



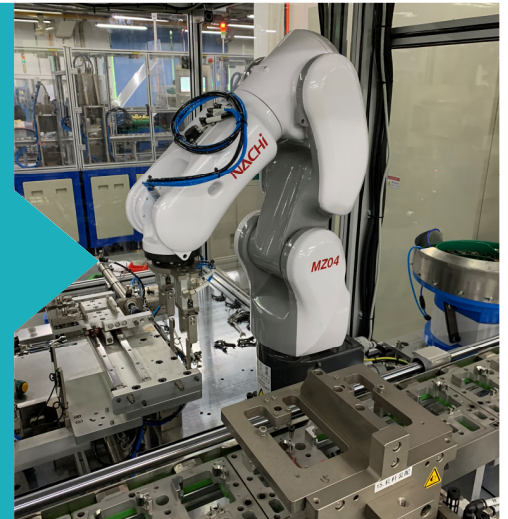
Investor Presentation Half Year Results

Period ended 30 June 2020



This document is the property of Strix Ltd and the information contained is CONFIDENTIAL.
The drawings and information may not be reproduced or used without the prior written consent of Strix Ltd.
The designs and concepts herein are patent and copyright protected.

Agenda



Agenda



Interim results & outlook

- Another solid performance with full year profitability remaining flat in line with previous guidance
- New factory progressing well in Guangzhou, remaining on budget and on target to be fully operational by August 2021
- 14 new products ready to be launched by the end of 2020
- New ERP system (SAP) implemented in September to increase efficiency and data analysis
- Refinancing of existing revolving credit facility, increasing headroom to £23.1m, negotiated with favourable rates in line with our previous facility
- The Board remains committed to delivering a full year dividend of 7.7p in line with 2019

Acquisition of LAICA S.p.A

- LAICA S.p.A, an Italian company focussed on water purification and the sale of small household appliances for personal health and wellness
- Considerably augment Strix's position within the water market, providing a global platform to facilitate future organic and inorganic growth
- Expected to complete no later than December 2020 following consent from the council of Ministers in Italy.

Managing through the pandemic



Strix's Community Support

Direct Sourcing of PPE

Approached by local Government to assist with PPE purchases, including quality certification and rapid delivery

Design and Prototype Services

Designed and developed prototype valves for specialized breathing equipment

Mask Certification & Testing

Verification of local stocks of PPE for NHS staff on the Isle of Man. Resulting in efficient release of masks to key workers on island.

Visor Assembly Community Project

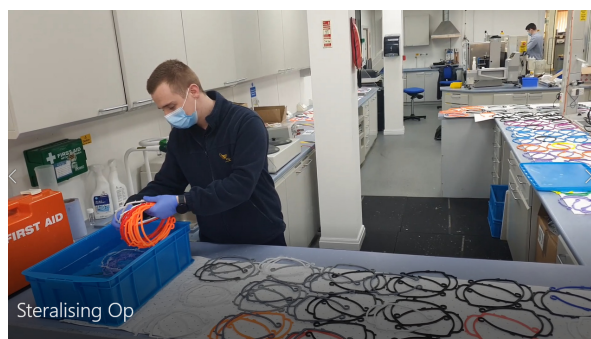
Production/ assembly facility set up to target local PPE shortages for Key Workers on the Isle of Man



Direct support **COMMUNITY** projects



Spent protecting **OUR** workforce globally



SECOND WAVE – SCENARIO PLANNING

EMPLOYEE FOCUS

- Continue focus on employee mental and physical well-being
- Implement effective long-term measures for social distancing and sanitization
- Maintain our remote working capabilities to ensure minimisation of downtime from potential future lockdowns

BUSINESS FOCUS

- Prudent management of Group cash reserves, our liquidity pool at H1 2020 reaching £23.1m
- Reinforce appropriate efficiency initiatives throughout the business
- Maintain focus on organic and inorganic growth of revenue streams through new product development and strategic acquisitions
- Commodity prices secured in advance for key materials including silver, copper and hybrid plastics
- Diligently manage stock levels to mitigate impact of future downtime imposed by lockdown periods
- Continue to implement initiatives to protect health and wellness of employees globally as situation dictates

Financials

Period ended 30 June 2020



Half Year Financial Highlights



Revenue £m

-21.0%



H1 2020 Sales were down 21% versus PY in line with scenario planning for COVID-19 disruptions

Adjusted Gross Profit¹ £m

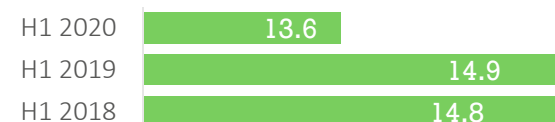
-17.6%



Strategic cost saving initiatives implemented have managed the variable cost base and cash resources

