

2024 Interim Results

6 August 2024



Agenda

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2. Financial Review
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4. Summary & Outlook
5. Q&A

Highlights

Gavin Griggs CEO

H1 2024 Highlights

Strong execution in challenging market conditions

- Period of unusually challenging trading
- Slowdown across all three sectors
- Semi-Fab revenues lower but orders back in growth
- Industrial Tech & Healthcare impacted by destocking
- Revenue consistency month-to-month as markets start to stabilise
- H1 revenue in-line with expectations, profit ahead

Robust management action to address impact of market slowdown

- Cost base right-sized to market conditions, with further action taken in period
- Long-term competitiveness maintained
- Inventory reduction of £9.9m drives record cash conversion
- Net Debt position improved, Net Debt/Adjusted LTM EBITDA of 2.2x
- Profitable and highly cash generative in “trough” conditions
- Operational improvements have created a leaner and more efficient business
- Strong base for future growth and margin progression as volumes recover

Clear, consistent and proven strategy...



Focused on long-term structural growth markets.....



Attractively positioned in enduring structural growth markets...

- Leading positions in fundamentally attractive Semiconductor Manufacturing Equipment, Industrial Technology, Healthcare sectors
- Well-positioned to prosper as these markets resume their trajectory of strong long-term growth



Poised to resume their long-term growth trajectory...

- The Semiconductor sector is today at an inflection point; XP is now at the tail end of the industry-wide downcycle with a positive outlook ahead
- Customer destocking in the Healthcare and Industrial Technology sectors expected to ease in H2 2024
- Track record of growing share across all focus sectors

With well invested operations with significant barriers to entry

- Medium-term market tailwinds and strong market positions provide XP with a runway for growth
- Substantial and demonstrable barriers to entry
- XP is optimally positioned to benefit from the impending upturn in the semiconductor cycle through its leading R&D capabilities and well invested production capacity



.....underpinning XP's core financial framework

Through-cycle performance

Organic sales growth	Adjusted Operating Margin	Operating Cash Conversion	ROCE	Long term leverage
c.10%	c.20%	~100%	>20%	0-1x
<p>12.3% organic sales growth achieved over last 10 years</p> <p>Record new business wins in 2022 and 2023</p> <p>Market leading new product development</p>	<p>Operational leverage with high drop through</p> <p>Production transfer to more cost-effective geographies</p> <p>Well invested – XP poised to benefit from recent capex programme</p>	<p>Continue to achieve ~100% over the medium-term</p>	<p>Low capex model</p> <p>Expansion capex directly linked to revenue growth</p> <p>Capital light; low inventory due to largely make to order model</p>	<p>Focus on reduction in short and medium-term, while continuing to invest in the business</p>

Financial Review

Matt Webb CFO

Key Performance Indicators H1 2024

Orders & Revenue

ORDER INTAKE

£87.9m

Down -22%¹

REVENUE

£127.1m

Down -18%¹

Margin

GROSS MARGIN

40.6%

Down -120bps

ADJUSTED
OPERATING MARGIN

10.6%

Down -300bps

Profit & Earnings

ADJUSTED OPERATING
PROFIT

£13.5m

Down -36%¹

ADJUSTED DILUTED
EPS

24.4p

Down -59%

Cash & Debt

ADJUSTED OPERATING
CASH CONVERSION

259%

H1 2023: 138%

NET DEBT

£104.2m

December 2023:
£112.7m

¹ In Constant Currency

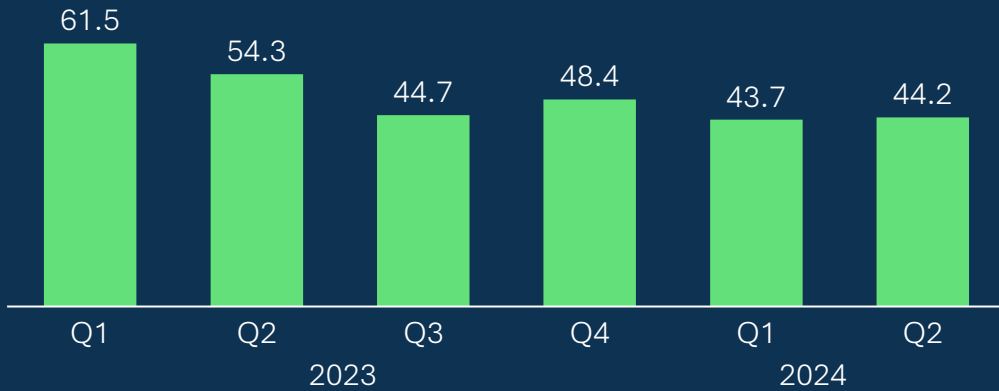
Income statement

Adjusted £m			% change	
	H1 2024	H1 2023	At actual exchange rates	In constant currency
Revenue	127.1	160.2	(21)%	(18)%
Gross margin	51.6	67.0	(23)%	
<i>Gross margin %</i>	40.6%	41.8%	(120)bps	
Operating expenses	(38.1)	(45.2)	16%	
Operating profit	13.5	21.8	(38)%	(36)%
<i>Operating margin %</i>	10.6%	13.6%	(300)bps	
Net finance expense	(5.9)	(6.0)	2%	
Profit before tax	7.6	15.8	(52)%	
Tax	(1.7)	(4.0)	58%	
Profit for the year	5.9	11.8	(50)%	
Diluted earnings per share	24.4	59.1	(59)%	

