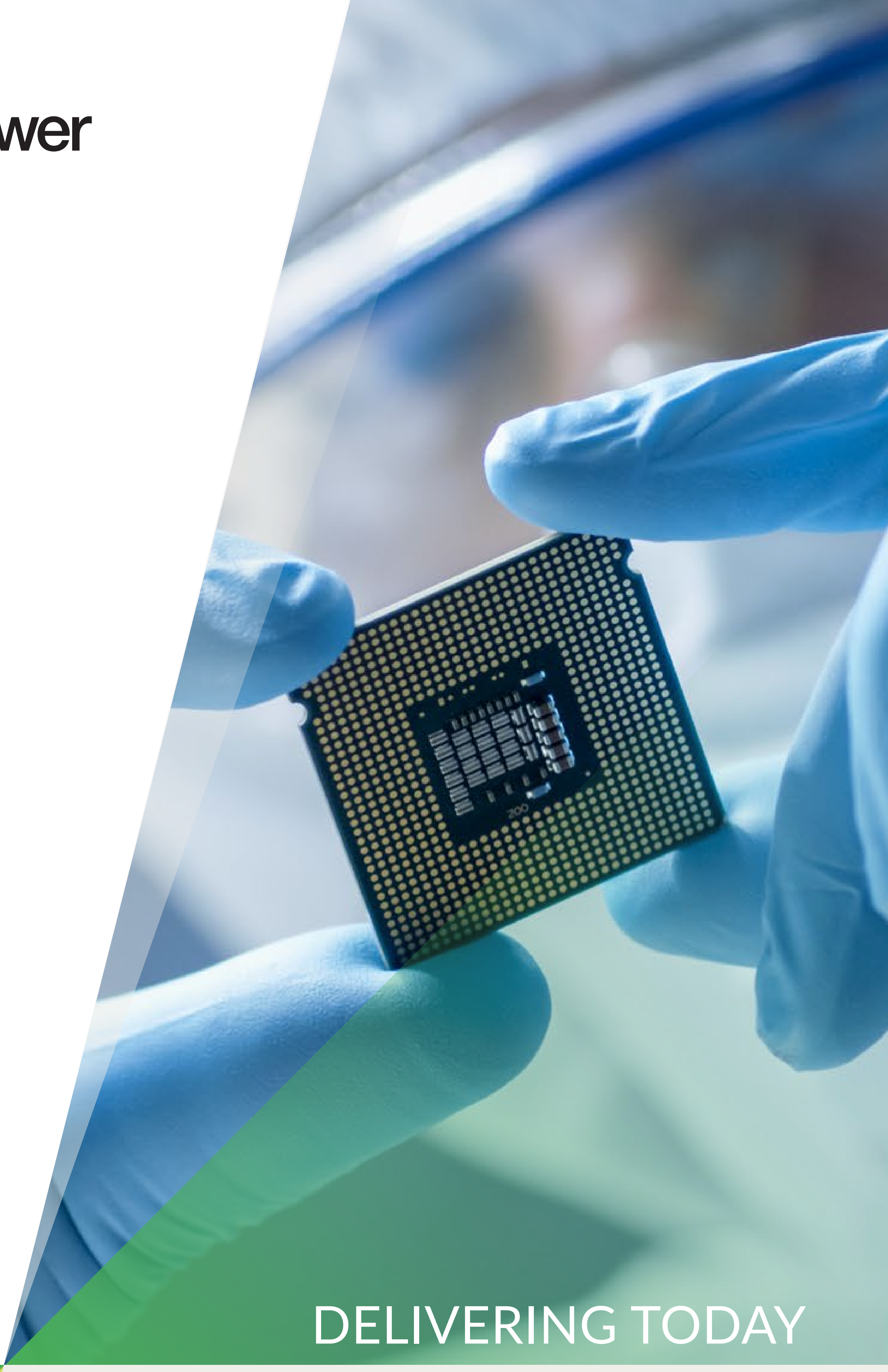
XP Power



DELIVERING TODAY
A BRIGHT TOMORROW

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2024

We power the world's critical systems

01
Founded in 1988 and listed on the London Stock Exchange in 2000, XP Power now employees c.2,400 people across Europe, North America and Asia.

02
XP Power designs and manufactures a diverse portfolio of power converters, with unrivalled customer service and support.

03
We focus on sectors where power is mission-critical, and failure is not an option. Our enduring relationships are built on a reputation for quality.

HIGHLIGHTS

Financial highlights

Order intake	Total revenue	Adjusted profit before tax
£181.6m	£247.3m	£13.8m
2023: £208.8m	2023: £316.4m	2023: £26.6m

(Loss)/profit before tax	Adjusted diluted earnings per share (p)	Dividend per share
£(7.7)m	42.9p	0p
2023: £11.2m	2023: 81.8p	2023: 75p

Operational highlights

- Rapidly right-sized the cost base to reflect market conditions
- Ringfenced resources necessary for long-term growth
- Inventory reduced and optimised, generating cash and shortening delivery lead times
- Improved supply chain efficiency, supporting long-term gross margin recovery
- Record new business wins in the year, supporting medium-term growth
- Improved customer service and satisfaction levels

CONTENTS

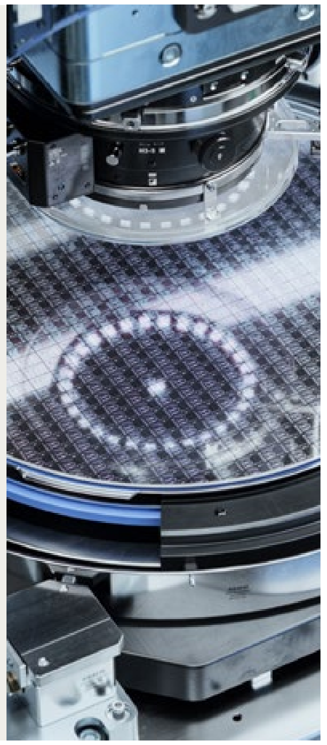
OUR BUSINESS AT A GLANCE

Our products

Power converter systems are at the core of our business, and are essential hardware components for the reliable operation of electrical equipment. These systems enable the safe and efficient conversion of electricity from the grid into the precise form required by the equipment. By delivering a stable, low-voltage direct current (DC), our products ensure the functionality of semiconductor-based electronics while providing critical safety isolation from the mains supply. This capability is important in mission-critical applications in which reliability and safety are paramount.

Our extensive product offering, tailored for low-voltage electronics, high-voltage and radio frequency (RF) processes, supports a wide range of industries. From powering sensitive electronic devices to driving complex industrial systems, our products are vital for enabling cutting-edge technology.

With a portfolio of over 250 product families, we proudly offer one of the most comprehensive ranges in the industry. This breadth, combined with our rigorous adherence to regulatory standards and stringent component traceability, creates significant barriers to entry for competitors. These strengths reinforce our position as a trusted partner for customers seeking innovative, reliable and safety-compliant power solutions.



Deliver mission-critical power across three key sectors

Healthcare

Our power conversion solutions ensure the reliable operation of critical medical devices, such as ventilators, particularly during high-demand situations such as a global pandemic. By providing stable voltage and safety isolation, our products safeguard the functionality of life-saving equipment and the safety of healthcare providers and patients.

£57.7m
of total revenue by sector

Industrial Technology

Our power converters support the deployment of advanced, automated equipment designed to improve workplace safety and efficiency. By delivering consistent power and preventing electrical noise, we help ensure these systems operate reliably without disruptions or risks to operators, enabling safer and more productive work environments.

£94.8m
of total revenue by sector

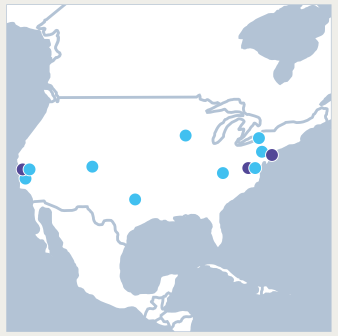
Semiconductors

Our products power mission-critical processes, such as wafer fabrication and inspection, for which precision and reliability are essential. Our advanced solutions enable these complex processes to function seamlessly, supporting the development of cutting-edge technologies that drive the global economy.

£94.8m
of total revenue by sector

Meeting the needs of our growing global customer base

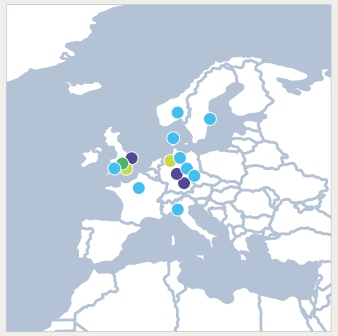
Key:
- Manufacturing
- Sales office
- Warehouse
- Head office



North America

We operate nine sales offices across North America, supported by design and production facilities in Massachusetts, New Jersey and Southern California. Our Engineering Solutions Group in Silicon Valley provides tailored expertise to large customers in the Healthcare and Semiconductor Manufacturing Equipment sectors, making the region a key driver of innovation and growth.

£144.2m
of total revenue by region



Europe

With nine direct sales offices and a robust distribution network, we effectively serve a fragmented market characterised by numerous Industrial Technology companies. Our manufacturing capabilities support businesses driving trends in 3D printing, robotics and Internet of Things (IoT), positioning us as a critical partner in Europe's evolving industrial landscape.

£76.9m
of total revenue by region

Asia

Our presence in Asia includes four direct sales offices and a network of eleven distributors across the region. Design engineering capabilities in Singapore, South Korea and the Philippines and production facilities in China and Vietnam, with a third under construction in Malaysia, enable us to meet the needs of this attractive market and provide a cost-effective manufacturing service to the remainder of the Group.

£26.2m
of total revenue by region

Leveraging our core strengths

- We prioritise speed, flexibility and customer focus, guided by a "first-time-right" approach to delivering reliable solutions.
- Our ability to build long-term relationships enables consistent collaboration, mutual trust and a reliable foundation for sustained business growth and shared success.
- We offer a comprehensive portfolio of standard power products, designed for easy modification to meet unique customer requirements.
- Our highly experienced, multidisciplinary teams deliver fully customised solutions, solving complex power challenges with precision and innovation.
- Through a proven new product introduction to volume manufacturing transfer process, we help customers reach the market quickly with minimal risk, leveraging trusted, high-quality solutions.
- Supported by a robust supply chain and global manufacturing footprint, we provide flexible capacity and the ability to engineer prototypes close to customers for rapid delivery.
- We are committed to sustainability, incorporating environmentally conscious practices into our operations and designing energy-efficient solutions to reduce environmental impact and supporting a greener future.

DELIVERING TODAY

Over the last five years XP Power has successfully navigated an unusual period of volatility in external markets.

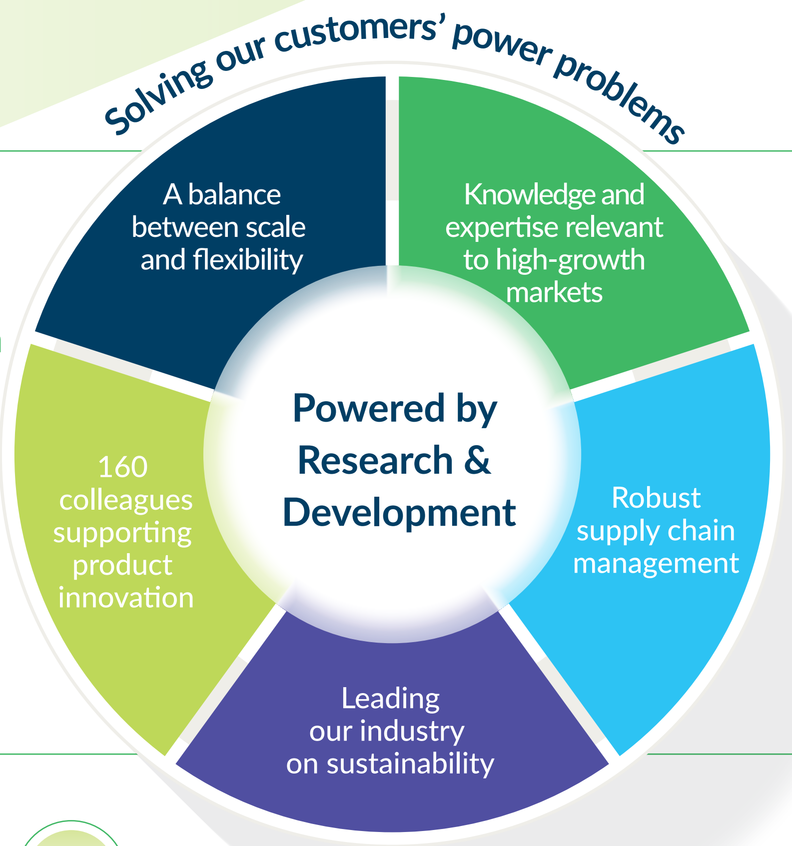
Following a long history of consistent revenue growth, the business was exposed to significant supply chain challenges associated with the COVID-19 pandemic in 2020, the subsequent strong increase in demand as customers built up inventory in 2021 and 2022 and the ensuing extended period of destocking from end of 2023 until today.

Despite the challenges arising from these extreme circumstances, the business has continued to operate profitably, generate strong cash conversion and to further strengthen the foundations for future growth as demand conditions normalise. During 2024, the XP Power Board has taken decisive action to maintain short-term performance whilst enhancing the ability of the Group to sustain long-term strategic advantage for a brighter future.

A BRIGHT TOMORROW

Strengthening our foundations

- Invested in R&D over the last five years: **£153m**
- Right-sized our cost base while ring-fencing R&D capability
- Product families: **more than 250**
- R&D centres close to our customers: **8**
- Regulatory approvals received in 2024: **123**
- Opened our new customer innovation centre in Silicon Valley



Creating long-term value

- Our products "designed-in" to customer applications
- Revenue annuity: average life-cycle of customer applications of **seven years**
- Exposed to high growth markets:
  - **Healthcare –** ageing global population and technological advancements
  - **Semiconductor –** electronic devices using innovation, generative AI, big data, smart technology, AR/VR autonomous vehicles
  - **Industrial Technology –** Industry 4.0, IoT and automation
- Long-standing customer relationships
- Appropriate cost base to ensure appropriate shareholder returns

A bright tomorrow built on guiding principles

Our vision

To be the first-choice power solutions provider, delivering the ultimate experience for our customers and our people.

Our culture

Our culture places our people and our customers at the heart of the business. With talent and product development at its core, across XP we are driven by a mindset that focuses on empowering our people to deliver long-term sustainable value.

Our values

Our values are all about delivering the right products in the right way to our customers in order to meet their needs. We have consistently held to our values, despite the challenging market conditions and our customers have benefited as a result. We are confident that our adherance to these values has, and will continue to, differentiate XP Power from our competitors and strengthen our capacity to deliver long-term value for our shareholders.

Knowledge

Flexibility

Customer Focus

Integrity

Speed

OUR NEW CUSTOMER-FOCUSED INNOVATION CENTRE

Located in the heart of Silicon Valley in California, our new Innovation Centre provides a world-class Design and Engineering facility to enable effective customer collaboration.

Our investment in this new facility reflects our commitment to providing solutions to our customers' power conversion needs and embodies our values of customer focus, flexibility and speed.

Customer focus: Face-to-face problem solving with many of our largest customers, who have their own design centres close by.

Flexibility: An integrated facility with capability across research and technology development, design engineering, pilot manufacturing, warehousing logistics and customer service all under one roof.

Speed: On-site production and warehousing to provide rapid prototyping and support rapid customer deployment.

This 85,000 sq ft state-of-the-art facility includes:

- a reliability lab with multiple Highly Accelerated Life Test (HALT), Highly Accelerated Stress Screen (HASS) and Environmental Chambers, emphasising commitment to reliability;
- an etch Plasma Chamber, which focuses on system validation for semiconductor fabrication equipment, demonstrating our focus on effectively serving this high-growth market;
- a three-metre Anechoic EMC Chamber complementing existing EMC compliance test stations to accelerate time-to-market for our customers; and
- a dedicated Test Development Team who design custom test equipment for specialised power conversion applications, ensuring products meet the highest standards of performance and quality.

The Innovation Centre facilitates rapid development cycles, allowing the efficient delivery of high-quality solutions. Our multi-disciplinary engineering team, with extensive design and industry experience across the Semiconductor Manufacturing Equipment, Healthcare, and Industrial Technology sectors, together with our design and engineering capability in the Philippines, enables us to provide true, follow-the-sun operations to reduce time to market for our customers.

CASE STUDY

A customer from the medical device industry purchased our HV DC/DC modules to develop a new product. After incorporating our modules, issues were found with radiated emissions that could not be diagnosed using the customer's own facilities. We provided access to our three-metre EMC chamber at the Innovation Centre through which we gathered detailed radiation emissions information through multiple experiments, enabled by the high-performance Rohde & Schwarz ESW8 EMI test station, which runs scans in seconds. The customer used the data to make informed updates and then used the EMC chamber to retest the product to ensure it met the required standards.

The timeline for identifying and resolving the issue to bring the product to market was short, so support from our local engineering team and the EMC chamber was crucial. Normally, scheduling such support with a third-party test centre can take weeks, even months. We expedited the testing process and contributed to solving the issue, thereby demonstrating our values of Speed and Customer Focus. The customer's feedback was very positive and we are discussing the use of additional XP modules for other versions of the product.

Jay Warner, Executive Vice President of North America, said:

"The sophisticated, fully digitalised workstations are globally connected, allowing seamless collaboration among our top talent. Our world-class, follow-the-sun implementation ensures continuous development and problem solving around the clock, reducing time to market and accelerating our customers' timelines."

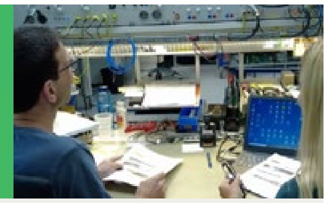
INVESTMENT CASE

Sustained Organic Growth

A growing penetration of global, blue-chip customers has enabled sustainable organic growth and provides exposure to high-growth markets.