Adjusted EBITDA¹ £m

-8.6%



Reported EBITDA increased by 1.8% from H1 2019, to £11.1m (H1 2019: £10.9m)

Adjusted PBT¹ £m

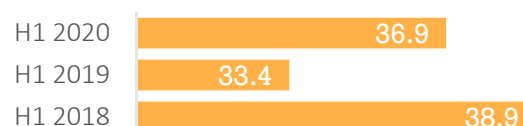
-12.5%



Reported PBT shown marginal 0.6% increase from H1 2019, to £7.5m (H1 2019: £7.5m)

Net Debt £m

+10.5%



Net debt since IPO has decreased by 20% and remains £6m lower than budgeted for FY2020

Dividends Pence per share



Group continues to demonstrate a strong cash generation despite the current macroeconomic disruption which has supported the payment of an interim dividend in 2020 in line with its policy.

¹ Adjusted results exclude exceptional items, which include share based payment transactions, reorganisation and strategic project costs. Adjusted results are non-GAAP metrics used by management and are not an IFRS disclosure.

Half Year Profit and Loss Summary



£m	H1 2020	H1 2019	% Change ²
Revenue	34.7	43.9	-21.0%
Adjusted Gross profit ¹	13.8	16.7	-17.6%
Other operating costs: before exceptional ¹	(3.5)	(4.8)	-26.6%
Other operating costs: after exceptional	(6.1) ³	(8.8)	-31.2%
Adjusted operating profit ¹	10.6	12.1	-12.5%
Adjusted EBITDA ¹	13.6	14.9	-8.6%
Adjusted PBT ¹	10.1	11.5	-12.5%
Adjusted PAT ¹	9.8	10.9	-9.6%
Adjusted gross profit margin ¹	39.7%	37.9%	1.8pts
Adjusted diluted EPS ¹	4.9p	5.4p	-9.3%

¹ Adjusted results exclude exceptional items, which include share-based payment transactions, reorganization 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 half-year financial statements.

³ Exceptional consists of £1.1m of share based payment costs and £1.5m of strategic project and reorganization costs.

Commentary

Revenue: £9.2m decrease

H1 sales down by 21% due to COVID-19 disruptions, in line with scenario planning

Adjusted gross profit¹: £2.9m decrease

lower throughput resulting in reduced material and labour costs

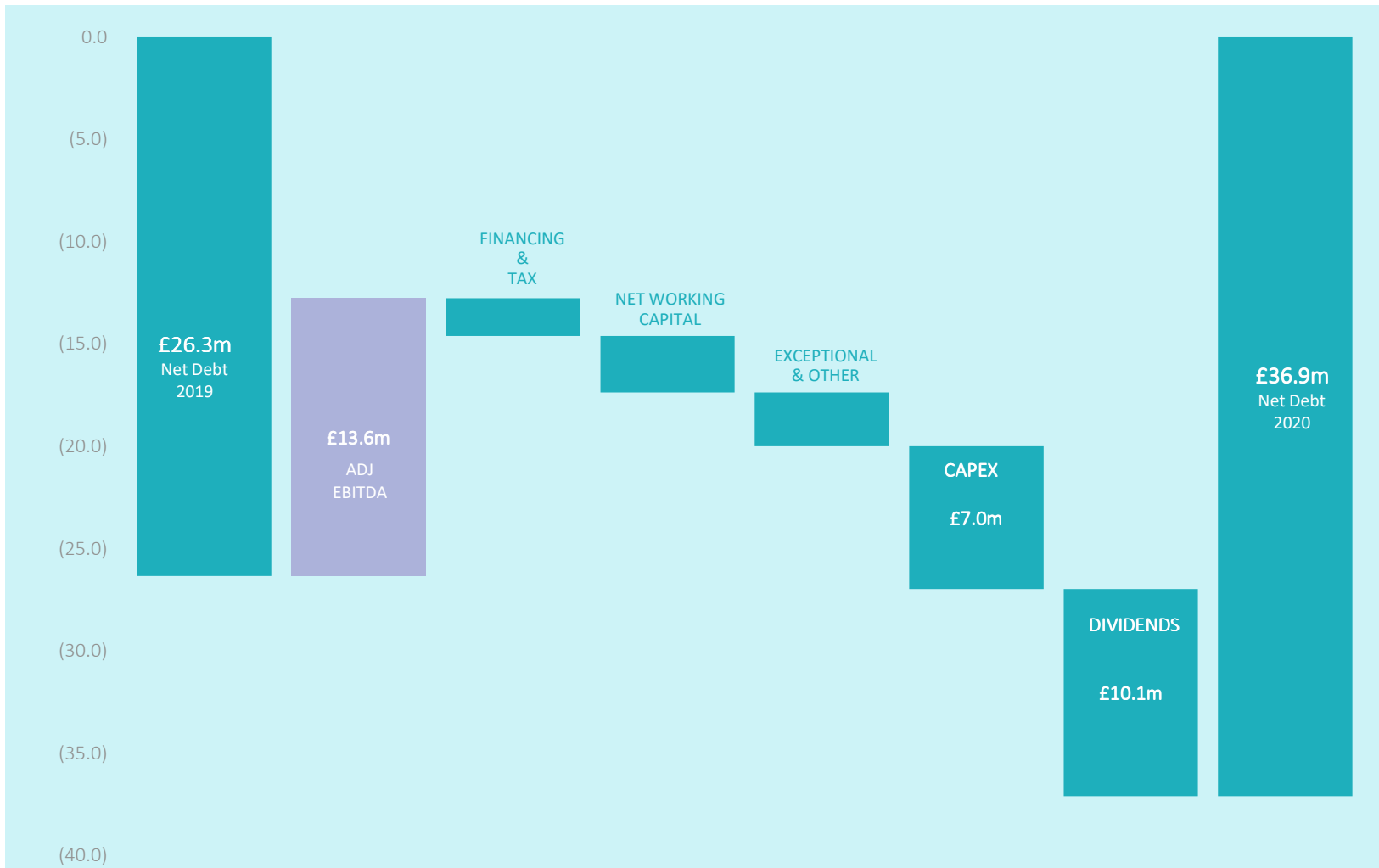
Adjusted operating profit¹: £1.5m decrease

