Strix Group plc

FY results show some positive progress

4 August 2026

The outlook is improving with the recovery in Consumer Goods continuing into the current financial year and volumes improving within Controls. A new CEO is in place, with a revised growth strategy set to be delivered later in the financial year which outlines opportunities for product launches and technology, plus further detail on capital allocation/dividends. FY27-end net cash of £22m equates to more than a quarter of the current market capitalisation and provides a strong base from which the company can invest in future growth.

The outlook appears more encouraging

- The 15-month period to March 2026 proved eventful, as Strix completed the disposal of its most valuable asset while realising an impressive near three-fold return on the initial investment. The proceeds enabled the Board to eliminate group indebtedness and end the period with £38m of net cash that will soothe investor concerns.
- The composition of the Board changed during the year, with a new CEO (Andy Rainforth) joining in July (appointed to the Board on 5 August 2026). Andy replaces Mark Bartlett who retired following 20 years in senior roles. The Group's Chief Commercial Officer, Rachel Pallett, resigned to join Billi as its new CEO. A planned Capital Markets Day will outline a new growth strategy.
- Consumer Goods is showing good momentum after its restructuring in FY24. Double-digit underlying growth has been delivered, mostly derived from additional contract manufacturing and higher OEM filter volumes. A marked uplift in margins is pleasing and reflects both operational gearing and an improved mix of revenues. FY27 has started encouragingly.
- Controls revenues declined amid a challenging global market, as Chinese OEMs adjusted to higher US tariffs and overall demand remained mediocre. Lower revenues on a semi-fixed cost base and a weak US dollar resulted in weaker margins. Volumes stabilised from October with positive momentum starting to build from Q1CY26. Key project wins are helping to recapture market share, albeit input cost inflation is placing pressure on margins despite surcharges.

No material change to forecasts

Despite the encouraging start to the year across both divisions, we have left our estimates unchanged for now. The change in valuation of Strix's quoted peers results in a modest reduction in our fair value per share to 59p (previously 62p).

Estimates

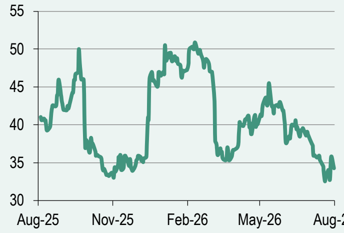
Yr. to Dec/Mar from FY26, £m	FY22A	FY23A	FY24A	FY26A	FY27F
Revenue	108.6	143.8	144.2	102.9	93.5
Adj. PBT	22.2	22.3	18.0	2.1	6.0
Adj. EPS (p)	10.8	9.2	6.6	2.8	2.5
DPS (p)	6.0	0.9	0.0	0.0	0.7
Net (debt)/cash	-87.4	-83.7	-64.9	38.7	22.4
EV/EBITDA	5.2	4.1	6.1	2.6	3.2
PER	3.3	3.9	5.4	12.8	14.4
Yield	16.7%	2.5%	0.0%	0.0%	2.1%

Source: Company historics/ED estimates

Company data

EPIC	KETL.L
Price (last close)	34p
52 weeks Hi/Lo	52p/32p
Market cap	£70.9m
ED Fair Value / share	59p
Net cash / (debt) 3/2026A	£38.7m

Share price, p



Source: Investing.com

Description

Strix Group ("Strix") is a global leader in the design, manufacture and supply of kettle controls, heating and temperature controls, steam management and water filtration technologies.

The Group is backed by extensive and patented IP. It continues to innovate within the small domestic appliance and water filtration segments, with a focus on safety, design and sustainability. It has a majority share of its largest market, kettle controls and leading positions within the faster growing personal, domestic and corporate water filtration markets.

Next event

Interim results – Nov/Dec 2026

David O'Brien (Analyst)
0207 065 2690
david@equitydevelopment.co.uk

Hannah Crowe
0207 065 2691
hannah@equitydevelopment.co.uk

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An eventful year

After the disposal of Billi, which was completed in January, we have included its contribution as a discontinued item only. The results for the 15-months to March reported on the more challenging and competitive trading environment, an extra quarter's trading, recovery within Consumer Goods, a stabilising of the market for controls plus several Board changes.

The results were modestly ahead of consensus expectations, **with cash levels higher than anticipated.** The latter has positive implications for the current full year and as a result, we have increased our estimate of FY27 year-end cash levels.