10-year Organic CAGR:	Revenue from new customers:	Revenue from top 15 customers:
5%	2%	£114m

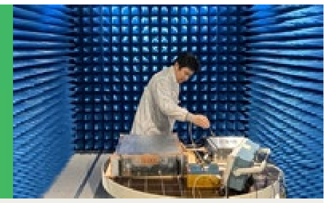
Global Supply Chain Operations



Our robust supply chain operations have a global footprint that gives us flexible manufacturing capacity and the ability to engineer in locations near our customers.

Manufacturing locations:	R&D centres:	Time zones with engineering presence:
7	8	6

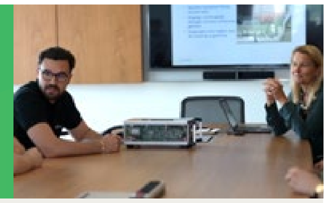
Exceptional Development Capabilities



Highly experienced teams provide fully customised solutions to solve customers' power problems and a proven New Product Introduction to volume manufacturing transfer process.

R&D and product design staff:	Cumulative 5-year R&D spend:	New product families released:
>160	£153m	13

Long-term Customer Relationships



Our strong customer relationships and the designed-in nature of our product with the associated revenue annuity, ensures we become a trusted partner throughout the entire lifespan of our customers' equipment.

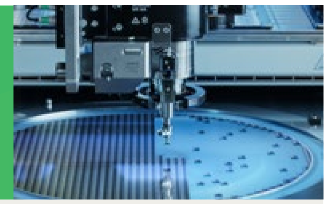
Typical design-in phase:	Typical revenue annuity:	Active projects with revenue annuity of more than 10 years:
2 years	7 years	115

Focus on Sustainability

We aim to lead the industry, by reducing energy consumption, prioritising our people, and enhancing our product design process, with an aim to reach net zero by 2040.

Emissions reduction[1] (vs 2023):	CDP climate change score:	Sales of Carbon Rated Products:
41%	B	£42m

Attractive Margins and Cash Generation



Our attractive operating margins and relatively low capital investment requirements enable us to deliver strong free cash flows.

Operating margin:	5-year CapEx to Revenue Ratio (excluding R&D):	Cash generated from operations:
41%	6%	£62m

1 Market-based scope 1,2 and 3

CHAIR'S STATEMENT

In 2024, we responded to an unusually challenging market by taking broad-based action to protect gross margin, reduce costs and strengthen our competitiveness.

"A robust response to challenging market conditions with longer term prospects remaining strong.

JAMIE PIKE
CHAIR

The combination of a cyclical downturn in the Semiconductor Manufacturing Equipment sector and destocking within both the Industrial Technology and Healthcare sectors was unprecedented. We quickly right-sized our cost base to the prevailing demand conditions, while preserving key capabilities that underpin our long-term competitive advantages. We maximised cash generation, thereby improving balance sheet resilience. We improved service levels and reduced delivery lead times for our customers, maintaining our strong positions in key markets.

Market conditions were challenging throughout 2024, with some signs of improvement as the year ended. Destocking in our sales channel continued for longer than expected, with underlying demand in our end markets remaining much healthier than our current revenue performance and market trends suggest. It was pleasing to see orders from customers in the Semiconductor Manufacturing Equipment sector return to growth later in the year, marking the end of a market-wide downcycle that started in mid-2023. Recent changes to US trade rules limit our ability to sell our products into China's Semiconductor Manufacturing Equipment sector, resulting in a change to our strategy for China which is explained further in the Chief Executive Officer's Review. We are encouraged by the underlying trends we are seeing elsewhere in the global Semiconductor Manufacturing Equipment market.

Actions taken in the year have protected our foundations and positioned us well for long-term progress. We are seeing some tentative signs of improvement in some of our end markets although we remain mindful of macro and geopolitical risks. We are confident that the Group is in a strong position to benefit as its markets recover.

Delivering our strategy

Our strategy remains unchanged and focuses on growth through product development, customer development, supply chain enhancement and industry leadership in sustainability. Further details are provided in the Chief Executive Officer's report. The current market slow-down has allowed a greater internal focus on developing the capabilities needed to deliver our strategy.

We have maintained healthy levels of investment in new product development, creating a strong pipeline of new products scheduled for launch in 2025 and beyond. Our sales teams won record amounts of new business in the year, supporting medium-term growth. The performance of our vertically integrated supply chain improved notably, with deliveries made with increasing speed and precision. Product costs were reduced, improving gross margins as the year progressed. Excess inventory was removed and converted into cash. Greenhouse gas emissions reduced significantly, and we remain on track to achieve our long-term emission reduction plans.

We recognise that our diverse, talented and experienced workforce is critical to the delivery of our strategic priorities, and we continued to focus on people and talent development throughout the year. The Board was encouraged to see that employee engagement was maintained, as assessed via an annual survey; a considerable achievement in a year of change.

Focus on our people

Developing our culture is a key priority across the business. Several initiatives were undertaken during the year to strengthen leadership capabilities across the business, improve the quality and transparency of information provided to our employees and enhance their experience at work. The Board recognises the commitment to excellence seen from colleagues worldwide and I would like to thank all of our employees for their efforts this year.

Governance

Following a comprehensive search process outlined in the Nomination Committee Report, Daniel Shook was appointed as a Non-Executive Director from 1 January 2025. Daniel's 30 years' experience in global manufacturing, supply chain and distribution companies including IMI, Borealis and BOC will be of great value to the Board. In addition to joining the Nomination, Remuneration and Audit Committees, he will take on the role of Audit Committee Chair following the conclusion of the Annual General Meeting in April 2025.

I would like to extend my gratitude to Polly Williams for her leadership as Audit Committee Chair since April 2022 and for starting a seamless handover of responsibilities to Daniel since his appointment. I am pleased Polly will continue as a valued member of the Audit Committee and will remain in her role as Senior Independent Director, supporting the Board and providing continuity until her successor is appointed.

Sustainability

Sustainability is important to us and our stakeholders. In 2024, we made strong progress on our sustainability goals. Our Science-Based Targets were approved by the Science-Based Targets initiative (SBTi) and we now obtain 100% of our electricity from renewable sources across our European operations. We enhanced supply chain engagement, introduced a Product Carbon Rating system that provides customers with flexibility in component selection while offering greater transparency on product emissions, and continued developing high-efficiency power converters to reduce emissions.

We strengthened health and safety initiatives to support a zero-injury workplace. Employee training, development, and well-being remain key priorities.

We will continue to drive progress towards our Science-Based Targets, reinforcing our commitment to environmental responsibility. Additionally, we will further strengthen our supplier engagement initiatives, with a focus on building a resilient and sustainable supply chain to lower Scope 3 emissions.

Looking to the future

The actions we have taken this year demonstrate the proactivity and decisiveness necessary to successfully navigate through a period of unusual market uncertainty. While the necessary focus was on our performance for this financial year, our decisions have also been designed to strengthen our long-term strategic capabilities. We are now a leaner and more efficient organisation with our key sources of competitive advantage fully preserved. The actions taken will provide an enduring benefit as our end markets recover.

We continue to enjoy leading positions in attractive markets with structural growth characteristics. The Board is committed to maximising shareholder value and I am confident that we have the right strategy and the capabilities necessary to deliver the long-term progress expected by our stakeholders.

JAMIE PIKE
CHAIR

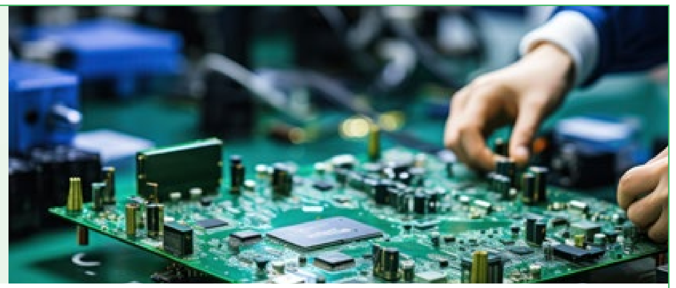
4 March 2025

STRATEGIC REPORT

STRATEGIC REPORT

A BRIGHT FUTURE IN OUR MARKETS

End market applications

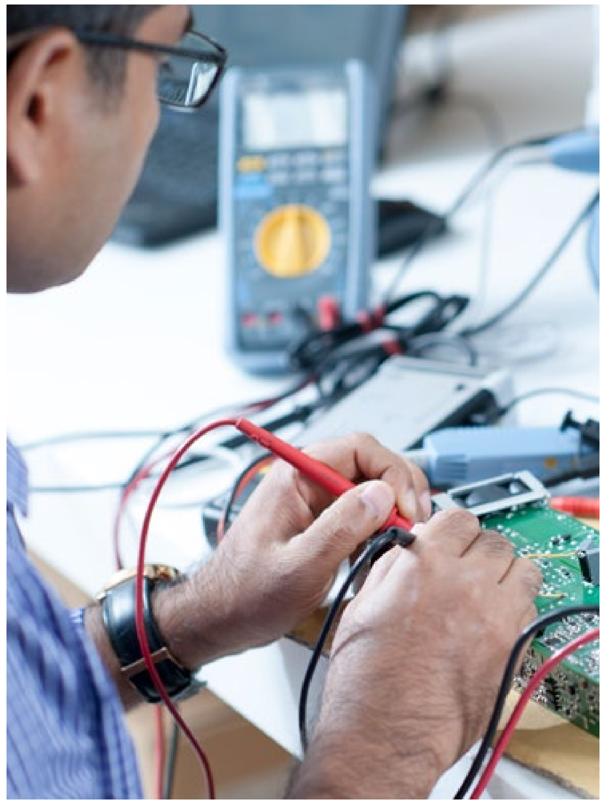


Overview

Our end markets can be broken down to the low voltage market – principally powering electronic systems and the high voltage and radio frequency (RF) market – which powers processes such as the generation of plasmas or some sort of particle acceleration or ionisation. The fragmented nature of the market means we have numerous competitors dependent on the product type, end application or geographic location with no one competitor having a dominant share. We consider that we have strong relationships with the leading customers in the higher growth market niches, which will allow us to continue to grow our market share.

Our position

Our broad and up-to-date product portfolio, combined with our engineering services capability to modify products, allows our products to more effectively integrate into the customer's application. This means we are ideally positioned to support our customers and solve their power problems.



Our marketplace

- Highly fragmented market, with numerous competitors, dependent on the product type, end application or geographic location with no competitor having a dominant share.
- Our customers can be grouped into three end-markets; Industrial Technology, Healthcare and Semiconductor Manufacturing Equipment.
- Products can principally be split into Low Voltage (LV) and Process Power (PP) including High Voltage and RF Power.
- Total market is valued at ~$6.4bn, of which XP Power has ~5.0% market share. This is split into:
  - 6.1% market share in ~$3.5bn LV market
  - 3.8% market share in ~$2.9bn PP market

Low voltage
US $3.5bn
Total market value

RF Power
US $2.1bn
Total market value

High voltage
US $0.8bn
Total market value

End customer market: Industrial Technology

We focus on power solutions for sectors with high-growth potential. Our engineers envision how future industrial technologies should be powered and deliver solutions that enable them to come to market today.

Our power converters support the facilitation of a digital future, from additive manufacturing and robotics, to smart grid infrastructure.

Performance this year

Revenue for 2024 was £94.8m, 28% lower than the prior year in constant currency, due to customer de-stocking leading to significantly reduced shipments. The pace of destocking increased slightly from the first half to the second half of the year and is lasting longer than expected. The prolonged period of destocking likely reflects softer-than-expected global macroeconomic conditions, greater supply chain certainty and higher-than-expected borrowing costs, which all lower channel inventory needs.

Read more in the Chief Executive Officer's Review on pages 20–25.

Key growth driver

Digital transformation

Technological change in manfucturing and supply chain management is enabling the industrial revolution 4.0, leading to an increase in demand for new power conversion solutions.

Power supplies form part of the customer ecosystem, with increased power converter connectivity to customer's equipment being a key driver for growth.

How we plan to grow our market share

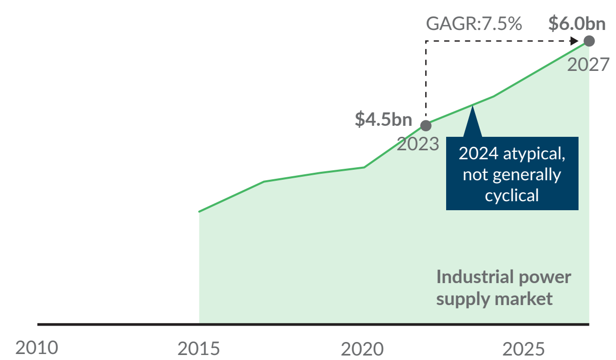
We will target fast-growing niches within the market, including robotics, test and measurement, 3D printing and additive manufacturing, smart grid and analytical instruments. By focusing on these high-potential sectors, we can capitalise on emerging trends and offer specialised products that meet these industries' unique needs. With this strategic focus, we will expand our presence in rapidly evolving markets and strengthen our key position in the power solutions space.

Market overview

- A 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 allows us to provide the complete power system and we are increasingly becoming part of the customer ecosystem.
- Key trends driving demand include:
  - more products requiring connectivity and intelligence;
  - significant demand for technologies that enable electrification and higher power capability;
  - the AI era – smart mobility and manufacturing with generative AI;
  - smart manufacturing and warehousing; and
  - analytical instrumentation - in precision medicine and drug discovery.
- Subsectors include analytical instrumentation, additive printing, test and measurement, robotics and renewables.

Industrial power supply market to reach $6bn by 2027

- Driven by smart power management, digital control, and miniaturisation.
- Upside to growth expected from accelerating renewable energy trends.



A BRIGHT FUTURE IN OUR MARKETS
CONTINUED

End customer market: Healthcare

Our engineers understand the nuanced power needs of a wide range of medical applications required in healthcare environments, from operating theatres to intensive care units, which makes us an attractive healthcare partner.

As one of the world's largest providers of medical power conversion products, we have a portfolio that meets the specific, understandably high safety standards demanded in the sector.

We're helping our customers usher in a new generation of increasingly connected, effective medical devices.

Performance this year

Revenue for 2024 was £57.7m, which was 24% lower than 2023 in constant currency, primarily due to customer destocking.

Read more in the Chief Executive Officer's Review on pages 20–25.

Key growth driver

Healthcare trends

A growing global population, increasing life expectancy and advancements in diagnostic technologies and patient treatments drive demand for more sophisticated healthcare devices, solidifying healthcare as a highly attractive investment sector. Customers in this field prioritise ultimate quality, reliability and support, areas in which our value proposition excels.

There's a demand for more robust and scalable healthcare infrastructure, accelerating innovation and investment in this sector. This evolving environment presents significant opportunities for companies like ours to help build a more resilient healthcare system.

How we plan to grow our market share

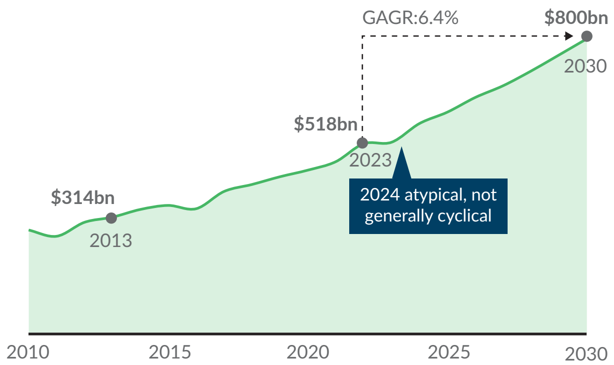
Our broadest, most up-to-date range of medically approved power converters, combined with a high level of customer service, makes our value proposition highly appealing to healthcare providers. By focusing on delivering reliable, high-quality solutions that meet the stringent requirements of the healthcare industry, we aim to strengthen our position and expand our presence in this vital and growing market.

Market overview

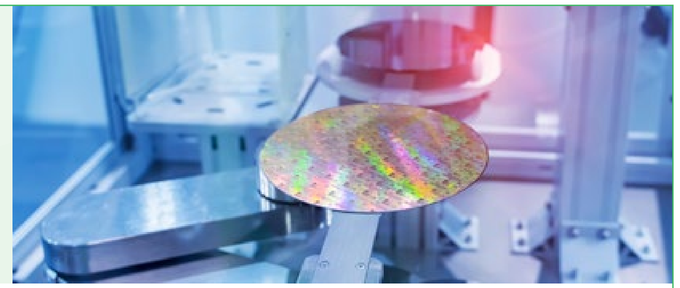
- Medical device market forecast to grow at 6.4% CAGR to $800bn by 2030, accelerating from 5% over the last decade.
- Growth driven by megatrends of an ageing global population and innovation in medical technology.
- Growth from robotic surgery and embedded devices incorporating AI, medical imaging, minimally invasive procedures and patient treatment devices.
- Customers require complex, reliable power solutions that meet strict regulatory requirements.
- Applications include patient monitoring, surgical robotics, imaging and diagnostics – MRI & CT – scanners, home healthcare and new technologies in patient treatment.

Medical devices market to reach $800bn by 2030

- Driven by AI, medical imaging, minimally invasive surgeries, patient treatment devices, and IOT incorporation.



End customer market: Semiconductor Manufacturing Equipment



Semiconductors are used everywhere, from wearable technology that monitors real-time patient health, to in-vehicle devices that can help regulate dangerous driving habits. Their applications transform the way we live with connected devices becoming increasingly prevalent.

We're one of few worldwide companies that provide the complete power solutions spectrum demanded by semiconductor equipment manufacturers.

Performance this year

Revenue for 2024 was £94.8m, which was 5% lower than 2023 in constant currency, primarily driven by the impact of the downcycle in the semiconductor fabrication equipment industry, which commenced in mid-2023. The impact of this downcycle was partially offset by robust HVHP revenues, up 41% on the previous year, largely driven by backlog clearance.

Read more in the Chief Executive Officer's Review on pages 20–25.

Key growth driver

Proliferation of electronic devices

Electronic devices are pervasive in our lives as new technologies continue to develop. This trend is accelerating, driven by multiple factors, including pace of innovation, generative AI, big data, smart technology, AR/VR, and autonomous and electric vehicles.

These technologies run on semiconductors, which are in high demand and drive investment in capacity to make them. This results in demand for semiconductor manufacturing equipment, a key area of focus.