lower distribution and admin costs in H1 including travel and reductions in monthly salary costs linked to bonus accruals and headcount

Adjusted EBITDA¹: £1.3m decrease

Lower tax charges and cost efficiency measures implemented in H1.

Half Year Cash Flow



Net debt
£36.9m
FY 19: £26.3m

Adjusted EBITDA
£13.6m
HY 19: £14.9m

Capital expenditure
£7.0m
HY 19: £5.8m

Exceptional
£2.6m
(primarily due to strategic projects)

Operating cash flow⁽¹⁾ to EBITDA
18.1%
HY 19: 41.9%

1 OCF is defined as: 'Cash generated from operating activities' less 'Net cash used in investing activities'

Net Debt Inclusive of Laica Acquisition

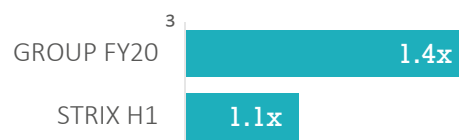


Net Debt¹ £m



Estimated Group net debt, inclusive of £6.4m earn-out subject to financial performance measures in FY21 and FY22

Net debt¹ /adjusted EBITDA £m



Net debt/ EBITDA ratio forecasted to be 1.2x by FY21

Cash and facility headroom £m



Group headroom includes forecasted cash balances. Facility termination date May 2025

Net working capital draw from trough to peak

£6.2m

Intra year for 2020 representing 7% of revenue.

Maximum intra year 2020 working capital draw

26.8%

of cash and facility headroom at 30 June 2020.

Bank covenant requirement: Net debt/adjusted EBITDA² ratio

<2.50x

for period ending 30 June 2020.

¹ Net debt excludes the impact of IFRS 16 lease liabilities and includes the deferred considerations of the earn-outs but excludes the employment considerations, in line with GAAP.

² For Bank covenant purposes net debt/adjusted EBITDA is calculated on a trailing twelve month basis and excludes right of use depreciation.

³ Group FY20 net debt/adjusted EBITDA is net debt divided by adjusted EBITDA including proforma LTM of Laica S.p.A.

⁴ Forecasted Group position for FY 2020 is inclusive of Laica S.p.A forecasted full year figures, includes the deferred considerations of the earn-outs but excludes the employment considerations, in line with GAAP.
Investor Presentation - Interim Results

Expecting to deliver FY PBT in line with last year



H1 Gross Profit loss
(£2.9m)

H1 Overhead savings
£1.5m

Q3 YoY Gross profit variance
£2.6m

Q4 YoY Gross profit variance
(£0.8m)

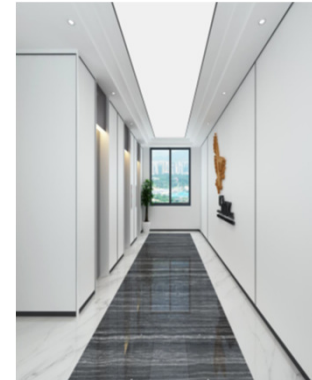
H2 YoY Overheads
(£0.4m)