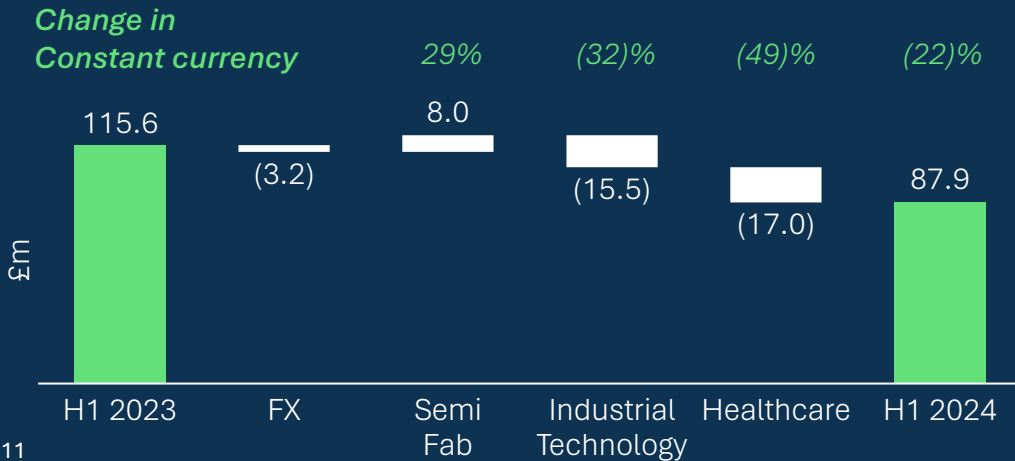
- Revenue in line with expectations and relatively stable during the half
- Gross Margin of 40.6% was 60bps lower than H2 2023 (41.2%), with input cost savings and production process efficiency offsetting the impact of lower factory utilisation
- Significant cost saving actions in H2 2023 and H1 2024 delivering ahead of plan, leading to 16% year-on-year overhead reduction
- Net finance expense held flat, with reduced bank interest offsetting £1.2m increase in lease interest from new Silicon Valley facility
- Effective tax rate reduced from 36.8% for FY 2023 to 22.4% for H1 2024, reflecting improved tax structuring

Order intake trends

Order intake by quarter 2023-2024
(£m)



H1 Bridge by Sector

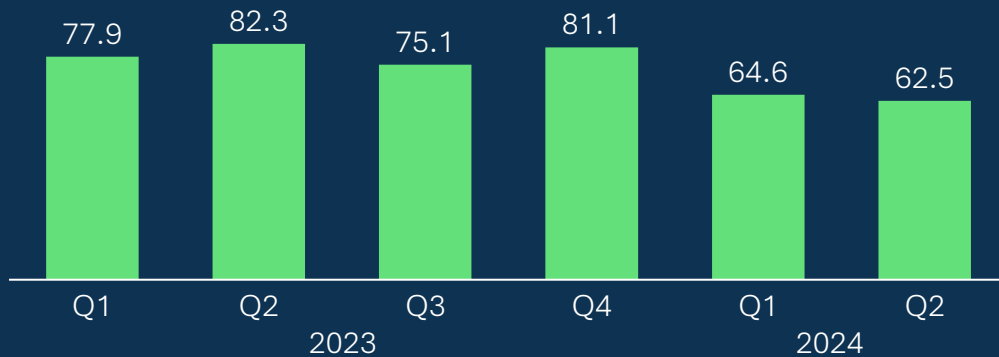


- H1 order intake of £87.9m, down 22% in constant currency on prior year
- Quarterly orders have been broadly stable since Q3 2023, with a modest improvement in Semi intake offset by the start of destocking in Healthcare and Industrial Technology
- Recent trends in order intake indicate that destocking now likely to continue until end of Q3 2024
- Order intake rates continue to be held back by shortening delivery lead times, which allow customers to order progressively later. This should normalise during H2

Revenue trends

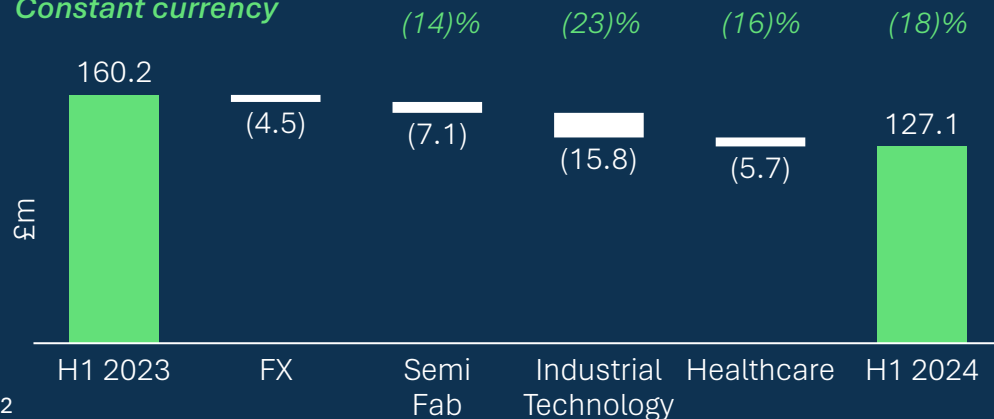
Revenue by quarter 2023-2024

(£m)



