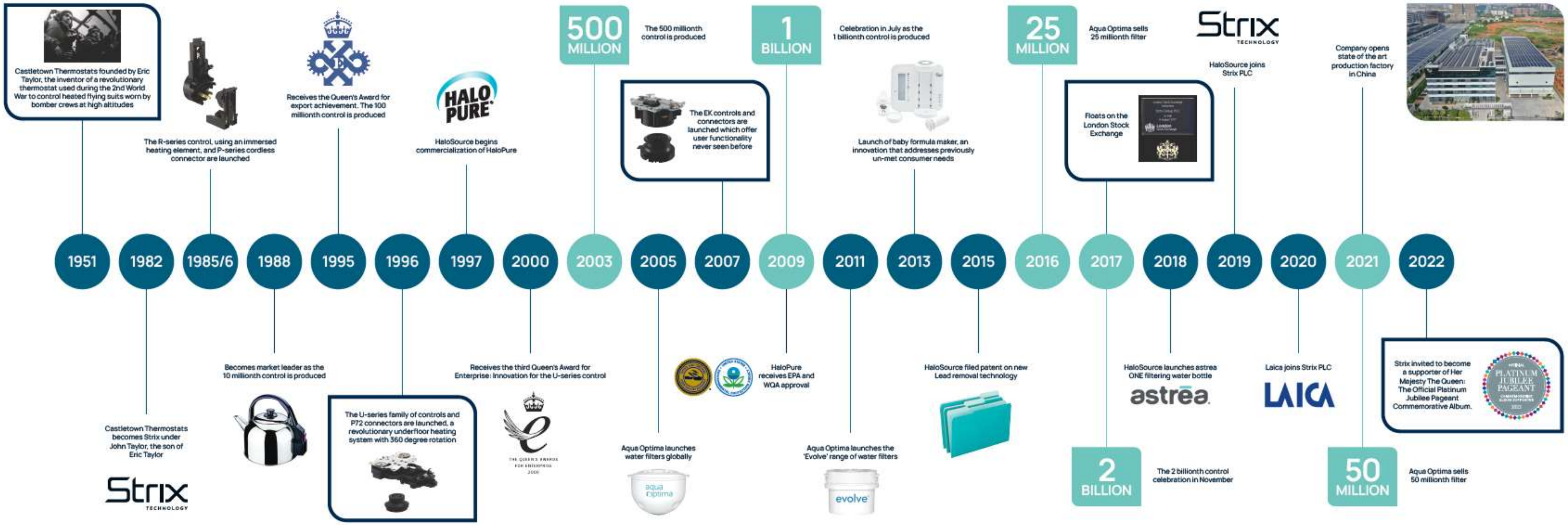
Strix Group plc
AGM

26th May 2022

Strix
TECHNOLOGY

Our Story



UNESCO BIOSPHERE ISLE OF MAN

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

01.
Current Trading Update

Current Trading Update

Statement from Mark Bartlett, Chief Executive Officer:

- We confirm that based on year to date performance, our current expectations of trading conditions in the balance of the year, the resilience of our historic H2 performance through prior macroeconomic cycles and our experience during the COVID-19 pandemic, we are maintaining expectations for the full year.