New Factory



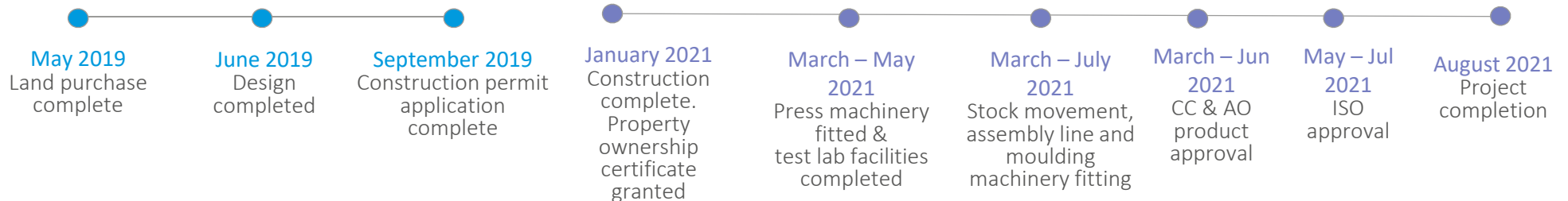
Milestones

- The main build construction **completed in July**
- Electronic installation and inner building work is in progress
- Target to complete all the construction work and decoration and obtain **governmental approval in January 2021**
- Factory move to be completed by **July 2021**
- Fully operational in **August 2021**
- Project continues to run on schedule and below budget.



Capex by Year

2019	£5.7m
2020	£10.1m
2021	£4.0m



Investment Proposition

The stability of the Strix business model allows us to continue to invest to realise full growth potential



1

Operating Capital Expenditure

- Operating capital expenditure of £7m in H1 2020 demonstrates Strix's continued investment in its manufacturing and development assets to support our strategic growth objectives
- Construction of new factory in China remains on budget and on schedule to complete all construction work by the end of January 2021 and to be fully operational by August 2021
- New factory will significantly increase facility capacity and support the Group's growth aspirations



2

Strategic Value Accretive Acquisition

- Acquisition of LAICA S.p.A for a total consideration of up to €31.6 million significantly enhances Strix's position in the Water market and provides a number of strategic benefits:
- Extensive IP and patent portfolio alongside NPD pipeline provides multi year organic growth
- Further growth opportunities from complementary product and geographic footprint
- Strong value creation potential and immediately earnings enhancing



3

Progressive Dividend Policy

- Given H1 2020 performance, a record Q3 order book and the Board's confidence in the continued strength of cash generation, an interim dividend of 2.6p (H1 2019: 2.6p) per share has been declared
- Commitment to delivering a full year dividend of 7.7p in line with 2019 demonstrating the confidence in the future outlook and that profitability remains in line with full year market expectations



4

Conservative Balance Sheet

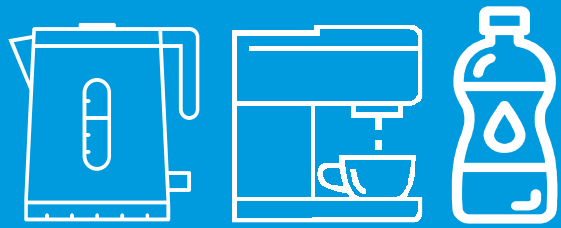
- Robust balance sheet with net debt of £36.9m in line with expectations following additional drawdown
- Net debt to EBITDA ratio remains comfortably below covenant levels at 1.1x
- Completed the successful refinancing of the Group's debt facilities in May 2020 providing a £60m revolving credit facility with improved financial flexibility that provides significant additional headroom to the Group for the medium term

Sustainability Overview and Actions



		Internal operations	Current actions	External / products	Plans
	Energy efficiency	Electricity intensity improved 3% in 2019	Increased automation New Chinese facility Extend IoM recovery system ISO5001 implementation in process	Hot water on demand applications and Duality providing significant reduction in Energy wastage	Develop additional hot water on products based on internal technology. Extension of the U9 technology platform
	Emissions	GHG intensity improved 1% in 2019	Sourcing renewable power Business travel re-evaluation		Review business travel based on the “new normal” to permanently improve CO2 footprint
	Use of resources & recycling	97% recycling Zero landfill ISO14001	Supply chain auditing	U9 micro switches AstreaOne reusable bottles	Further new eco-friendly appliances. reducing need for single use products
	Water use and cleanliness	Usage intensity flat Recycling levels increased	Modify testing and productions process to reduce usage	HaloSource acquisition Sterilisation technology	Further improve processes to reduce water usage
	Health & wellness	ISO45001 Health & Safety Accidents per hour worked down 38% in 2019	COVID-19 response	Eliminating unsafe kettles Filter products providing safe drinking water globally Baby formula systems Purification systems for Farms	Tomme Tippee expansion in Asia and North America HaloPure anti-bacterial filtration products Enhance water filtration
	Diversity & community	Gender diversity (49% female)	Further improvement at management level (18%)	Involvement in a number of IoM business and community projects	Continue to actively promote gender diversity across business globally

