# Investor Presentation
# Final Results

Period ended 31 December 2020


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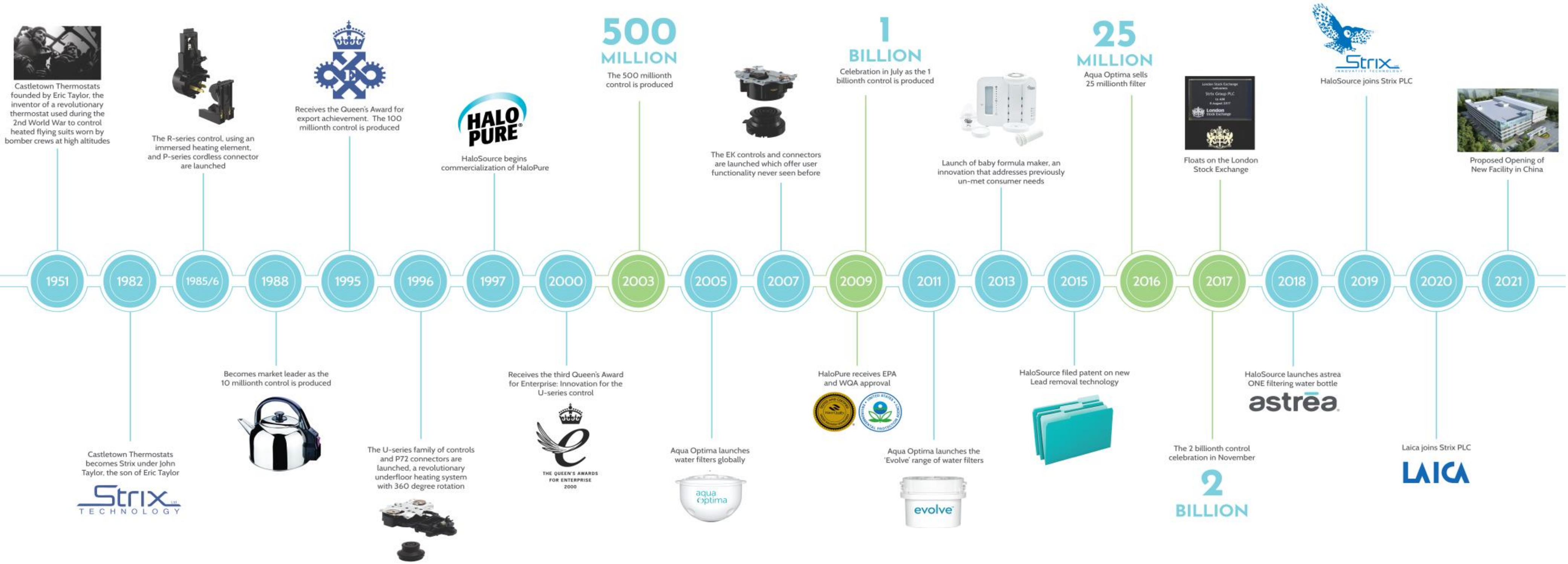
# Our Story




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

# Financial, Operational and Strategic Highlights

# 2020 Highlights

Another Resilient Performance

## Financial

- Revenue declined 1.6% - significantly ahead of COVID-19 planning with marked recovery in H2.
- Adjusted EBITDA increased 3% - combined impact of product mix, efficiency measures and strategic initiatives.
- Abundant liquidity provides significant financial flexibility.
- Increase total dividend to 7.85p per share in line with progressive dividend policy linked to underlying earnings.

## Operational

- Production efficiency improved with most assembly lines now fully automated.
- Strong growth in U9 series sales - 33 million units to date.
- Focus on automation and refinement of existing processes - delivering significant improvements in customer quality.
- Awarded Supor's "Best Cooperation" and Xinbao's "Most Outstanding Contributor".
- Successfully implemented SAP upgrade - improving real time data and streamlining internal processes.

## Strategic

- Medium-term targets to double Group's revenues over the next five years.
- Expanded global market value share of kettle controls market.
- Acquisition of LAICA successfully completed with integration on track.
- New manufacturing operations in China on target to be fully operational by August 2021.
- Launch of HaloPure technology solution - contracts signed two leading livestock companies.
- Continued to strengthen senior management to support growth objectives.

# Medium Term Targets

Remain on track to secure medium term objectives

| | Objectives | | Updates |
|---|---|---|---|
| 1 | Double revenues over the next 5 years primarily through organic growth in Water and Appliance Categories | ✓ | Marked recovery in H2 and strong order book for H1. On track for c.30% growth in 2021 including addition of Laica |
| 2 | Continue to grow market share in kettles from c.54% to c.57% | ✓ | Grew overall value share by c.1% with positive growth in both regulated and Less regulated segments |
| 3 | Do more with less – Execute on our ESG commitments to provide a safer sustainable future for our customers | ✓ | Sustainability strategy implemented within core business activities and ESG committee established to ensure Board focus |
| 4 | Maintain attractive progressive dividend policy linked to underlying earnings | ✓ | Increased total dividend to 7.85p given the resilient performance and confidence in the outlook |
| 5 | Seek further earnings accretive acquisitions within our core competencies and key markets | ✓ | Acquisition of Laica successfully completed in October 2020. Integration on track to achieve identified benefits |
| 6 | Continued focus on efficiency measures and strategic initiatives | ✓ | Successfully implemented and generated immediate savings to mitigate the impact of the pandemic |

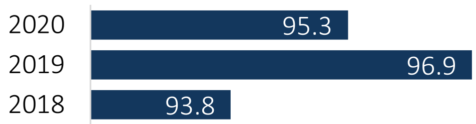
# Financials & New Factory

Period ended 31 December 2020

# Financial Highlights

## Revenue £m

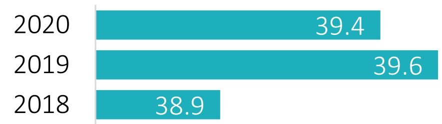
(1.6%)




The Group staged a marked recovery in H2 following the easing of lockdown restrictions globally leaving revenue down just 1.6%

## Adjusted Gross Profit[1] £m

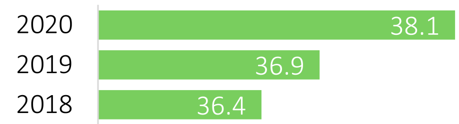
(0.5%)




Gross profit fell less than revenue as gross margin improved driven by product mix and continued automation.