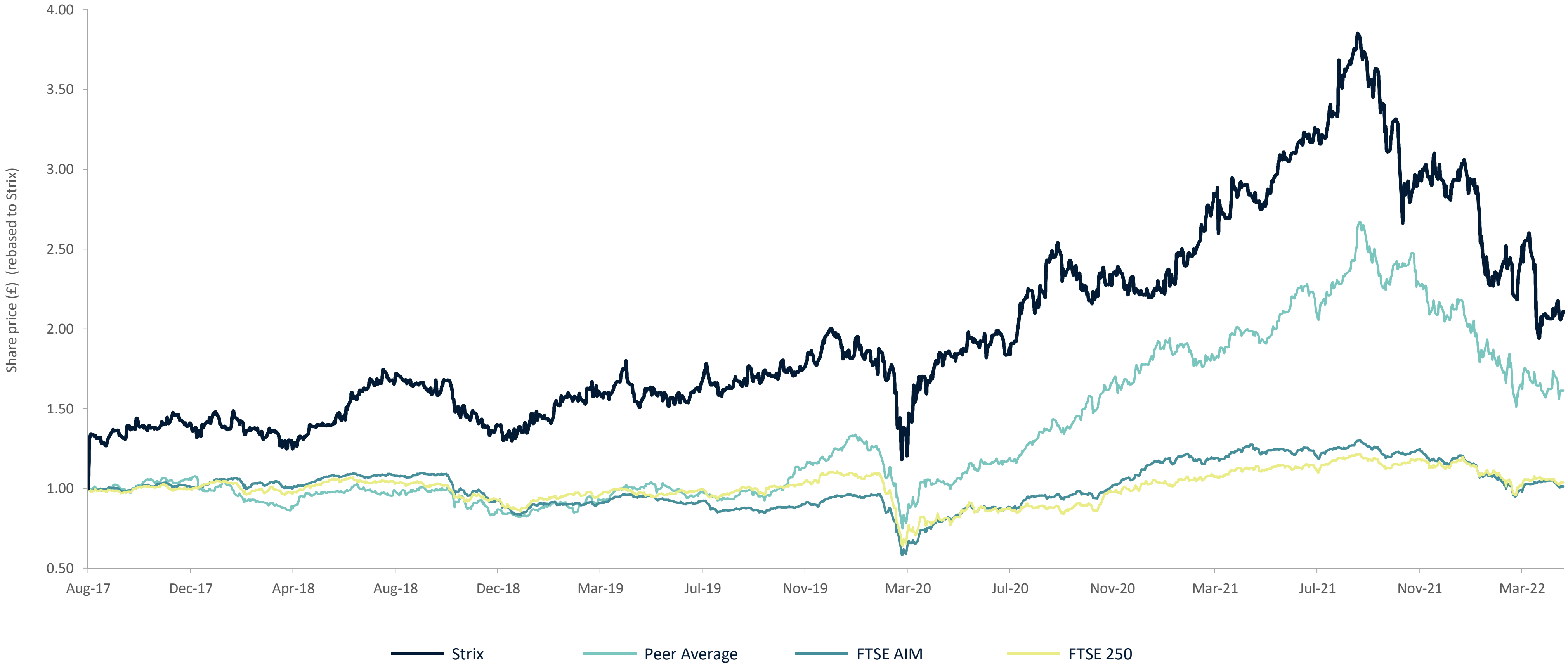
- Since the announcement of our full year results, the global outlook has weakened and headwinds persist which imply that we will continue to face a challenging operating environment. However, we are pleased to have successfully implemented further product price increases across our full kettle controls range and water categories (the most recent was with effect from 1st May). This alongside a range of continued strategic efficiency measures, including the adoption of lean and automated processes at the new manufacturing operations, foreign exchange rate and commodity hedging arrangements has continued to minimise the impact of ongoing cost inflation.

- We continue to monitor the evolving situation in China and, to date, our manufacturing operations within the Zengcheng district in Guangzhou have not been materially affected. We continue to take a proactive approach to minimise potential supply chain disruption by increasing levels of finished stock and holding stock in multiple districts.

- Overall, Strix has a robust business model, remains in a strong financial position, and through adopting a disciplined and dynamic approach to our strategy, has delivered a resilient performance during prior macroeconomic cycles and during the COVID-19 pandemic. We remain confident in our ability to navigate current uncertainties and deliver on the current expectations for the full year and against our medium-term targets.

Total Shareholder Return

Since IPO, Strix's share price has risen by 111%



Note: Peer group consists of Volex plc, TT electronics plc, discoverIE Group PLC, Dialight plc, Luceco PLC, XP Power Ltd, Oxford Instruments plc, Gooch & Housego PLC
Share price date range from IPO on 8 August 2017 and 29 April 2022

02.

Financial Highlights

Period ended 31 December 2021

Financial Highlights

Revenue (£m)

+25.3%

Revenue increased by 25.3% partly due to the inclusion of LAICA revenues with the remaining increase realised from organic growth as the Group continued a steady upward top-line trend in the new normal post-pandemic.

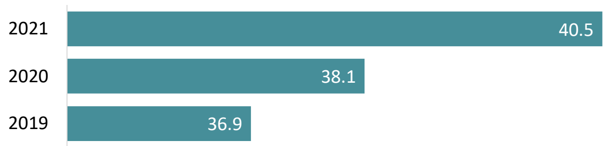
Adjusted Gross Profit[(1)] (£m)

+20.3%

In addition to the inclusion of LAICA, the increase in gross profits was also driven by increase in growth and margin in the appliance division.

