

Investor Presentation Final Results

Period ended 31 December 2019



Operational and Strategic Highlights



2019 Operational and Strategic Highlights

Operational



Automation continues to **improve production efficiency to 98%**



New U90 Automation line achieved 80% labour and 85% machine efficiency (in line with original projections)



+29% improvement in ppm quality results



Group's Isle of Man facility awarded 'Benchmark' score for all ISO categories from Intertek (highest available score)



Intellectual property actions resulted in 17 kettles being removed from online sale and 9 unsafe competitor kettles being recalled globally.

Strategic



Maintained global market value share % of the kettle controls market
Maintained at c.54% despite ongoing macro-economic headwinds



Successful acquisition of specific assets from HaloSource, adding significant R&D capabilities to the Water Category and providing additional adjacent technologies



Construction contract for the new factory signed for £13.9m. Factory on schedule



Appointment of Richard Sells as Non Executive Director in March 2020.

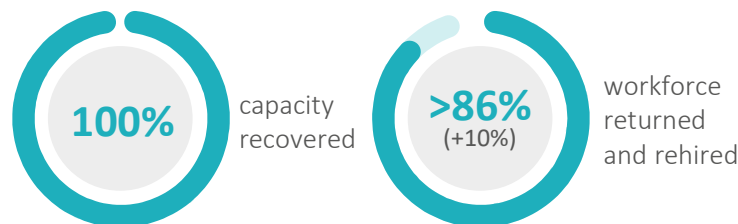
Tackling COVID-19



Precaution measures in place

- An emergency response team set up locally during Chinese New Year to prepare for the factory opening. Key decision making led by the COO and CEO
- Highest quality sanitisation products provided and accessible to all
- A disinfection tent constructed using own Halopure technology for body disinfection at entrance to factory
- The main building has been segregated into individual sections, minimising risk of cross infection within the factory
- Daily reports implemented to assess the status and conduct risk assessment via wechat for all staff
- Factory & employee transport disinfected daily by professional cleaners
- Masks and distance control implemented in the factory and boxed meals provided
- Strict control on any individuals who are exhibiting any symptoms, leveraging on the hospital testing facilities.

Production capacity



- Factory construction was restarted on 10th February with only one weeks delay
- 86% of workers returned back to work
- Additional 10% of employees hired using incentive plans
- Resource secures 100% production capacity.

Supply Chain



- All suppliers have returned to work by 3rd March 2020
- All have committed to our demand with additional 2 weeks inventory requested as backup
- Strategic stock (10-12 weeks on hand) reduces risk during the epidemic.

Financials

Period ended 31 December 2019



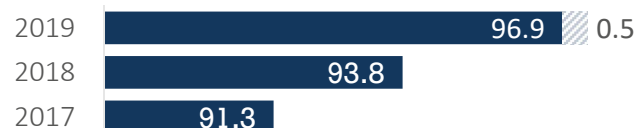
Financial Highlights



Revenue £m

+3.3%

▨ HaloSource

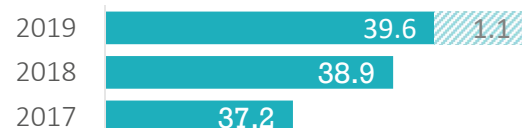


Risen by 3.3% as a result of maintaining market value share in a growing market and the acquisition of HaloSource in March.

Adjusted Gross Profit¹ £m

+1.8%

▨ HaloSource Losses

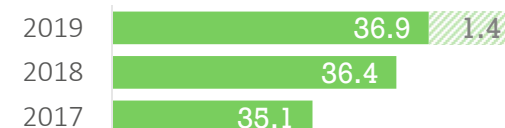


Excluding the acquisition of HaloSource, adjusted gross profit has risen by 4.7% to £40.7m.

Adjusted EBITDA¹ £m

+1.5%

▨ Halosource Losses

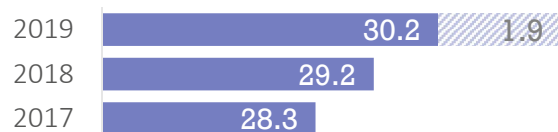


Excluding the acquisition of HaloSource, adjusted EBITDA increased 5.5% to £38.3m.

Adjusted PBT¹ £m

+3.4%

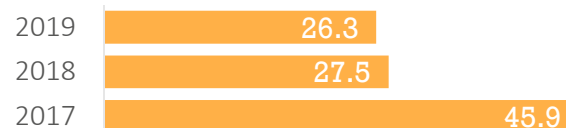
▨ HaloSource Losses



Excluding the newly acquired HaloSource business the adjusted profit before tax increased by 9.9% to £32.1m.

Net Debt £m

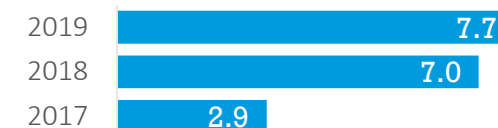
+4.1%



Net debt since IPO has improved by 43% due to our focus on deleveraging.

Dividends Pence per share

+10.0%



Group continues to demonstrate a strong cash generation which has supported the payment of an increased dividend in 2019 in line with its policy.

