cost of sales: restructuring/rebasing	**(818)**	(65)
Adjusting items in administrative expenses:		
Restructuring/rebasing	**(7,724)**	(399)
COVID-19 related costs	**-**	(14)
Mergers and acquisitions	**(28)**	(2,073)
Settlements	**(1,096)**	-
Amortisation charges on acquired intangible assets	**(1,327)**	(1,261)
Share-based payments	**(343)**	(380)
Total adjusting items	**(13,536)**	(4,192)
Profit before taxation – continuing operations	**4,972**	18,143

	2024 £000s	2023 Restated £000s
Adjusted EBITDA from continuing operations	**35,399**	39,696
Adjusting items in revenue: settlements	**(2,200)**	-
Adjusting items in cost of sales: restructuring/rebasing	**(818)**	(65)
Adjusting items in administrative expenses:		
Restructuring/rebasing	**(3,431)**	(399)
Mergers and acquisitions	**(28)**	(2,073)
COVID-19 related costs	**-**	(14)
Settlements	**(1,096)**	-
Share-based payments	**(343)**	(380)
EBITDA	**27,483**	36,765
Amortisation charges on acquired intangible assets	**(1,327)**	(1,261)
Depreciation and non acquired amortisation	**(7,928)**	(7,158)
Write off/impairment of non-current assets	**(4,293)**	-
Operating profit from continuing operations	**13,935**	28,346

Adjusted cash conversion as a percentage of adjusted EBITDA

This is another key metric used by investors to understand how effective the Group was at converting profit into cash. The adjustments made to arrive at adjusted cash conversion from cash generated from operations are detailed below. To reconcile operating profit to underlying EBITDA, refer to adjusted profit before tax and adjusting items section.

	2024 £000s	2023 £000s
Adjusted cash conversion	**40,364**	41,657
Adjusting items in revenue: settlements	**(1,000)**	-
Adjusting items in cost of sales: restructuring/rebasing	**(268)**	(65)
Adjusting items in administrative expenses:		
Restructuring/rebasing	**(1,956)**	(413)
Settlements	**(879)**	-
M&A	**(28)**	(2,073)
Cash generated from operations	**36,233**	39,106

Net debt to adjusted EBITDA (net debt ratio)

This removes the impact of IFRS 16 Leases and accrued interest from net debt and impact of IFRS 16 Leases from adjusted EBITDA in line with definitions in our banking facility agreement. Adjusted EBITDA is reconciled to operating profit, refer to adjusted profit before tax and adjusting items section.

	2024 £000s	2023 £000s
Net debt (less cash and cash equivalents)	**68,594**	90,501
Right of use lease liabilities	**(3,674)**	(4,810)
Accrued interest	**(1,237)**	(2,031)
Net debt	**63,683**	83,660

Other Supplementary Information continued

Net debt to adjusted EBITDA (net debt ratio) continued

	2024 £000s	2023 £000s
Adjusted EBITDA*	**35,399**	39,585
Right of use depreciation	**(1,427)**	(1,321)
Adjusted EBITDA	**33,972**	38,264

*Adjusted EBITDA for FY23 includes results from discontinued operations of £0.1m.

Adjusted return on capital employed ("ROCE")

Return on capital employed is a key metric used by investors to understand how efficient the Group is with its capital employed. It represents earnings before interest and tax against the money that is invested in the business. The numerator is adjusted operating profit which has been reconciled to operating profit below. Capital employed is calculated as total assets less current liabilities. Adjusting items have been removed to aid understanding of the underlying performance of the Group.

	2024 £000s	2023 Restated £000s
Adjusted operating profit	**27,471**	32,538
Adjusting items in revenue: settlements	**(2,200)**	-
Adjusting items in cost of sales: restructuring/rebasing	**(818)**	(65)
Adjusting items in administrative expenses:		
Restructuring/rebasing	**(7,724)**	(399)
Mergers and acquisitions	**(28)**	(2,073)
Settlements	**(1,096)**	-
COVID-19 related costs	**-**	(14)
Amortisation charges on acquired intangible assets	**(1,327)**	(1,261)
Share-based payments	**(343)**	(380)
Operating profit	**13,935**	28,346

Working capital as a percentage of revenue

This is calculated as current assets excluding cash, less current liabilities excluding current portions of lease liabilities and borrowings as a percentage of Group revenue. It is a KPI for the Group as it remains a key focus to ensure efficient allocation of capital on the balance sheet to improve quality of earnings and reduce the additional investment needed to support organic growth.

Other Company Information and Advisors

Registered office

Strix Group Plc
Forrest House
Ronaldsway
Isle of Man
IM9 2RG

Principal bankers

The Royal Bank of Scotland International Limited
2 Athol Street
Douglas
Isle of Man
IM99 1AN

The Governor and Company of the Bank of Ireland
40 Mespil Road
Dublin 4
Ireland

Barclays Bank Plc
1 Churchill Place
Canary Wharf
London
E14 5HP

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Share registrars

MUFG Corporate Markets (Isle of Man) Limited
Central Square
29 Wellington Street
Leeds
LS1 4DL

Financial PR and IR

Gracechurch Group
4th floor
48 Gracechurch Street
London
EC3V 0EJ

Independent auditor

PricewaterhouseCoopers LLC
Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

Nominated advisor and broker

Zeus Capital Limited
82 King Street
Manchester
M2 4WQ

and

125 Old Broad Street
London
EC2N 1AR

Joint broker

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Company number

014963V (Isle of Man)

Strix Group plc
Forrest House
Ronaldsway
Isle of Man
IM9 2RG

Tel: +44 (0)1624 829 829
Email: info@strix.com

www.strixplc.com

LinkedIn: https://www.linkedin.com/company/strix-grp/
Twitter (X): https://x.com/strix_group
Facebook: https://www.facebook.com/people/Strix-Group/61563500912467/
YouTube: https://www.youtube.com/@strix-group