Preliminary results			
12m to Dec '24/15m to March '26, £m	**FY24**	**FY25**	**Change**
Controls	69.5	62.5	*-10.1%*
Consumer Goods	31.5	40.5	*28.8%*
Continuing revenue	100.9	102.9	*2.0%*
CoGS	-67.2	-70.7	*5.3%*
Controls GP	27.7	21.1	*-23.8%*
Consumer Goods GP	9.5	13.5	*41.8%*
Central costs	-3.5	-6.2	
Group gross profit	33.7	28.4	*-15.8%*
Group gross margin, %	*33.4%*	*27.6%*	
Distribution costs	-8.5	-10.3	*20.7%*
Admin. Expenses	-7.4	-9.0	*21.1%*
OpEx	*-15.9*	*-19.3*	*20.9%*
Other op. income	0.4	0.4	
EBIT	18.2	9.5	*-47.5%*
Net interest	-8.7	-7.4	*-14.5%*
Adj. PBT	9.5	2.1	*-77.7%*
Adjusting items	-12.4	-6.5	*-47.4%*
Reported PBT	-2.9	-4.4	*52.1%*
Taxation	-1.2	-2.5	*113.9%*
Loss from continuing ops	-4.1	-6.9	*69.9%*
Profit from discontinued ops	6.4	6.8	*5.7%*
Discontinued ops- adj. items	-3.7	60.3	
Minority interests	0.0	-0.1	
Reported profit/(loss)	-1.4	60.1	

Source: Company

Controls

The Controls market evolved during CY25, in response to the imposition of tariffs by the US in Q2 2025. Revenues declined by 24% to £52.9m in the 12 months to March 2026, reflecting the indirect impact of higher US tariffs, weaker demand and rising uncertainty. The Chinese OEMs initially responded by deferring orders from its suppliers and followed with a focus on cost control. Not surprisingly, competitive pressures increased as orders declined with the OEMs seeking to reduce costs. This focus on cost resulted in a loss of market share and constraints on the sale of higher margin components.

Conditions outside of the domestic Chinese market began to improve from October 2025 in volume terms, continuing this improvement into the new financial year. However, volumes are still below the levels of CY24, when Controls generated revenues of £69.5m. The run-rate of sales in the 12-months to March 2026 was £52.9m.

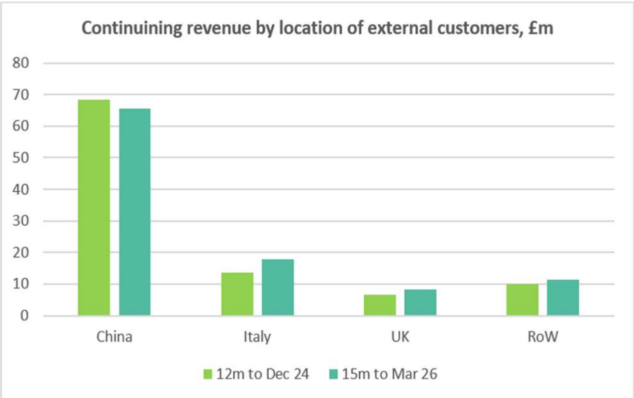
We have factored in a recovery in Controls revenues to £58.2m in the current year, representing **a potential uplift of 10%**. This recovery reflects improvements to the order book, demand and the benefit of the surcharges. In our view the Group may well recover a portion of the market share lost during CY25.

Margins within Controls remain under pressure, notwithstanding the surcharges agreed with customers. The competitive landscape remains a tough one and the proportion of sales of the newer low-cost controls is rising. The Group continues to extricate itself from unprofitable contracts within the domestic Chinese market.

We highlight below the changing geographic bias for continuing revenues and the divisional split. Notwithstanding the improved volumes of contract manufacture of infant formula appliances within China, the proportion of revenues derived from external customers declined (from 69.4% in FY24 to 63.6% in the 15-months to March 2026), albeit the country remained the largest destination by some margin. Notwithstanding the launch of the new low-cost control range, volume shipments within less regulated markets declined in the 15 months to March 2026 and consistent with other markets.