H1 Bridge by Sector

Change in
Constant currency

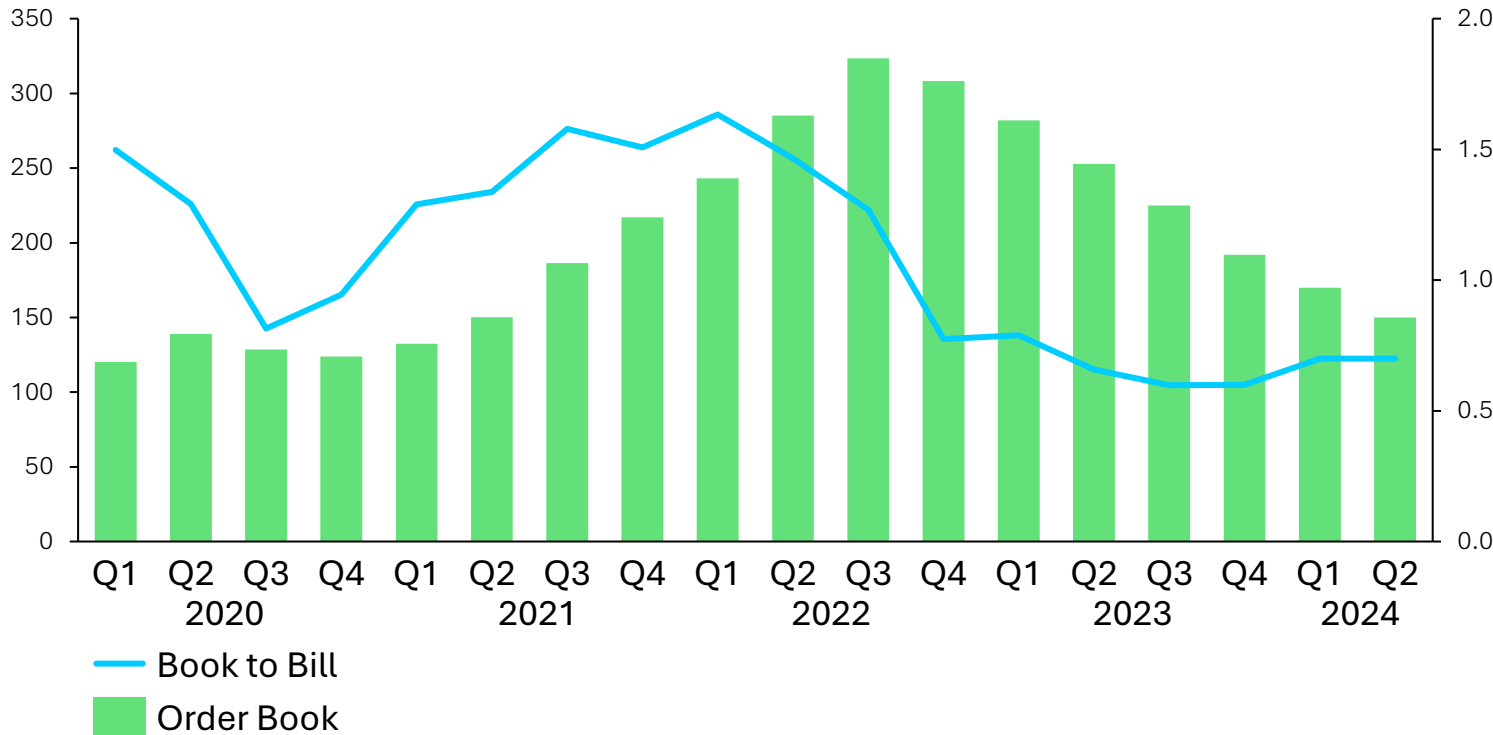


- H1 revenue in line with expectations
- 18% lower in constant currency than H1 2023, which benefited from backlog clearance
- Unusual simultaneous slowdown in all three sectors, which we have responded to robustly
- Semi Fab performance benefited from strong growth in High Voltage High Power products
- Healthcare and Industrial Technology performance impacted by channel destocking, with end market demand remaining more resilient
- Relatively steady rates of revenue and order intake in the half suggest market conditions are in the process of stabilising
- Continue to see growth in the value of new projects sampled and won