Adjusted EBITDA[(1)] (£m)

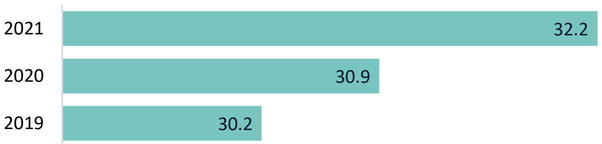
+6.3%



Adjusted EBITDA stood at £40.5m, increasing by 6.3%, as result of factors including the impact of a number of headwinds which continue to persist including increases in commodity prices, freight cost inflation, supply chain and adverse foreign exchange rates.

Adjusted PBT[(1)] (£m)

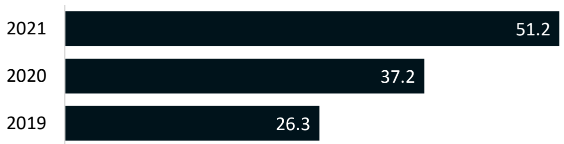
+4.2%



The resilience of the business model, flexible cost base and the inclusion of LAICA has led to the adjusted profit before tax increase of 4.2% to £32.2m.

Net Debt[(2)] (£m)

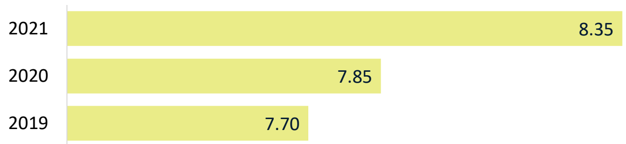
+37.6%



Net debt increased to £51.2m, which equates to a 1.3x trailing twelve months' EBITDA, comparing favourably to the Group's debt covenant of 2.5x and continues to underpin the Group's strong cash generation ability.

Dividends (Pence per share)

+6.4%



The Group reiterates its intention to implement a progressive dividend policy that is linked to underlying earnings for the full year and is confident in the continued strength of its cash generation.

[1] Adjusted results exclude exceptional items, which include share-based payment transactions, COVID-19 related costs, and other reorganisation and strategic project costs. Adjusted results are non-GAAP metrics used by management and are not an IFRS disclosure.
[2] Net debt excludes the impact of IFRS 16 lease liabilities, pension liabilities, deferred tax liabilities and earn-out provisions on satisfaction of performance conditions and providing post-combination services. Net debt including earn-out provisions was £58.6m.

Profit and Loss Summary

£m	2021	2020	% Change[3]
Revenue	119.4	95.3	25.3%
Adjusted Gross profit[1]	47.4	39.4	20.3%
Other operating costs: before exceptional	(14.3)	(8.5)	68.2%
Other operating costs: after exceptional	(20.6)	(13.4)	53.7%
Adjusted operating profit[1]	33.7	32.1	5.0%
Adjusted EBITDA[1,2]	40.5	38.1	6.3%
Adjusted PBT[1]	32.2	30.9	4.2%
Adjusted PAT[1]	31.4	29.5	6.4%
Adjusted gross profit margin[1]	39.7%	41.4%	(1.6%)
Adjusted diluted EPS[1]	14.9p	14.3p	4.2%

[1] Adjusted results exclude exceptional items, which include share-based payment transactions, COVID-19 related costs, and other reorganisation and strategic project costs. Adjusted results are non-GAAP metrics used by management and are not an IFRS disclosure.
[2] 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.
[3] Figures are calculated from the full numbers as presented in the consolidated financial statements.

Commentary

Revenue: increased to £119.4m, 25.3% above FY2020 levels. This was partly due to the inclusion of LAICA revenues of £22.7m in FY 2021 (FY 2020: £4.1m), with the remaining increase of £5.5m realised from organic growth