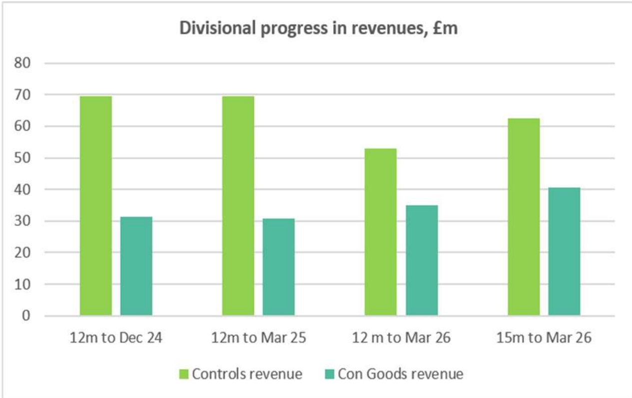
Demand in regulated markets remained subdued due to demand issues in the UK and Germany, illustrating the indirect effect of higher US tariffs. Increased competition stemmed from OEMs trying to reduce costs and offset some of the profit squeeze caused by higher tariffs.

Revenue by location of external customers



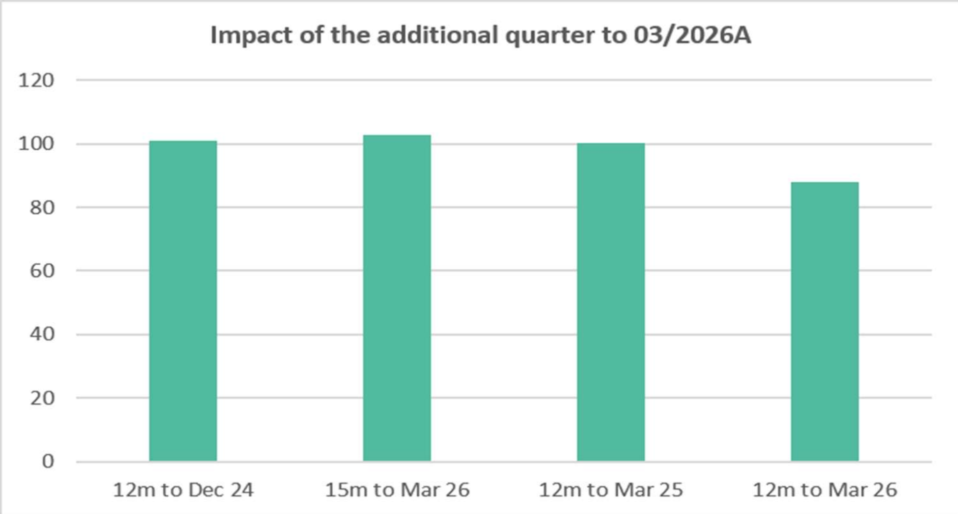
Source: Company

Divisional split of revenues



Source: Company

Changes in continuing revenues, £m



Source: Company

Consumer Goods

The low double digit underlying increase in Consumer Goods revenues (+12% yoy) reflects a combination of the increased contract manufacturing of infant formula appliances and bespoke OEM filter volumes. Demand for the broadening range of filters improved markedly and in turn, revenues from Italy rose from 13.8% to 17.2% of the Group total. Revenues from external customers in the UK and RoW region improved, mostly because of improved demand for LAICA's products in the former region.

The chart above highlights the impact of the additional quarter. It should be noted that the first calendar quarter is traditionally the quietest seasonally, emphasised by the £15.1m contribution of Q1CY25, which compares with £15.9m in Q1CY24. However, the revenues received from continuing activities in the 12-months to March 2026 amounted to £87.8m, compared to £100.1m a year earlier, suggesting a 12% decline, despite the underlying 12% growth within Consumer Goods.

The recovery within Consumer Goods is impressive following the restructuring undertaken in FY24 when costs were removed and Strix focused on developing a reduced number of appliances. The shift in favour of added value sales includes a broadening of the consumable base via the introduction of several new filters, increasing the scope of substances removed from tap water, including, PFAS or 'forever chemicals') and an increased focus on wellbeing. Further new filter/appliance launches are planned.

Elsewhere, the LAICA brand was launched in the UK during CY25 following a marketing campaign on London Transport and increased automation in assembly was introduced in the division's Italian factory during the period, focusing on anti-bacterial filters.