## Adjusted EBITDA[1] £m

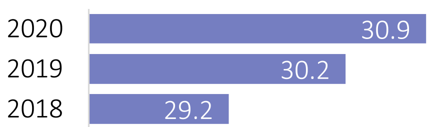
+3.2%




Including the acquisition of LAICA, adjusted EBITDA increased 3.2% reflecting Strix's ability to optimize overheads

## Adjusted PBT[1] £m

+2.4%




The resilience of the business model and flexible variable cost base has led the adjusted profit before tax to increase by 2.4% to £30.9m.

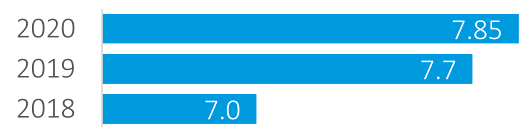
## Net Debt[(2)] £m

37.2


Net debt increased to £37.2m to fund the Laica acquisition, investment in capital expenditure and new factory construction.

## Dividends Pence per share

2.0%




Group continues to demonstrate strong cash generation despite the impact of COVID-19 which has supported the payment of a dividend in line with the growth in PAT

[1] Adjusted results exclude exceptional items, which include share based payment transactions and other re-organisation 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 taxes and earn-out provisions on satisfaction of performance conditions.

# Profit and Loss Summary

| £m | 2020 | 2019 | % Change[2] |
|---|---|---|---|
| Revenue | 95.3 | 96.9 | (1.6%) |
| Adjusted Gross profit[1] | 39.4 | 39.6 | (0.5%) |
| Other operating costs: before exceptional | (8.5) | (8.7) | (2.2)% |
| Other operating costs: after exceptional | (13.4)[3] | (15.8) | (15.0%) |
| Adjusted operating profit[1] | 32.1 | 31.5 | 1.8% |
| Adjusted EBITDA[1] | 38.1 | 36.9 | 3.2% |
| Adjusted PBT[1] | 30.9 | 30.2 | 2.4% |
| Adjusted PAT[1] | 29.5 | 28.9 | 2.3% |
| Adjusted gross profit margin[1] | 41.4% | 40.9% | 0.5ppts |
| Adjusted diluted EPS[1] | 14.3p | 14.2p | 0.7% |

[1] Adjusted results exclude exceptional items, which include share based payment transactions and other re-organisation and strategic project costs. Adjusted results are non-GAAP metrics used by management and are not an IFRS disclosure.
[2] Figures are calculated from the full numbers as presented in the consolidated year end financial statements.
[3] Exceptional consists of £3.1m related to acquisitions and COVID-19 and £1.9m of share based payment costs

## Commentary

**Revenue:** declined by a modest 1.6% to £95.3m despite the pandemic disruption worldwide. Laica's addition of two months' revenue post-closing was £4.1m

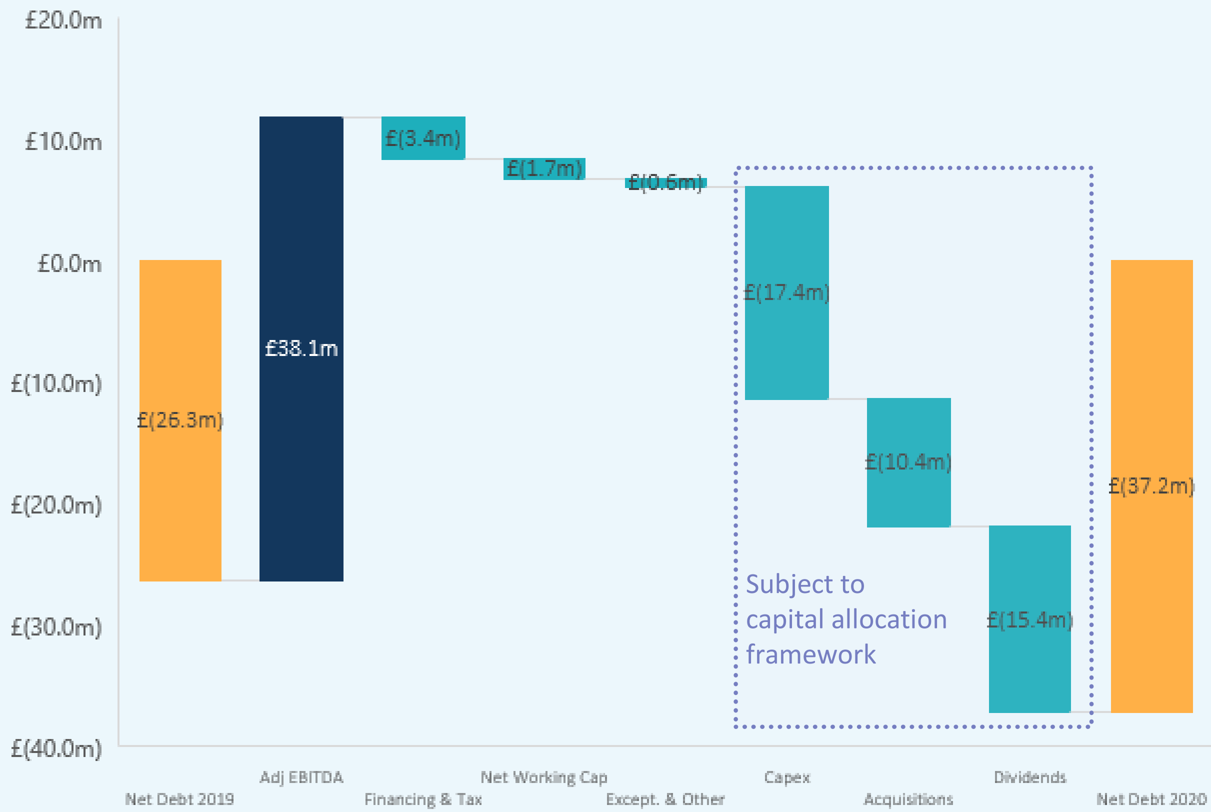
**Adjusted operating profit[1]:** impacted by higher depreciation, ROU depreciation and amortisation being reported (2020: £6.0m; 2019: £5.5m) and hence a lower increase of 1.9% to £32.1m (2019: £31.5m) in the reported period