Order book trends

Order Book
£m

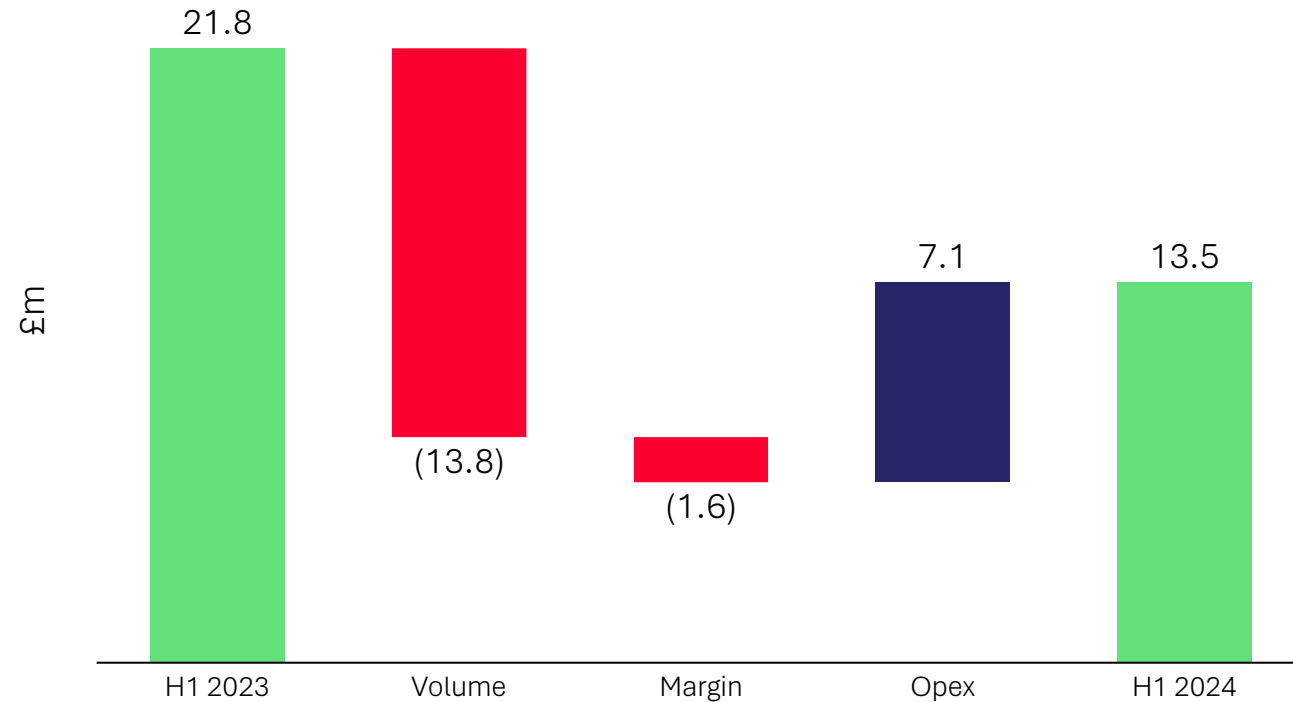
Book to Bill



- Order book reduced by £42m in the period to £150m
- Equivalent to 7 months of forward orders, slightly higher than historic norms
- Order book to continue to reduce in H2 as delivery lead times improve
- Book to bill expected to remain below 1.0x until delivery lead times are fully normalised during H2 2024

Adjusted Operating Profit bridge

Adjusted Operating Profit bridge



- Significant profit impact from market downturn
- Disciplined and continuous cost review resulted in a £7.1m operating cost reduction
- 20% reduction in headcount since the start of the market downturn, including 120 overhead role reductions
- Key sources of competitive advantage retained during restructuring exercise, such as customer-facing activities and long-term product development projects
- Current cost base appropriate for expected activity levels

Adjusted Free cash flow

Adjusted £m	H1 2024	H1 2023
Operating Profit	13.5	21.8
Depreciation and amortisation	7.8	6.9
EBITDA	21.3	28.7
Change in working capital	14.1	1.1
Other items	(0.5)	0.2
Operating Cash Flow	34.9	30.0
Net capex – product development costs	(5.5)	(4.6)
Net capex – other assets	(7.8)	(9.2)
Net interest paid	(6.0)	(6.8)
Tax paid	(3.1)	(1.3)
Other items	(0.7)	(0.6)
Free Cash Flow	11.8	7.8

- Actions taken to drive strong cash generation in “trough” market conditions
- Record Adjusted Operating Cash Conversion of 259%, delivering Adjusted Operating Cash Flow of £34.9m
- Working capital inflow of £14.1m from tight management of inventory and cash collection
- Cumulative inventory reduction since Funding Plan¹ launch of £25.3m (24%), of which £9.9m delivered in the half, ahead of expectations
- Physical capex of £7.8m included c.£6m on major projects in Silicon Valley and Malaysia before work was paused
- Malaysia commissioning further deferred until 2025 in line with demand requirements

¹ Announced on 6 November 2023. Further details are available via corporate.xppower.com/investors/

Net debt and borrowing metrics

Adjusted £m	31 Dec 2022	30 Jun 2023	31 Dec 2023	30 Jun 2024
Net Debt	151.0	148.4	112.7	104.2
LTM EBITDA	56.3	64.7	55.3	47.9
LTM Net Finance Expense	5.4	9.8	11.5	11.4
Leverage¹				
Actual	2.7x	2.3x	2.0x	2.2x
Limit (at or below)	3.5x	3.25x	3.5x	3.5x
Interest cover²				
Actual	10.4x	6.6x	4.8x	4.2x
Limit (at or above)	4.0x	4.0x	3.0x	3.0x
Undrawn facility	37.2	25.5	74.2	83.1

¹ Ratio of Net Debt to Adjusted LTM EBITDA

² Ratio of Adjusted LTM EBITDA to Adjusted LTM Net Finance Expense

- LTM EBITDA now 26% lower than mid-2023 peak due to market slowdown
- Funding Plan launched in H2 2023 has reduced debt by 30% over the same period
- Balance sheet leverage broadly maintained and borrowing liquidity significantly increased
- Confident that leverage will be at or below 2.5x by the end of 2024 and full covenant compliance expected
- Recent changes to funding arrangements:
 - Interest cover covenant lowered until mid-2026 to add headroom and maximise resilience to unexpected market developments
 - Facility extended to December 2026
 - Facility size reduced by \$45m to \$210m
 - Changes made with full lender support

2024 Modelling Guidance

Profit:

- Order book suggests Q3 revenue will be similar to Q2
- Full year Adjusted Operating Expenses to be c.17% lower than 2023
- c.25% effective tax rate

Cash:

- Adjusted Operating Cash Conversion to remain > 100% in H2
- Total capital spend including capitalised product development of £20-25m
- Remain confident that net debt / EBITDA will be at or below 2.5x at year end