Gross margins

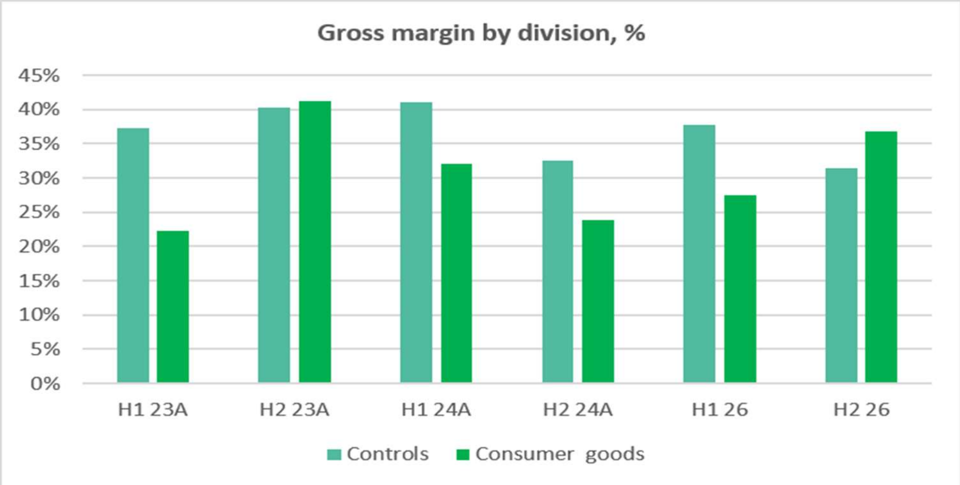
For only the second time in recent years the Consumer Goods gross margin rose to levels above those within Controls. There were several factors contributing to this:

- Lower revenues on a semi-fixed cost base within the Chinese manufacturing facility (predominantly **Controls**)
- A recovery in revenues at **Consumer Goods**, resulting in positive operational gearing, and
- An improved margin mix of revenues, as volumes of bespoke OEM filters rose during H2

Note that the decline in average gross margin compounded the effect of the decline in the topline.

We anticipate several of the historic trends will continue into FY27, with Consumer goods again likely to deliver higher returns than Controls, as any recovery in the latter will be predominantly volume driven by sales of cheaper controls that deliver lower margins for the group.

Divisional margins



Source: Company

Reduced revenues on a semi-fixed cost base within Controls fed through to large declines in EBIT, adj. PBT and adj. EPS. Adj. EBIT in the 12-months to March 2026 declined by 52.0% to £8.6m. Net interest fell to £7.4m, reflecting a focus on debt reduction ahead of the disposal of Billi. We expect interest payable to decline significantly to below £1m in the short to medium term.

Adjusting items

Controls incurred a £2.4m charge for restructuring as it sought to reduce inventory levels and a subsequent reduction in production activity within its Chinese facility. The flipside is an £8m reduction in inventory levels. £0.4m of the charge reflected a new small factory established in China, alongside a local partner, to enable it to compete in the less regulated and domestic Chinese markets.

Consumer Goods wrote off capitalised development costs of obsolete products amounting to £1.8m.

A further £1.6m was expensed on an external strategic review pre-disposal of Billi, which focused on medium term growth objectives and the then impending refinancing.

A net £60.3m of profit was recognised in the income statement as the profit due to the disposal of Billi.

Balance sheet and cash flow

The most significant impact on the balance sheet and cash flow statement was the disposal of Billi, resulting in net proceeds of £102m. Operating cash flow remained strongly positive, with high levels of cash conversion, notwithstanding the reduction in profitability.

We have highlighted the focus on cash generation and noted the improvement in working capital in China. Capex of £7.7m included the relocation to a new HQ/warehouse facility at Billi and the installation of the next generation controls production line. Capitalised development costs declined to £1.9m during the period.

The goodwill write-off associated with the purchase of Billi occurred on disposal, reducing intangible assets to £25.8m vs £63.0m during the period. Working capital reduced significantly to £7.8m, again reflecting the focus on cash generation and the disposal of Billi, with the influx of the proceeds resulting in period end net cash of £38.7m.

Board changes

The composition of the Board has changed in 2026, with a new CEO (Andy Rainforth) joining the Group on 13 July and appointed to the Board on 5 August 2026. As such, it will take time for the new Group strategy to be revealed, with investors being invited to a Capital Markets Day (CMD), likely to take place in Q4’27. We also anticipate further information on capital allocation, particularly regarding share buybacks and dividends during the CMD.

Andy Rainforth replaces Mark Bartlett who has managed Strix since 2015 and led the Group to its IPO in 2017. Mark joined the business in 2006 and retired in May this year.