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

Profit and Loss Summary



£m	2019	2018	% Change ²
Revenue	96.9	93.8	+3.3%
Adjusted Gross profit ¹	39.6	38.9	+1.8%
Other operating costs: before exceptional	(8.7)	(8.4)	+2.9%
Other operating costs: after exceptional ¹	(15.8) ³	(13.5)	+17.2%
Adjusted operating profit ¹	31.5	30.9	+2.2%
Adjusted EBITDA ¹	36.9	36.4	+1.5%
Adjusted PBT ¹	30.2	29.2	+3.4%
Adjusted PAT ¹	28.9	28.3	+2.1%
Adjusted gross profit margin ¹	40.9%	41.5%	-0.6pts
Adjusted diluted EPS ¹	14.2p	14.2p	nil

¹ Adjusted results exclude exceptional items, which include share based payment transactions. 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 £5.9m of share based payment costs and £1.2m of strategic project costs.

Commentary

Revenue: £3.1m increase

as a result of maintaining market value share in a growing market

Adjusted operating profit¹: £0.7m increase

due to lower amortisation being reported (2019: £1.3m; 2018: £2.3m). This has been offset by an increase in fixed salary costs partially driven by the acquisition of HaloSource during the year

Adjusted EBITDA¹: £0.6m increase

increased to £36.9m from £36.4m, representing a 1.5% increase. Excluding the acquisition of HaloSource, adjusted EBITDA increased 5.5% to £38.3m

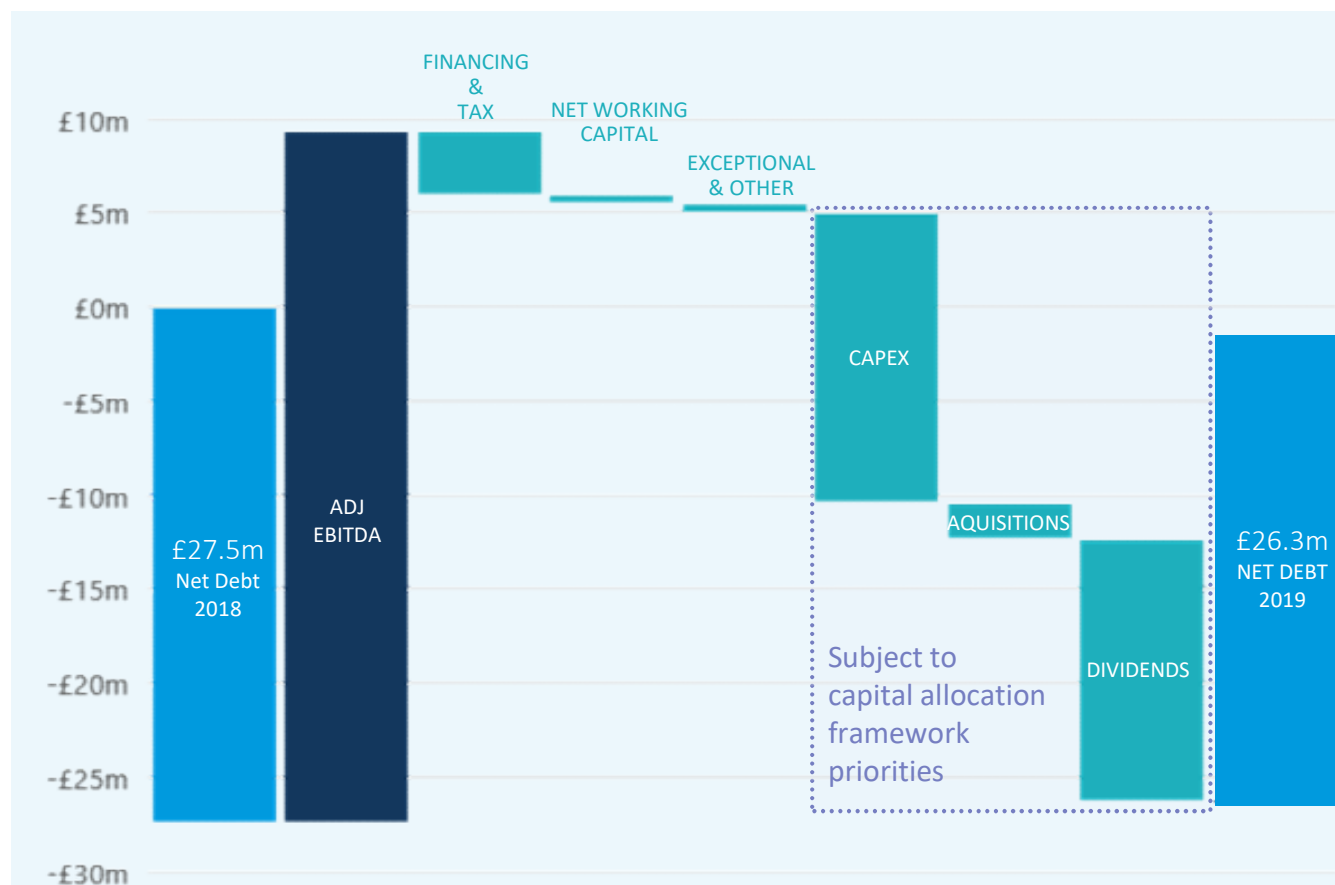
Adjusted PBT¹: £1.0m increase

interest on the revolving credit facility decreased by £0.4m following a reduction in the facility amount