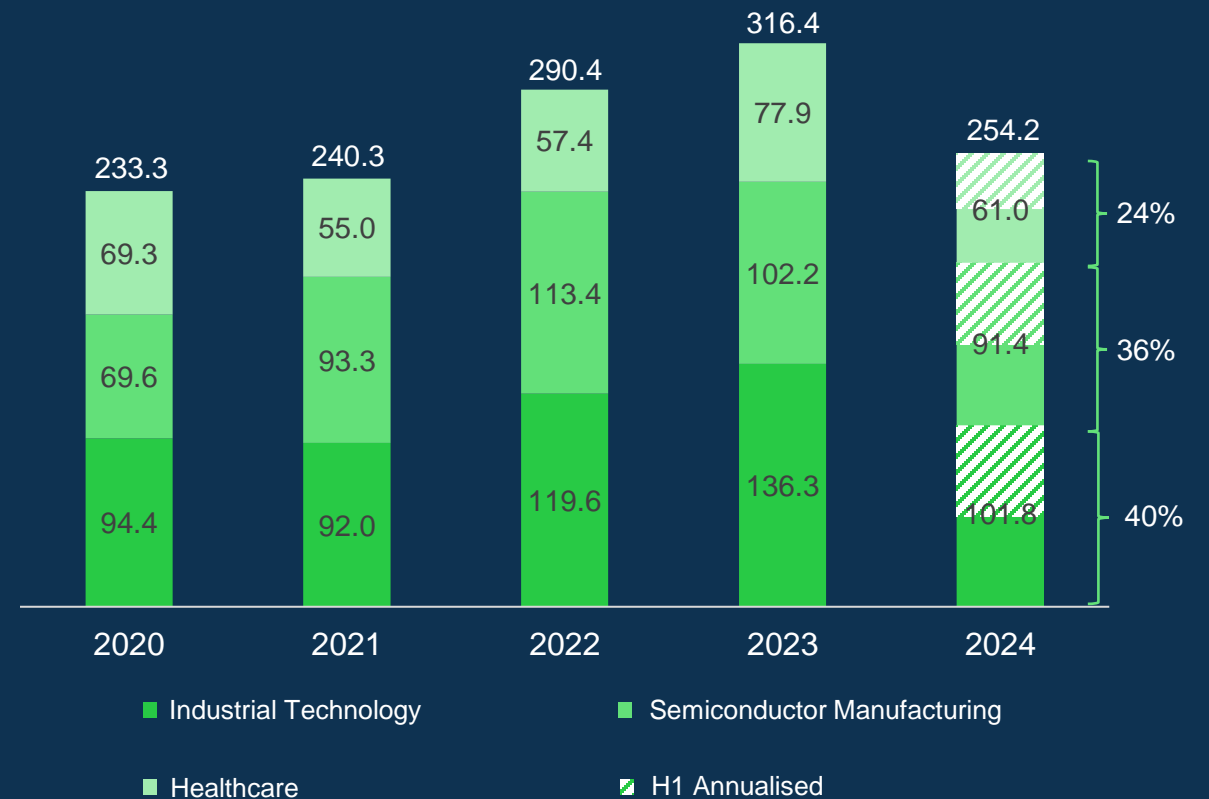
Business Review

Gavin Griggs CEO

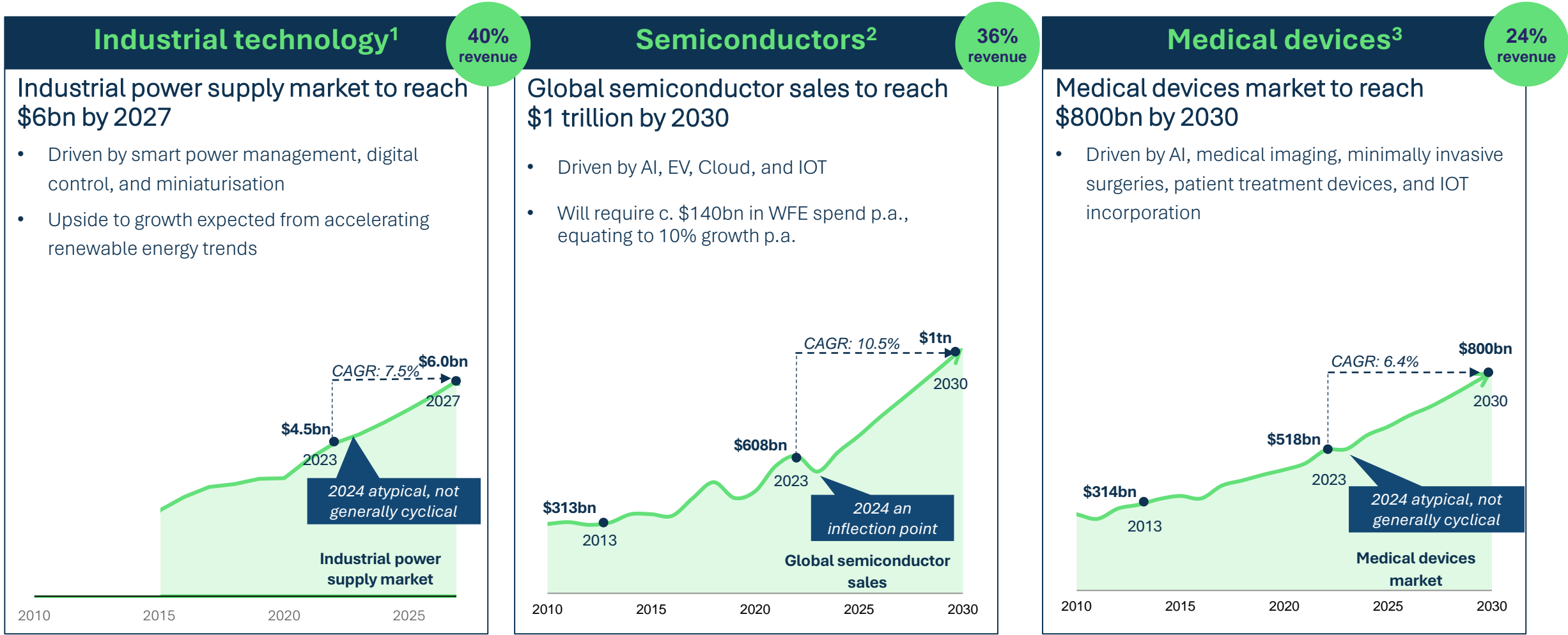
XP Power – Broad market and customer exposure.....