**Adjusted EBITDA[1]:** 3% increase reflecting Strix's strong ability to optimize the overheads cost to accommodate the softening top line performance

**Adjusted PBT[1]:** increased to £30.9m with a 2.4% growth (2019: £30.2m) despite the softening market conditions. Laica's contribution was £0.3m

**Adjusted PAT[1]:** increased to £29.5m (2019: £28.9m), which included Laica's contribution of £0.2m, an increase of 2.3%.

# Cash Flow




[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

## Commentary

**Financing & Tax: £3.4m outflow**
(2019: £3.5m outflow) includes bank interest, refinancing charges, IFRS16 lease payments and tax

**Net working capital: £1.7m outflow**
(2019: £0.4m outflow) predominately driven by Laica's NWC addition

**Exceptional & Others: £0.6m outflow**
(2019: £0.5m outflow) driven by acquisition and re-organization costs offset by proceeds from warrant exercised by Zeus

**Capital expenditure: £17.4m outflow**
(2019: £15.4m outflow) includes £8.1m of general capex and £9.1m of factory related capex

**OCF[1] to EBITDA conversion ratio: 45.0%**
(2019: 67.4%) due to another year of exceptional factory capex (73% excluding factory capex)

**FCF[2]: £10.4m**
(2019: £16.4m) mainly driven by lower OCF and higher cash outlays on intangibles.

# Net Debt

**Net debt**
at 31 December 2020[1]

£37.2m

£26.3m at 31 December 2019.

**Net debt/adjusted EBITDA**
ratio at 31 December 2020

1.0x

0.7x at 31 December 2019.

**Net working capital draw**
**from trough to peak**

£6m

Intra year for 2020.

**Cash and facility headroom**
at 31 December 2020

£42.8m

with facility termination
date of October 2025.

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

<2.5x

for period ending
31 December 2020.

**Maximum intra year 2020**
**working capital draw**

14%

of cash and facility headroom at
31 December 2020.

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 2020 IFRS16 lease liabilities equated to £2.8m, earn out provisions for performance and employment equated to £5.4m & £1.4m respectively.
2 For Bank covenant purposes net debt/adjusted EBITDA excludes right of use depreciation following the introduction of IFRS 16 on 1 January 2019.

# Capital Allocation

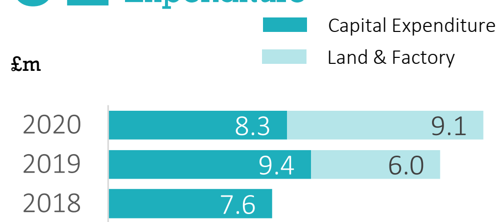
## Prudent Capital Allocation Model with 4 core priorities

### Operating Cash Flow


### Operating cash flow

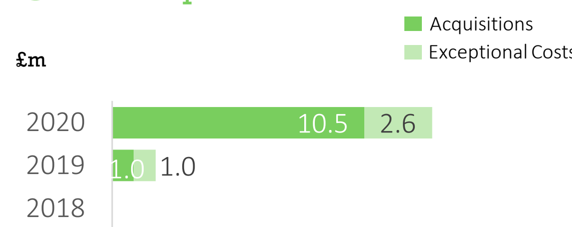
Fall in operating cash flow in 2020 predominantly driven by an increase in acquisition and Covid costs (£3.1m).

### 01 Operating Capital Expenditure



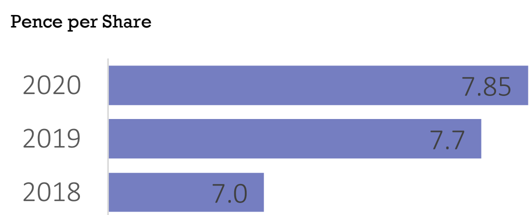

Year-on-year growth demonstrates Strix's continued investment in its manufacturing and development assets to support our strategic growth objectives.

### 02 Value Accretive Acquisitions



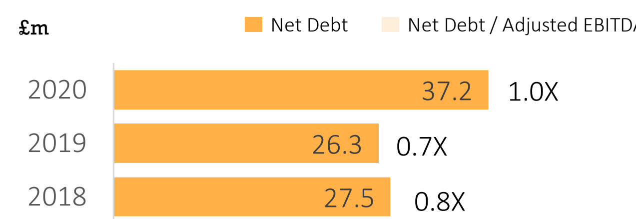

Acquisition of LAICA S.p.A
in October 2020 the Company completed the acquisition of LAICA for an initial consideration of €11.9m.

### 03 Progressive Dividend Policy




Growth in line with the Group's PAT.

### 04 Conservative Balance Sheet




Net debt has increased to £37.2m after the LAICA acquisition and exceptional capex.

