Strix
INNOVATIVE TECHNOLOGY

Strix Group Plc

Safer by design

INVESTOR PRESENTATION

FINAL RESULTS

YEAR ENDED 31 DECEMBER 2018

Agenda

- **Non-Financial Highlights** – Mark Bartlett, CEO
- **Financial Highlights** – Raudres Wong, CFO
- **Financial Review** – Raudres Wong, CFO
- **New Factory** – Raudres Wong, CFO

- **Strategy** – Mark Bartlett, CEO
- **Markets** – Mark Bartlett, CEO
- **HaloSource acquisition** – Mark Bartlett, CEO
- **Trading and Outlook** – Mark Bartlett, CEO

Non-Financial Highlights | Mark Bartlett, CEO

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Non-Financial Highlights

Strategic

Maintained market share of c.38% despite geo-political events

Strengthened R&D and senior management team including CCO

Range of new products developed for launch in 2019 and 2020

Site confirmed for new factory and investment agreement signed

Operational

8 successful IP protection initiatives undertaken

2.7m U9 series products sold to date

Aqua Optima UK market volume share increased to c.25%

+11% improvement in ppm quality results

Financial Highlights | Raudres Wong, CFO

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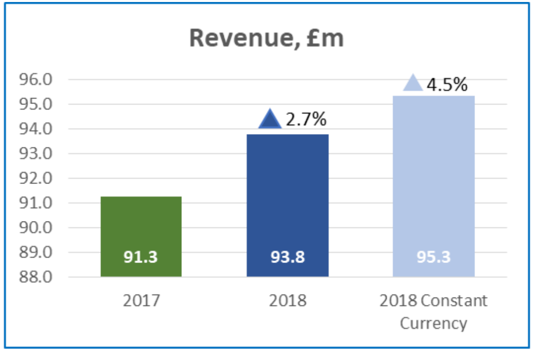
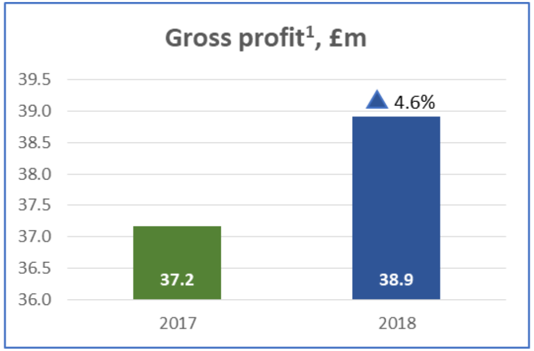
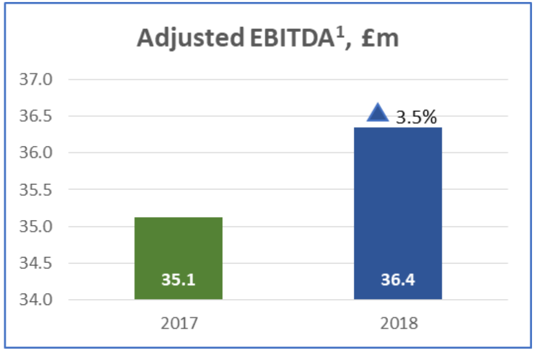
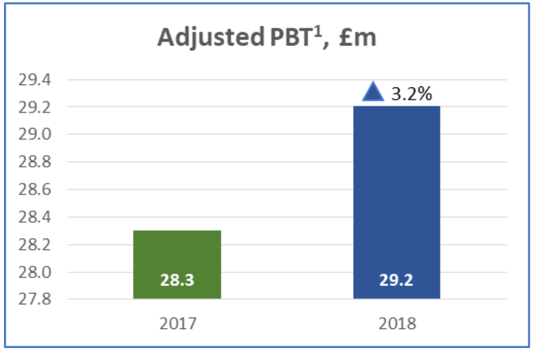
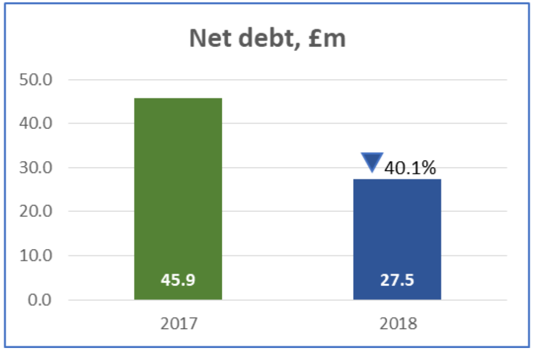
Financial Highlights

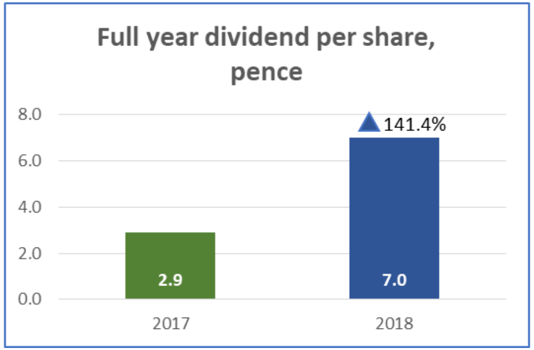












<u>Note:</u>
[1] Adjusted results exclude exceptional items which includes share based payment costs, is a non-GAAP metric used by management and is not an IFRS disclosure.