Adjusted PAT¹: £0.6m increase

effective tax rate increased to 4.4% (2018: 3.2%) of adjusted profit before tax

Cash Flow



- 1 OCF is defined as: 'Cash generated from operating activities' less 'Net cash used in investing activities' (excluding the purchase of HaloSource Inc. assets)
- 2 FCF is calculated as: OCF less 'Net interest' and 'Tax paid'

Commentary

Net working capital: £0.4m outflow
(2018: £0.6m outflow) increase in prepayments to suppliers to secure material prices

Financing & Tax: £3.5m outflow
(2018: £1.8m outflow) includes £1.3m of lease liability payments following the introduction of IFRS 16 on 1 January 2019 (2018: £nil)

Capital expenditure: £15.4m outflow
(2018: £7.6m outflow) includes £12.6m of property, plant and equipment (2018: £5.7m)

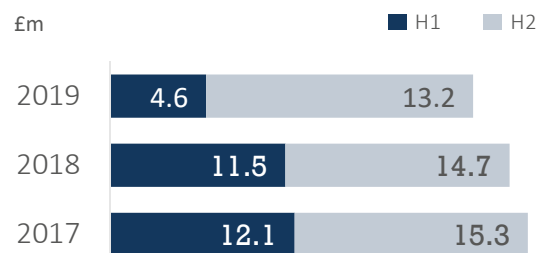
OCF¹ to EBITDA conversion ratio: 67.4%
(2018: 89.4%) due to acquisition and investment in land and factory

FCF²: £17.7m
(2018: £26.2m) mainly driven by lower OCF. Finance costs and tax have increased slightly to £2.2m (2018: £1.8m)

Capital Allocation

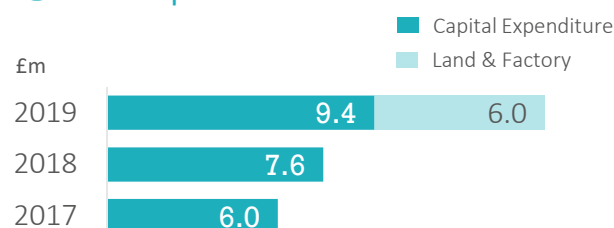
Prudent Capital Allocation Model with 4 core priorities

Free Cash Flow



Free cash flow (FCF) in H1 impacted by HaloSource acquisition. Group continues to maintain a £9.0m revolving credit facility headroom.

01 Operating Capital Expenditure



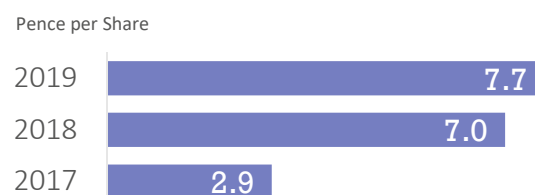
Year-on-year growth demonstrates Strix's continued investment in its manufacturing and development assets to support our strategic growth objectives.

02 Value Accretive Acquisitions



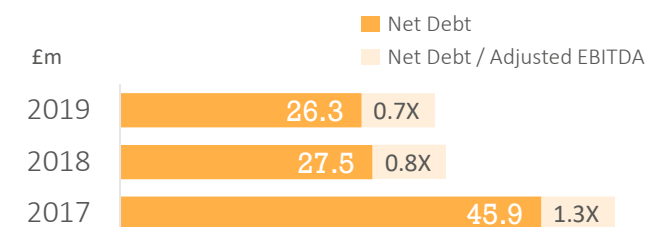
Acquisition of certain assets from HaloSource in March 2019 supports the Group's sustainable investment proposition.

03 Progressive Dividend Policy



Growth in line with the Group's commitment to its business objectives.

04 Conservative Balance Sheet



Net debt since IPO has improved by 43% due to the quality of our revenue generation.

Net Debt



Net debt
at 31 December 2019¹

£26.3m

£27.5m at 31 December 2018.

Net debt/adjusted EBITDA
ratio at 31 December 2019

0.7x

0.8x at 31 December 2018.

Net working capital draw
from trough to peak

£5.8m

Intra year for 2019 representing
6% of revenue.

Cash and facility headroom
at 31 December 2019

£22.7m

with facility termination
date of July 2022.

Bank covenant requirement:
Net debt/adjusted EBITDA² ratio

<2.5x

for period ending
31 December 2019.