# New Factory Update

## Milestones

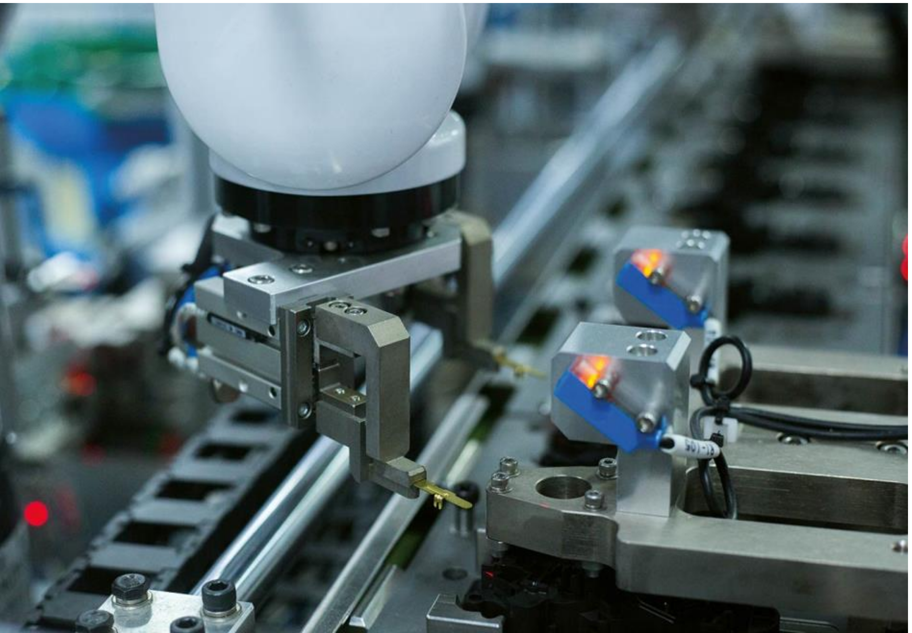
- The relocation of Strix's existing manufacturing operations in China has continued to make excellent progress in line with the projected schedule
- The Group is pleased to report that Strix is currently fitting the press machinery and the test lab facilities and has began the transfer and commencement of some of the production lines which are now functional
- The project remains on target to be on budget and fully operational by August 2021, as originally planned.

## Capex by Year

| | |
|---|---|
| 2019 | £5.7m |
| 2020 | £9.1m |
| 2021 | £5.2m |

- **May 2019** Land purchase complete
- **June 2019** Design completed
- **September 2019** Construction permit application complete
- **January 2021** Construction complete. Property ownership certificate granted
- **March – May 2021** Press machinery fitted & test lab facilities completed
- **March – July 2021** Stock movement, assembly line and moulding machinery fitting
- **March – Jun 2021** CC & AO product approval
- **May – Jul 2021** ISO approval
- **August 2021** Project completion

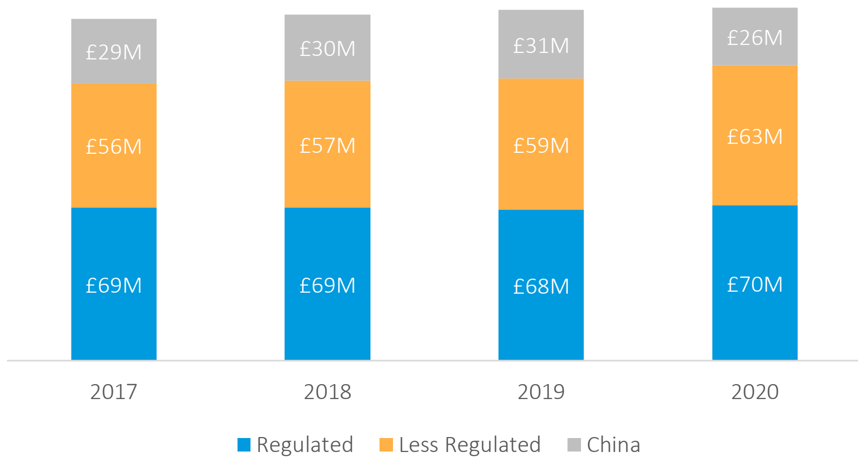
# Kettle Control Category

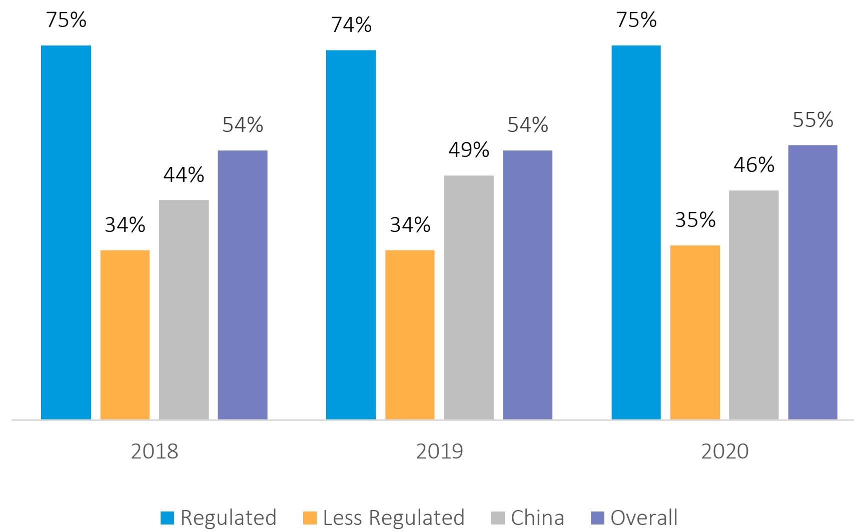
# Kettle Controls Market Data

## Much improved performance during second half has continued into 2021

### Kettle Control Market Value




### Net Value Share by Market




- The Kettle Controls market experienced a strong bounce back in the second half of 2020 to end the year broadly flat.
- Strix expanded its global market value share of the kettle controls market by c. 1%.