Rachel Pallett resigned from her role as the Group’s Chief Commercial Officer in February, joining Billi as its new CEO shortly afterwards. There are no plans currently to replace Rachel.

Disposal of Billi

The disposal of Billi was the most significant event within the Group’s 15-month period to March 2026. The Group received net proceeds of £102m after expenses from the disposal, which arose from an initial unsolicited approach from the eventual buyer. The Group balance sheet was transformed by the transaction, moving to a period end net cash position of £38m from indebtedness of £68m in November 2025.

Billi had been purchased for **£38m** by Strix in late FY22 and, although some investment occurred when it moved to a new headquarter/manufacturing/warehouse in Australia and opened a showroom in London, the return on the initial investment over a three-year time period was very substantial, selling for a gross consideration of **£110m**.

Following Billi’s sale, which had demanded much of management’s time as it expanded into Asia, the UK and Europe and opened a new facility – we should now see the Board’s focus move back onto the continuing businesses.

In early May, £10m, before expenses, was utilised to return capital to shareholders via a tender offer, purchasing 23.3m shares at 43p each. As such, the Group bought 10.1% of its share capital.

The post-Billi share buyback programme was paused in early July after the Group had repurchased 8.9m shares at an average price of 41.2p, totalling £3.7m of the planned £10m. With a new CEO now in place, the Board considers it prudent to suspend further buybacks while it undertakes a full review of Group strategy and capital allocation framework.

Valuation

With no changes to our FY27 financial estimates, save for net cash which reflects the higher year-end balance on 31 March 2026, the small adjustment to our fair value estimate stems solely from changes in the valuation of Strix’s peer group.

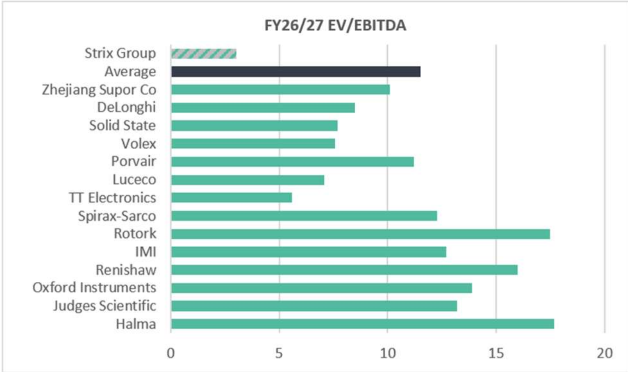
Strix currently trades at a marked discount to its peer group on an EV/EBITDA, PER and EV/Sales basis. Our expected resumption of dividend distributions, which has not been confirmed by the management team, is expected at a level which produces a yield higher than its peer average of 2.1%.

Net cash of £38.7m at the March 2026 period end equates to 18.9p / share. On a conservative basis, the FY27 expected cash of £22.4m represents 9.5p / share, equivalent to 28% of the current market capitalisation. This level of cash support materially depresses Strix Group’s valuation multiples and places the shares at a meaningful discount to its peer group.

Peer group comparison: FY3/27 PER (x)

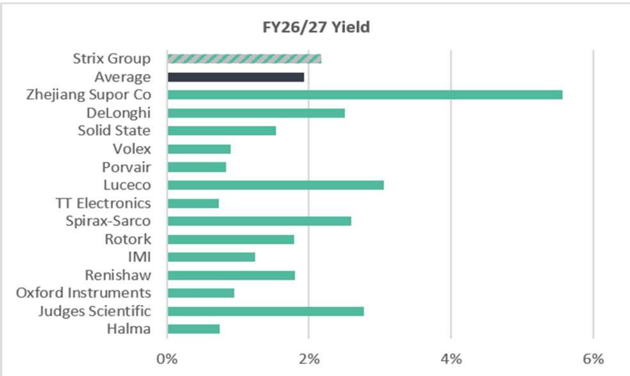
Source: Koyfin

Peer group comparison: FY3/27 EV/EBITDA (x)