Agenda supported by record R&D spend (2019 £4.4m) and investment in New China manufacturing facility (£20m)



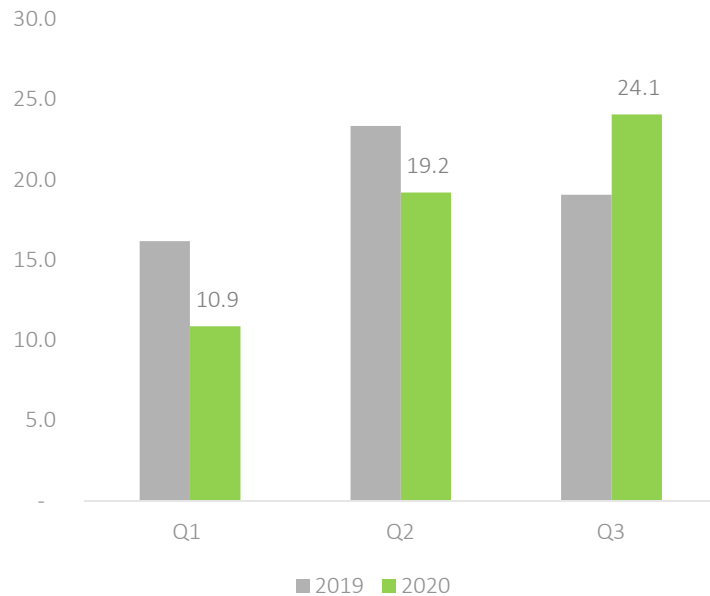
Category Overview

Strix
INNOVATIVE TECHNOLOGY



Kettle Control Business

Quarterly Revenue
Trends £m



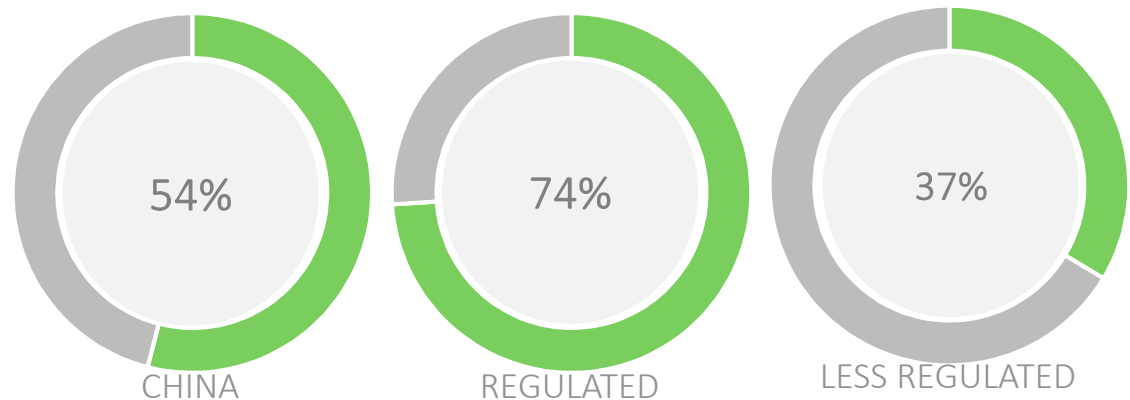
£30.1m
H1 sales

26%
Q3 forecasted sales
growth

5
Product launches

- Maintained stable market value share
- Continue to support Brands, Retailers and OEM's providing value added services throughout the value chain
- Record order book for Q3 +26% versus Q3 19
- Forecasted sales for Q3 £24.1m
- Positive sales growth in China retail market for electronic kettles following IP initiatives
- Growth specifications in European Glass Kettle segment
- Further range expansion for the U9 control series with 7m controls sold to date
- Range expansion for the electronic control series

MARKET VALUE SHARE



Improved quality
and efficiency
through
automation

NB: All percentages above are market value share disclosures.

Kettle Control Business: Roadmap



2020

Full roll-out of StrixVQ and U9 series enhancements.

Extend UHS product line: custom solutions to reduce OEM system costs.

Next Gen EK control for glass appliances.

High Power Control for NAM & Japan Markets (faster speed to boil).

2021 & beyond

Extend StrixVQ brand with split switch solution to expand addressable market.

Next Gen of StrixVQ controls for China and Less-Regulated markets.