**Strong order book for Q2 giving confidence in delivering a stronger first half of 2021 versus the same period in the previous year**

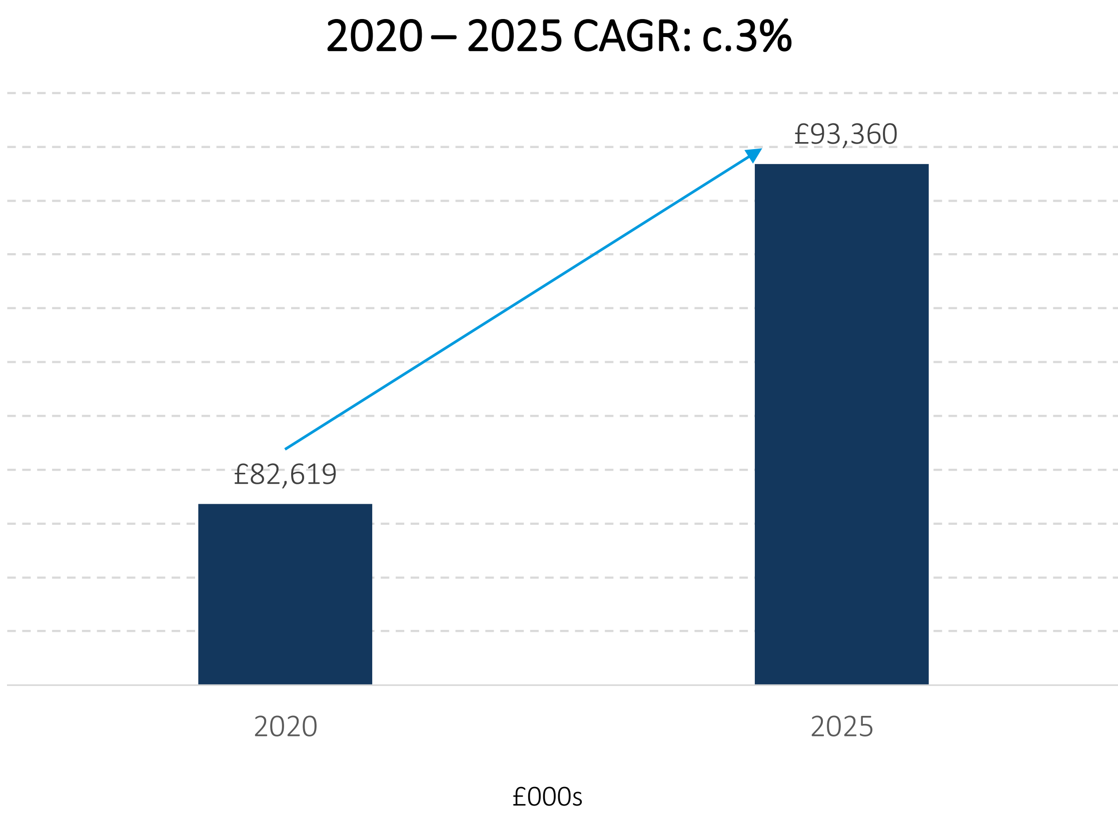
**Continued focus on reduction of use of precious metals and engineering polymer across control ranges**

Reduction of precious metals

Note: Market data accurate to +/- 3%
Source: Strix management data

# 2020 – 2025 Growth

## Kettle Controls




Customer-centric product development
P76
Wash proof control

New variants to expand addressable market
15 amp controls for US and Japan

Reduce raw material content whilst driving cost reductions
Next Gen Controls

Success of U9 series
33m controls sold to date

# Kettle Controls Roadmap

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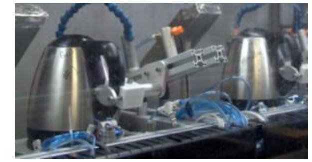
## Next Generation – Core Business

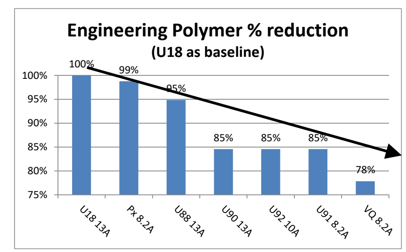

## Cost Reductions

Continuous improvement in terms of cost and quality on existing control solutions

## Connectivity & Electronic Controls

## Focus on Sustainability

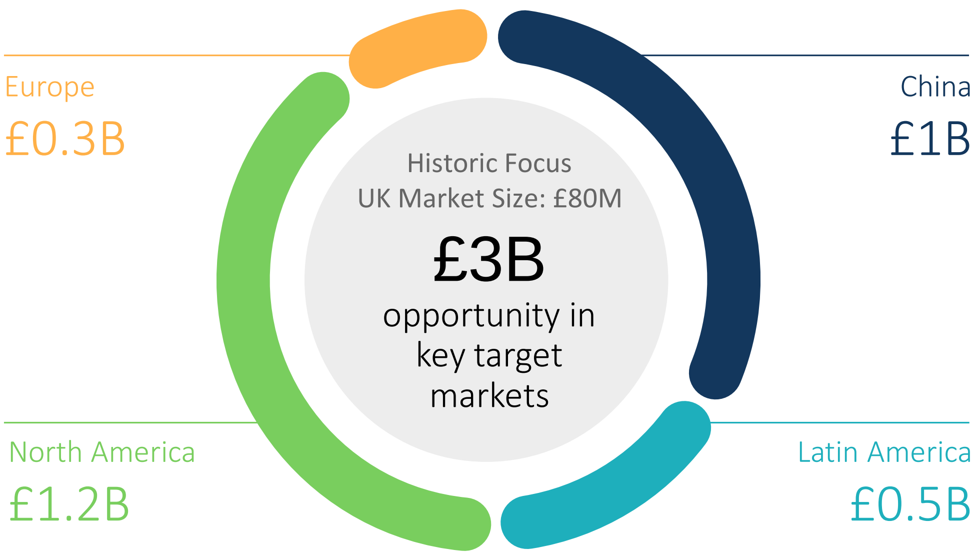



Continued reduction in use of precious metals & polymer

# Water Category


# Water Category

Our aim is to deliver point-of-use drinking water solutions that give consumers the power to take control of their water, and reduce their consumption of single use plastics.




## 2020 Highlights

- Acquisition and ongoing integration of LAICA
- Launch of HaloPure technology with a > £500M total addressable market in China
- 7 key product launches:
  - Aqua Optima Evolve+ Filter and Evolve Filter China
  - astrea ONE Next Generation Bottle and astrea ONE Plastic Bottle
  - Co-developed Kettle Filter for China market
  - Laica Glass Bottle and Tap Filter.