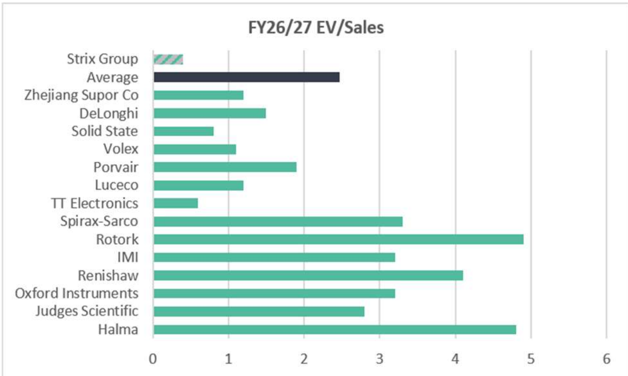
Source: Koyfin

Peer group comparison: FY3/27 EV/Sales (x)



Source: Koyfin

Peer group comparison: FY3/27 Yield (%)



Source: Koyfin

The decline in the value of its peers, combined with the shortfall in our DCF value (reflecting just one year's estimate), reduces our fair value estimate to 59p / share, from 62p previously.

Fair value

	FY26/27 Fair value p/share
PER (x)	44
EV/EBITDA (x)	63
EV/Sales (x)	92
DCF	47
NAV	48
Average	*58.7*

Source: Koyfin, ED

Financials

We have maintained estimates for the year to March 2027. The singular change is the impact of the higher year end net cash as of 31 March 2026, which results in an improved outcome at the end of FY27 to £22.4m, up from £18m previously.

We are encouraged by the improving order book within Controls, with positive momentum returning, particularly helped by the newer low-cost control within less regulated markets. The improvement in the margin mix of sales has continued into Q1 within Consumer Goods.

Our assumptions for the current year, notwithstanding the shorter trading period (reverting to a normalised 12-monts), include the following drivers:

- Volumes appear to be stabilising within the market for controls. However, we anticipate further pressure on margins in the short term
- The newer low-cost control is gaining traction, enabling the division to compete in less regulated markets at reasonable margins and to recapture share in the US regulated market.
- A further roll-out of the next generation and low-cost control ranges to support a recovery in market share
- Exit from unprofitable customers, particularly within the Chinese domestic market
- Conversely, margins within Consumer Goods have improved as the focus has shifted away from small domestic appliances in favour of a broadening filter range, notwithstanding the increase in contract manufacturing of infant formula appliances. We anticipate further new filter launches with consumables generally delivering higher margins
- Further expansion of the LAICA water and wellbeing brand into the UK
- Price increases/surcharges agreed with key customers to recover much of the raw material price inflation, with suppliers expected to bear a portion of the cost increases
- The programme to further reduce costs by £2m over the following 18 months was introduced in March 2026. Current expectations suggest the target will be surpassed. Further efficiencies will emerge from the closure of the Ramsey facility, withdrawal from its US base, reductions to PLC costs and introduction of lean manufacturing initiatives in the Chinese operation
- The removal of £8m from inventory within its Chinese manufacturing facility further emphasises the renewed focus on cash generation
- Positive free cash flow in each of the last four years, a trend that we expect to continue into FY27 and beyond, and
- Net interest set to decline to less than £1m for the foreseeable future following the disposal of Billi, resulting in an uplift in profitability of £7m+.

With a new CEO installed and memories still fresh of the impact on the operating environment when the group is financially constrained, our strong belief is that growth over the medium term is likely to be driven organically, with acquisitions off the agenda for the foreseeable future.

The two key areas for growth investment should be:

- Improvements in routes to market, and
- New applications for existing technology, whether applied to Controls or Consumer Goods.