How we plan to grow our market share

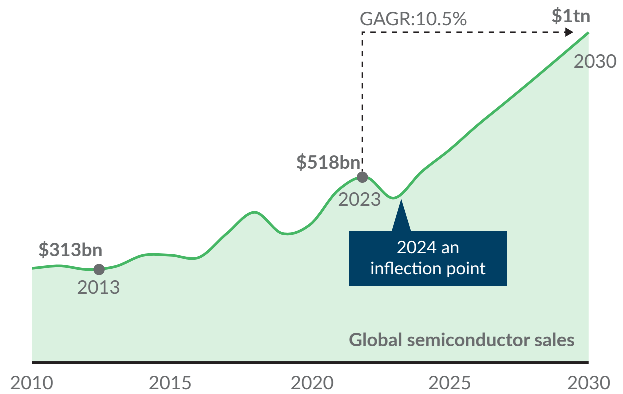
We have the broadest technology-leading range of standard products in our industry, which are designed to be easily modified to power a customer's specific applications. We will continue to leverage our unique position as one of few companies globally offering a full range of power and voltage products for semiconductor manufacturing. Our ability to integrate these products into comprehensive power solutions provides significant value to our customers, especially as the production of the latest generation of devices becomes more capital-intensive due to their increasing complexity and shrinking dimensions. By offering customised, high-performance solutions, we can strengthen our market presence and meet the growing demands of the semiconductor industry.

Market overview

- Attractive long-term growth outlook as the Semiconductor Manufacturing Equipment sector recovers from the current downturn.
- Demand for processing power for AI and big data is fuelling the $1tn market by 2030.
- Partly driven by "Chips Act" spending, the industry is adding more semiconductor fabrication facilities, with 70 new projects between 2023 and 2025. Combined with the 92 semiconductor fabrication facilities that started construction from 2020 to 2022, this will dominate semiconductor manufacturing equipment spending from 2025.
- XP is well placed with market leaders to grow ahead of the sector with broad exposure across many processes and in leading and lagging edge technology.
- We are seeing improving utilisation of semiconductor fabrication facilities as semiconductor demand increases, driving demand for "spares and services" and the first orders for some products in over 12 months.
- We are through the demand trough in this market, with increasing confidence in 2025.
- Applications include Etch, Deposition, EUV and E beam Lithography, Ion implantation, Test and inspection and Wafer cleaning.

Global semiconductor sales to reach $1tn by 2030

- Driven by AI, EV, Cloud, and IOT.
- Will require c.$140bn in WFE spend p.a., equating to 10% growth p.a.



MACRO GROWTH DRIVERS

In addition to the sector specific growth drivers noted on the previous pages, we see many opportunities to expand our addressable market and customer base, which apply to each of our end customer markets.

Customer penetration

Our blue-chip customer base presents significant opportunities to secure additional new product programmes from multiple engineering teams worldwide. In recent years, we have gained corporate approval at numerous blue-chip companies, establishing ourselves as a trusted partner. Building on this strong foundation, we now strategically capitalise on these relationships to capture a larger share of the available business from these customers. By expanding our product offering and delivering innovative, high-quality solutions tailored to their needs, we aim to deepen our partnerships, strengthen customer loyalty and unlock further growth opportunities across global markets.

Climate change

Climate change and the emission of greenhouse gases are an increasingly significant issue as emerging countries develop and urbanise. We have taken a leading role in developing ultra-efficient products, which consume and waste less energy, and are suitable for healthcare and industrial applications.

By aligning our product development with environmental imperatives, we not only help to mitigate climate change but also position ourselves as a trusted partner for businesses prioritising operational sustainability.

Energy efficiency and reliability

The requirement from customers and legislation for products to consume and waste less energy is driving demand for more efficient power converters. This goes together with reliability for critical applications as ultra-high efficiency products do not require relatively unreliable fans to cool them, and cooler systems mean key components, such as electrolytic capacitors, have longer lifetimes.

This combination of efficiency, reliability and longevity makes these solutions highly attractive across a wide range of industries, from healthcare to industrial automation, in which performance and dependability are vital.

Legislation

Our industry is increasingly shaped by growing legislation from various countries, with standards focusing on environmental impact, safety requirements, and, most prominently, energy efficiency. Meeting these compliance demands comes with significant costs, but we are well-positioned to address these challenges. We have the scale to dedicate substantial resources to regulatory compliance and respond swiftly with new products, updates or documentation as needed. This balance enables us to stay ahead of regulatory changes and continue delivering value to our customers.

Our international reach means that we are exposed to changes in international trade tariffs and restrictions. We have a depth of experience in dealing with new tariffs and have appropriate systems and processes to manage the risks arising from trade sanctions.

Capital equipment

Our products are integral to power capital equipment and are influenced by the cyclical nature of capital equipment markets. However, we have identified and successfully established growth niches in emerging industrial technologies, including 3D printing, analytical instruments, smart grid systems and robotics, which are advancing rapidly and being increasingly adopted.

We believe the medium- and long-term outlook for capital equipment remains highly positive, particularly in emerging markets where rising labour costs create a strong incentive for automation and advanced manufacturing technologies. As these markets develop, demand for innovative and efficient capital equipment solutions is expected to grow, presenting significant opportunities for our products to support this expansion and drive long-term growth.

Innovation

Our customers face a competitive imperative to launch innovative new products that deliver enhanced productivity and functionality while actively reducing harmful environmental impacts. This drive is about meeting market demands for sustainability and staying ahead in highly competitive industries. Additionally, our customers continually seek ways to differentiate their products from their competitors', aiming to stand out in crowded markets. This pursuit of uniqueness often results in evolving or entirely new power conversion requirements, as their products demand higher efficiency, reliability and tailored solutions. By aligning our capabilities with these dynamic requirements, we position ourselves as a critical partner in enabling our customers' success and innovation.

OUR BUSINESS MODEL

Our business model has evolved from that of a specialist distributor, to designer, to design manufacturer.

Inputs

Our purpose and why we exist:

WE POWER THE WORLD'S CRITICAL SYSTEMS

Our values:

Knowledge
Flexibility
Customer Focus
Integrity
Speed

Our vision:

To be the first choice power solutions provider delivering the ultimate experience for our customers and our people.

Key resources:

Research and development enhance product performance, create tailored solutions and ensure timely responses to emerging trends.

Key activities

01 Product development

We have one of the most diverse, up-to-date and adaptable product offerings in the industry, with over 250 product families across our low-voltage, high-voltage and RF portfolios. This breadth, combined with our rigorous adherence to regulatory standards and stringent component traceability, creates significant barriers to entry for competitors. These strengths reinforce our position as a trusted partner for customers seeking innovative, reliable and safety-compliant power solutions.

02 Solution design

We have design engineering teams on three continents, which allows us to release the innovative new products required by our highly diversified markets. Our designed products often have class-leading energy efficiency and small footprints to meet customers' ever-increasing demands. Additional engineering service teams in Germany, North America, Singapore and the UK provide value-added services close to our key customers.

03 Supply chain management

Supply chain management is critical to our success. Quality and reliability are paramount to our customers, who often provide critical healthcare or industrial systems.

Therefore, we need excellent suppliers with high-quality standards. Our rigorous approval process analyses all aspects of a prospective supplier before engagement. This includes a review of their quality systems and standards, financial viability, environmental performance and treatment of their people.

Our global footprint, multi-site, low-cost manufacturing and our network of sales, engineering and manufacturing provides us with the flexibility of a global organisation and the ability to partner with customers locally.

04 Manufacturing

We take pride in manufacturing our own products, which gives us complete control over the quality of every item we produce. This allows us to maintain the highest standards, ensuring that our products meet our customers' stringent requirements. By handling production internally, we can streamline processes and reduce lead times, helping our customers get their products to market more quickly. This agility improves our operational efficiency and strengthens our customer relationships by enabling us to deliver on time, every time, while upholding our brand's exceptional quality.

05 Customer relationships

Our customers are at the heart of everything we do, so we make sure we forge direct, lasting partnerships built on a deep understanding of their needs, excellent service and in-depth technical support.

We have carved out a leading position in our industry through our up-to-date, high-efficiency product offering. This is delivered to our customers by the largest and most technically competent sales engineering team, supported by highly skilled power systems engineers, combined with the safety and reliability of world-class manufacturing, providing a compelling value proposition to our customers.

06 Quality

Our commitment to delivering exceptional experiences spans the entire product lifecycle, from initial design and development to post-sale support and service. By maintaining a focus on quality at every stage, we ensure that our customers receive consistent, specific, reliable high-performance solutions. This approach not only enhances customer satisfaction but also fosters long-term relationships and reinforces our reputation for excellence. We understand that providing a seamless, high-quality experience is key to driving customer loyalty and sustainable growth.

Value generated for our stakeholders

Our people

We provide a safe and healthy working environment that is stimulating and collegiate. We take the approach that if we look after our people they will look after our customer.

4.03
Employee engagement score in 2024

Our customers

We solve our customers' power problems and help them to get to market quickly. We provide innovative solutions that are reliable and reduce the running costs of our customers' equipment.

83
New product families released over a five-year period

Our suppliers

We behave ethically and build long-term relationships with our key suppliers. We abide by our rigorous Code of Conduct dealing with ethics, health and safety, employee relations and environmentally friendly practices and require our suppliers to do the same.

15
Reduction in average Days Payable Outstanding compared to 2023

Our communities and the environment

We produce Carbon Rated Products that consume less energy and materials, and avoid the use of hazardous substances. We have the most environmentally friendly manufacturing facility in our industry and support our people with paid leave to contribute to the communities in which we operate.

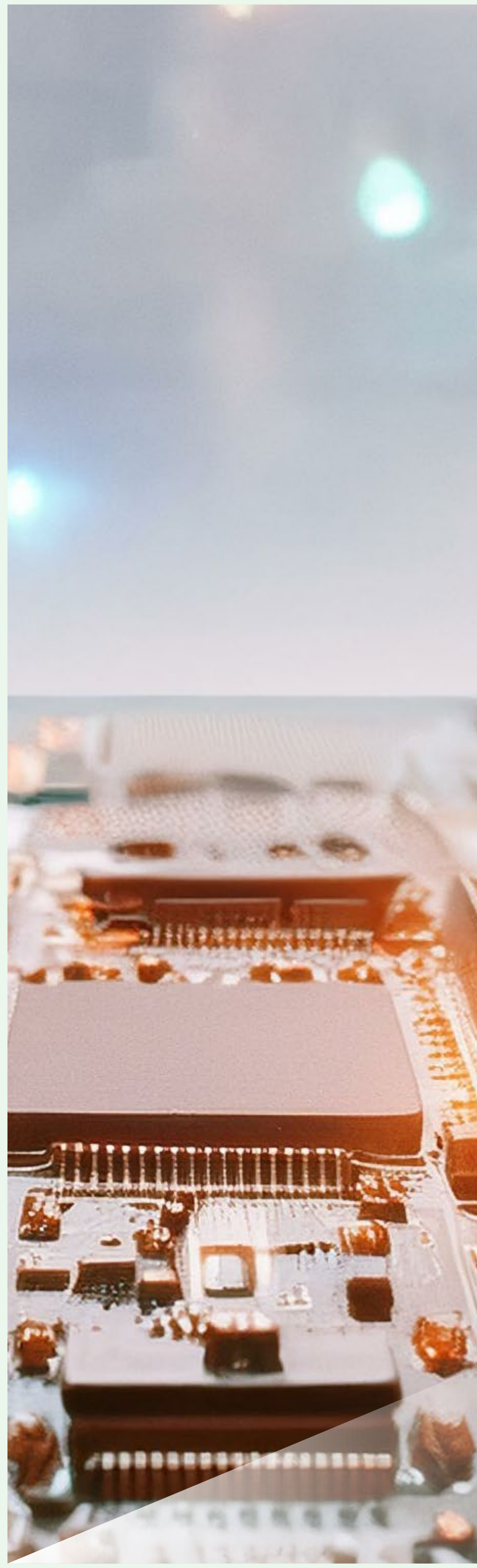
41%
Reduction in carbon emissions* compared to 2023

*Market-based scope 1, 2 and 3 emissions

Our shareholders

We execute our published strategy on a consistent basis that has the potential to produce strong Total Shareholder Returns. We allocate our capital appropriately and maintain a dividend policy.

67p
Average dividend per share over a five year period



CHIEF EXECUTIVE OFFICER'S REVIEW

> 2024 has been challenging for our industry, but, despite this backdrop, we are pleased to have delivered a resilient performance. We took decisive action in response to the difficult trading environment while strengthening our long-term competitive position, continuing to make good progress across our strategic initiatives.

GAVIN GRIGGS
CHIEF EXECUTIVE OFFICER

We have retained a healthy level of profitability and have been highly cash generative in unprecedented conditions, highlighting the underlying strength of our business model and the financial upside when volumes recover. A full new product pipeline and record new business wins provide us with additional confidence in our long-term prospects.

Review of our year

During 2024, the Group delivered revenue of £247.3m, 22% less than the prior year (2023: £316.4m). The lower revenue reflects a highly unusual simultaneous slowdown in all three of our market sectors.

The Industrial Technology and Healthcare sectors are not typically cyclical, with the last two years being a rare exception driven by specific global events. Global supply chain disruption during and following the global pandemic resulted in many customers in these markets significantly increasing their inventory of our products in 2023 to well above normal levels. Global supply chain normalisation with improved component availability and shorter delivery lead times allowed this extra channel inventory to be reduced in 2024, resulting in a significant reduction in demand for our products year-over-year. Underlying demand in these markets is at much healthier levels. The Semiconductor Manufacturing Equipment market is inherently more cyclical and the sector entered an industry-wide downcycle in mid-2023, extending through 2024. The coincidence of channel destocking in Industrial Technology and Healthcare and a down-cycle in Semiconductor Manufacturing Equipment was unprecedented. These challenges were reflected industry-wide.

In response, we took decisive action to protect profitability and maximise cash generation. Overheads were reduced by 18% year-over-year while protecting our sources of long-term growth. Product costs were reduced by improved supply chain efficiency and better sourcing deals. Normalised supply chain conditions and improved working capital management facilitated a 22% reduction in inventory, generating cash while improving customer service. Actions were taken early in the year and continually reviewed as market conditions evolved.

Customer destocking in the Industrial Technology and Healthcare sectors continued throughout the year, with a slightly faster pace in the second half, and continued for longer than expected, but improved order intake as the year drew to a close suggests channel inventory is moving closer to equilibrium.

Our sales into the Semiconductor Manufacturing Equipment sector began to slow in mid-2023 in response to the industry downcycle. Sector revenue for 2024 was 7% lower than the prior year, but revenue had returned to growth by the second half of the year. The overall sector performance benefited from buoyant High Voltage High Power ("HVHP") sales, with increased manufacturing output allowing order backlog clearance.

In late 2024, changes to US trade rules restricted the export of our products to key direct and indirect customers in China's Semiconductor Manufacturing Equipment sector, creating a near-term trading headwind. The Board has concluded that our interests are best served by exiting China's Semiconductor Manufacturing Equipment market once our existing order book is fulfilled, in favour of other more compelling market opportunities in the region. We sold £8m of product in 2024 to customers impacted by the US trade rule change.

Currency movements proved to be a headwind to revenue in 2024 with sterling strengthening against the US dollar. A more favourable trend emerged in late 2024, with the US dollar strengthening in response to the outcome of the US election.

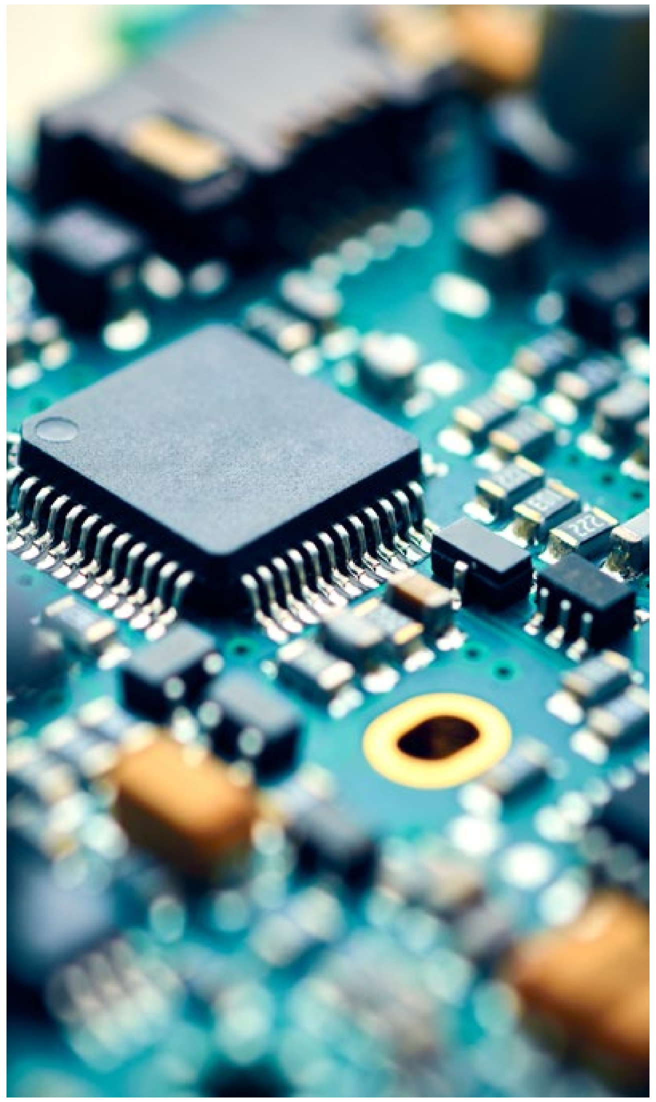
We continue to focus on product development and have a robust pipeline of new product launches across our portfolio scheduled in 2025. To protect our core competencies in this area, we ringfenced sought-after technical product development roles from the cost-saving actions taken in 2023 and early 2024. We also opened our new Customer Innovation Centre in Silicon Valley. This exceptional facility allows us to collaborate and work directly with our customers, many of whom are also based in Silicon Valley, and accelerate the time to market for customised products.

The Group has made good progress with its preparations for the transfer to our Asian manufacturing facilities of production of certain High Voltage High Power (HVHP) and Radio Frequency ("RF") products currently made in the US. This capability adds resilience to our supply chain and will lower product costs in 2025.