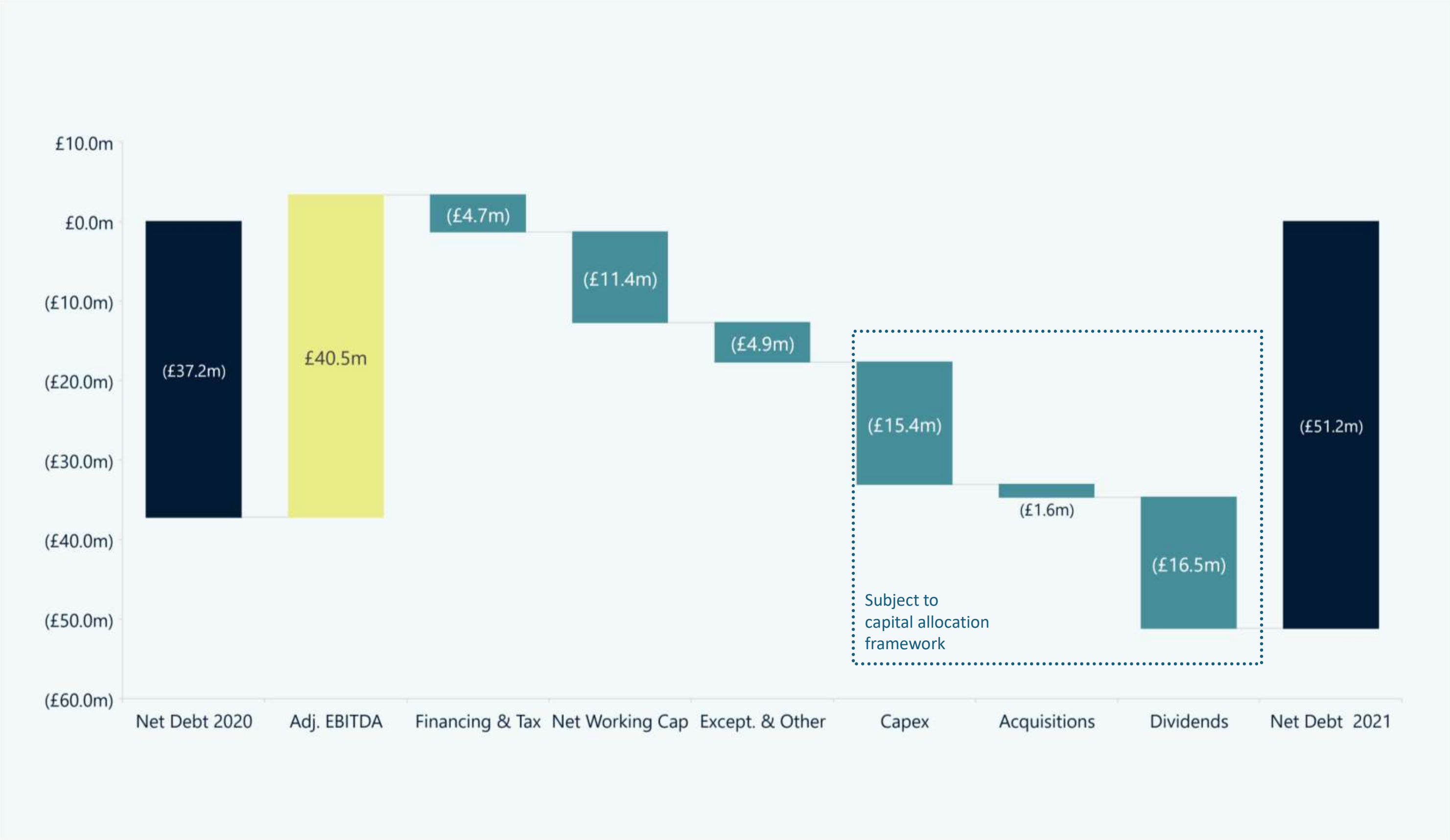
Adjusted operating profit[1]: increased by 5.0% to £33.7m, showing an increase of £1.6m, mainly attributable to LAICA.

Adjusted EBITDA[1]: of £40.5m, representing a 6.3% increase on FY2020 levels, demonstrating Strix's strong ability to manage cost implications experienced over the period, which include higher supply chain-related costs, higher payroll costs, and higher advertising and promotional costs relating to the water and appliances categories.

Adjusted PBT[1]: Adjusted profit before tax was £32.2m (FY 2020: £30.9m), an increase of £1.3m (4.2%) on FY2020 levels, which included full LAICA contribution.

Adjusted PAT[1]: increased to £31.4m, a 6.4% increase on the prior year. The tax expense decreased in the current year mainly due to certain tax measures adopted with the move of operations to the new factory in Guangzhou, China.