- XP Power design and manufacture a diverse portfolio of power converters, with unrivalled customer service and support. Focused on sectors where power is mission-critical. Our enduring relationships are built on a reputation for quality
- Commitment to innovation and excellence in power solutions, focus on powering next generation technologies
- We provide over 4,500 customers with solutions to power the world’s critical systems
- Products add value through class leading power density, interconnectivity, efficiency, ease of use and intelligence with a focus on three key sectors:
 - Industrial Technology
 - Semiconductor Manufacturing
 - Healthcare

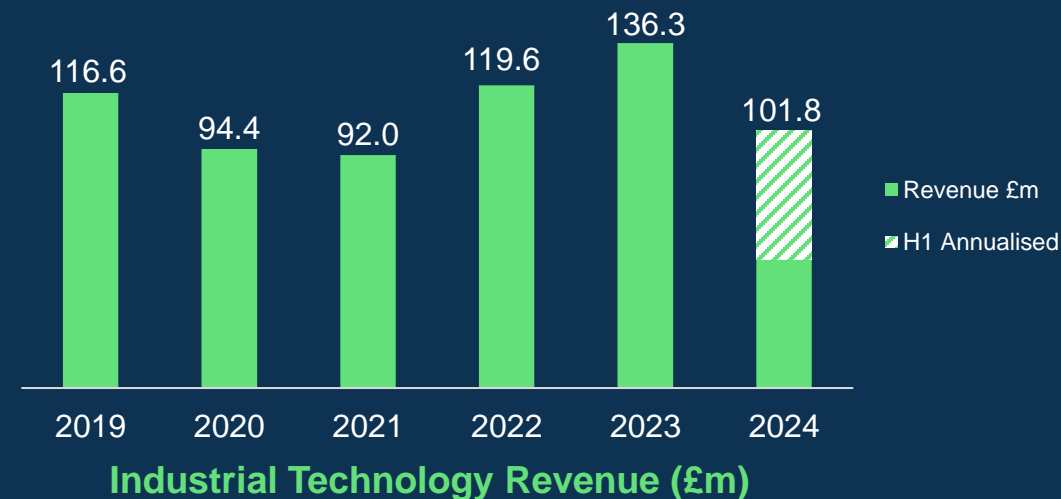
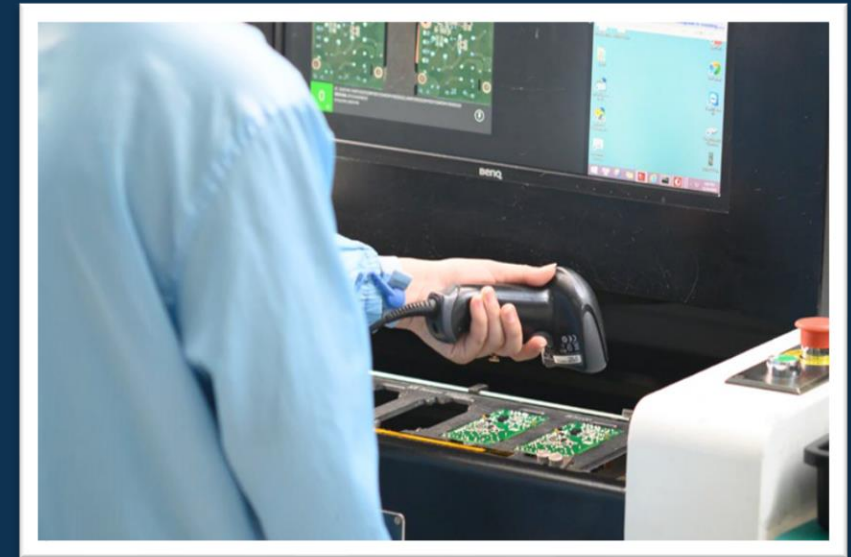
Revenue by Industry by year 2020-2024 (£m)



.....in long-term structural growth markets



- Diverse sector with attractive growth outlook at 7.5%* per annum over the medium term
- Customers' applications are becoming more complicated and increasingly connected
- Digitalising our products to provide the complete power systems and become critical part of the customer ecosystem
- Key trends :
 - More products requiring connectivity and intelligence
 - Significant demand for technologies that enable electrification
 - The "AI" era - Smart mobility and manufacturing with Gen. AI
 - Higher power capability
 - Smart manufacturing and warehousing
 - Analytical instrumentation - in precision medicine & drug discovery
- Subsectors include: Analytical instrumentation, Additive printing, Test and measurement, Robotics, Renewables