In a challenging market, a faultless customer experience is essential, and we made marked improvements to customer service in the year, as validated by the significant improvement in our customer satisfaction results, including delivery lead times and fill rates. The remaining excess order backlog from the prior year was largely cleared. Our sales teams responded quickly to opportunities with innovative, often customised, design solutions and secured record amounts of new business. These improvements were recognised by our customers in our most recent customer survey.

Through changes made during the year, we have built for the future; establishing a leaner and more efficient organisation while preserving key sources of competitive advantage to provide an enduring benefit as our market sectors recover.

Subsequent to the end of the year, we were notified of rulings from the judge in the legal case with Comet, which awarded plaintiff's legal fees and pre-judgement interest of c.$19m to Comet. We are progressing with our appeal against this judgement and the original judgement on damages.



CHIEF EXECUTIVE OFFICER'S REVIEW
CONTINUED

Revenue by market sector

The breakdown of our revenue by sector was as follows:

Revenue	2024 £m	2023 £m	% change in constant currency
Semiconductor Manufacturing Equipment	94.8	102.2	(5%)
Industrial Technology	94.8	136.3	(28%)
Healthcare	57.7	77.9	(24%)
Total	247.3	316.4	(20%)

Semiconductor Manufacturing Equipment

This sector provides an exciting long-term growth opportunity driven, amongst other things, by artificial intelligence, the Internet of Things and electric vehicles, as well as future innovations, which will inevitably require new generations of semiconductor technology.

Revenue for 2024 was £94.8m, which was 5% lower than 2023 in constant currency, primarily driven by the impact of the downcycle in the semiconductor fabrication equipment industry, which commenced in mid-2023. The impact of this downcycle was partially offset by robust HVHP revenues, up 41% on the prior year, largely driven by backlog clearance.

The market improved as the year progressed. Global semiconductor chip sales returned to strong growth during the year and chip manufacturing capacity utilisation increased, both of which are leading indicators of increased demand for Semiconductor Manufacturing Equipment. Our own revenue in this sector returned to year-on-year growth of 6% in constant currency in the second half of the year. There has been good growth in project enquiries, and annual order intake was 37% higher than the prior year in constant currency. Our project sampling volumes were at record levels and conversion to new business wins remains strong. Long-term structural growth prospects in this sector remain attractive.

Our book-to-bill ratio improved to 0.83x (2023: 0.58x) with order intake in the year of £79.0m compared to £59.4m in the prior year.

Industrial Technology

We participate in well-diversified markets within Industrial Technology, which exhibit strong structural growth trends, including the increasing automation of industrial processes. We see an opportunity to grow our sales of HVHP products into this market, particularly those offered by the FuG business acquired by the Group in 2022.

Revenue for 2024 was £94.8m, 28% lower than the prior year in constant currency, due to customer destocking leading to reduced shipments. The pace of destocking increased slightly from the first half to the second half of the year and is lasting longer than expected. The prolonged period of destocking likely reflects softer-than-expected global macroeconomic conditions, greater supply chain certainty and higher-than-expected borrowing costs, which all lower channel inventory needs.

Order intake showed some signs of improvement during Q4, with orders being placed by some of our customers for the first time in two years, indicating that channel inventory is moving closer to equilibrium, but at this stage it seems likely that destocking will continue into the first half of 2025. The outlook for the second half of 2025 is currently unclear, with a range of potential outcomes.

Our book-to-bill ratio was 0.71x (2023: 0.68x) with order intake in the year of £67.6m compared to £92.4m in the prior year.

Healthcare

An ageing global population and advancements in healthcare technology will both drive future demand for products that need the power supplies that we can provide. With our breadth of products and deep experience in this market we are well positioned to be able to benefit from this growth.

Revenue for 2024 was £57.7m, which was 24% lower than 2023 in constant currency, primarily due to customer destocking.

Order intake grew sequentially in the second half of 2024, indicating the destocking cycle is progressing but will continue to impact demand in the first half of 2025. The outlook for the second half is less clear.

Our book-to-bill ratio was 0.61x (2023: 0.73x) with order intake in the year of £35.0m compared to £57.0m in the prior year.

Revenue by region

The decline in revenue in constant currency was broadly consistent across all three regions, albeit with different momentum.

Sales to North America totalled £144.2m, down 19% in constant currency. The lower revenue was mainly driven by destocking in Industrial Technology and Healthcare. Revenue and order intake improved as the year progressed, reflecting the growing recovery in Semiconductor Manufacturing Equipment, which represents a larger proportion of revenue in North America than in our other regions.

Sales to Europe totalled £76.9m, down 22% in constant currency. Revenue slowed as the year progressed as the pace of destocking increased in the second half of the year, particularly within the distribution channel. However, improved order intake during the second half of the year provides support for an improved result in 2025.

Sales to Asia totalled £26.2m, down 21% in constant currency due to the challenging destocking conditions. Revenue and order intake both slowed as the year progressed, reflecting the macroeconomic and geopolitical influences referenced above. Direct sales into China totalled £14m in 2024.

Delivery of our strategy in the year

Our vision is to be the first-choice power solutions provider and deliver the ultimate experience for our customers and our people.

Products

During this period of lower demand, we have accelerated the pace of new product development. Our continued investment into strengthening our product range and developing new solutions for our customers will underpin our future growth.

During the year, we launched 13 new product families, including the HPF3K0 series of programmable AC-DC power converters, which is ideal for a wide range of medical and industrial applications. Our Engineering Services Group delivered 19 new customised products to customers during the year. Our pipeline of new products remains strong, and we expect to bring new platform products to market across our portfolio in the coming year. We have also refreshed our long-term product development plans by portfolio to ensure focus on the most promising market opportunities. In our Low Voltage portfolio, we have advanced our product development strategy by focusing on compact, high-efficiency solutions that enable higher power density in space-constrained industrial and medical applications. Our portfolio has expanded with the introduction of newer products in our HP series which offer advanced digital controls, a user-friendly GUI for seamless system integration, and a scalable architecture to support future expansion. Additionally, we are building on broad High Voltage portfolio with miniature DC-DC modules, application-specific platforms, and compact rack-mount high-voltage AC-DC solutions, strengthening our position in the analytical instrumentation and semiconductor manufacturing industry.

At the end of 2024, we established an office for our existing engineering and back-office staff in the Philippines to provide a foundation for our long-term presence in the country. With teams in both the Philippines and the West Coast of the US working closely together, we can offer a "follow-the-sun" engineering model to our customers to help get their products to market quickly and cost effectively.

Customers

We opened our Customer Innovation Centre in Silicon Valley in the year. The new 85,000 sq ft facility underlines our commitment to the North American market and enhances our Engineering Services capabilities in the Region. Engineering Services, in which we rapidly customise base power supplies to meet an individual customer's specification requirements, is a highly successful line of business for the Group. The facility offers a state-of-the-art reliability lab, an etch plasma chamber for system validation of semiconductor fabrication equipment and a three-metre EMC chamber for compliance testing.

Last year, we reported that we had entered a partnership with a new "design-in" distributor in Europe to expand our reach and to better service our customers, particularly those with smaller projects that are less well suited to support via our direct sales team. The new partnership is delivering the results we hoped for, identifying 465 new project leads and winning 58 new projects in the year.

We progressed with the commercial integration of FuG and Guth, the German businesses acquired in 2022, and fully trained our direct sales team to cross-sell their products to existing and new customers. We see significant growth potential in this area.

Our customers reported a further improvement in Net Promoter Score in our 2024 annual customer survey, which was very pleasing to see.

Despite the challenging trading environment, our pre-sales activity has remained robust. The number of projects which have reached the sampling stage during the year (i.e. where we provide the customer with a small batch of products for testing in their end applications) has increased by 15% from 2023. We have also increased our overall number of active projects by 2% and the overall value of our sales funnel has been grown by 6%.

CHIEF EXECUTIVE OFFICER'S REVIEW
CONTINUED

Supply chain

A key focus for our supply chain organisation in 2024 was to reduce our lead times for purchasing components and for delivery to our customers. The availability of components mostly returned to normal and we have also made good progress on dual sourcing to ensure that we have options if one of our suppliers is unable to deliver on time. On-time delivery from suppliers improved in the year. Average sales delivery lead times reduced. Our procurement team in Asia drove material reductions in component pricing in the year, either through renegotiation with existing suppliers or through engaging with new suppliers. We have also been able to negotiate more flexible purchasing arrangements that will improve our ability to respond to our customers' needs.

To improve the resilience of our supply chain and reduce product costs, we transferred some of the production of RF and HVHP products from the US to Asia, as referenced above.

The construction of our manufacturing facility in Malaysia, which was paused at the end of 2023, will recommence in 2025 to secure long-term capacity and improve supply chain resilience.

We reduced inventory from £91.6m to £71.1m, primarily as a result of a concerted effort to sell through our brought-forward inventory and remove the excess inventory buffer without impacting service. Further reductions are targeted for 2025. £4.2m of the inventory reduction was due to impairment of China Semiconductor market specific components.

We implemented plans to consolidate our European distribution activities into our distribution centre in Bremen, Germany and announced the closure of our facility in the UK, saving £0.2m per annum. We lowered our shipping costs by improving the balance between sea and air freight while managing disruption to sea freight in the Red Sea.

We also tightly managed our global trading to comply with significant new export regulations introduced in the year relating to the global semiconductor industry and to certain specific national markets.

People

Our colleagues demonstrated characteristic resilience during this challenging period and remained focused on serving our customers.

We took the difficult, but necessary, decision to reduce headcount in response to the challenging market conditions. This was completed in the first half of the year.

We listened closely to, and acted upon, our employees' feedback via our annual engagement survey and were pleased to achieve strong engagement scores and high retention rates. Our people are our competitive advantage and we continue to build a unique, meritocratic and collaborative culture in which the best and brightest in our industry can achieve their full potential.

Health and safety is our highest priority and we are pleased with the progress we made during 2024 to ensure all of our colleagues go home safe. We launched our global health and safety initiative entitled "Safety Begins With Me", with 96% of colleagues completing the associated training programme in the year.

We are very confident that we have the team we need to meet our long-term goals.

Sustainability

Sustainability is embedded within our strategy and has been since 2009, when the Group first formed its Sustainability Council. We realised early on how important sustainability is to enable us to deliver value to our stakeholders.

We set out and publish our priorities in our annual Sustainability Report. We delivered as follows against these priorities in 2024:

- Our Science-Based Targets were approved by the Science-Based Targets initiative (SBTi) in February 2024.
- All electricity in our European operations is provided from renewable sources. We have also purchased Energy Attribution Certificates (EACs) to cover 100% of our non-EU electrical energy usage. This marks progress toward the achievement of our Scope 2 emission targets.
- We have continued our supply chain engagement and are establishing a baseline of our key suppliers to identify further strategic actions. We have been exploring different software platforms to assist with supply chain risk assessments and enhance our supplier engagement programme.
- Our New Product Development teams are focused on designing the most economically efficient power converters. Efficiency gains will reduce operational costs for our customers and reduce the amount of energy wasted during operation (due to heat loss), which directly impacts Scope 3 emissions.
- We launched our new Product Carbon Rating system, giving customers the option to choose the components that best suit their carbon requirements.
- We received EcoVadis Bronze Medal status in the year, an improvement on the prior year, placing us in approximately the top third of businesses assessed.
- We continued the rollout of our new Employee Health and Safety framework. This supports our ambition to have zero injuries and ensuring everyone goes home safely.

We continue to support our employees through training and development, promoting a fair working environment with equal opportunities, and see mental health as a priority. Views are heard at Board level through workforce engagement.

In 2025, we will continue to prioritise delivery of our SBTi emissions goals. We will also build on our supplier engagement work with the ambition of building a resilient, sustainable supply chain and helping to deliver Scope 3 emission reductions.

Funding actions

The Group has taken proactive action throughout the year to maximise its performance in challenging conditions, particularly to maintain balance sheet resilience.

The combination of continued destocking and new macroeconomic headwinds and trade restrictions in Asia mean our performance in the first half of 2025 is expected to be weak. We expect demand to improve as 2025 progresses, but the timing and scale of the improvement is hard to predict, resulting in a significant second half weighting and a range of outcomes for the full year. We are confident that improved demand will bring with it improved profitability and balance sheet deleveraging.

However, the breadth of potential outcomes has led the Board to take prudent steps now to strengthen the Group's capital structure with a £40m share placing, launched today. This will allow the Group to navigate the remainder of this unprecedented market-wide downturn with confidence and prepare the business to seize the full potential of the recovery. In the event of the expected market recovery, the Group will return any excess proceeds from the Placing to shareholders, but the Board believes a prudent recapitalisation now is the best long-term interests of shareholders.

Further details are set out in the Chief Financial Officer's Review.

Outlook

2024 was a mixed year. Importantly, our execution significantly improved, delivering greater operational efficiency, an upgraded supply chain capability, lower costs and substantial cash generation primarily driven by a reduction in working capital. We also maintained our focus on delivering our long-term strategy which is underlined by our healthy pipeline of new products and record new business wins. Despite the internal progress, market conditions were more challenging than expected. We continued to experience industry-wide customer destocking in the Industrial Technology and Healthcare sectors and a slow Semiconductor Manufacturing Equipment sector, albeit with an improvement in the second half.

At the start of 2025 we are seeing continued challenging market conditions and recent US trade restrictions are causing increased headwinds for sales to Semiconductor Manufacturing Equipment customers in China, which we expect to result in a sequentially weaker first half result. We expect demand to improve as the year progresses but the timing and scale of recovery remains hard to predict. This leads to a wide range of potential outcomes for 2025, with an expectation of a significant second half weighting. The relative lack of visibility has led the Board to prudently strengthen the balance sheet with a £40m share placing, providing additional financial headroom while the timing of the market recovery remains uncertain.

The Group's maintained market position, strong product pipeline, robust operational performance and proven business model gives the Board confidence in our long-term prospects and the fundamental and strategic value of the Company.

Strategic Report

The Strategic Report, comprising the information on pages 10–101, was approved by the Board of Directors on 4 March 2025 and signed on its behalf by:

GAVIN GRIGGS
CHIEF EXECUTIVE OFFICER

4 March 2025

OUR STRATEGY

Sustainability Strategy key:

- A Sustainable products
- B Environmental leadership
- C People and workplace
- D Ethics and compliance

Risks key:

- 01 Disruption to manufacturing
- 02 Supply chain risks
- 03 Market/customer-related risks
- 04 Product-related risks
- 05 IT/data-related risks
- 06 Funding/treasury risks
- 07 Legal and regulatory risks
- 08 Business Transformation risks
- 09 People-related risks
- 10 Climate-related risks

Market-leading product portfolio

We need a market-leading range of products to be attractive to our customers. This range must be broad due to the fragmented nature of the markets we serve, which have diverse product requirements. The broader and more relevant our product range, the more likely we are to have a product that meets a customer's needs. The safety of our products is of paramount importance given the risks of high-voltage electricity to the end user.

Target

To release sufficient products to achieve at least 10% organic revenue growth through the market cycle.

Past performance

We have continued to expand our product portfolio and to provide tailored solutions for our clients. Products released during 2024 included:

- The RDF150 Series for applications which rely on multiple power sources or a single source with wide voltage variation, such as renewable energy, battery systems and railway use cases.
- The JMR20 Series, which increases efficiency, reduces waste heat and extends the runtime of battery-powered portable equipment and is approved for medical applications.

Planned future actions

- The release of new product platforms (solutions that are easy to modify and can be reused over multiple sectors and applications).
- Expanding our portfolio of XP Carbon Rated Products (class-leading efficiency and low standby power).

ESG component

We develop products that meet the highest level of safety requirements to minimise the risk of harm to users.

Growth drivers

- Legislation
- Proliferation of electronic devices

KPIs

- Gross R&D spend: £30.1m
- Revenue from new products (last three years): £11.6m
- Proportion of revenue from modified products: 19%

Link to

Sustainability Strategy: A D

Risks: 01 02 04 06 07

STRATEGY IN ACTION

Projected CAGR for the global surgical robotics market: 17%

Surgical robots are revolutionising healthcare, enhancing precision, reducing recovery times and boosting patient safety. However, their advanced functions require reliable, high-performance power solutions for uninterrupted operation in critical procedures.

A surgical robotics systems manufacturer approached XP Power to address power-related challenges in their next-generation surgical robot. The robot, featuring multiple robotic arms and a central control unit, demanded high-performance, medically compliant power solutions. The customer faced several pain points with their existing setup, including meeting the unique needs of each robotic arm and the central control unit, leakage of current and noise interference from the extensive cabling required and compliance with medical safety standards.

Our technical team collaborated closely with the customer's R&D team, working extensively to analyse the system, troubleshoot challenges and refine a solution. We proposed a customised power architecture that met all regulatory requirements and included six separate power conversion units with digital AC-DC power supplies, which streamlined the power distribution system and eliminated EMI/EMC issues caused by cable clutter. The inbuilt digital control capabilities enabled easy scalability and provided the necessary flexibility for user-defined configurations and future upgrades.

This example underscores XP Power's leadership in addressing complex challenges within high-growth markets such as surgical robotics. Leveraging a diverse product portfolio including low voltage, high voltage, programmable solutions such as the HP series, and configurable power supplies, we are equipped to meet the evolving demands of the healthcare, semiconductor and industrial markets.

Target key accounts where we can add value

We pride ourselves in the level of service and support we offer to customers, particularly during the design-in stage. We have a compelling proposition where customers expect excellent quality and reliability to power their mission-critical equipment, particularly where they face a power problem due to heat dissipation or electrical noise or when seeking to reduce the environmental impact of their products. These are our target customers.

Target

Organic revenue growth of more than 10% through the market cycle.

Past performance

We have targeted customers where reliability is key or where their equipment may be in harsh environments. These customers value the support and service delivered by our highly trained sales force and power systems engineers.

Our regional sales teams continued to take pro-active action with our target customers and our marketing teams have enhanced our online presence through search engine optimisation.

Planned future actions

We will continue to prioritise our resource with customers who fit our value proposition. We de-emphasise customers who may have significant revenue potential but for whom cost is more critical than quality and reliability, or engineering support during the design phase.