Profit and Loss Summary

£m	2018	2017	% Change[2]
Revenue	93.8	91.3	+2.7%
Gross profit	38.9	37.2	+4.6%
Other operating costs - before exceptional	(8.4)	(8.5)	+0.5%
Other operating costs - after exceptional	(13.5)	(11.3)	-16.0%
Adjusted EBITDA[1]	36.4	35.1	+3.5%
Adjusted PBT[1]	29.2	28.3	+3.2%
Adjusted PAT[1]	28.3	27.5	+2.7%
Net debt	27.5	45.9	+40.1%
Adjusted diluted EPS[1]	14.2p	14.2p	-

[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 financial statements.

Cash Flow

£m	2018	2017
Adjusted EBITDA[1]	36.4	35.1
Inventories	*(1.4)*	*(0.6)*
Trade and other receivables	*(0.3)*	*(0.5)*
Trade and other payables	*1.1*	*0.9*
Net changes in working capital	(0.6)	(0.2)
Exceptional and other	(0.3)	(0.5)
Capex	(5.8)	(4.3)
Capitalised development costs	(1.8)	(1.7)
Operating cash flow (OCF)[2]	**28.0**	**28.4**
OCF / EBITDA %	89.4%	88.0%
Free cash flow (FCF)[3]	**26.2**	**27.4**

Notes:

[1] Before exceptional costs

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

[3] FCF is calculated as: OCF less 'Net interest' and 'Tax paid'

Commentary:

- **Inventory:** £1.4m outflow (H1 2017: £0.6m outflow) linked to business phasing and continued holding of price-sensitive raw materials and pre-stocking in case of disruption due to Brexit.
- **Receivables:** £0.3m outflow (2017: £0.5m outflow) which is consistent with 2017.
- **Payables:** £1.1m inflow (2017: £0.9m inflow) as a result of higher rebate balances payable at the year end due to the payment timing.
- **Capital expenditure:** £5.8m (2017: £4.3m) due to continued investment in new capacity and automation, with 3 additional automated lines to be installed in 2019.
- **OCF:** 1.4% reduction due to higher Capex outflows to support increased automation.
- **OCF to EBITDA ratio:** conversion was 89.4%, a slight increase on 2017.
- **FCF:** decrease of 4.4% due to lower OCF and interest only incurred pro-rata from date of IPO during 2017.

Net Debt

Net debt at 31 December 2018

£27.5m

£45.9m at 31 December 2017

RCF balance at 31 December 2018

£41.0m

£56.0m at 31 December 2017

Revolving credit facility

£53.0m

with facility termination date of July 2022

Facility headroom at 31 December 2018

£12.0m

available to draw down if required

ND/EBITDA ratio at 31 December

0.8x

1.3x at 31 December 2017

Bank covenant requirement – ND/EBITDA ratio

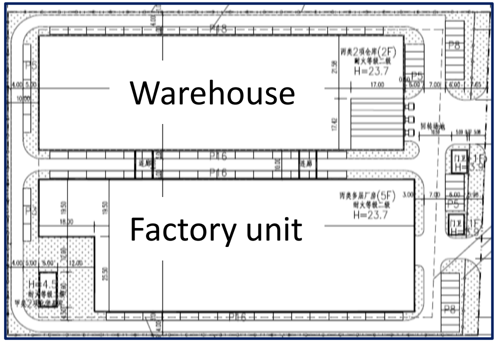
<2.5x

for year ending 31 December 2018

New Factory

Current status:

- Investment Agreement signed between Strix and PRC Government in Q1 2019
- Land purchase Agreement to be finalised May 2019
- Design work underway by Guangzhou Design Institute
- Land size can support 34,000 m² max capacity (current size 13,000 m²)
- 50 years right-of-use granted for the land
- Strix (China) Limited set up in 2019 to hold the land and factory
- Project budget £20m



Key milestones:

- **May 2019** Land purchase complete
- **June 2019** Design to be finalised
- **September 2019** Construction permit application complete
- **January 2021** Construction complete
- **March to July 2021** Inventory build and movement
- **August 2021** Project completion

Strategy | Mark Bartlett, CEO

Safer by design

Our mission:

"Shaping a safer future in the design and supply of innovative hot water and filtration systems which provide enhanced convenience and functionality to the global consumer."