Maximum intra year 2019
working capital draw

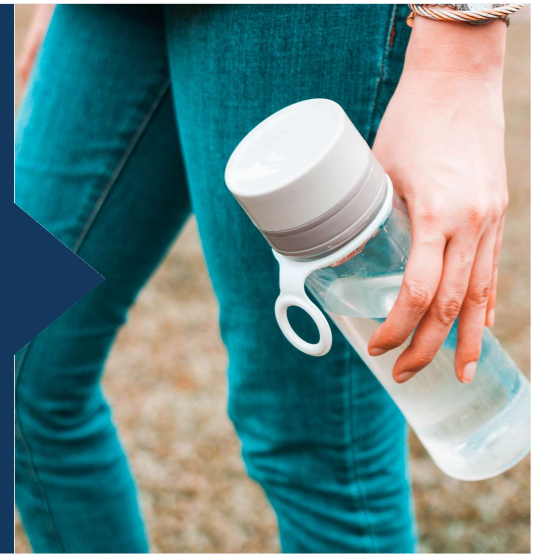
26%

of cash and facility headroom
at 31 December 2019.

¹ Net debt excludes the impact of IFRS 16 lease liabilities which was adopted from 1 January 2019. As at 31 December 2019 IFRS16 lease liabilities equated to £4.5m.

² For Bank covenant purposes net debt/adjusted EBITDA excludes right of use depreciation following the introduction of IFRS 16 on 1 January 2019.

Project Update / Timeline



New Factory



Milestones

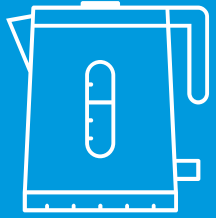
- All the underground work will be completed by **end of March**
- The main build construction will be **completed in July**
- Electronic installation and inner building work will be **completed in November**
- Trial run and clean up in **November and December 2020**.
- Target to complete all the construction work and decoration and obtain governmental approval in **January 2021**.

- The construction was restarted on 29th February with 40% of required workforce. Workforce levels are expected to steadily increase up to mid March due to the impact of COVID-19
- The office layout and design has been finalized with management
- Underground fire fighting water pool and Beam template is under construction.