ESG component

We continue to expand our range of Carbon Rated Product solutions, which improves our offering to potential customers.

Growth drivers

- Digital transformation
- Healthcare trends
- Capital equipment

KPIs

- Proportion of revenue from new customers (last three years): 2%
- Proportion of project wins which are with new customers: 6.4%
- Average project value: £0.1m

Link to

Sustainability Strategy: A B

Risks: 01 02 03 04 07

STRATEGY IN ACTION

Online channels provide an opportunity to reach new customers

Nearly 50% of our website users come via a Google search, making it our largest online channel. Search traffic has very high user intent, meaning users are actively seeking information to address a specific requirement or solve a problem they have. A variety of search engine optimisation (SEO) tactics and targeted, optimised content are the key drivers of ensuring we remain visible on Google and provide valuable, trusted answers to our audience's specific queries. This attracts targeted users to our website and starts their online engagement with us, boosting XP's brand awareness and driving sales leads. By ranking for relevant keywords, we effectively promote our range of products and solutions and position ourselves strongly against online competition. We target and track many search phrases to ensure we perform well in Google search results. We rank number 1 for many strategic keywords on Google and now perform particularly well with "high voltage" search terms.

Our marketing team continue to invest in SEO to capture additional customers where we can add value. As an example, we are actively working on a very promising opportunity with a major online retailer that is interested in power products for robotic automation in its warehouses. We have had no previous contact with the lead on the customer side, who found our website from a Google search and subsequently submitted an enquiry.

We are exposed to a broad and diverse potential customer base, spread across many geographies and highly fragmented end-markets. With such a significant market opportunity, we will not reach all potential customers through direct contact alone, so SEO is key to delivering on our strategy.

OUR STRATEGY
CONTINUED

Drive penetration to grow share of wallet

We still have a relatively small share of the available business with some of our existing customers. We continue to work with our existing customers to understand their needs and to expand our product portfolio so we can address more opportunities to grow our revenues.

Target
Organic revenue growth of more than 10% through the market cycle.

Past performance
We have spent recent years gaining approved or preferred supplier status with key healthcare, industrial technology, and semiconductor manufacturing equipment sector customers. We are focused on this existing customer base to grow our revenues.

During 2024, we worked hard to clear order backlog, understand our customers' needs and develop valuable, new solutions for them.

Planned future actions
As we expand our product offering through continued product development, we aim to address an increasing proportion of our customers' requirements with our excellent service and support.

ESG component
We work with our customers to understand their needs for power efficiency in their solutions and provide the required solutions.

Growth drivers
- Digital transformation
- Healthcare trends
- Capital equipment

KPIs
- Revenue growth (constant currency): (20%)
- Revenue from the top 15 customers: £114m
- Average project values: £0.1m

Link to
Sustainability Strategy: A B

Risks: 01 02 03 04 07

STRATEGY IN ACTION

The breadth of our product range allows us to serve customers better
XP Power is a trusted power solutions partner to one of the world's largest analytical instrument and laboratory equipment manufacturers. Our partnership exemplifies our strategic focus on growing business with key accounts by deepening engagement and addressing a larger share of their requirements.

We have supplied a diverse array of power solutions from across our entire portfolio to support their wide range of products. Examples include:

- **Programmable 3kW Power Supply:** Power mass spectrometers, enabling high-precision analytical capabilities;
- **Desktop and Open-Frame Medical Power Supplies:** Drive the operation of centrifuges, critical in laboratory workflows;
- **Configurable Power Supplies:** Provide flexible solutions for liquid chromatography systems;
- **High Voltage DC-DC Modules:** Power quadrupole mass spectrometers, crucial for advanced analytical applications;
- **High Voltage AC-DC Rack Mount Power Supplies:** Support mass spectrometers used in forensic science; and
- **RF Plasma Generators:** Powers electron microscopes, enabling detailed material analysis.

We recently won further business with this customer by introducing new high-voltage power solutions designed and manufactured by our recent acquisition in Germany, FuG. The breadth of our product offering has deepened our integration with this key customer and we now provide **High-Voltage Eurocasette style AC-DC Power Supplies**, which are used in thermal ionization applications. We are actively collaborating on additional projects to deliver tailored solutions using products from FuG. These collaborations will further cement our role as a comprehensive power solutions partner to this customer.

Continually enhance our global supply chain

Since listing in 2000, we have built a strong brand in the power converter market, consistently taking market share and delivering significant growth. To sustain this growth, we must continually improve the service we provide for our customers, reduce our costs and minimise our environmental impact. Enhancements to our supply chain systems and processes are a critical enabler of these improvements.

Target
To reduce manufacturing costs, freight and logistics and consistently improve lead and delivery times.

Past performance
We have evolved from a distributor to a manufacturer, with full-scale facilities in China, Vietnam, Germany and North America. We continue to invest to increase capacity and flexibility.

During 2024, we cleared the remaining order backlog from the post-pandemic peak in demand and focused on improving our supply chain processes and resilience.

Planned future actions
Construction of our new Malaysian facility is expected to be complete by 2026 and will complement both Vietnam and our original China plant to meet demand across the world, allowing for further expansion. Our overall objective is to provide a resilient and flexible supply chain, manufacturing most products in Asia.

ESG component
We are focused on minimising the impact that we, and our products, have on the environment and adopting responsible sourcing practices considering both social and environmental impacts.

KPIs
- Average customer lead time reduction versus 2023: 3.2 months
- Average Inventory days: 205 days
- Gross margin: 41%

Link to
Sustainability Strategy: B C

Risks: 01 02 05 06 07 08 09 10

STRATEGY IN ACTION

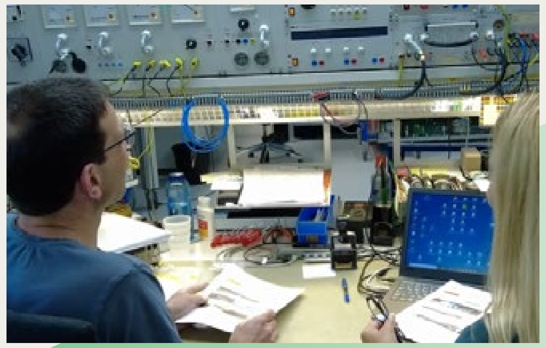
Transfer of manufacturing capacity to optimise our supply chain
A key component of our strategy to continually enhance our global supply chain is the transfer of manufacturing capability into Asia to provide a more resilient capacity for output and to maximise opportunities for more cost-effective manufacturing.

During 2024, we successfully transferred 62 product lines into our Vietnam manufacturing facility. These comprised HVHP and RF solutions, which were designed and developed at our sites in Gloucester, MA and Highbridge, NJ.

Our teams on the East Coast of the US and in Vietnam worked collaboratively and conscientiously to ensure a smooth transition. The Engineering, Supply Chain and Quality teams in the US provided video recordings of their technical reviews to support the transfer of knowledge between teams.

Quality assurance is critical to ensure that our customers experience no deterioration in the service or products provided. Experienced colleagues from our US sites provided the final checks on products manufactured in Vietnam to provide additional assurance prior to shipping to the end customer.

Manufacturing output of the transferred products will ramp up in 2025 and we will continue to review opportunities to strengthen our supply chain through product transfers.



OUR STRATEGY
CONTINUED

Lead our industry on environmental responsibility

Strong corporate social responsibility is important to our customers, employees and the communities in which we operate. This incorporates environmental performance, health and safety, treatment of our people and business ethics.

Target
To ensure excellent health and safety performance, consistently reduce our CO_2 intensity and ensure there are no Code of Conduct breaches.

Past performance
Our Company is a full member of the Responsible Business Alliance (RBA), and we follow the RBA Code of Conduct, which addresses important ethical and environmental matters. Our near and long-term targets for reducing our carbon footprint are approved by the Science Based Target initiative (SBTi). Our Sustainability Council monitors our progress towards our sustainability targets and we are committed to achieving net zero by 2040.

Planned future actions
We will continue to deliver on our Net Zero Plan.

ESG component
We aim to lead our industry on environmental matters through minimising the impact of our operations and our products on the environment and to uphold the highest standards of ethics and integrity.

Growth drivers
- Climate change
- Energy efficiency and reliability

KPIs
- Absolute location-based Scope 1 and 2 emissions reduction: 17%
- Sales of Carbon Rated Products: £42m
- CDP climate score: B

Link to
Sustainability Strategy: A B C D

Risks: 01 02 03 04 10

STRATEGY IN ACTION

A commitment to sustainability at all levels of the organisation
In early 2024, we set out to eliminate single-use plastics (SUP) from all our business sites, with an aim to complete by the end of the year. This initiative focused on reducing the environmental impact of disposable plastics used in daily operations (excluding manufacturing-related plastics).

We started with an audit at each location to identify commonly used SUP items, including utensils, plates and food packaging. Each site then proposed and implemented sustainable replacements, including metal cutlery, canned water, bamboo paper towels and reusable eco-bags. To support this transition, we displayed awareness posters, and the changes were adopted globally. Our teams in San Jose, Irvine, Singapore and the UK shared success stories, fostering engagement and a sense of accountability across sites.

Our successful elimination of SUPs reflects XP Power's leadership in corporate sustainability. Through careful planning and widespread engagement, we achieved a significant environmental milestone. We will conduct regular audits to maintain compliance and we are in the process of identifying further opportunities to reduce our environmental impact, including a project to reduce plastic in product packaging and assess office materials for eco-friendly alternatives.

Focus on people and talent development

Our employees provide the knowledge, insight and customer focus that we need to be successful. We strive to make XP Power a workplace in which our people can be at their best, to provide an environment that is safe, diverse and inclusive, and to attract and retain the best talent.

Refer to the People and Workplace section of our Sustainability Report for additional information.

Target
Non-production employee turnover at <10% (metric excludes production employees at our manufacturing sites where market forces mean that high levels of employee turnover are the norm for our industry).

Past performance
While this is the first time that we have reported on a focus on people and talent development as part of our strategy, it has always been a critical priority for the business. During the past year, we have:

- provided additional guidance and clear expectations for People Leaders;
- fostered communication and transparency through engagement sessions led by senior leaders;
- conducted workshops and training on coaching skills and navigating change; and
- supported colleagues through external training and provided opportunities for internal progression.

Planned future actions
- A programme of training in Lean Manufacturing for our Gloucester, MA site
- Launch of our XP Talent Community
- Improved clarity in feedback on performance to employees

ESG component
Our sustainable business goal is to improve the physical and mental health of our employees, provide them with a safe place to work and to create an environment in which our people can be their best.

Growth driver
- Innovation

KPIs
- Gender diversity: 49% male, 49% female and 2% undisclosed
- Non-production employee turnover rate: 12.2%
- Average training time (in days) per employee: 1.2

Link to
Sustainability Strategy: C

Risks: 01 08 09

STRATEGY IN ACTION

Employees completing health and safety training in 2024: 2,465
When dealing with high-voltage electricity, ensuring our employees' safety at work is our priority. During 2024, we launched a new programme called "Safety Begins with Me" to further strengthen our response to the health and safety risks across our operating locations.

Our Global EHS Director stated, "This programme isn't just a slogan, it's a culture we are building together, to make sure every one of us goes home safe at the end of the day."

This programme provides clear and globally consistent safety rules embedded across the business through workshops, regional safety councils, site safety champions and mandatory training for all employees.

As part of our ongoing commitment to safety, we have developed a series of safety posters to highlight the core values of our Safety Begins with Me programme. These posters emphasise the 6 Safety Rules that are at the heart of our safety culture and are displayed prominently across all our sites. To ensure the message reaches all employees, the posters are translated into the primary languages of each location.

Each poster also includes a QR code that directs employees to our newly launched incident reporting tool. This tool is designed to make reporting safety concerns quicker and easier, allowing for more timely and consistent documentation of any incidents or near-misses. By streamlining this process, we can further enhance our safety culture and respond more proactively to potential hazards.

We empower every employee to take an active role in maintaining a safe working environment. Safety truly begins with each of us.

CHIEF FINANCIAL OFFICER'S REVIEW

"The Group has remained profitable and cash generating in an unprecedented market trough thanks to robust management actions on costs and cash.

MATT WEBB
CHIEF FINANCIAL OFFICER

Statutory results

Revenue in the year fell from the historic highs of 2023 by 20% on a constant currency basis to £247.3m. Gross margin fell slightly to 39.2% due to underutilised manufacturing capacity and a one-off inventory impairment charge arising from our decision to exit China's Semiconductor Manufacturing Equipment market. Cost saving actions led to a reduction in operating expenses of £13.4m compared to 2023. As a result, operating profit was £3.6m. Loss for the year was £9.4m, compared to £9.0m in 2023.

Adjusted results

As in prior years, Adjusted and other alternative performance measures are used in this announcement to describe the Group's results. These are not recognised under International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP).

Adjustments are items included within our statutory results that are deemed by the Board to be unusual by virtue of their size or incidence. Our Adjusted measures are calculated by removing such Adjustments from our statutory results. The Board believes Adjusted measures help the reader to understand XP Power's underlying results and are used by the Board and management team to interpret Group performance. Note 3 to the consolidated financial statements includes reconciliations of statutory metrics to their Adjusted equivalent and provides a breakdown of the Adjustments made.

On an Adjusted basis the Group delivered operating profits of £25.1m and a profit before tax of £13.8m, compared to a profit before tax of £26.6m in 2023.

The Chief Executive Officer's Review includes an explanation of revenue performance and an analysis of order trends during the year.

Gross profit

The Group delivered a gross profit of £97.0m on revenue of £247.3m for the year. This represents a gross margin of 39.2%, 230bps lower than 2023. Excluding the one-off impact from the impairment of China Semiconductor market specific inventory, the Adjusted Gross Margin was 41.0% and was 50 bps lower than 2023. This result is pleasing, considering the margin headwind naturally created by reduced utilisation of fixed factory overheads in a year of lower production volumes. This headwind is worth 290bps, meaning underlying margins advanced by 240bps.

This underlying improvement was delivered through:

- negotiated raw material price reductions; these were worth c.5% of the value of our existing raw material spend in Asia, with an expected benefit of around £1m per annum. The benefit will arise gradually between 2024 and 2025 as the lower-priced raw materials pass through our supply chain;
- better supply chain planning and better component availability, which resulted in less need to pay extra for the expedited delivery of raw materials;
- continuous improvement initiatives, which optimised the efficiency of our manufacturing operations, particularly in our manufacturing facilities on the East Coast of the US;
- flexing our manufacturing overheads with volume wherever possible; and
- a reduction in our outbound logistics costs by addressing the balance of air versus sea deliveries (0.75% of revenue versus 1.02% in 2023).

The actions taken are reflected in the improved Adjusted Gross Margin between the first half of the year (40.6%) and the second half of the year (41.2%).

While we are pleased with our progress to date, there is opportunity for further improvement over time, so continually enhancing our global supply chain remains a key pillar of our strategy. We are now ready to produce existing products with an annual revenue of £8.5m in Asia, which have, so far, been produced in the US. This ongoing initiative did not benefit our margins in 2024, but will do so in 2025 and beyond.

Operating profit

On a reported basis, operating profit was £3.6m compared to £24.5m for the prior year. The reduction in gross profit resulting from the decrease in revenue has been partly mitigated by savings in operating expenses year-over-year. A large proportion of the cost-saving initiatives were implemented in late 2023 or early 2024, meaning that we saw most of the cost benefit in 2024. As a result, operating expenses were broadly flat between the first half and the second half of the year, aside from the additional provision for the Comet legal case.

Adjusted Operating Profit for 2024 was £25.1m compared to £38.1m in the prior year. Adjusted Operating Expenses for 2024 were £76.2m, a £17.0m (18%) reduction from 2023.

Adjusted Operating Expenses	2024 £m	2023 £m	Change vs 2023 £m
Distribution and marketing	**52.1**	63.5	(11.4)
Administrative	**4.2**	3.3	0.9
Research and development	**19.9**	26.4	(6.5)
Adjusted Operating Expenses	**76.2**	93.2	(17.0)

The decrease in distribution and marketing is due to reduced people costs following restructuring (£7.7m reduction), a benefit on revaluation of assets and liabilities denominated in foreign currencies (£1.6m reduction), and tight control over discretionary spend in other overhead areas such as travel and professional fees (£2.1m reduction).

The decrease in research and development was primarily driven by a one-off impairment of capitalised product development during 2023 (£2.1m reduction), a reduction in administrative roles (£2.7m reduction), an increase in newly capitalised Product Development costs (£0.9m reduction) and reduced external spending (£0.8m reduction).

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

The reduction in Adjusted Operating Profit can be explained as follows:

- Lost gross profit on revenue volume reduction of £28.7m
- Reduction in gross margin % of £1.3m
- Decrease in Adjusted Operating Expenses of £17.0m

To achieve the reduced operating expenses, we incurred restructuring costs in 2023 and in 2024. These costs were part of a programme of simplification and reorganisation in line with our funding plan. We incurred £2.3m of non-recurring restructuring costs in the current year and £2.7m in 2023.

Adjusting items

Items which have been treated as Adjusting and are therefore excluded from underlying operating profit are shown below.

Income / (cost) impact by Income Statement line £m			2024			2023
	Operating profit	Net finance expense	Profit before tax	Operating profit	Net finance expense	Profit before tax
Restructuring costs	(2.3)	–	**(2.3)**	(2.7)	–	**(2.7)**
Exit from China Semi market	(6.7)	–	**(6.7)**	–	–	**–**
Site double running costs	–	–	**–**	(2.6)	(2.4)	**(5.0)**
Supply chain transformation	(1.6)	–	**(1.6)**	(2.7)	–	**(2.7)**
Comet legal case	(7.6)	–	**(7.6)**	(2.1)	–	**(2.1)**
Amortisation of acquired intangibles	(3.1)	–	**(3.1)**	(3.2)	–	**(3.2)**
Bid defence costs	(0.2)	–	**(0.2)**	–	–	**–**
ERP implementation	–	–	**–**	(0.3)	–	**(0.3)**
Acquisition costs	–	–	**–**	(0.1)	–	**(0.1)**
Other	–	–	**–**	0.1	0.6	**0.7**
Total	(21.5)	–	**(21.5)**	(13.6)	(1.8)	**(15.4)**

Restructuring costs incurred in the current year of £2.3m include severance payments of £1.4m, costs relating to the closure of our UK warehouse and consolidation into our European hub in Germany totalling £0.6m, and an increase in the provision for IT licences that will no longer be used due to our restructuring of £0.3m.