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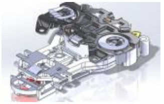
Core Business

2018 Highlights

Multiple patent infringement claims successfully settled in China, the Netherlands, and in Europe

Improvement in production efficiency and 11% reduction in ppm defect rate



Strix wins top supplier award from key customers

2.7 million new U9 series controls sold through 86 different appliance projects

Roadmap

Less Regulated & China | Regulated

2019

- Less Regulated & China: Patented 6A & 9A U68; Next Generation Electronic Control
- Regulated: Patented 13A U68; Next Generation Electronic Control

2020

- Less Regulated & China: VnQ; tailored control brand targeting Copyists in Less Regulated Markets
- Regulated: Mini U9 (small footprint element) and patented U7 control to expand market

2021

- Less Regulated & China: Next Generation VnQ controls; further cost reductions and customer benefits
- Regulated: U9 Series MK 2 Control
- Regulated: New Heater Technology with Integrated Control

New Products

2018 Highlights

Launch of Tommee Tippee 'Perfect Prep Day & Night' in UK, France and Australia

Coffee product collaboration announced with USA based global consumer product company

>2.5 million Hot Cup controls sold to date

Expansion of Engineering including appointment of R&D Manager

Roadmap

2019
- In-house Innovation Centre Development
- High Quality Coffee Machine (USA)
- CCO Appointment

2020
- Hot Water Dispenser
- Next Generation Perfect Prep
- Innovative Steriliser Dryer for Baby Market
- All-in-one Water Dispenser (AO)
- Duality Appliance
- Digital Food Steamer

2021
- CONFIDENTIAL (Disruptive Technology)
- Connected Appliances

Aqua Optima

2018 Highlights

- AO becomes official partner of parkrun UK
- UK & Europe Tradebrand launches
- Social media & PR channel campaigns
- All AO filters now 100% recyclable in UK & EIRE
- AO total UK volume market share grew to c.25%
- Trade brand share increased from c.40% to c.68%

Roadmap

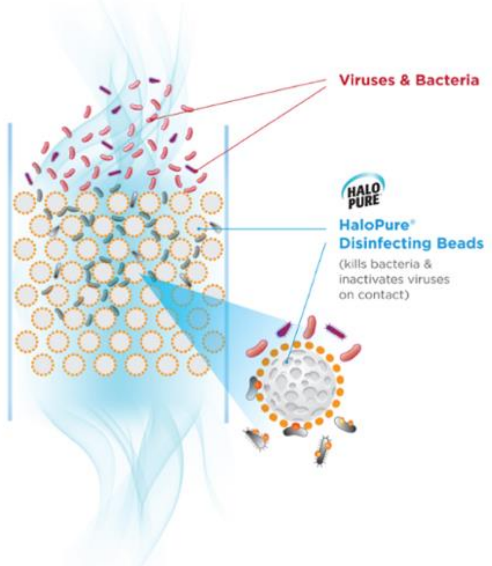
2019
- Acquisition of Halosource (Astrea & HaloPure brand)
- AO Heritage Brand Launch in China
- Evolve MK 4 Filter
- Lumi Chiller (white space in SDA)
- Expand Strategic Relationship With Amazon

2020
- All-In-One Filtered/Chilled/ Boiling Water Dispenser
- Revolutionary Filter Jug

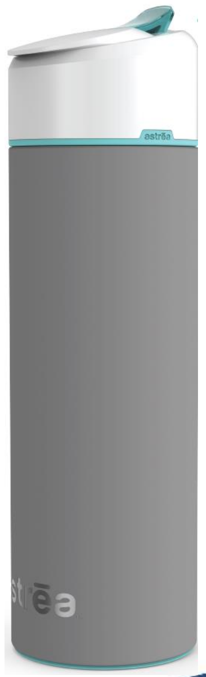
2021
- Enter POE Category With Reverse Osmosis Product
- Next Gen Anti-Bac Filter (Mother and Baby)
- Further Strategic Distribution Expansion

HaloSource acquisition

- Acquisition of specified assets, including HaloSource Corporation's "HaloPure" division based in Shanghai, China and the Astrea product
- Synergies to be gained with existing Aqua Optima operations



- HaloPure provides simple, reliable and convenient clean water solutions in China
- The AstreaOne bottle is the only hydration bottle that removes lead to the stringent NSF53 standard
- HaloSource has 48 patents worldwide and was listed as a top-10 innovator in POU drinking water by Baytel
- Office space in Seattle, USA to provide access to USA market



Future Strategy and Outlook

New product launches

- New product launches including:
    - **Core business:** VnQ sub-brand, U68 electronic control, U9 mark 2 control
    - **Aqua Optima:** Lumi-Chiller, AO Heritage Brand, next-generation Anti-bac filter
    - **New Product Development:** Next-generation Perfect Prep, High Quality Coffee Machine for USA market, Duality appliance

Aqua Optima

- Integrate and optimise HaloSource's HaloPure division and Astrea product into the existing Aqua Optima business.

Factory construction

- Begin construction of the new manufacturing facility in China in late 2019, with the move to complete by summer 2021.

2019 outlook

- Management remain confident of achieving full year market expectations given current trading.

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