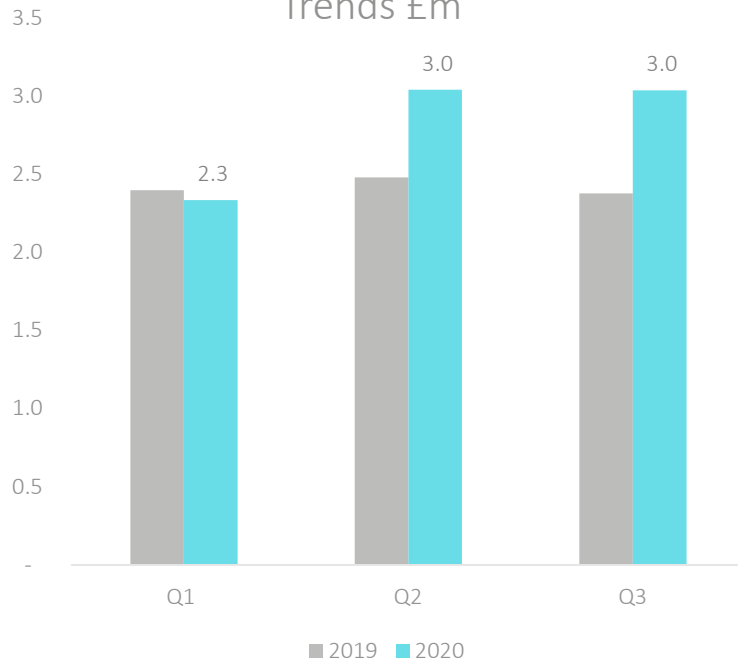
Next generation control & element. Other initiatives include scale management, "on the go" applications and other consumer features.

2020 Product Launches



Water Category

Quarterly Revenue
Trends £m



£5.3m

H1 sales

- Water category exhibited solid performance in Q1
- Lumi Chiller sales +1200% increase from 2019
- Investment in category management to increase focus on consumer needs

28%

Q3 forecasted
sales growth

- Strong order book for Q3 +28% from Q3 19
- Forecasted sales for Q3 £3.0m
- Secured incremental revenue with key South American customers
- Engaged 2 new Chinese distributors

6

Product launches

- Secured additional contracts with key partners in China and USA
- 1st Poultry water filtration system implemented at customer location

Europe
£0.3B

China
£1B

North America
£1.2B

Latin America
£0.5B



Improved water quality
and sterilisation
functions



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

Water Category: Roadmap

Our ambition in the water category 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

Launch Aurora water station,
Evolve+ Multi-Fit Filters,
2nd generation astrea
ONE bottle and more.

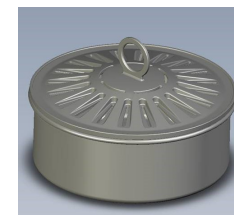
2021 & beyond

Next generation filters
to address consumer
needs in key markets.

Expanded range of filtration
Jugs including new plastic
designs, and glass carafes.

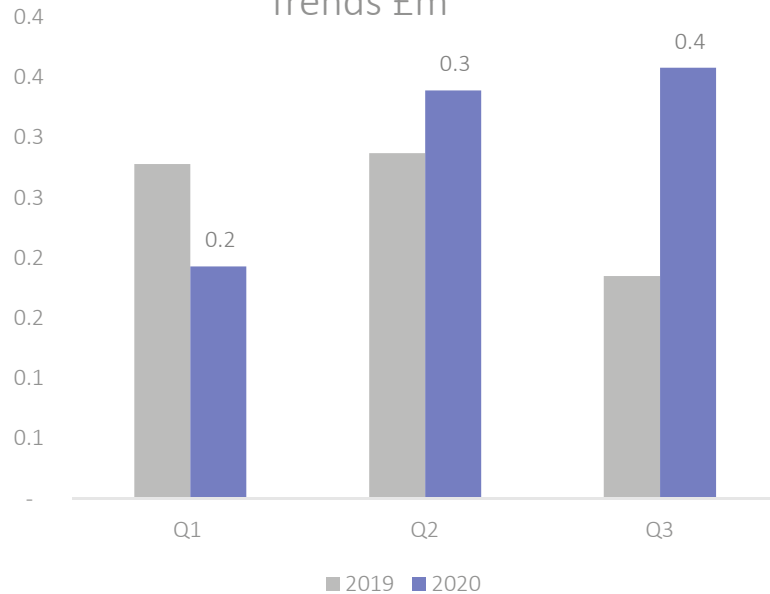
Continued innovation to
expand the range of POU
filters to drive key AO
business, and support global
expansion of SDA filters.