In late 2024, changes to US trade rules restricted the export of our products to certain customers in China's Semiconductor Manufacturing Equipment sector. The products in question are, for the most part, made in China but were designed in the US, hence falling under US trade compliance rules. Tighter US trade rules are now forcing the China Semiconductor industry to reduce its dependency on US suppliers, reducing the attractiveness of the market to us. We have therefore decided to exit the China Semiconductor Manufacturing Equipment market and will prioritise growth opportunities elsewhere in Asia. These events have led to the one-off, non-cash write down of goodwill, inventory and fixed assets and an onerous contract provision totalling £6.7m at 31 December 2024.

Supply chain transformation costs of £1.6m primarily relate to temporary engineering resources employed to transfer manufacturing from the US to Asia.

In January 2025 there was a substantial development in the Comet legal case with the ruling that plaintiff's legal fees and pre-judgement interest of c.$19m in total are to be paid by the Group. As a result of this post-balance sheet event, we reviewed our provision and recorded an additional £7.0m of costs. During the year we also incurred a total £0.6m of expense in the current year for legal fees related to administrative matters on our appeal and the premium on the appeal bond.

During the current year, we incurred costs of £0.2m defending an unsolicited approach to acquire the Group in the first half of 2024. No further costs were incurred during the remainder of the year.

Currency

We report our results in sterling; however, most of our revenues and costs arise in other currencies. A large proportion of our revenue and costs are denominated in US dollars, so our results are impacted by relative movements in the currencies that the underlying transactions arise in compared to pounds sterling.Adjusted Operating Profit reduced by £13.0m to £25.1m and is bridged as follows:

Adjusted £m	2023	Currency impact	Constant Currency[1]	2024
Revenue	316.4	(9.2)	(59.9)	**247.3**
Revenue growth %		(2.3)%	(19.5)%	**(21.8)%**
Cost of sales	(185.1)	6.1	33.0	**(146.0)**
Gross margin	131.3	(3.1)	(26.9)	**101.3**
Gross margin %	41.5%	0.2%	(0.7)%	**41.0%**
Operating expenses	(93.2)	1.8	15.2	**(76.2)**
Operating profit	38.1	(1.3)	(11.7)	**25.1**
Operating margin %	12.0%	–	(1.9)%	**10.1%**

1 The constant currency change is calculated with reference to the prior year amount at current year exchange rates.

The Adjusted Operating Profit decrease at constant currency was 32%, with a 2.4% impact from currency movements. Currency movements had an overall negative impact on revenue, but a positive effect on cost of sales and operating expenses year-over-year.

Net finance expense

Adjusted Net Finance Expense was £11.3m (2023: £11.5m). During the year, we substantially reduced our Net Debt from £112.7m to £93.5m. This had a positive impact on the interest expenses associated with our Revolving Credit Facility (RCF), although this has been partially offset by higher interest charges arising on lease liabilities (primarily due to the new leases for our facilities on the East Coast of the US).

There was some benefit in the second half of the year from a reduction in interest rates. The reduction in Net Debt throughout the year led to a lower net finance expense in the second half, compared to the first half of the year.

Taxation

Adjusted Tax Expense for the year was £3.4m which represents an effective rate applicable to Adjusted Profit Before Tax of 25%. This is a reduction from 2023 where the effective tax rate was 37% due to a one-off write down to deferred tax assets in the US.

On a reported basis, the tax expense for the year was £1.7m on a loss before tax of £7.7m. This was primarily caused by losses in the US arising from the increase in provision for legal costs in the Comet case for which it was not possible to recognise an associated deferred tax asset.

Profit after tax

The Group reported a loss after tax of £9.4m compared to a loss of £9.0m in 2023. Adjusted Profit For The Year was £10.4m. Decisive actions taken protected profitability despite the external headwinds. The basic loss per share was 40.5 pence compared with a basic loss per share of 45.4 pence in 2023. Adjusted Diluted Earnings Per Share was 42.9 pence compared with 81.8 pence in 2023. The decrease in Adjusted Diluted Earnings Per Share is primarily due to the reduction in revenues due to an extended period of destocking, partially offset by the robust cost-saving actions taken by the Group.

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

Cash flows

Adjusted £m	2024 £m	2023 £m
Operating profit	25.1	38.1
Depreciation, amortisation & impairment	15.8	17.3
Adjusted EBITDA	40.9	55.4
Change in working capital	25.0	14.0
Other items	(0.3)	(3.5)
Operating cash flow	65.6	65.9
Net capital expenditure – Product development costs	(10.1)	(9.5)
Net capital expenditure – Other assets	(10.1)	(30.5)
Net interest paid	(12.1)	(11.9)
Tax paid	(6.6)	(4.9)
Other items	(1.5)	(2.3)
Free cash flow	25.2	6.8

Free cash flow was £18.4m higher than 2023, mainly driven by a reduction in capital expenditure and working capital. The reduction in capital expenditure relates to the development of our two new sites in California which were largely completed in 2023. Total expenditure during 2023 on these sites was £16.6m, with £7.6m of cash outflows for the completion of the sites in 2024, mostly weighted to the first half of the year.

During the year, there was minimal expenditure relating to our new manufacturing facility in Malaysia as we had agreed an extension of the project with the contractor. Work on this site recommences in 2025.

The change in working capital of £25.0m in the current year reflects the efforts of our teams to bring down our inventory holding and to reduce our aged debtors (excludes the impairment of Asia Semiconductor market specific components which is treated as Adjusting).This means that, despite the lower Adjusted EBITDA caused by the challenging trading environment, we have still achieved an Adjusted Operating Cash Flow of £65.6m. We are pleased with the cash performance in the year.

Funding position and capital structure

Our Net Debt reduced from £112.7m to £93.5m. During this period of market slowdown, we acted to better manage our working capital and to reduce our inventory holding to £71.1m, a reduction of £20.5m or 22%. This allowed us to improve our Adjusted Operating Cash Conversion from 173% to 261% and make debt repayments to reduce our interest costs. Our gross cash balance was £15.4m (31 December 2023: £13.4m).

Key financing ratios at 31 December 2024 were as follows:

- Leverage ratio: Net Debt : Adjusted EBITDA of 2.3x (2023: 2.0x)
- Interest cover: Adjusted EBITDA : Adjusted Net Finance Expense of 3.6x (2023: 4.8x)

In early 2024, we committed to keeping our leverage ratio below 2.5x at 31 December 2024, which we achieved despite tougher than expected market conditions, with year-end leverage of 2.3x. We complied with the financial covenants set out within our borrowing facility agreement. Additional liquidity available to the Group at 31 December 2024 consisted of £15.4m of cash on deposit and £57.6m of undrawn committed borrowing facility.

Whilst the Board is very confident in the Group's ability to de-lever the balance sheet in normal market conditions, in early 2025 we became aware of factors that would increase leverage in the short-term prior to market recovery. The award of plaintiff's legal fees and pre-judgement interest in respect of the Comet legal case was more costly than we had expected and resulted in a cash payment in February 2025, increasing borrowing. Continued customer destocking, combined with headwinds in China following trade rule changes in December 2024, are likely to result in a weak first half of 2025, reducing Adjusted EBITDA. All other things being equal, these factors would bring leverage in close proximity to the normal covenant limit of 3.0x. While market conditions are expected to improve as the year progresses, which would lead to reduced leverage, we cannot be certain of the extent and timing. Therefore, the Board has decided to act now to prudently improve balance sheet resilience.

Today, we are announcing the issuance of new shares on a non-pre-emptive basis, to rank pari-passu with existing shares. The issuance will be made through a placing, or via a direct subscription where necessary. The issuance will be made available to both retail and institutional investors and is expected to raise c.£40m.

Our syndicate of banks has also recently agreed to amend the covenants appliable to our borrowing facilities as follows, providing additional financial headroom:

Leverage ratio (not more than)	Previous covenant limit	New covenant limit
Q1 2025	3.00	3.10
Q2 2025	3.00	3.35
Q3 2025	3.00	3.60
Q4 2025	3.00	3.75
Q1 2026	3.00	3.55
Q2 2026	3.00	3.25
Q3 2026	3.00	3.00
Q4 2026	3.00	3.00

Interest Cover (not less than)	Previous covenant limit	New covenant limit
Q1 2025	2.75	2.75
Q2 2025	2.50	2.50
Q3 2025	2.75	2.75
Q4 2025	3.25	2.35
Q1 2026	3.50	2.45
Q2 2026	4.00	2.55
Q3 2026	4.00	2.70
Q4 2026	4.00	2.75

An additional covenant has been added to the borrowing facilities to ensure that the aggregate of the Group's consolidated cash and cash equivalents and undrawn committed facility is not less than £25m at each month-end.

The changes were implemented at modest cost. The Group's committed borrowing facilities were reduced by $20m to $190m at the same time to reflect the reduction in borrowing achieved in the year and the Board's commitment to further reductions in future.

While the covenant changes above were designed to be a standalone funding solution absent new equity, the Board concluded that an equity raise offered superior balance sheet resilience and would better support the planned refinancing of the Group's borrowing facilities in 2025. The covenant amendments above will be revisited as part of the refinancing considering the equity now being raised.

The Board is very confident that the Group will continue to de-lever as market conditions recover until it enters its target leverage range of 0-1x Adjusted EBITDA. In the event of the expected market recovery, the Group will return any excess proceeds from the Placing to shareholders.

The Director's assessment of going concern has involved consideration of the Group's forecast covenant position in various scenarios, including a severe but plausible downside case. The Group is forecast to remain compliant with its covenants and have ample borrowing liquidity in all scenarios. Further details can be found in Note 1 of the consolidated financial statements. The Viability Statement is set out in the 2024 Annual Report and Accounts.

At the end of 2024, net current assets stood at £62.8m compared to £92.0m at the beginning of the year. Trade and other payables reduced by £7.5m due to the slowdown in production volumes and, to a lesser extent, the standardisation of payment terms with significant suppliers. Trade receivables reduced by £12.9m, partly due to the reduction in revenues, and partly because of a concerted effort by both our finance and commercial teams to reduce aged debt. Inventories reduced by £20.5m.

Dividends

Dividend payments were suspended in late 2023. Dividends remain an important part of the Group's long-term capital allocation strategy. However, the Board believes it is in Shareholders' long-term interests for debt reduction to be prioritised over Shareholder distributions until net debt returns sustainably to our target range of 1-2x Adjusted EBITDA. Our long-term aim is to operate in a range of 0-1x Adjusted EBITDA. As a result, no dividends have been declared during, or in respect of, the financial year ended 31 December 2024.

MATT WEBB
CHIEF FINANCIAL OFFICER

RISK MANAGEMENT FRAMEWORK

Objectives

Our Vision

To be the first-choice power solutions provider, delivering the ultimate experience for our customers and our people

Strategic priorities

- Market leading product portfolio
- Target key accounts where we can add value
- Drive penetration to grow share of wall
- Continually enhance our global supply chain
- Lead our industry on environmental matters
- Focus on people and talent development

Risks

Risk appetite

Principal Risks

Material Risks

Other Risks

Risk mitigation strategy

Control

Control design and implementation

Control operation

Assurance

Three lines of defence

First Line: Control Operators	Second Line: Group Compliance	Third Line: Internal Audit
Control Self-Assessment	Testing of Material Controls	

Report to Audit Committee

Monitoring and reporting

Audit Committee	The Board of Directors
Monitoring	External reporting on risk management and control Framework.
Review	
Recommendations to the Board	

MANAGING OUR RISKS

The Group has well-established risk management processes to identify and assess risks

The Board acknowledges its responsibility for the Group's internal controls and the review of their effectiveness. We have an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board completes an annual risk assessment to identify the Group's principal risks. The principal risks are mapped onto a risk universe, where risk mitigation or reduction can be tracked and monitored. This facilitates further discussions regarding risk appetite and identifies risks that require greater attention from the Group. Reporting on specific risks is provided to the Board as required and the management of principal risks is monitored by tracking actions in response to these risks.

Risk assessment

A robust risk assessment has been carried out by the Board and actions have been set to mitigate and/or reduce the identified risk, considering factors that could undermine the business model, impact future performance, compromise solvency or liquidity or hinder the Group's strategic objectives.

The identified key risks and the mitigating actions are classified according to:

- the assessment of their impact level to the viability of the business if they occurred – ranging from minor to severe and the likelihood of a risk occurring – ranging from low to high; and
- the direction they are trending in (the Assessed Trend) – risks are classified according to whether they are becoming more or less likely to occur, or whether the risk of occurrence remains unchanged.

Although risk identity attributes are judgemental and qualitative, the Board regards the methodology as useful in determining the focus that should be given to each risk.

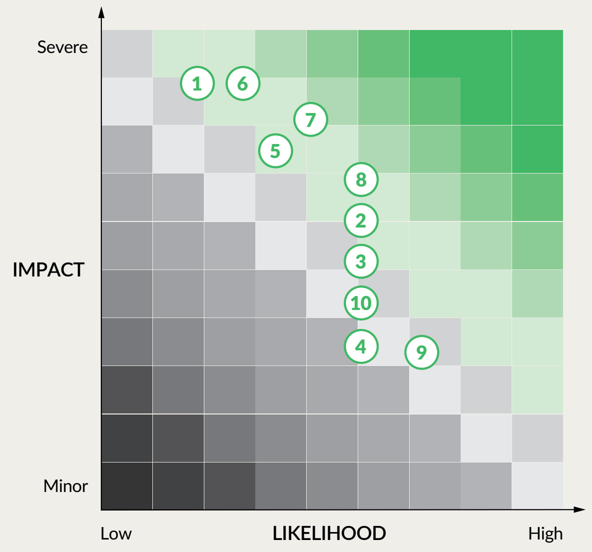
Although the risks included in this report do not constitute an exhaustive list of risks identified and considered, it does include all risks that would have a severe or moderate impact on the business if they occurred.

Risk appetite

The Board determines the number and types of risk that the Company is willing to take to achieve its strategic and operational objectives, with a risk appetite rating applied to each risk.

A key focus for the Board is to minimise the Group's financial, operational, human, legislative and reputational risk exposure.

Heat map of the identified risks indicating the likelihood and level of impact



1. Disruption to manufacturing
2. Supply chain risks
3. Market/customer-related risks
4. Product-related risks
5. IT/data
6. Funding/treasury
7. Legal & Regulatory
8. Business Transformation
9. People-related risks
10. Climate-related risks

The experience of and learnings from the pandemic, and the impact of recent global supply chain disruption, are reflected in our risk reviews and will enhance our response to the next disruptive event.

MANAGING OUR RISKS
CONTINUED

Risk management
The Group manages the risks identified through the risk assessment described above through a programme of mitigation and controls and with assurance provided by three lines of defence, outlined below, with oversight provided by the Board and the Audit Committee:

- The first line of defence includes the site operational and finance teams responsible for managing risks and implementing control procedures on a day-to-day basis, supported by Group company managers.
- The second line of defence includes divisional and Group compliance teams with oversight and monitoring from the Executive Leadership Team and Senior Management.
- The third line of defence includes independent assurance from Internal Audit.

Emerging risks
For the current year, the Board identified an additional principal risk related to 'Business Transformation'. The Group undertakes business transformation projects to adapt processes, products and structures for future growth. The risk arises due to uncertainties surrounding the success of these transformation efforts and whether the current operating model supports future growth and resilience. Due to the significance of current and future transformation projects to the business, this risk has been elevated to a principal risk.

Current geopolitical events and increasing product nationalism impacting cross-border trading are closely monitored for their potential financial and operational impact. These risks are included within the principal risks 'Market/Customer-related risks' and 'Legal & regulatory'.

Mergers and Acquisitions (M&A) are no longer considered as a principal risk, reflecting the Group's current focus on reducing leverage.

The impact of climate-related change and severe weather events are assessed through our Sustainability Committee; they are an increased area of focus and are included in our Sustainability Report.

Principal risks
The risk management framework, detailed on page 38, is used by the Board to identify the risks most critical to the Group. These risks are highlighted due to their potential to disrupt the achievement of the Group's strategic objectives.

MANAGING OUR RISKS
CONTINUED

Risk	Explanation of risk	Potential impact	Mitigation	Priorities in 2025	Assessed trend
1 Disruption to manufacturing **Link to strategic pillar**	An event that causes the temporary or permanent loss of a manufacturing facility could result in the Group being unable to sell products to customers. This could include fire, flood, infectious disease, climate-related events or government-imposed restrictions or compulsory purchase orders.	As the Group manufactures 80% of revenues, this would cause a short-term loss of revenues and profits, and disruption to our customers, which could cause reputational damage.	• We produce most of our power converters in our two facilities in China and Vietnam. • We have disaster recovery plans in place. • We hold inventory in sales markets to meet short-term demand in the event of disruption. • We have epidemic control and prevention measures that can be introduced at all facilities in line with local guidelines and regulations. • We own key facilities or have long-term leases. • We have business interruption insurance in place.	• Recommence the construction of a new manufacturing facility in Malaysia. • Continue the transfer of production capabilities from North America to Asia to improve supply chain optionality and resilience. • Monitor the list of leased facilities with maturity dates to ensure timely planning for replacements. • Review business interruption insurance annually to ensure cover adapts to evolving risks. • Remain in contact with local authorities with respect to local orders and restrictions.	
2 Supply chain risks **Link to strategic pillar**	The Group is dependent on retaining its key suppliers and ensuring that deliveries are on time and materials supplied are of an appropriate quality. As the Group makes significant use of its Asian manufacturing footprint to supply US and European markets, it is exposed to risks related to threats to global shipping.	We make most of the products we sell but are reliant on third-party suppliers for a small number of products. Some key product components are on relatively long lead times, increasing the risk of shortages at the point of manufacture. While alternative routes by sea or air freight can be used, these would be impacted by time or cost. Poor supplier conduct can negatively impact the business by damaging our reputation, leading to legal liabilities, and increasing costs due to supply chain disruptions.	• Components are dual sourced wherever possible. • Appropriate amounts of safety inventory of key components are held, and these levels are regularly reviewed regarding demand and lead times. • We monitor risks to our established transport routes, develop contingency plans and ensure our customers are aware of issues and implications. • Code of Conduct issued to our suppliers who acknowledge and agree to comply with it.	• Ensure that dual sourcing is built into new product designs. • Continue to diversify and localise our supply chains. • Continue to monitor and review our demand planning processes. • Perform additional reviews on new contracts and use subject matter experts when applicable.	