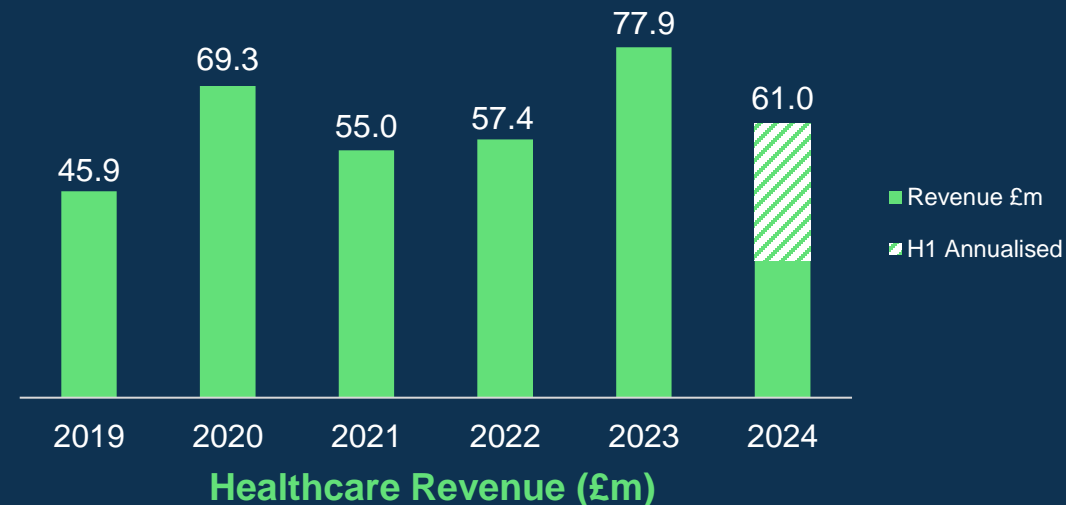
Overview: Semiconductor Manufacturing Equipment

- Attractive long-term growth outlook as semiconductors recover
- AI& Data fueling the \$1tn market by 2030.
- Partly driven by “Chips Act” spending, the industry adding more Fabs, with 70 new projects from 2023 to 2025. Combined with the 92 Fabs that started construction from 2020 to 2022, will dominate WFE spending from 2025
- XP well placed with the market leaders to grow ahead of the sector with broad exposure across many processes and in both leading and lagging edge technology
- Seeing improving utilisation of Fabs as semiconductor demand picks up. This is driving demand for “spares and services” and orders for some products for the first time in > 12 months.
- Through the trough with increasing confidence in 2025
- Applications: Etch, Deposition, Lithography including EUV, Ion implantation, Test and inspection, Wafer cleaning



- We are one of the world’s largest providers of medical power conversion products, with a portfolio that meets the high safety standards demanded in the sector
- Medical device market forecast to grow at 6.4%* CAGR to \$800bn by 2030, accelerating from 5% over last decade
- Growth driven by megatrends of ageing global population and innovation in medical technology. Regulatory and safety critical nature of the Healthcare sector means power is critical
- Growth from robotic surgery and embedded devices incorporating AI, medical imaging, minimally invasive procedures and patient treatment devices
- Growth in new treatment technologies driving real innovation – being seen as a technology partner to key customers
- Customers require complex, reliable power solutions that meet strict regulatory requirements
- Applications: Patient monitoring, surgical robotics, imaging and diagnostics - MRI & CT Imaging, home healthcare, new technologies in patient treatment

*:WAWT

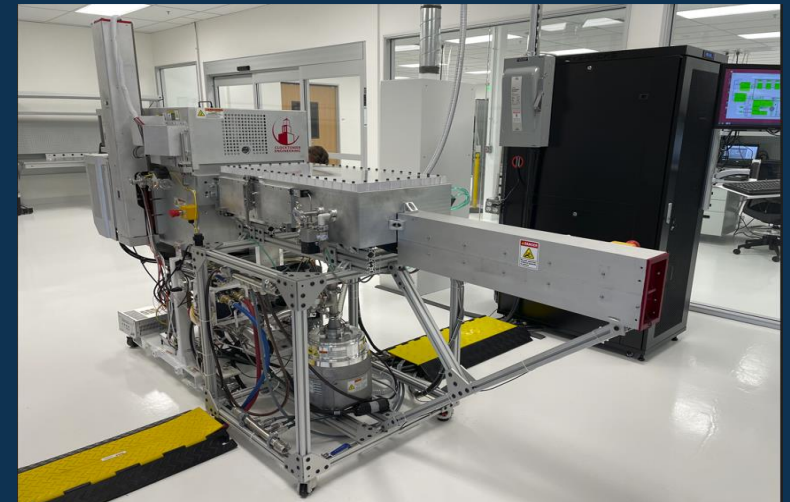


Why we will continue to win:

A compelling customer offering with enduring advantage

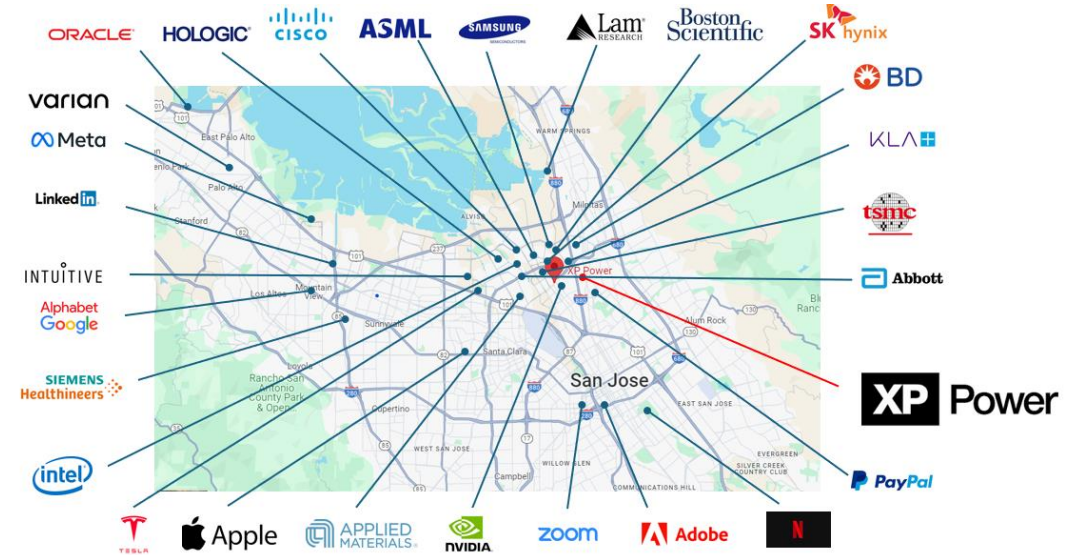
- Speed, Flexibility and Customer Focus – XP core values with first time right mentality and approach
- Long-term customer relationships. Once power converters are approved XP Power receives revenue annuity for the lifetime of the customer's equipment. This is typically seven years*
- Comprehensive portfolio of standard power products designed to be easily modified to meet customer requirements
- Highly experienced teams provide fully customised solutions to solve customers power problems. Multi-disciplined approach to design
- Proven NPI to volume manufacturing transfer process - we can get our customers to market quickly with low risk / proven solutions
- Robust supply chain operations combining a global footprint that gives us flexible manufacturing capacity and the ability to engineer prototypes close to our customers

**Designed in life typically 7 years with range from 5 to > 20 years*



Investment in innovation centre to enhance customer support

- Located in the heart of Silicon Valley
- World class Design and Engineering facility to enable effective customer collaboration
- Follow-the-sun operations between California and the Philippines specifically designed to reduce time to market
- In house infrastructure and resources:
 - Reliability & Environmental testing
 - Plasma Chamber – to test new products and replicate field and technical challenges
 - EMI chamber
 - Experienced NPI Test Development Team
 - Test Development area
- On-site production & warehousing to provide rapid prototyping and support rapid customer deployment
- Room for capacity increase to support future growth



XP Power Leading our industry on sustainability



- Sustainability is one of the most critical item on the agenda for our key customers and their customers alike.
- Targets set in line with Science Based Targets initiative (SBTi)
 - Approved by SBTi in February 2024
- CDP climate change score improved to “B”. Submission will be extended beyond climate to water following share holder request
- We continue to support our employees
 - Training and development
 - Promoting a fair working environment with equal opportunities
 - Mental health is a priority
- Through workforce engagement, views of our people are heard at board level
- Leading our industry in ESG will bring significant benefits to XP Power

Continuing to make progress on sustainability agenda and reducing our carbon footprint:

- 2023 carbon footprint reduced ahead of target, driven mainly by lower sales & purchases
- EU now purchasing 100% renewable energy
- All sites are now Single Use Plastics free within operations
- Sustainability further embedded in innovation process with new internal carbon rating of products

Customer feedback shows we are still ahead of the market:

- LAM – Supply chains SBTi approved , scopes 1,2,3 by end of 2025
- BD – SBTi approved by 2028

Summary & Outlook

FY24 Outlook unchanged

- Markets stabilising but remains difficult to predict timing of recovery with precision
- Cost reductions reduce sensitivity to H2 demand conditions
- Profit more evenly weighted H1/H2
- FY24 profit expectations unchanged

Well prepared for market recovery

- Confident that end markets will resume trajectory of GDP++ long-term growth
- Established customer relationships provide clear growth opportunities
- Healthy pipeline of new product launches and design wins
- Improved operational efficiency, optimised manufacturing footprint and tight cost control
- Well-invested infrastructure with scalable capacity
- Well-positioned with demand fundamentals firmly in place

Q&A

Appendices

Market data a growing addressable market

Market (\$m)	Size	Share ¹	XP H1 2024 Revenue (£m)	Asia	Europe	North America	Total	Share of XP (%)
Asia	1,610	1.8%	Healthcare	2.5	11.8	16.2	30.5	24%
Europe	813	14.6%	Industrial Technology	5.2	29.6	16.1	50.9	40%
North America	1,258	14.1%	Semi Fab	6.4	1.9	37.4	45.7	36%
Total	3,681	8.8%	Total	14.1	43.3	69.7	127.1	100%
RF Power	2,102	1.7%	<i>Share of XP (%)</i>	11%	34%	55%	100%	
High power/high voltage	710	4.6%						
Grand total	6,493	6.1%						

Source: Micro-Tech Consultants (September 2023), VLSI Research (May 2023) and XP Power Management
 1. Based on FY 2023 revenues

Well-invested production footprint and R&D capabilities

Competitive global manufacturing footprint



Core R&D capabilities

8

Global R&D centres located close to customers and operations

>160

Multi-disciplined team members working in R&D and product design

£84m

Gross product development costs since 1 January 2020

11

New products launched in 2023, 10 of which can be classified as XP Green Power products

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