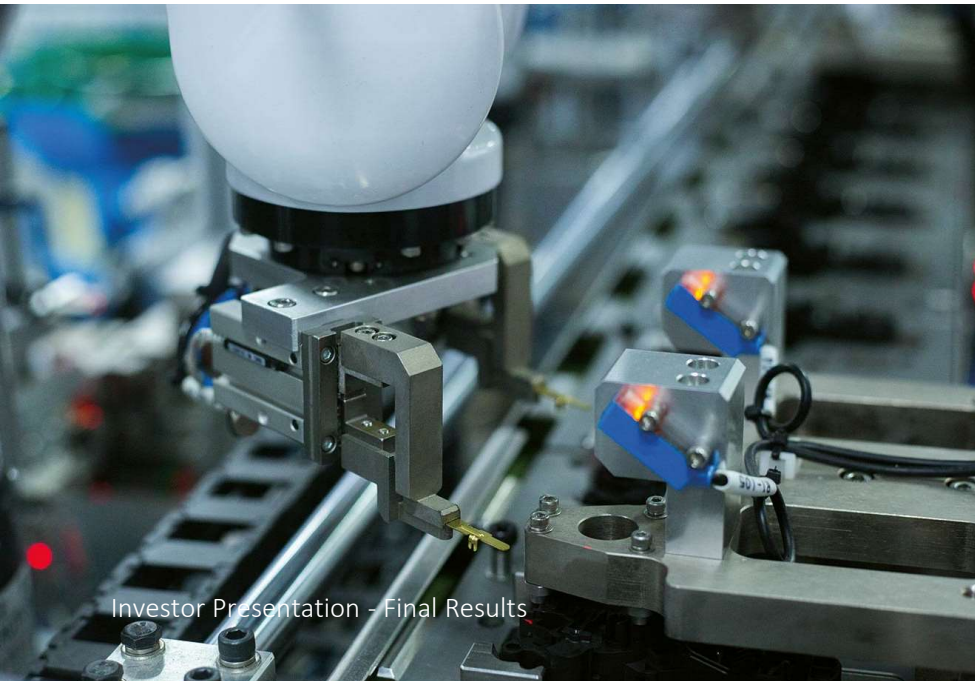
Capex by Year

2019	£5.7m
2020	£13.1m
2021	£0.7m



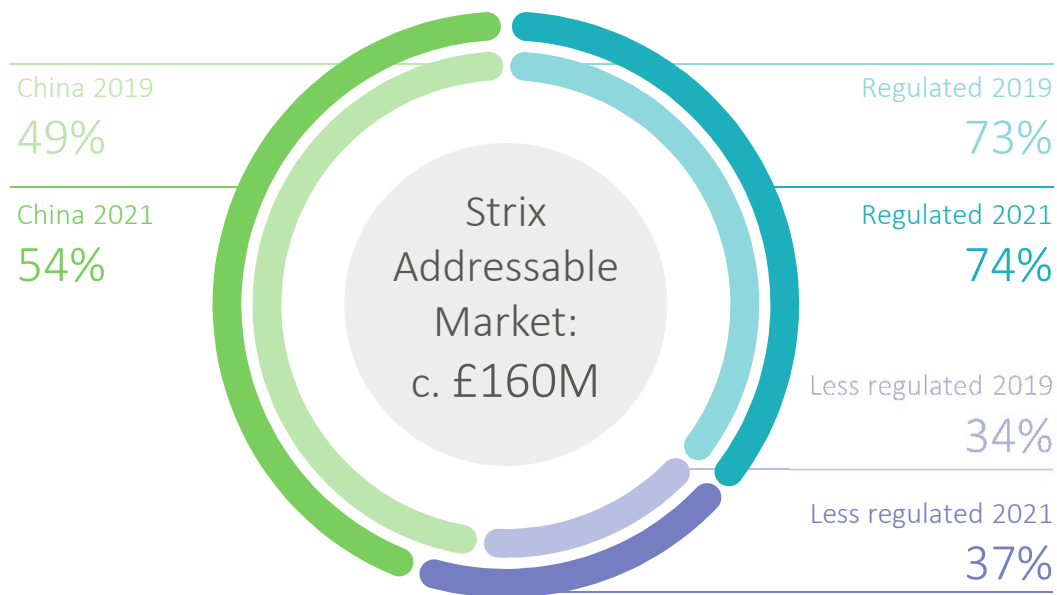


Kettle Control Category



Kettle Control Business

Strix continues to hold a strong value share of the global kettle control market at c.54%. It is estimated that the value of the global kettle control market grew by 3% to c.£160m in 2019. Exhibiting continued growth potential as global penetration of electric kettles increased to c.38% of households.



NB: All percentages above are market value share disclosures.

2019 Highlights

- StrixVQ brand & product launch; tailored control brand targeting high volume opportunities in China & Less Regulated Markets
- Patented 6A, 9A & 13A U68; Next Gen electronic control for all markets
- Mini U9 (small footprint element) & patented U7 control to expand addressable market.

2020 Launches

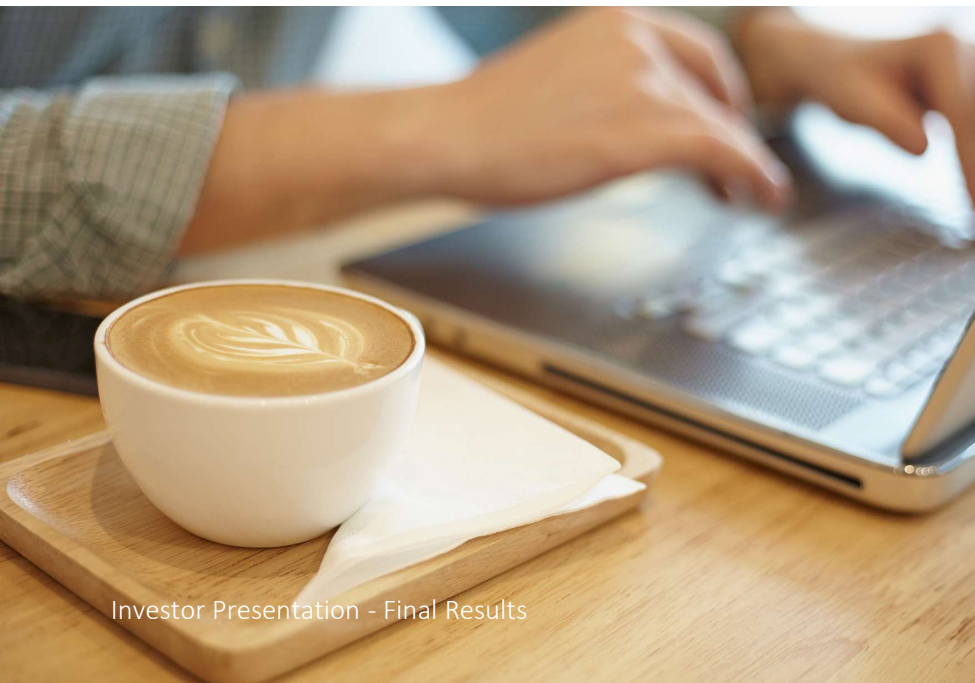
- Range expansion for the U9 control series
- Range expansion for the electronic control series.