Strategic key:

- Market leading product portfolio
- Target accounts where we can add value
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- Focus on people and talent development
- Lead our industry on environmental responsibility

Trend key:

- No change to risk
- Increase to risk
- Decrease to risk

MANAGING OUR RISKS
CONTINUED

Risk	Explanation of risk	Potential impact	Mitigation	Priorities in 2025	Assessed trend
3 **Market/customer-related risks** **Link to strategic pillar**	The semiconductor market represents a significant percentage of Group revenue and is inherently cyclical. A material proportion of the Group's revenue is derived from its largest customers. Demand for our products may be impacted by gains or losses of business with them, or changes in their inventory levels of our products. The Group is required to comply with export and import rules, which may change over time and either directly or indirectly impact our ability to sell.	The Group's revenue, profitability and financial condition can be significantly impacted, both positively and negatively, by inherent cycles in the Semiconductor Manufacturing Equipment market leading to unexpected changes in performance. If the Group lost some key customers, this could have a material impact on its performance. However, for the year ended 31 December 2024, no single customer accounted for more than 24% of revenue, and that revenue was spread over many individual programmes. New export and import rules may limit our ability to serve some customers. Failure to adhere to trade compliance controls could lead to financial penalties.	• Staying close to our key customers and understanding the end-market to provide visibility of likely market movements. • The Group mitigates this risk by providing excellent service. Customer complaints and non-conformances are reviewed monthly by members of the Executive Leadership Team. • While visibility of customer inventory levels is limited, our sales teams discuss this with customers and reflect it in our revenue projections. • Automated due diligence checks in place for new customers.	• Robust forecasting process at appropriate level of market/customer detail to ensure best possible view on future orders and revenue. • Operate with conservative borrowing levels to accommodate potential demand cyclicality. • Ensure the business is sufficiently diversified by sector to balance cyclicality in any one sector. • Given that a key element of the Group's strategy is to gain share of business with key customers, customer concentration is likely to remain a risk. However, the Board believes that, as each customer revenue stream is made up of many individual programmes and products are typically designed in for the duration of the end product lifecycle, the complete loss of an significant customer is unlikely. We will continue to provide excellent service to our customers at competitive price points. • Implementation of new software to monitor changes in global trade regulations.	
4 **Product-related risks** **Link to strategic pillar**	A product recall due to a quality or safety issue. Failure to develop new products or respond to new disruptive technologies.	A major product recall could have serious repercussions to the business in terms of potential cost and reputational damage as a supplier to critical systems. Third-party-introduced new products or technologies could adversely impact the Group's revenue.	• The Group performs 100% functional testing on all own manufactured products and 100% hipot testing, which determines the adequacy of electrical insulation. This ensures the integrity of the isolation barrier between the mains supply and the equipment's end user. • Regarding contracts with customers, we limit our contractual liability regarding recall costs. • The Group prioritises investment and works closely with our customers to ensure that our product offering remains market leading.	• Continue to enhance our product design processes. • Prioritise investment to ensure existing portfolio meets newly launched industry standards. • Expand supplier quality capabilities.	

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Trend key:

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MANAGING OUR RISKS
CONTINUED

Risk		Explanation of risk	Potential impact	Mitigation	Priorities in 2025	Assessed trend
5	**IT/data** Link to strategic pillar	The Group is reliant on information technology in multiple aspects of the business from communications to data storage. Data is potentially vulnerable to theft or encryption and customer channels are vulnerable to disruption.	Any failure or downtime of these systems, or any data theft or encryption, could have a significant adverse impact on the Group's reputation or ability to operate. Incomplete or inaccurate data can lead to poor decision making.	• The Group has a defined Business Impact Assessment, which identifies key information assets, replication of data on different systems or in the Cloud, an established backup process in place, and robust cybersecurity protection on our networks. • Internally produced training materials are used to educate users on good IT security practice and promote the Group's IT Policy. • A large proportion of the Group uses a single unified ERP platform with standardised processes, comprehensive training, and robust financial reporting controls, supported by an experienced management team and effective governance mechanisms.	• We will continue to enhance our cybersecurity tools and processes and promote heightened awareness to cybersecurity risks among our people. • We have cybersecurity insurance in place. • Continued improvement in quality and Group-wide consistency of Mater Data. • Increased use of BI tools and speed of data delivery.	
6	**Funding/treasury** Link to strategic pillar	The Group is reliant on external bank funding and needs to comply with the related covenants. Changes in interest rates impact interest payments and charges. Most of the Group's sales and material purchases are in US dollars, creating a natural transactional hedge. However, a minority of sales and costs are denominated in other currencies, exposing the Group to some transactional currency risks. The Group faces translational currency risk from reporting in sterling.	The Group could find itself in breach of banking covenants and lose access to its funding. The full Going Concern disclosure can be found on pages 173–175. The Group is exposed to foreign currency fluctuations. This could lead to material adverse movements in reported earnings and cash flows.	• Set a clear and conservative leverage policy and perform detailed and regular cash forecasting to ensure leverage targets are met. • The Group reviews balance sheet and cash flow currency exposures and, where appropriate, uses forward exchange contracts to hedge these exposures. • The Group does not hedge any translation of its subsidiaries' results to sterling for reporting purposes. • Interest rate hedging policy to manage interest costs.	• Regular and detailed review of forecast and actual results to ensure maximum visibility of profit, interest, net debt and bank covenant performance, identifying any potential exposures and implementing actions to mitigate. • Continue to take action to improve the funding position through the review of costs and the maximisation of cash generation.	

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- Increase to risk
- Decrease to risk

MANAGING OUR RISKS
CONTINUED

Risk	Explanation of risk	Potential impact	Mitigation	Priorities in 2025	Assessed trend
7 **Legal & regulatory** Link to strategic pillar	The Group operates in multiple jurisdictions with applicable trade, company law and tax regulations that vary by location. Intellectual property in terms of product design is an important feature of the power converter industry. The Group ships raw materials and finished goods internationally, meaning compliance with import and export laws is critical. Global trade policies, tariffs and export controls may limit our ability to trade profitably in some locations.	Failing to comply with local law and regulations could impact the profits and reputation of the Group and its ability to conduct business. The effective tax rate of the Group is affected by where its profits fall geographically. The Group's effective tax rate could, therefore, fluctuate over time and have an impact on earnings and its share price. It could also fluctuate if an efficient Group tax structure is not maintained. The enactment of new international trade controls and tariffs may reduce revenue from existing customers and limit the markets in which we can trade profitably.	• The Group hires employees with relevant skills and uses external advisers to keep up to date with changes in regulations to remain compliant. • Use of external specialists to mitigate tax exposures and ensure we are up to date with legislative requirements. • Global trade compliance software in place to monitor transactions. • An outsourced internal audit function provides risk assurance in targeted areas of the business and recommendations for improvement. • The Group establishes a clear Health and Safety Policy and procedures.	• We will ensure we stay current with the latest legislation and have the necessary contemporaneous documentation for compliance purposes. • We will provide comprehensive training to all sales staff to highlight the importance of understanding and adhering to export control regulations as they evolve. • We will continue to strengthen our global health and safety structure, policies and processes.	No change to risk
8 **Business transformation** Link to strategic pillar	The Group undertakes various business transformation projects, which involve adapting and innovating processes, products, and organisational structures to maintain relevance across multiple planning horizons. The risk arises due to uncertainties surrounding the success of these transformation efforts and whether the current operating model supports future growth and resilience.	Transformation projects have a high inherent risk of not achieving the intended outcomes Failure to transform could undermine the business's ability to compete and adapt over time. Without appropriate investment and planning for the long term, the business risks becoming irrelevant or uncompetitive.	• Major business cases undergo a thorough review process, requiring approval from both the CFO and CEO. • We have implemented standardised business processes to ensure consistency, efficiency, and compliance across business units.	• Ongoing monitoring of all significant projects through appropriate governance structures. • Regular leadership team and Board discussions about future growth opportunities and the adequacy of existing structures, processes and resources to execute on those opportunities.	Increase to risk

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Trend key:
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- Increase to risk
- Decrease to risk

MANAGING OUR RISKS
CONTINUED

Risk	Explanation of risk	Potential impact	Mitigation	Priorities in 2025	Assessed trend
9 People-related Link to strategic pillar	The future success of the Group is substantially dependent on the continuing services and contributions of its Directors, senior management and other key personnel. People-related issues may arise from changing workforce dynamics, competition for talent, and evolving expectations around workplace culture and career development.	The loss of key employees could have a material adverse effect on the Group's business. A decline in employee morale and engagement, could have a significant impact on productivity and business performance. Fraudulent and unethical behaviour could have negative reputational impact and cause financial loss to the Group.	• The Group undertakes performance evaluations and reviews to help it stay close to its key personnel. Where appropriate, the Group also makes use of financial retention tools, such as share-based compensation. • The Group focuses on training, upskilling, and career progression opportunities for employees. • The Group holds an annual employee survey to assess engagement and identify improvement actions. • The Group delivers annual Code of Conduct training.	• We will continue to focus on people management and leadership development. • Review of organisation structure and associated incentive plans to ensure they support the Group's long-term strategy.	No change to risk
10 Climate-related Link to strategic pillar	The Group is exposed to climate-related risks that could have a negative impact on the business.	Severe weather affecting our own locations or the supply chain. Not meeting net zero targets and sustainability-related customer expectations, resulting in reputational damage and reduced revenue. Significant harm caused to the environment.	• Ensure we maintain a flexible manufacturing footprint to allow us to respond to any single-site disruption. • We have dual sourced supplies for material purchases and conduct regular reviews of safety inventories to ensure we have sufficient stocks. • Net zero transition plan with relevant policies and KPIs to ensure environmental targets are deliverable. • Procedures in plants to avoid damage to the surrounding environment.	• We will continue to review and respond to areas of single point exposure for manufacturing capability and material sourcing. • We will ensure the entire organisation is engaged to meet our net zero targets.	No change to risk

Strategic key:
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Trend key:
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VIABILITY STATEMENT

In accordance with provision 4.31 of the 2018 revision of the UK Corporate Governance Code, the Directors are required to assess the prospects of the Group over a period longer than the 12 months required by the 'Going Concern' provision.

In making this assessment, the Directors considered the Group's current financial position, its recent and historic financial performance and forecasts, strategy and business model (pages 12–19), and the principal risks and uncertainties (pages 42–51).

The Directors have determined the three-year period to December 2027 to be an appropriate period to assess the Group's viability, as this timeframe is within the Group's strategic financial planning period used to evaluate performance and liquidity, and aligns with the design-in cycle that the Group has visibility of. In making the assessment, the Directors considered a three-year period using financial models prepared by management which illustrated future performance for a range of scenarios.

The Group has a business model where its products are designed into numerous applications, with numerous customers, in numerous geographies. The Group's products are all designed into capital equipment, which is generally in production for several consecutive years, resulting in a revenue annuity. This diversity and revenue annuity are both deemed important factors in mitigating many of the risks that could affect the long-term viability of the Group.

In performing their review, the Board assessed the conservative scenarios against the controls in place to prevent or mitigate principal risks of the Group.

It also considered them against the Group's current banking facilities, a revolving credit facility of US$190m, maturing in December 2026.

In forming the viability statement, the Directors carried out an assessment of the principal risks and uncertainties facing the Group that could impact the business. The most significant financial risks arise from a downturn in revenue, either due to general market weakness or the loss of a major customer, or operational disruption, due to temporary loss of a facility or significant supply chain disruption.

The financial model was stress-tested with various downside scenarios. The potential impact of the principal risks was then considered in the context of each of these downside scenarios. Certain subjective assumptions and judgments were made to achieve this. Each risk scenario occurring in isolation did not breach the Group's borrowing facility headroom or either of its financial covenants. The most severe threats occurring in isolation were found to be a prolonged closure of a manufacturing facility, or a significant delay in the expected market recovery, particularly in relation to the end of current destocking in our Industrial Technology and Healthcare markets.

Not surprisingly, in the event that multiple risks were to crystallise at the same time, then breaches of our banking covenants would occur, but applying a "probability and impact" approach then no breaches are identified. In the event that results started to trend significantly below those in the forecast, additional mitigation actions have been identified that would be implemented which are not factored into the current scenario analyses. These include reduction of non-critical capital expenditure and reduction of discretionary spend. Within the Viability Statement timeframe, the current bank facility would need to be renewed, but there is nothing currently to indicate that this would not be achieved.

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due for at least a period of three years to 31 December 2027.

SECTION 172(1) STATEMENT; HOW WE ENGAGE WITH OUR STAKEHOLDERS

Section 172(1) Engaging with our stakeholders is fundamental, so we focus on what matters

Section 172 requires a company's directors to act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and, in doing so, consider:

a. the likely consequences of any decision in the long term;
b. the interests of the company's employees;
c. the need to foster the company's business relationships with suppliers, customers and others;
d. the impact of the company's operations on the community and the environment;
e. the desirability of the company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between members of the company.

When making key decisions, careful consideration is given to likely impacted stakeholders. The Board and management ensure the actions taken align with our strategic aims, to best position XP for long-term success.

The Board drives the Company culture to ensure high business standards through the Code of Conduct framework, which all employees and key suppliers sign up to. Our Code of Conduct covers stakeholder expectations on business ethics, responsible environmental behaviour, health and safety, and treatment of people.

Our people

Why we engage

Our workforce is key to our long-term success and growth. Their health, safety and wellbeing are essential.

Diverse perspectives and inclusive teams are important to achieving our goals. We strive for a culture in which all colleagues are engaged and committed to our vision.

How we engage

Clear and open communication is crucial. Regular town halls with senior management are held, information is cascaded and discussed across teams, including via regional employee updates. We assess our effectiveness using all-employee engagement surveys. The designated Non-Executive Director hosted four virtual employee engagement sessions across Europe, the US and Asia hearing viewpoints of employees across different roles.

The Audit Committee receives updates on any whistleblowing matters.

Key topics discussed

- Global Health and safety programme
- Culture and employee engagement, strengthening connection between our people and the business
- Annual Group-wide engagement survey results
- Diversity and inclusion, including International Women's Day celebrations
- Business performance

How we responded

- Launched 'Safety Begins with Me' campaign
- Enhanced regular interaction with the Executive Team, 'Coffee with' sessions and virtual group conversations, and site engagement programmes
- Cascaded engagement survey results and introduced training sessions to interpret results and facilitate improvement sessions
- Programme speakers for International Women's Day, featuring a talk on the added value of diversity and inclusion

READ MORE ABOUT THIS ON PAGES 85–91

Customers and strategic partners

Why we engage

Meeting customer needs is our priority in new product development.

We enable our customers to deliver power products and solutions that improve their business sustainability while creating shared economic benefits essential to the long-term success of the Company.

How we engage

We listen to customers' technology roadmaps to partner effectively.

Strong customer relationships are formed through regular sales team interaction with focus customers to gather feedback on our performance and their challenges.

We use anonymous customer satisfaction surveys to further understand our performance.

Key topics discussed

- Customer experience
- Product innovation and development
- Sustainability
- Improving lead times

How we responded

- Opened our Silicon Valley Customer Innovation Centre
- Customer satisfaction survey results reviewed and discussed at Board meetings
- Transfer of production capability of HVHP and RF products from East Coast US to manufacturing sites in Asia adding additional resilience to our supply chain
- Strong pipeline of new products scheduled for launch in 2025

READ MORE ABOUT THIS ON PAGE 23

Suppliers

Why we engage

We uphold the highest supplier standards to minimise operational risks and cultivate long-term partnerships of mutual trust and success.

We recognise our suppliers as vital partners in our supply chain, we work together to enhance the strength and sustainability of our entire network.

How we engage

We collaborate with key suppliers to track performance and proactively understand and resolve concerns.

We work with suppliers to foster stronger partnerships and reduce lead times for key components.

Key topics discussed

- Maintaining high standards across our supplier base
- Sustainability-related matters
- Supply chain performance and lead time reduction

How we responded

- Reviewed our Modern Slavery Statement
- Engaged with suppliers to begin monitoring the supply chain sustainability to understand their progress and challenges in improving sustainability
- Monitored supply chain performance and sought alternative component to alleviate shortages and reduced times

READ MORE ABOUT THIS ON PAGE 24

Communities and our environment

Why we engage

We engage with the communities where we operate to develop trust and gain an understanding of important local issues.

We have a long-standing commitment to act to minimise our environmental impact as we work towards our interim and long-term SBTi-registered targets.

How we engage

Key focus areas include how we can support local causes and issues, develop local talent and protect the environment. Local and national environmental impact is considered when making decisions.

We encourage employees to get involved with local environmental and community activities and the Board receives updates.

Key topics discussed

- Progress against ESG strategy
- Engaging employees in identifying local charities and causes that will be most impacted by their support

How we responded

- Launched internal Sustainability site to update employees on our sustainability objectives and achievements
- Employees are offered one volunteering day to participate in an environmental or community project
- Fostering a culture that encourages our people to get involved in charity fundraising activities

READ MORE ABOUT THIS ON PAGES 66–69 AND 91

Shareholders

Why we engage

Effective Shareholder engagement is crucial to achieving our goals.

We commit to open and transparent engagement with our investors, providing them with clear and accurate information about our business and its performance.

How we engage

Our CEO, CFO and IR team regularly meet with current and prospective investors to ensure they understand our investment proposition, ESG progress and current performance.

Our Chair and Remuneration Committee Chair engage with shareholders on performance, governance and Executive remuneration to ensure we consider their views. Feedback is sought in response to votes against general meeting resolutions.