Cash Flow



Commentary

Financing & Tax: £4.7m outflow

(2020: £3.4m outflow) includes bank interest, and IFRS16 lease payments and tax

Net working capital: £11.4m outflow

(2020: £1.7m outflow) predominantly driven by an increase in inventories, and trade and other receivables

Exceptional & Others: £4.9m

(2020: £0.6m outflow) driven by exceptional costs related to strategic projects, cost of sales and FX movements, offset by acquisition-related costs and profits on the disposal of assets

Capital expenditure: £15.4m

(2020: £17.4m outflow) [primarily driven by the purchase of PPE and capitalised development costs]

OCF[1] to EBITDA conversion ratio: 28.8%

(2020: 44.3%) due to very high net working capital outflows in the current year

FCF[2]: £4.2m

(2020: £10.4m) mainly driven by lower OCF, more specifically higher working capital movements relating to inventory and receivables, compared to the prior year

[1] OCF is defined as: 'Cash generated from operating activities' less 'Net cash used in investing activities excluding acquisitions.
[2] FCF is calculated as: OCF less Capex, Net interest, Tax paid, ROU lease creditor payments.

Net Debt

Net debt
At 31 December 2021

£51.2m

£37.2m at 31 December 2020

Net debt / adjusted EBITDA[1]
ratio at 31 December 2021

1.3x

1.0x at 31 December 2020

Net working capital draw from trough to peak

£11.3m

£37.2m at 31 December 2020

Cash and facility headroom
At 31 December 2021

£28.8m

With facility termination date of October 2025

Bank covenant requirement:
Net debt / adjusted EBITDA[2] ratio

<2.5x

for period ending 31 December 2021

Maximum intra year 2021 working capital draw

39%

of cash and facility headroom at 31 December 2021

[1] Net debt excludes the impact of IFRS 16 lease liabilities, pension liabilities, deferred taxes and earn-out provisions on satisfaction of performance conditions. As at 31 December 2021, IFRS16 lease liabilities equated to £3.4m, and amounts accrued for performance and employment earn out provisions equated to £5.8m & £1.7m, respectively.
[2] For Bank covenant purposes, the net debt/adjusted EBITDA ratio is calculated pre-IFRS16 adjustments following its adoption by the Group on 1 January 2019.

Capital Allocation

Prudent Capital Allocation Model

with 4 core priorities

Operating Cash Flow (£m)

22.3

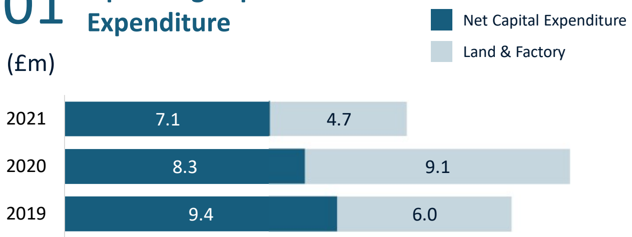
Operating Cash Flow

Fall in operating cash flow in 2021 predominantly driven by Group's investment in net working capital in the current year.

Net working capital movements in FY2021 increased, reflecting a cash outflow of £11.4m compared to prior year, as a result of increased stock holdings at year-end due to forward procurement of commodities to secure future profits, increased debtors in line with an increase in the top line, and also due to VAT receivables, which will be reclaimed in FY 2022/2023.

01 Operating Capital Expenditure

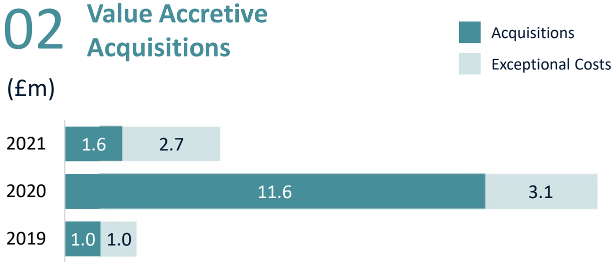
(£m)



Year-on-year growth demonstrates Strix's continued investment in its manufacturing and development assets to support our strategic growth objectives.

02 Value Accretive Acquisitions

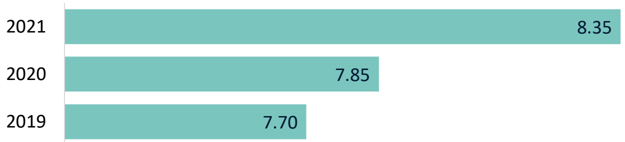
(£m)



Acquisition of LAICA S.p.A in October 2020 for an initial consideration of €11.9m. Highly targeted acquisitions remain an important part of the Group's value creation strategy.