Improved quality
and efficiency
through automation

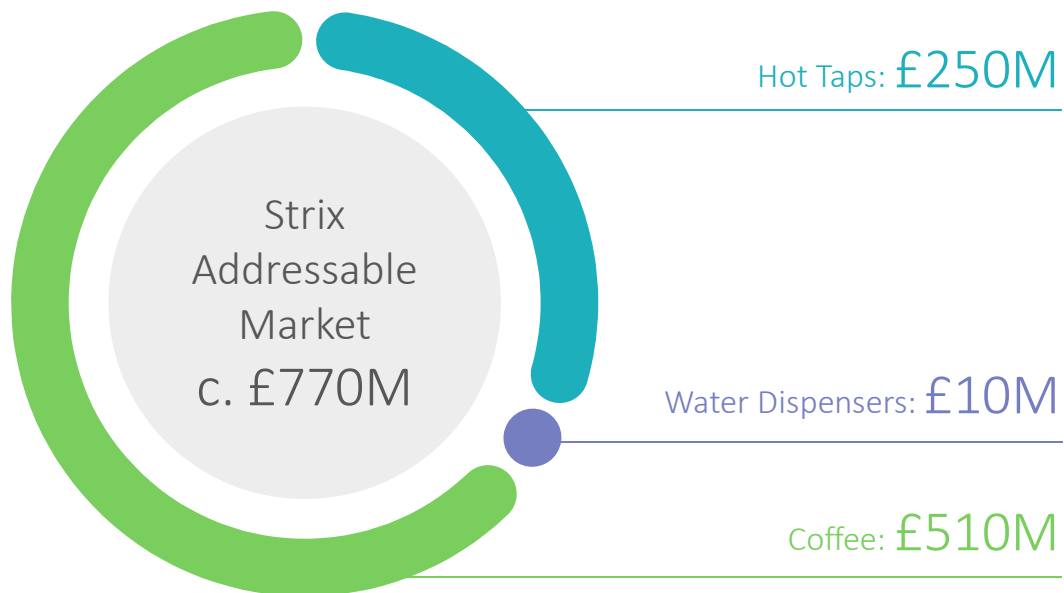


Appliances Category



Hot Water on Demand (HWOd)

The HWOd category is a natural extension to the Strix core business offering, and is valued at retail at over £2.4 Billion globally. The market is growing out of consumers' increasing need for convenience, speed, and energy efficiency.



2019 Highlights

- Successful IFH “true boil” appliance launch in China with Zwilling
- First ‘Duality’ appliance due to launch in 2020 which will address £300m wasted on boiling excess water p.a.
- Collaboration with Mr. Coffee: High quality coffee machine launch in USA.

Launches

- Duality appliance
- New design for Instant Flow Heater appliance.

Our aim is to be the number one partner for brands seeking innovative solutions within the category.



Reduction of
energy wastage

Baby Care

The Global Baby Care Category is valued at retail at over £150 Billion. Strix plans to expand from a UK, to a Global footprint in this resilient category, focusing on solutions which offer enhanced convenience and safety.



2019 Highlights

- TT Perfect Prep “Day & Night”, a Strix innovation, wins Gold Mother & Baby Innovation Award
- Agreement reached with leading Asian Baby care brand to launch a range of products in 2020
- Accelerating developments within two key baby care segments: formula preparation and sterilisation.

Launches

- Baby Care milk preparation appliance
- Baby Care sterilisation appliance.

Strix is accelerating developments within two key baby care segments: formula preparation and sterilisation. Interest in both segments is growing as can be seen on Google Trends: search volume for “sterilization” and “baby formula”, for example, have reached new highs in Q1 2020. Strix aims to capitalise on this trend through utilising our core competencies in water and steam management and strengthening relationships with key brands within the category.



Improve water quality and reduce the spread of viruses and bacteria

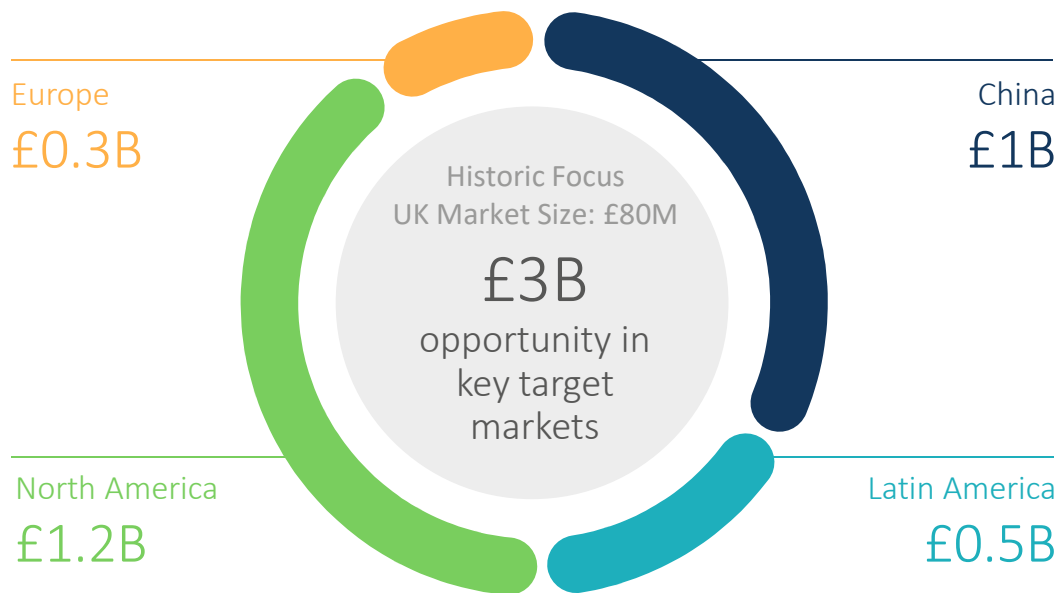


Water Category



Water Category

The water filtration category is valued at retail at over £8 Billion. With our current 20.9% market share in the UK market, we will leverage technology innovation, product design and acquisitions to drive growth in our key markets.



2019 Highlights

- Acquisition of HaloSource (astrea & HaloPure brands)
- Launch of water chiller appliance (LUMI)
- Secured global co-brand partnership with signature brand (Philips)
- Development of new markets for HaloPure technology

Future Launches

- Next Generation astrea ONE Bottle Filter
- Plastic astrea Bottle
- Evolve+ Multi-Fit Filter
- Next Generation China Market Filter.