The water filtration category is valued at retail at over £8 Billion. With our current 21.1% and 26.4% market share in the UK and Italy respectively, we will leverage technology innovation, product design and acquisitions to drive growth in our key markets.

**Our solutions contribute to:**

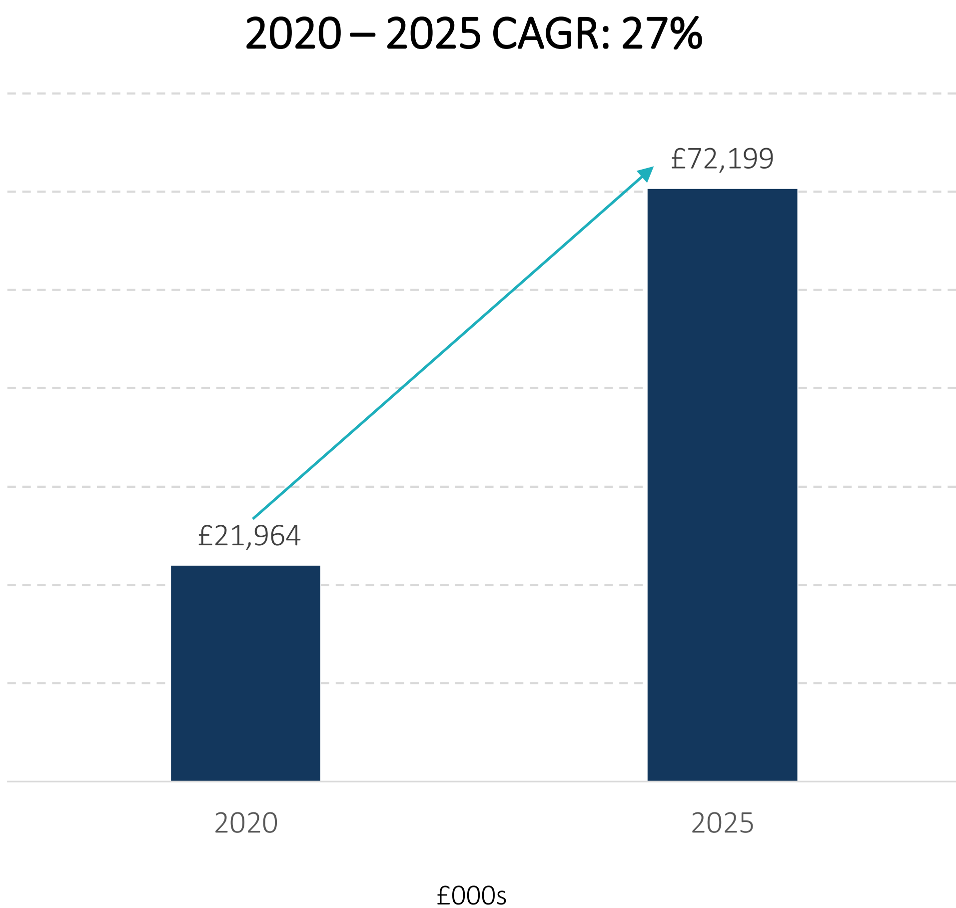
Reductions in use of plastics - combating single-use plastics
(filters 100% recyclable)

Improved water quality and sterilisation functions

* Market data sourced from Baytel Report (2015), Mintel Report (2018), GFK Data & Strix analysis.

# 2020 – 2025 Growth

## Water (Commercial & Domestic)




Laica acquisition to bolster Strix's global positioning

HaloPure technology expansion targeting farming & health care market in China

Build on 2020 record Aqua Optima sales through commercial excellence and digital initiatives

# Water Roadmap & Range

Strix Ltd
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## AT-HOME

### Filter Jugs

### Water Stations

Tap Systems

## FILTERS

### Gravity Filters


### Plumbed Filters


Pour-Through Filters


## ON-THE GO

Filter Bottles

## Commercial Systems

Farming & Health Care Applications

# Appliances Category


# Small Domestic Appliances

Strix Ltd INNOVATIVE TECHNOLOGY

Significant progress made in the development of new technologies and application platforms for launch in 2021.

- HWoD & Beverage
- Baby Care
- Food Preparation
- Health & Wellness
- Garment Care

## 2020 Highlights

- Acquisition of Laica complements Strix appliance range, broadens sell-in opportunities
- Several agreements signed with brand partners across the projects giving us a significantly larger global footprint within the category
- Modest category growth despite macroeconomic headwinds
- Tommee Tippee Perfect Prep European Version launch


The HWoD & Beverage Category offers a significant opportunity for growth through our unique positioning & various GTM ( Go To Market) approaches.

Our solutions contribute to:

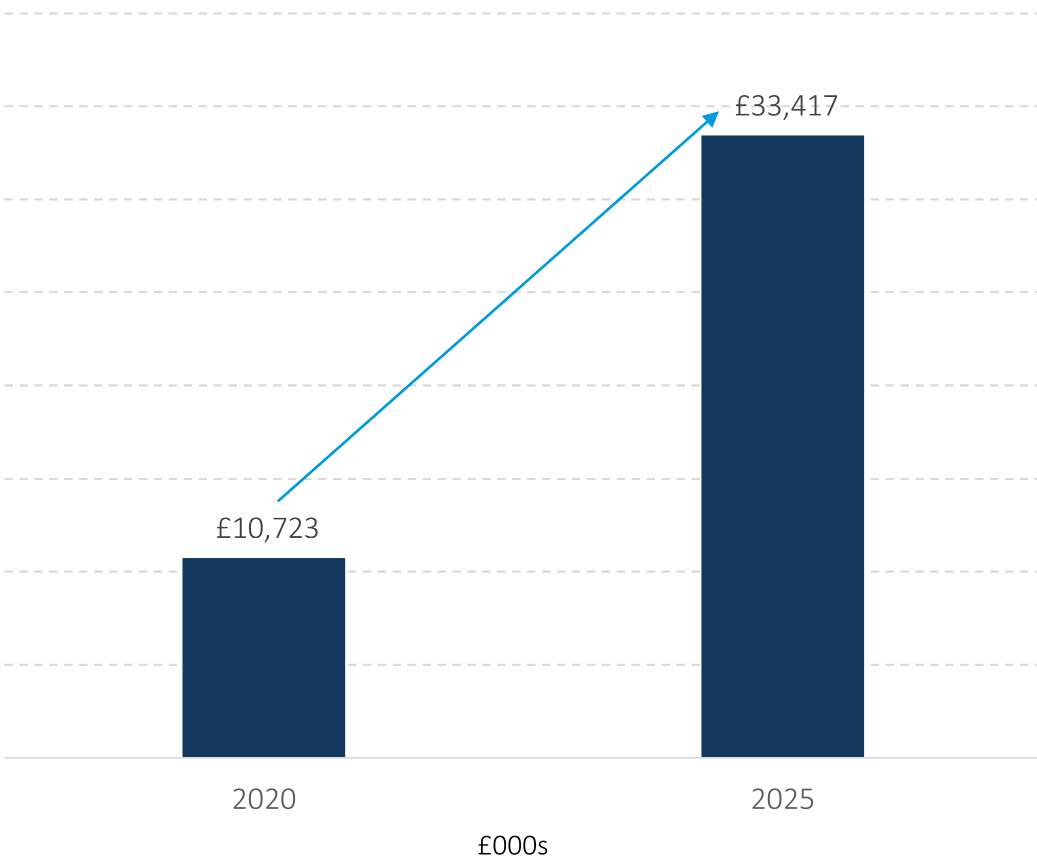
- Reduction of energy wastage
- Improve water quality and reduce the spread of viruses and bacteria

Source: Strix management data

# 2020 – 2025 Growth

## Appliances (Strix & Laica)

**2020 – 2025 CAGR: 25.5%**



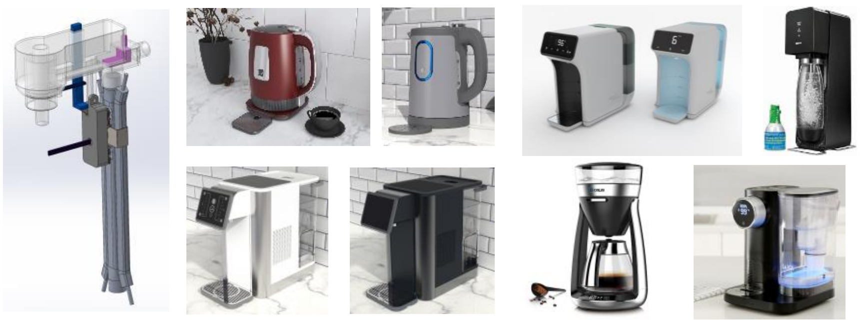

Laica Acquisition delivers a footprint in new categories for Strix such as Health & Wellness

Strong progress in 5 year strategy through own brand and 3rd party brand launches in 2021

First Dual Flo and Aurora sales have been registered and positioned to grow throughout 2021.

# Appliances Roadmap & Range

## Hot Water on Demand & Beverage



Core Element Tech Development

Expand Dual Flo & Beverage Station Range

Further Expand Range & Category Mix

## Baby Care

Expansion with Innovative Steriliser-Dryer Technology

Development & Expansion within Formula Prep space

## Health & Wellness


Expand Personal Scale Range & Home Wellness Platform

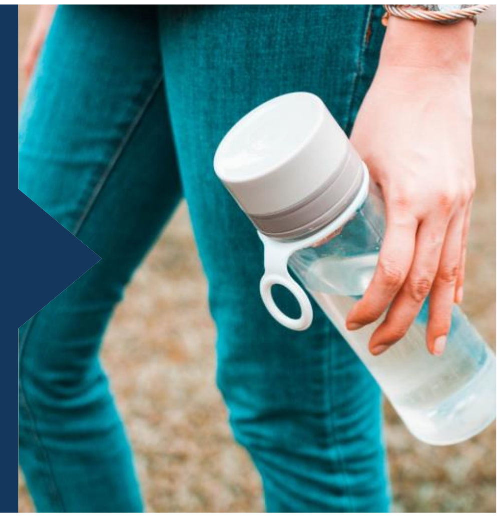
## Food Preparation

Kitchen Scales – Cross Selling & Increase Global Distribution

Toaster Opportunities

Expand Blender & Vacuum Range & Distribution

# Laica & ESG



# LAICA

## Performing well and integration remains on track

- ✓ Trading performance has been strong over the period delivering double-digit revenue growth
- ✓ Integration project team set-up with KPI's and financial objectives
- ✓ Each function to have a separate integration work stream with oversight provided by dedicated project management
- ✓ Future operating models for Commercial now established to combine Distribution & Brand line up's
- ✓ First joint Brand & NPD project; 'Laica Induction Kettle' project established
- ✓ On track to deliver identified synergy benefits.

# Environmental, Social and Governance

Shaping a safer, sustainable future

## Environmental

- **Goal to reduce wastage** for existing products and design new products which further reduce this compared to the incumbent technology or products
- **Focus on developing the efficiency of products**. Of particular note are the hot water on demand (HWoD) product range and the induction kettle e.g. 2 sec saving in steam switch off time saves 1% energy or 44GWh or £9m p.a. in UK
- **Future product roadmap is built upon convenient, simple and sustainable solutions** e.g. Duality appliance will address c.£300m wasted on boiling excess water p.a. in the UK
- **Promotes innovative thinking culture throughout workforce** through "Think Twice" and "Lean Initiative" schemes
- **Programme to reduce carbon footprint** via transportation, distribution and own vehicles and assessing the availability of renewable electricity for all sites

## Social

- Company motto of **'Safer by design'** to develop products that reduce the impact on the environment, particularly reduction in energy consumption in key kettle market and promote benefits to customers and improve the wellbeing of end users through entire product range
- **Strategy and core business activities aligned with key and relevant UN's Sustainable Development Goals** with aim to help combat global challenges related to economic, social and environmental sustainability
- In 2021 **will start tracking and measuring improvements to monitor progress** year on year
- **Community engagement** to strengthen position as a global, socially responsible employer and reinforces corporate culture