03 Progressive Dividend Policy

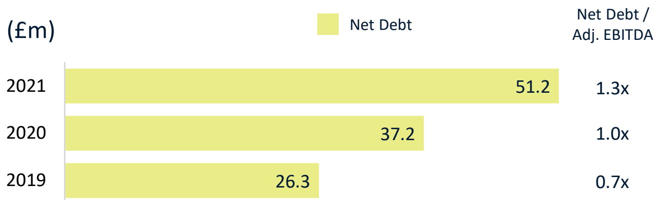
Pence per Share



Growth in line with the Group's Adjusted PAT, reiterating the intention to implement a progressive dividend policy that is linked to underlying earnings for the full year.

04 Conservative Balance Sheet

(£m)



Net debt increased to £51.2m, which equates to a 1.3x trailing twelve months' EBITDA, comparing favourably to the Group's debt covenant of 2.5x.

03.

Strategic Highlights

Sustainability Overview and Timeline

2020

SDG analysis

First sustainability report published

Reporting structure implemented

2021

KPIs and targets set

Integration of Laica

LAICA ITALIAN DESIGN

Management strengthened

- NED with sustainability oversight
- Group CTO appointed
- Divisional Operations & Group Project Delivery Director

2022

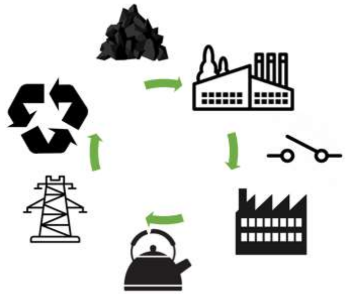
TCFD Reporting

Net Zero Scope 1 & 2 pathway developed and enacted

2023

Full implementation of TCFD - Scenario analysis

Scope 3 and lifecycle analysis including increased supplier engagement



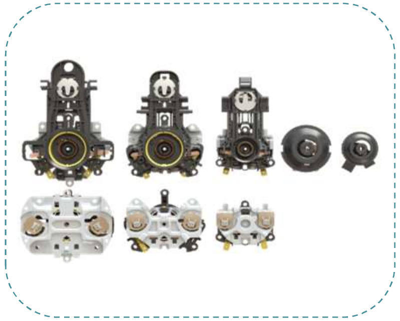
Social Agenda

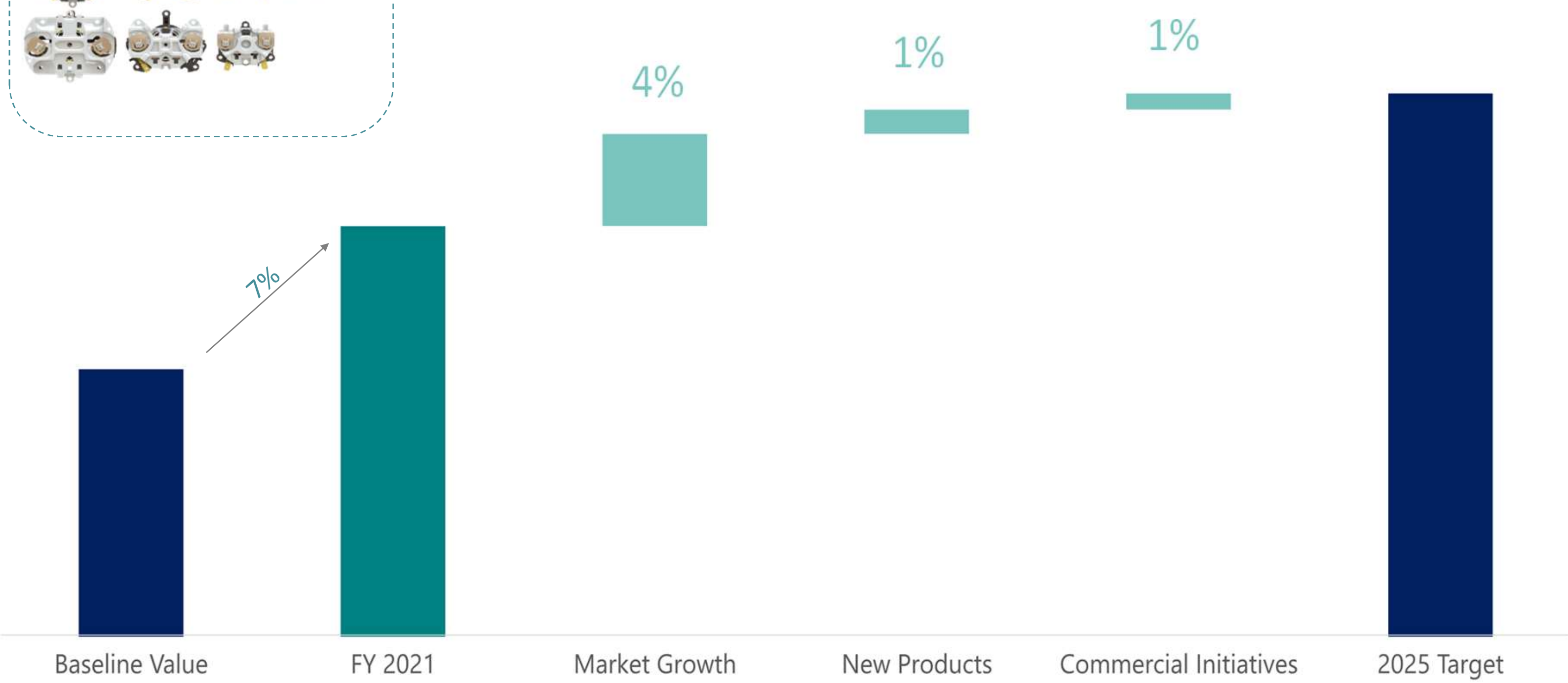
04.
Category Roadmaps

Kettle Control Category

2020 – 2025 Revenue Growth Drivers: Kettle Controls

Kettle Controls





Market Growth
1% CAGR
2022 - 2025

New Products
c.75m
U9 Series Controls sold to date

Market Share
54% → 57%
Global Value Share
56% End 2021

Commerical Initiatives
1.0%
Growth 2022 - 2025

05.
Category Roadmaps

Water Category

2020 – 2025 Revenue Growth Drivers: Water (Commercial & Domestic)

Water (Commeriail & Domestic)

Market Growth
5% CAGR
2022 - 2025

New Products
New Innovative designs
Leading technology
Engineered for each region