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. We also continue to innovate filtration solutions to enhance the offering of appliances category.

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

Our solutions contribute to:



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



Improved water quality and sterilisation functions

Water Category Overview

Strix is well positioned to maximise the growing opportunities in the health and wellness space through the diverse and innovative range of products our three brands offer in the water category.



Astrea

- Partnered with Aquashield to develop a Philips co-branded astrea one filtration bottle
- Expand distribution globally outside of US market
- On-air segment featuring & selling astrea bottle on a key home-shopping network secured for H1 2020.



Halopure

- Includes patented bromine based filters that kill bacteria & viruses.
- Continues to support key drinking partners in China
- Unique chemistry offers distinctive benefits within the sterilization industry.
- Positive testing results on technology applications within the poultry and pet markets
- Currently seeking government approval for sterilization product license in China.



Aqua Optima

- Remains no.2 brand in the UK market
- Multi-fit evolve filters that offer a wider addressable market than Strix's competitors
- Aqua Optima grew its net sales by 1.1% during 2019
- Brand outperformed the 0.7% value growth in the UK filter and jug market.

Investment proposition

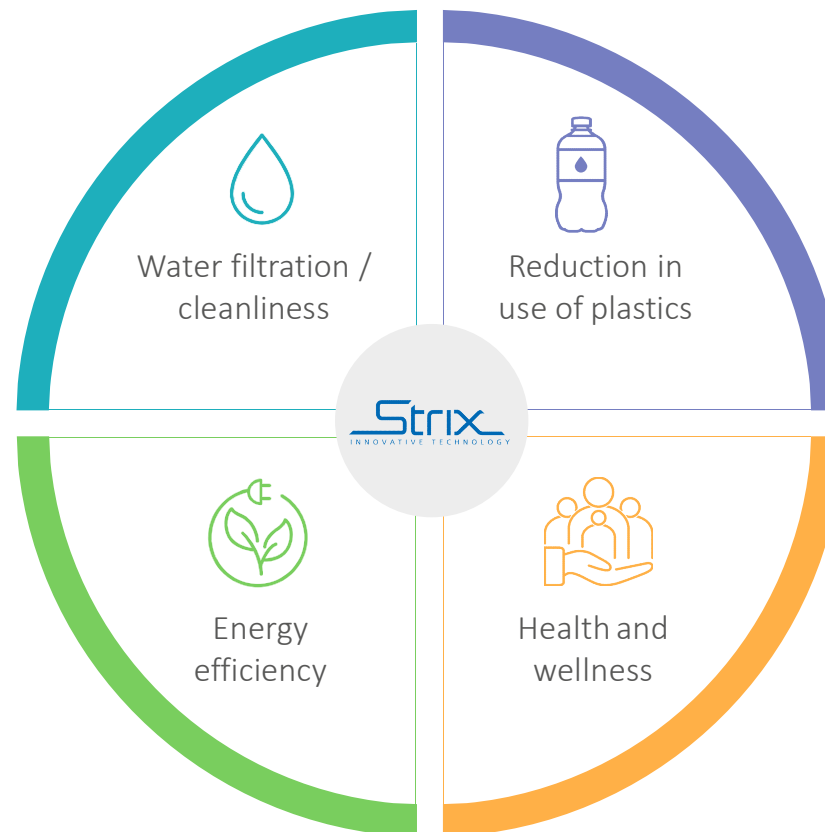
Aligned to important ESG 'mega-trends' that are reshaping the global economy, business and society

01 Water filtration / cleanliness

- HaloSource acquisition in 2019 built on our existing Aqua Optima brand. Providing innovations and technology that deliver improved water quality and sterilisation functions
- The AstreaOne offering on the go filtration technology
- HaloPure using patented filters to kill bacteria and viruses
- Expansion of R&D team supporting our new product development ambitions

03 Energy efficiency

- Evolution of Strix kettle controls reduces material content through technology enhancements
- Innovative hot water on demand solutions allow users to boil and dispense only required water
- Investment in the new manufacturing facility provide further efficiency improvements



02 Reduction in the use of plastics

- Launch of AstreaOne reusable water bottles will combat single-use plastics
- Aqua Optima filters are 100% recyclable in the UK and EIRE
- Developed and launched a range of eco-friendly appliances reducing the need for single-use products

04 Health and wellness

- Developed numerous innovative technologies improving water quality and reducing the spread of viruses and bacteria
- Developed market leading sterilization applications within the baby product category
- Signed an agreement with a leading Asian baby care brand to launch a range of products in 2020
- Further expansion opportunities with baby care technology across Asia and North American markets

Short Term Roadmap and Outlook



Outlook 2020



In spite of continuing global volatility driven by Brexit, COVID-19 and USA/China trade tensions, the Group will continue to focus on our key strategic objectives whilst continuing to deliver on our strategy to create value for our shareholders.

New product launches

14 new product launches in 2020.

Kettle Controls

U9 control & electronic control series expansion

Water

Next Generation astrea ONE bottle filter, plastic astrea bottle Philips co-branded astrea bottle, Evolve+ Multi-fit Filter

Appliances

Duality, Steriliser Dryer, new IFH appliance, & Aurora Water Station.