2020 Product Launches



SDA Category

Quarterly Revenue Trends £m



£0.5m
H1 sales

- Ongoing strong demand in baby care products
- Increased consumer demand for water stations

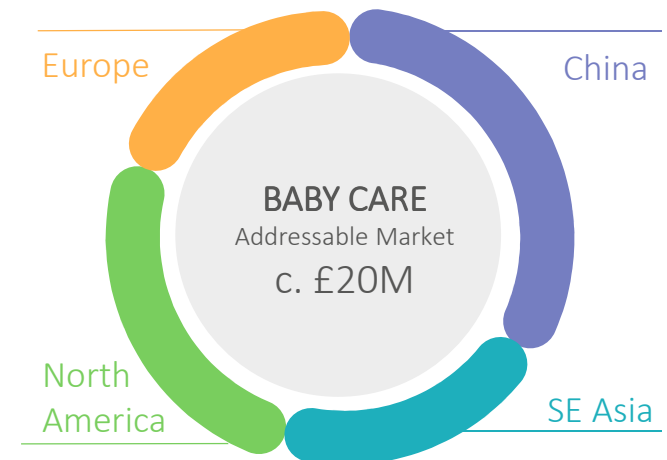
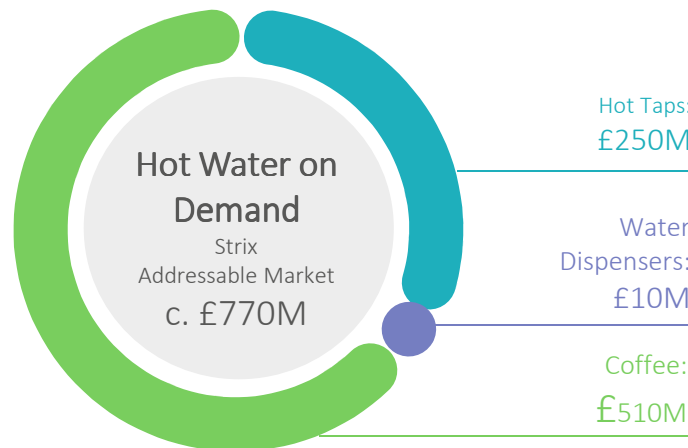
94%
Q3 forecasted sales growth

- Strong order book for Q3 +94% from Q3 19
- Forecasted sales for Q3 £0.4m

4
Product launches

- Expansion of category to now encompass Garment Care
- Build on success of Lumi Chiller, with launch of Aurora beverage station in Q4

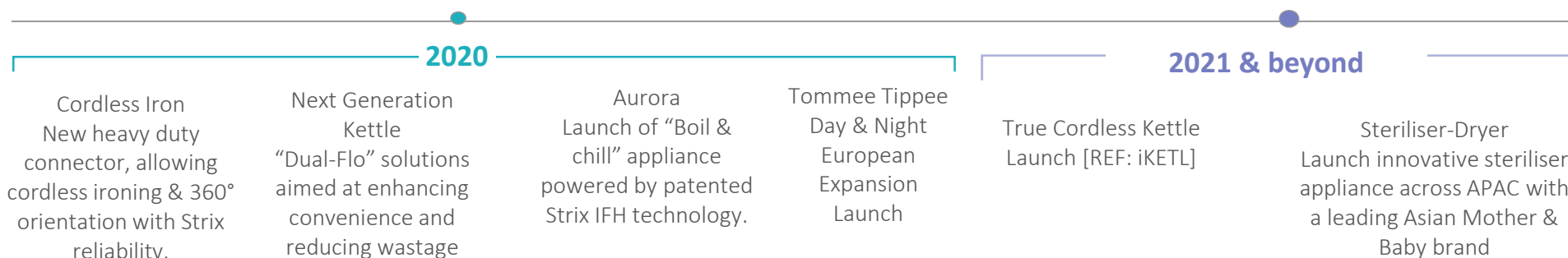
MARKET SHARE



Small Domestic Appliances: Roadmap



Our mission is to deliver desirable, innovative, easy to use and eco-friendly appliances that take the frustrations out of everyday tasks.



2020 Product Launches



Short Term Roadmap and Outlook



Business Outlook 2020



Despite economic uncertainty and global volatility driven by Brexit, COVID-19 and USA/China trade tensions, the Group has remained resilient. We will continue to focus on key strategic objectives whilst continuing to deliver on our strategy to create value for our shareholders.