Global Position
Recognised challenger to leader

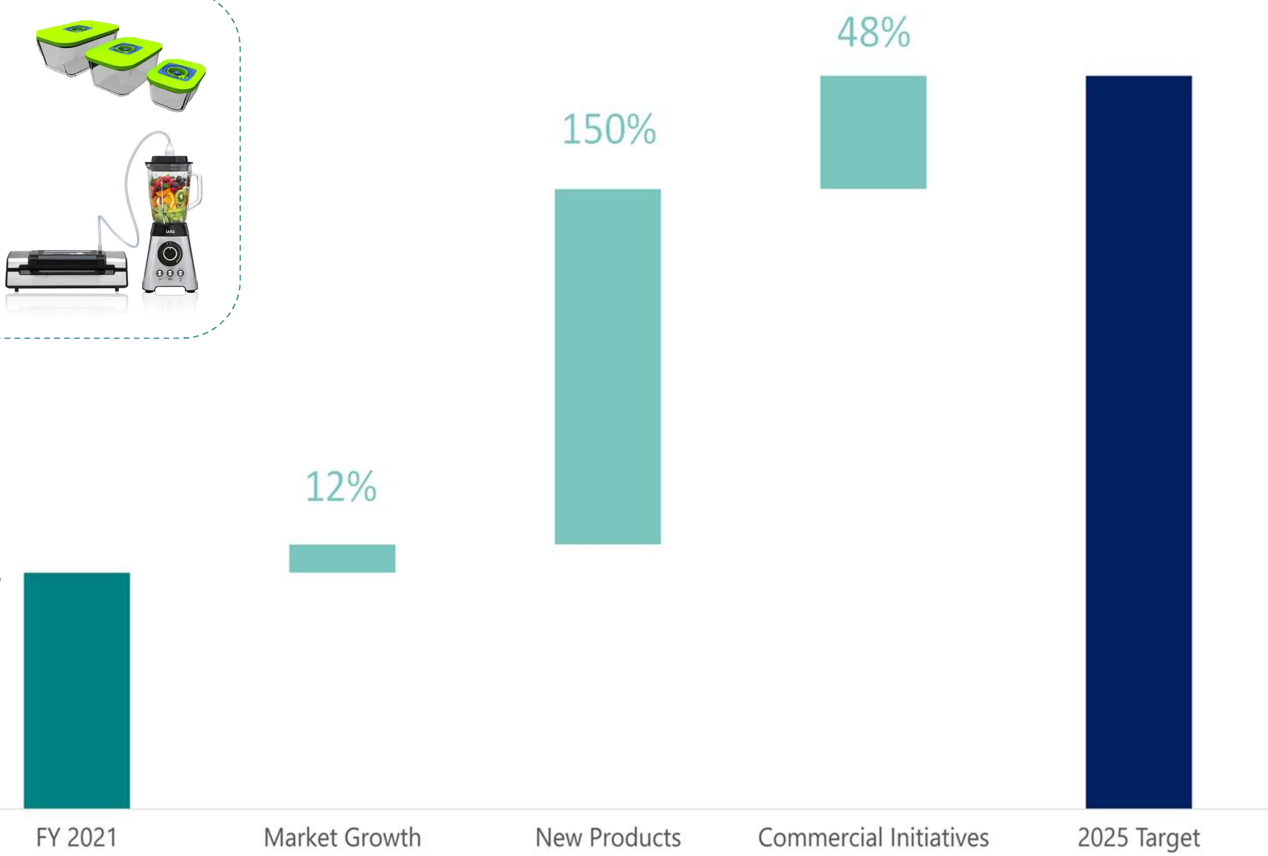
Market Expansion
China & North America

06.
Category Roadmaps

Appliances Category

2020 – 2025 Revenue Growth Drivers: Appliances

Appliances



Market Growth
3% CAGR
2022 - 2025

Market Expansion
From Local → Global
Baby Care/HWoD/Sous vide/Vacuum packing

Category Expansion
Beverage Station
Innovation leader in category

Commerical Initiatives
48%
Growth 2022 - 2025

07.
Investment Summary

Compelling Investment Proposition

Reliable. Innovative. Sustainable.

- Strix has successfully delivered solid growth in adjusted profit after tax for the full year which is testament to how well the Company has dealt with the challenges of both pandemic and other headwinds
- A high quality, resilient and robust business model which benefits from geographical and product diversification
- Continued focus on efficiency measures and strategic initiatives to manage its highly variable cost base and prudent investment in compelling growth opportunities
- Solid balance sheet and low leverage provides financial flexibility for the medium-term to navigate headwinds and deploy capital consistent with allocation of capital priorities
- Commitment to its dividend in line with its progressive dividend policy that is linked to underlying earnings, reflecting the Board's confidence in the outlook for the Group going forward

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End of CEO / CFO Presentation

Results of proxy votes cast

Results as at 25 May 2022