## Governance

- **Compliance with a range of international standards**, solidifying the quality and safety of our products and internal processes (ISO9001, ISO14001, ISO45001, ISO50001, ISO17025, ISO13485)
- **Approach to sustainability involves all areas and employees within the Group**. CEO is the main conduit for sustainability management, reporting to the Board with its own dedicated non-executive responsible, alongside key executive management
- **Group has broad diversity, development and retention of talent is important** to achieve long-term strategic goals. Females represent 60% of overall group, 21% of management and 20% of Board
- **Equal voting rights** for all shareholders
- Board committed to **seamless succession planning**

Strix
INNOVATIVE TECHNOLOGY

# Outlook

# Outlook 2021

Strix reiterates confidence in its 2021 commitments and executing on its medium term strategy to deliver against its five year targets

## Resilient Business Model

*Continued strong financial performance & operational progression despite significant macro-economic disruption.*

## Structured for Growth

*Strix will continue to invest in compelling growth opportunities; e.g. Acquisition of Laica, new manufacturing facility, implementation of SAP.*

## Risks

*Despite experiencing a marked recovery in H2, 2020 and holding a strong order book for H1, in 2021 there remains a challenging backdrop of headwinds; Commodity prices, shipping costs and packaging costs, FX.*

## Efficiency & Competence

*Headwinds are being proactively managed and offset through a range of efficiency measures and strategic initiatives, as well as managing the risk of any further disruptions from future imposed lockdowns.*

# Compelling Investment Proposition

Reliable. Innovative. Sustainable.

- ✓ Strix has successfully delivered modest growth in adjusted profit after tax for the full year which is testament to how well the Company has dealt with the challenges of the pandemic
- ✓ 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 Boards confidence in the outlook for the group going forward.

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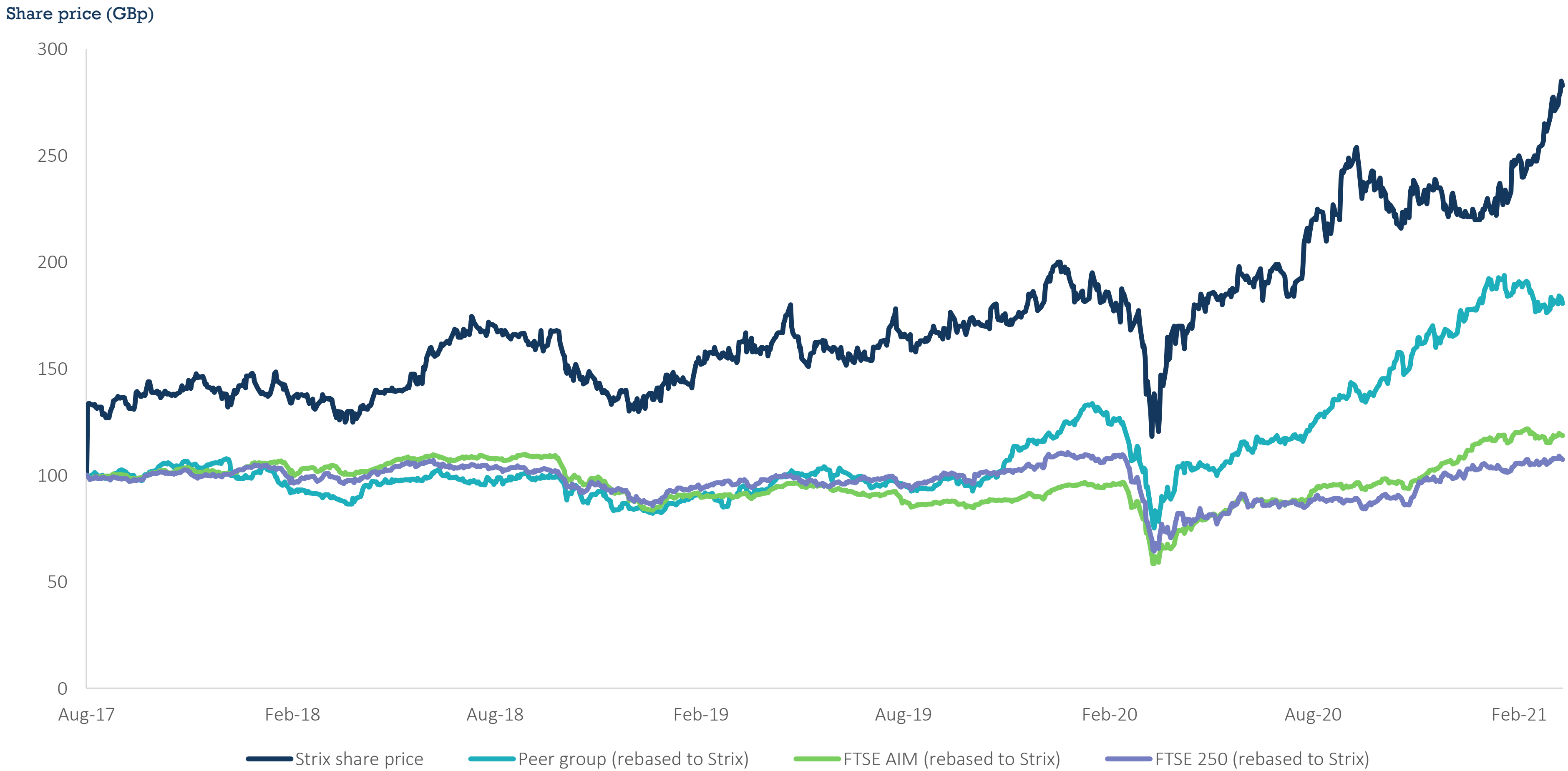
# Appendices

# Total Shareholder Return

Since IPO Strix's share price has risen by 183%




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 19 March 2021