Growth	Operations	People	Shareholder value
Maintaining market-leading share of kettle safety control market with comprehensive portfolio of products Focusing on New product development with launch of 14 new products across categories Increasing growth of the Group through acquisition of Laica S.p.A in 2020 Diversification of revenue base through continued organic growth within the water and small domestic appliance categories Increased focus on the enhancement of the Strix Brand through creation of enduring products and strong brand messaging	Continued investment in resources and capital including automation, infrastructure and facilities Investing in operational efficiency and process improvements through commitment to lean manufacturing and system improvements in enterprise resource planning Increasing operational capacity through construction of the new factory, which remains on schedule to be fully operational by August 2021 Expansion of our operational capability with acquisition of Laica S.p.A providing a European manufacturing facility	Continued focus on employee health, safety and well being which remain a key priority Close monitoring of COVID-19 status in order to ensure a safe working environment for our employees Strengthened management team to support the Group's strategic initiatives, with particular focus on people development and commercialisation of new products Enhancement of HR policies to meet the needs of employees and ensure effective governance Engagement in training and development programs to provide effective career development and progression	Commitment to shareholder value by delivering profitability in line with prior year, with resilient sales forecasts and effective management of costs Commitment to delivery of full year dividend of 7.7p per share Conservative management of our Balance Sheet position with continued focus on strong cash generation and consistent net debt position in line with our policies and financial covenants Continue to invest in key strategic initiatives to maximise shareholder value

Acquisition of LAICA S.p.A



LAICA S.p.A



Overview

- Italian specialist company focussed on the production of small household appliances for personal health and wellness and water purification
- Established in 1974, headquartered in Vicenza, Italy, additional manufacturing operations in China through joint ventures

LAICA at a glance

100k sq. ft
Facility in Vicenza, Italy

€20.4m
Revenue (FY19)

>100
Patents

c.26%
Gross margins

50
Employees

c.35%
Adj. EBITDA CAGR
(FY17 – FY19)

Currency: €m
Y/E: Dec

FY17A

FY18A

FY19A

Revenue

18.7

19.6

20.4

Growth %

N/A

4.8%

4.1%

Gross profit

3.7

5.0

5.4

Growth %

N/A

35.1%

8.0%

Adj. EBITDA

1.6

2.7

2.9

Adj. EBITDA margin %

8.6%

13.8%

14.2%

Adj. PBT

1.3

2.6

2.6

Product range

- Water Category:** Pitcher water filters, filter replacements, water dispensers, bottle filters and filters for coffee machines
- SDA Category:** Personal care, vacuum sealers and kitchen appliances

Transaction Overview



Consideration	- Initial consideration of €19.6 million (6.8x FY19 Adj. EBITDA) and €31.6m including earnout (10.9x FY19 Adj. EBITDA) - Initial consideration funded €11.6 million in cash by extending current banking facilities and €8.0 million in Strix ordinary shares - Up to a further €12.0 million payable in cash subject to certain conditions being met, including threshold financial targets for FY21 and FY22
Financing	Initial cash consideration supported through increased banking facilities with NatWest, Bank of China and Bank of Ireland
Earnings enhancing	Expected to be up to mid-single digit earnings enhancing in first full year, in advance of anticipated synergy benefits
Net debt	Net debt to Adj. EBITDA is expected to be c.1.4x on completion reducing to c.1.2x by 31 December 2021
Lock-in	Shares issued to part fund initial consideration subject to a lock-up period of six months from the date of completion
Completion mechanism	Completion subject to approval from the Council of Ministers in Italy, anticipated no later than December 2020
Management retention	Previous owner and CEO for 28 years, Maurizio Moretto, remains with the business until March 2023

Transaction Rationale



- 1 **Strengthens Strix's market position** within the Water category, providing a global platform to facilitate future growth
- 2 **Earnings enhancing**, in advance of synergy benefits, with leverage on completion expected to be c.1.4x net debt to Adj. EBITDA
- 3 **Complementary product and geographic offerings**, capitalising on Strix's global footprint and LAICA's in depth product expertise
- 4 **Organic growth** from bringing new products to market, internationalisation of LAICA's revenue mix, cross-selling and up-selling
- 5 **Experienced sector specialist management team** incentivised through performance targets in FY21 and FY22
- 6 **In line with M&A and ESG strategy**, supporting Strix's medium term targets and enhances the Group's long-term growth potential

Products



Established product range and an advanced new product roadmap

Water Category



SDA Category

Personal Care



Vacuum Sealers



Kitchen Appliances



New Product Development



New products ready to launch will accelerate growth opportunities across category

Synergies

Revenue synergies	Cross-selling	• Expansion of LAICA's revenue mix using Strix's global marketing and sales network • Cross-selling and up-selling of Aqua Optima and LAICA's established product range and NPD roadmap
Cost synergies	Marketing	• Consolidation of marketing expertise significantly expanding capability and market reach
	Operational efficiencies	• Leverage existing expertise in automation, supply chain management and in-sourcing of specialist processes to maximise efficiency and reduce costs with the expanded production capability
	R&D	• Experienced R&D team will focus on cost reductions for existing products as well as combining technologies to increase differentiation of products across all markets
	General	• Optimising functions and processes whilst leveraging on know-how and additional resources