Summary Income Statement					
Year to Dec/15 months, £m	**2022A**	**2023A**	**2024A**	**03/2026F**	**03/2027F**
Controls	68.2	70.1	69.5	62.5	58.2
Consumer Goods	37.1	32.4	31.5	40.5	35.3
Billi (discontinued)	3.2	41.3	43.3		
Revenue	108.6	143.8	144.2	102.9	93.5
CoGS	-67.1	-86.5	-90.0	-74.6	-70.7
Controls GP	27.9	27.4	27.7	21.1	16.6
Con Goods GP	12.4	10.6	9.5	13.5	10.9
Billi GP	1.1	19.4	19.8		
Central costs			-3.5	-6.2	-4.7
Gross profit	41.5	57.3	53.5	28.4	22.8
Controls GP%	*40.9%*	*39.0%*	*39.8%*	*33.7%*	*28.5%*
Con Goods %	*33.5%*	*32.6%*	*30.3%*	*33.4%*	*31.0%*
Billi %	*35.4%*	*46.9%*	*45.7%*		
Group gross margin (%)	*38.2%*	*39.8%*	*37.1%*	*27.6%*	*24.4%*
Op costs	-16.4	-25.2	-26.9	-19.3	-16.6
Other Op. income	0.8	0.4	0.4	0.4	0.3
Operating profit	25.9	32.5	27.0	9.5	6.5
Op margin (%)	*23.8%*	*22.6%*	*18.7%*	*9.3%*	*7.0%*
Net Interest	-3.7	-10.2	-9.0	-7.4	-0.5
PBT (Adjusted)	22.2	22.3	18.0	2.1	6.0
Exceptionals	-5.9	-4.2	-13.5	-6.5	0.0
PBT (Reported)	16.2	18.1	4.5	-4.4	6.0
Tax	0.8	-1.5	-3.0	-2.5	-0.9
Adj. PAT	23.0	20.7	15.0	-0.4	5.1
Profit from discontinued ops				6.8	
Adjusting items on discontinued				60.3	
Minority interests	-0.1	0.0	0.0	-0.1	0.0
Adj. Earnings	22.9	20.5	15.0	-0.5	5.1
Reported PAT	17.0	16.6	1.5	60.1	5.1
Ordinary Dividends	-13.1	-2.0	0.0	0.0	-1.5
EPS (Adjusted) (p)	10.8	9.2	6.6	2.8	2.5
DPS (p)	6.0	0.9	0.0	0.0	0.7
Ave no of shares (FD) (m)	212.5	222.1	229.8	229.5	205.2

Source: Company historics, Equity Development estimates

Summary Cash Flow					
Year to Dec/15 months, £m	**2022A**	**2023A**	**2024A**	**03/2026F**	**03/2027F**
Operating profit	25.9	32.5	10.6	72.1	6.5
Depn. & Amortn.	6.3	8.7	9.5	11.6	7.0
Working capital movement	-2.6	2.3	4.4	2.4	-3.6
Other	-6.3	-7.4	11.3	-59.2	-4.0
Operating cash flow	23.2	36.2	35.8	26.9	5.9
Net Interest	-3.2	-7.4	-8.5	-7.4	-0.5
Taxation	-1.2	-1.3	-3.7	-4.8	-1.7
Net capex	-8.6	-8.0	-8.1	-7.7	-9.0
Operating FCF	10.3	19.4	15.6	7.0	-5.3
Net (Acquisitions)/Disposals	-39.3	-6.5	-0.6	102.5	0.0
Dividends	-17.3	-9.1	0.0	-0.4	-0.5
Share Issues	10.7	-0.2	8.4	-2.9	-10.5
Minority payment	0.0	0.0	0.0	-0.2	0.0
Other financial	-0.6	0.0	-4.5	-2.5	0.0
Increase Cash/(Debt)	-36.2	3.7	18.8	103.6	-16.3
Opening Net Cash/(Debt)	-51.2	-87.4	-83.7	-64.9	38.7
Closing Net Cash/(Debt)	-87.4	-83.7	-64.9	38.7	22.4

Source: Company historics, Equity Development estimates

Abbreviated Balance Sheet					
Year to Dec/15 months, £m	**2022A**	**2023A**	**2024A**	**03/2026F**	**03/2027F**
Intangible Assets	73.4	71.6	63.0	25.8	22.7
Tangible Assets	43.7	46.2	44.1	37.9	42.9
Investments/other	3.7	1.0	1.5	0.5	0.5
Net Working Capital	19.0	20.9	14.1	7.4	3.8
Capital Employed	139.8	139.7	122.8	71.6	70.0
Other	-2.8	-3.6	-2.5	0.0	0.0
Net Cash/(Debt)	-87.4	-83.7	-64.9	38.7	22.4
Provisions Liabilities/Charges	-12.3	-10.8	-9.7	-3.2	-3.2
Net Assets	37.2	41.6	45.6	107.1	89.2

Source: Company historics, Equity Development estimates

Contacts

Andy Edmond
Direct: 020 7065 2691
Tel: 020 7065 2690
andy@equitydevelopment.co.uk

Hannah Crowe
Direct: 0207 065 2692
Tel: 0207 065 2690
hannah@equitydevelopment.co.uk

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Contact: info@equitydevelopment.co.uk | 020 7065 2690