Resolution	Resolution description	Total Votes cast*	Votes For	% For	Votes Against	% Against	Votes Withheld
Ordinary resolutions							
1	To receive and adopt the Annual report and audited financial statements for the year ended 31 December 2021	135,464,412	135,464,412	100.00%	0	0.00%	82,176
2	To receive and approve the Directors' Remuneration report for the year ended 31 December 2021 (advisory vote)	135,537,621	123,687,029	91.26%	11,850,592	8.74%	8,967
3	To declare a final dividend of 5.60 pence per ordinary share	135,546,588	135,546,588	100.00%	0	0.00%	0
4	To re-elect Raudres Wong as a Director	135,539,476	132,299,012	97.61%	3,240,464	2.39%	6,671
5	To appoint PricewaterhouseCoopers LLC as auditor of the Company	135,539,746	134,707,666	99.39%	832,080	0.61%	6,842
6	To authorise the Directors to determine the remuneration of the auditor	135,543,940	134,572,343	99.28%	971,597	0.72%	2,648
7	To authorise the Directors to allot ordinary shares up to the limits set out in the notice of AGM	134,831,311	132,645,811	98.38%	2,185,500	1.62%	715,277
Special resolutions							
8	To authorise Directors to dis-apply pre-emption rights up to the limits set out in the notice of AGM	135,546,288	135,432,976	99.92%	113,312	0.08%	300
9	To authorise Directors to dis-apply pre-emption rights in respect of an additional 5% of the Company's issued share capital	135,546,288	130,005,677	95.91%	5,540,611	4.09%	300
10	To authorise the Directors to make market purchases of ordinary shares up to the limits set out in the notice of the AGM	109,904,457	109,140,262	99.30%	764,195	0.70%	25,642,131

** excluding Votes Withheld*