Factory construction

Continue construction of the new factory in line with schedule to be fully operational by August 2021.

Implementation of a new 'ERP' system

Implementation of new 'Enterprise resource planning' system which will be rolled out across the Group in 2020.

2020 outlook

Maintain market-leading share of kettle safety control market

Diversification of revenue base through continued growth within the water and appliance categories

Confidence in the Group's future growth prospects driven by high ROCE and the majority of contracts being cash in advance

China supply base fully recovered and monitoring demand side continuously

Continued investment in automation, infrastructure, people & facilities.

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Appendices



Balance Sheet

£000s	Reported 2019	Reported 2018
Property, plant and equipment – net	25.5	11.1
Intangible assets – net	7.1	4.8
Working capital:		
Inventory – net	9.5	10.5
Trade and other receivables	9.3	7.3
Trade and other payables	(17.8)	(16.8)
Current lease liabilities (<12m)	(1.5)	-
Income taxes payable	(1.9)	(1.6)
Cash and cash equivalents	13.7	13.5
Long term liabilities (incl pensions)	(40.0)	(41.2)
Future lease liabilities (>12m)	(3.0)	-
Net assets/(liabilities)	0.9	(12.4)
Total equity	0.9	(12.4)
Net Debt	(26.3)	(27.5)
Net Debt/Adjusted EBITDA ratio	0.7	0.8
The net debt/adjusted EBITDA ratio is calculated on a rolling 12 months basis		

- **Property, plant & equipment** has increased by £14.4m. £4.3m relates to right of use assets (IFRS 16 leases), £1.7m relates to land use rights, and £6.7m relates to capital expenditure under construction.
- **Intangible assets** have increased by £2.3m. £0.9m relates to the acquired intangibles and goodwill from the HaloSource acquisition, with the remaining £1.4m relating to further investment in software and capitalised development costs.
- **Inventory** is £1.0m lower, this is mainly attributable to decreased stock held in raw materials & consumables following increased demand in H2 2019.
- **Receivables** are higher due to a £0.7m increase in the advances to suppliers to secure price sensitive materials and a £1.3m increase in trade debtors.
- **Long term liabilities** have decreased by £1.2m due to a net repayment to the revolving credit facility
- **Cash and cash equivalents** remain broadly unchanged showing an increase of £0.1m.
- **Equity** has increased by £13.3m. £6.2m relates to an increase to the share based payment reserve and £8.9m relates to an increase in retained earnings.
- **Current leases and future lease liabilities** have increased by £4.5m due to the introduction of IFRS 16 on 1 January 2019.

Cash Flow

£m	2019	2018
Cash inflow/ (outflow) from operating activities	35.3	35.4
Purchase of property, plant and equipment	(12.6)	(5.7)
Capitalised development costs	(2.4)	(1.8)
Purchase of intangibles	(0.5)	(0.1)
Proceeds on sale of PPE		0.1
Net cash inflow/(outflow) from investing activities	(15.4)	(7.5)
OCF	19.9	28.0
Tax paid	(1.0)	(0.5)
Finance costs paid	(1.2)	(1.3)
FCF	17.7	26.2
EBITDA	29.6	31.2
OCF / EBITDA ratio	67.4%	89.4%

1 OCF is defined as: 'Cash generated from operating activities' less 'Net cash used in investing activities' (excluding the purchase of HaloSource Inc. assets)

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Commentary

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(2018: 89.4%) due to acquisition and investment in land and factory

FCF²: £17.7m

(2018: £26.2m) mainly driven by lower OCF. Finance costs and tax have increased slightly to £2.2m (2018: £1.8m)

IFRS 16 Analysis

	Reported IFRS 16	PRE IFRS 16		Movement (pre IFRS 16)	Movement (pre vs. post IFRS 16)
	2019	2019	2018	%	£k
Revenue	96,876	96,876	93,769		-
Cost of Sales	(57,430)	(57,449)	(54,851)		19
Gross Profit	39,445	39,426	38,918	1.3%	19
Distribution costs	(5,287)	(5,274)	(5,344)		(13)
Administrative expenses	(10,537)	(10,470)	(8,154)		(67)
Other operating income	587	587	370		-
Operating Profit	24,209	24,270	25,789	-6.3%	(61)
Finance costs	(1,351)	(1,351)	(1,673)		0
Finance income	19	19	17		-
Profit before tax	22,877	22,938	24,134	-5.2%	(61)
Adjusted EBITDA	36,903	35,699	36,351	-1.8%	1,205
Amortisation	(1,256)	(1,256)	(2,292)		-
Depreciation	(2,903)	(2,903)	(3,198)		-
Right-of-use asset depreciation	(1,323)	0	0		(1,323)
Exchange differences on translation of foreign operations	111	53	0		58
Exceptional items	(7,323)	(7,323)	(5,072)		-
Operating profit	24,209	24,270	25,789	-6.3%	(61)
Property, plant & equipment	25,525	21,274	11,093	47.9%	4,251
Future lease liabilities	4,468	-	-		4,468