Key topics discussed

- Management of the current slowdown in market conditions, including short-term mitigating actions
- Unsolicited approach to acquire the issued share capital of the Company
- The Group's long-term growth potential as market conditions improve, including structural drivers of long-term growth and growth strategy

How we responded

- Delivered mitigating actions such as overhead reduction
- Rejection of unsolicited approach to acquire the Company's share capital
- Amendment and extension of the Group's Revolving Credit Facility to provide funding liquidity
- Continued execution of the Group's long-term growth strategy, including new product development

READ MORE ABOUT THIS ON 92–93 AND 111–122

OUR SUSTAINABILITY STRATEGY

Sustainability is core to our strategy. It is important to XP Power and all stakeholders. Sustainability is not just about doing the right thing; it is intrinsically linked to our ability to drive growth. We strive to minimise impact and create value across our value chain.

Our sustainability strategy addresses issues material to our business determined through our materiality analysis results from 2021. The issues identified shape our priorities, approach and reporting. We group our material issues into four areas – Sustainable Products, Environmental Leadership, People and Workplace, and Ethics and Compliance, which are aligned to relevant UN Sustainable Development Goals (SDGs). Through our continued engagement with internal and external stakeholders, XP Power still considers the material topics to be pertinent to our business strategy and stakeholders. See our Section 172 statement for how we engage with our stakeholders pages 54–55. We endeavour to update our materiality assessment in line with evolving requirements.

- The results for our materiality assessment can be found on page 54 of our 2021 Annual Report corporate. xppower.com/investors/reports-and-presentations.

A summary of our material topics and their relevance to our sustainability strategy can be found below.

1. Sustainable Products

Produce quality products that are safe, and solve our customers' power problems.

Our power converters are the safety critical element of the end application, providing the isolation barrier between the end user and the relatively high-voltage mains electricity.

Link to

Material issues

01 03

UN SDGs

2. Environmental Leadership

Minimise the impact we, and our products, have on the environment and adopt responsible sourcing practices considering social and environmental impacts.

Our sustainable business goal is to be the leader of our industry regarding environmental matters, and to minimise the impact we, and our products, have on the environment.

Link to

Material issues

09 10 11

UN SDGs

3. People and Workplace

Make XP Power a workplace in which our people can be at their best, ensuring an environment that is safe, diverse, inclusive and attracts and retains the best talent.

Our sustainable business goal is to improve the physical and mental health of our employees, provide them with a safe place to work and create an environment in which our people can be their best.

Link to

Material issues

04 05 06 08

UN SDGs

4. Ethics and Compliance

Uphold the highest standards of business ethics and integrity.

Our sustainable business goal is to have zero breaches of our Code of Conduct and uphold the highest standard of ethics and integrity.

Link to

Material issues

02 07

UN SDGs

Material issues key:

01	Product responsibility (safety and quality)
02	Responsible supply chain
03	Product solutions and innovation
04	Attracting retaining and rewarding talent
05	Employee welfare
06	Health and Safety (inc. Occupational)
07	Ethical conduct and compliance
08	Diversity and equal opportunity
09	Energy efficiency
10	Waste management
11	Emissions

OUR STRATEGY IN ACTION

Internally, our Sustainability Council is tasked with the successful delivery of the XP Power sustainability action plan and, within this, the net zero action plan. The Council is a cross-functional team chaired by the CEO, supported by sustainability representatives within each business unit, who play an active part in reporting and leading site specific ESG initiatives. Full details of our sustainability governance model and its responsibilities are outlined in the Taskforce on Climate-related Financial Disclosures (TCFD) report on pages 70–84.

What we've done this year

- Our Science Based Targets were approved by the Science Based Targets initiative in February 2024. The validation of our targets re-affirms the Group's long-term goal of net zero across our value chain by 2040, ahead of global ambition.
- From the beginning of 2024, all electrical energy in our EU operations was provided from 100% renewable sources. We also purchased Energy Attribution Certificates (EACs) for our operations in USA, Singapore, Vietnam and China. Renewable energy procurement and EACs result in the Group achieving zero Scope 2 market-based electricity emissions.
- We continued our Supply Chain engagement with key suppliers. This is currently a manual process requiring suppliers to complete a sustainability questionnaire. This will allow for much deeper dialogue and collaboration with our suppliers regarding sustainability and specifically, carbon reduction programs. Engagement is needed to help reduce our upstream Scope 3 emissions and better manage our sustainability risks and opportunities in the supply chain. We hope to extend our sustainable supply chain capability in 2025 with the introduction of new software platform that will assist our supply chain risk assessment and improve supplier engagement.
- Our New Product Development (NPD) teams are focused on designing the most economically efficient power converters. Efficiency gains will reduce operational costs for our customers and also reduce the amount of energy wasted during operation (due to heat loss), this directly impacts Scope 3 downstream emissions.
- We received EcoVadis Bronze Medal status for our 2024 disclosure, an improvement on the prior year, placing us in the top 35% of businesses assessed. Our overall score improved from 48/100 to 60/100 and we aim to improve further this year.
- We launched our new Product Carbon Rating system to replace our XP Green Power products framework. Our new rating system gives customers optionality to choose the components that best suit their requirements. It also allows customers to get a better understanding of the emissions associated with the use of our products.

2025 plan

- Develop and implement an action plan that will help us deliver improvements against key rating agencies such as CDP and Ecovadis.
- Continue to assess our sales and NPD against our Carbon Rating Framework and evolve as required.
- Progress with the rollout of our supply chain engagement programme and select a provider to facilitate our supply chain risk assessments.
- Continue to focus on delivery against our science based targets.

Our Key Performance Indicators

Rating Agency Scores

We use the following rating agencies as external parties to assess our sustainability performance and delivery against our strategy.

MSCI

ESG Rating:
AA

CDP Climate Change score

Climate Change 2024:
B
(2023: B)

Water 2024[1]:
C

Sustainalytics

ESG risk rating:
23.0
(Medium Risk)

Ranked 102nd out of 299 within the Electrical Equipment Industry

ESG Risk Management score:
55.5
(Strong)

EcoVadis Sustainability Rating

Overall score:
60/100
'Bronze Medal'

ISS Corporate Score

Performance score:
47.99

Rating
C
Non-Prime with a decile ranking of 3/10 (2023: C-, Non-Prime with a decile ranking of 4)

1 XP Power was requested to respond to CDP water by external stakeholders. However, unlike some of our industry peers, we note water is not a material issue for XP Power as outlined in the "water section"

In the following chapters, we report on our performance in 2024 in line with our strategic pillars on sustainability.

OUR SUSTAINABILITY REPORT

OUR SUSTAINABILITY REPORT

SUSTAINABILITY REPORT
1. SUSTAINABLE PRODUCTS

How this strategic pillar links to the UN SDGs

This strategic pillar aligns with UN SDG 9 “Industry, innovation and infrastructure” in promoting sustainable industrialisation, and UN SDG 12 “Responsible consumption and production” in the efficient use of natural resources.

Our R&D investment is vital to the Group’s strategy and ability to deliver on our ambition to be an industry leader on sustainability. As the first to introduce greener, safer converters in the market, we believe that we have the broadest product portfolio in our industry. For our business to be sustainable, we must continue to be deliberate in developing low-carbon products and solutions that solve our customers’ power problems, while balancing cost and efficiency.

The carbon footprint of power conversion products or systems is mainly related to conversion efficiency over the service life. By increasing energy efficiency, we reduce the environmental impact of the power system and the equipment into which it is installed, while supporting compliance with any end product specific energy efficiency criteria. By developing smaller power conversion products, which consume less physical material, and produce less waste power, we can minimise our own carbon footprint and help our customers limit their environmental impact.

CASE STUDY

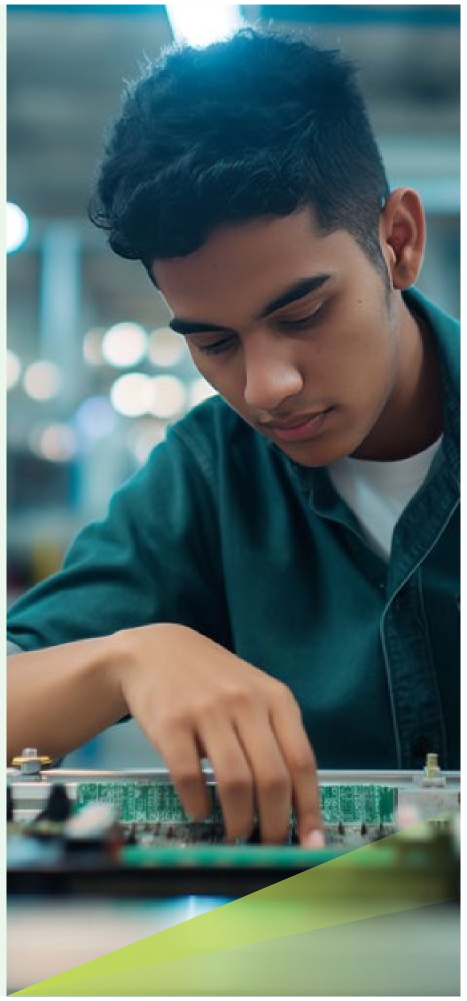
XP Product Carbon Rating System – A new framework to measure our products delivering leading efficiencies

To be an industry leader, we must be at the forefront of sustainable product design and communicate this to our stakeholders. Our XP Green Power Product Framework was designed to make our components comparable against Energy Star ratings, particularly for our low voltage AC/DC components which do not have regulated efficiency requirements.

The Green Power Products Framework has served us well for measuring the environmental benefit of developing efficient products. As the industry has evolved and brought more efficient products to market, we recognise that the Green Power Product Framework no longer represents industry-leading efficiency thresholds.

Our new Product Carbon Rating system is more applicable to today’s market and allows us to remain at the forefront of the industry. The updated rating system provides a more detailed hierarchy related to efficiency levels in our products, providing a more precise stratification of our product suite by efficiency. For continuity, we will report on our XP Green Power products on the same basis as last year. This will be the last year we report on this framework.

Our Product Carbon Rating system creates an easy and transparent process for customers to identify external and component power supplies that have the highest energy efficiency and lowest waste power, when selecting a power system for their application. The system divides products classified as “Green Power Products” into five groups reflecting various efficiency levels – Titanium, Platinum, Gold, Silver, Bronze.



This table outlines how our Green Power Products framework has been translated into the Product Carbon Rating system and the efficiency thresholds applied. The Green Power Products Framework covered low voltage AC/DC external power and component power products. The boundary of products analysed under the Product Carbon Rating system has not changed. The focus is on low voltage AC/DC products due to their high sales volumes. Our High voltage and RF products are excluded from the analysis. They have lower sales volumes and efficiency is not a primary driver. These products tend to power customers’ core processes, so performance, stability and accuracy are the critical product features. In addition, our DC-DC products are not rated due to high efficiency rates and limited ability for customers to select based on efficiency. All Products deemed to be Green Power Products have been assigned a Carbon Rating Category based on their efficiency. Low voltage external and component power products that did not meet the efficiency thresholds of Green Power Products have not been rated.

In 2024 – 41% of Group revenue (55% of sales volume) were included in the analysis boundary of our Product Carbon Rating Framework.

Green Power Products	Product carbon rating category	Low voltage external power	Low voltage component power
XP Green Power Products (Level IV and V Energy Star efficiency)	Low Carbon Power Titanium	Efficiency: >=94%, Standby Power: <0.3W	Efficiency: >=94%, Standby Power: <0.3W
	Low Carbon Power Platinum	Efficiency: >90%, Standby Power: <0.3W	Efficiency: >90%, Standby Power: <0.3W
	Low Carbon Power Gold	Energy Star Level VI Efficiency	Energy Star Level VI Efficiency, Standby Power: <0.3W
	Low Carbon Power Silver	Energy Star Level V Efficiency	Energy Star Level V Efficiency, Standby Power: <0.3W
	Low Carbon Power Bronze	N/A	Energy Star Level IV Efficiency
Low voltage AC/DC external power and component power products not deemed to be Green Power products	Not Rated		
High voltage, RF and DC/DC components	Not included in analysis		

SUSTAINABILITY REPORT
1. SUSTAINABLE PRODUCTS CONTINUED

Initial results from the Product Carbon Rating Framework

In FY24, 5% of sales by volume were from Titanium and Platinum products (representing products with efficiency over 90%), 11% were Gold products (with efficiency equivalent to Energy Star level 6). Silver was the dominant category with 17% of sales by volume coming from the sale of products with an efficiency equivalent to Energy Star level 5. 45% of sales volumes came from the sale of Green Power Products under the legacy framework.

The intention of our Product Carbon Rating framework is to enable our customers to select the most suitable product that meets their needs in terms of performance, cost and efficiency. The framework also informs our New Product Development process, which is already aligned to the market trend of external and component power supplies becoming smaller and more power dense. At this stage, we are not setting any targets for product sales from more efficient product categories as we need to balance our customers' commercial considerations alongside efficiency.

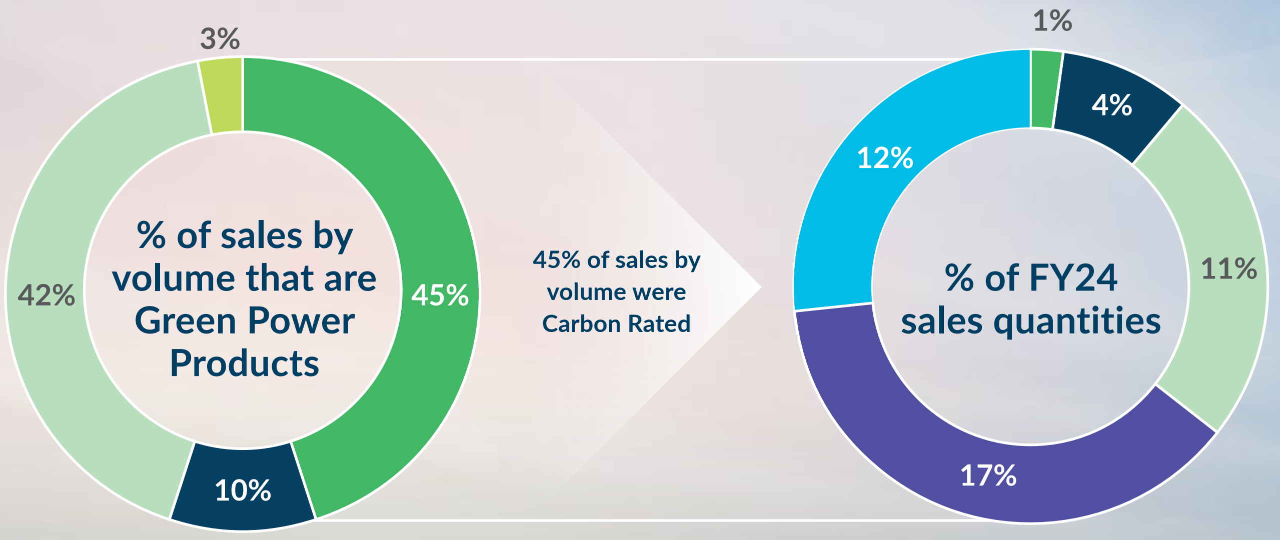
In 2024, we introduced six new Carbon Rated Product families. Two introduced products were platinum rated with a >90% efficiency. Four introduced products were gold rated, equivalent to Energy Star Level 6 rating.

		Number of products introduced
XP Carbon Rated Products	Platinum	2
	Gold	4

The estimated lifetime savings carbon rated products shipped during 2024 is 93,000 tonnes of CO_2. In estimating these savings, we assume:

- XP Carbon Rated Product efficiency of 90% versus average power converter efficiency of 80%.
- The power converter will run for eight hours a day, five days a week, 50 weeks a year, for seven years, in the customers' equipment.
- The customer will run the power converter at 75% of its rated power.
- 1kWh of electricity produces 0.418kg of CO_2.

Our Green Power and Carbon Rated Product Frameworks are applied to our low voltage AC/DC products which have high sales volumes and low value

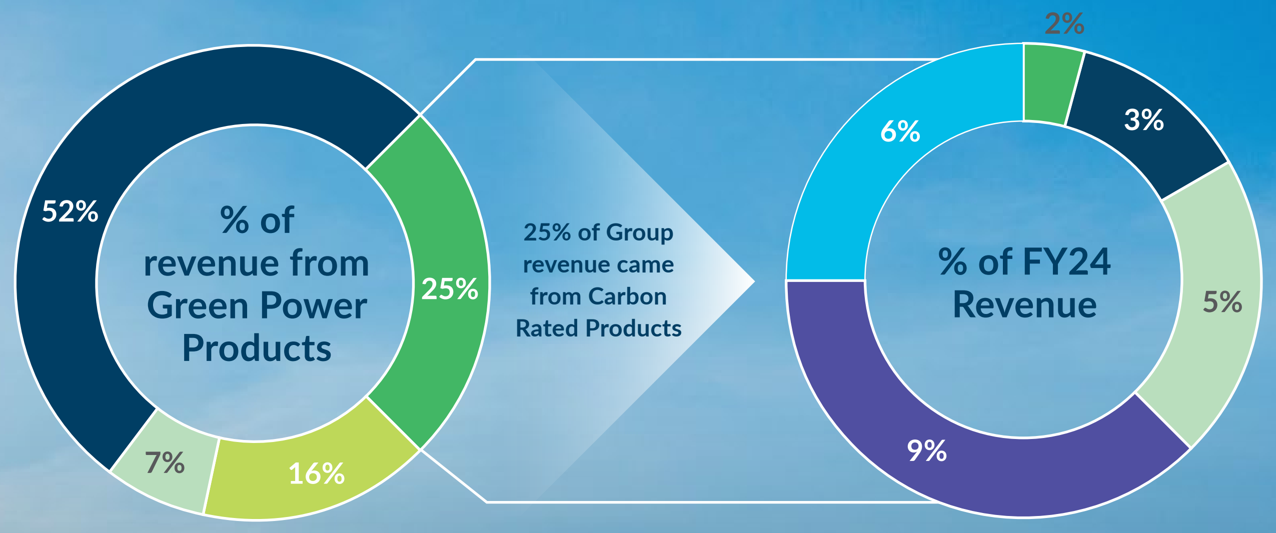


Rateable Products
- Green Power
- Non Green Power

Not Rateable Products
- DC/DC*
- HV/RF

- Low Carbon Power Titanium
- Low Carbon Power Platinum
- Low Carbon Power Gold
- Low Carbon Power Silver
- Low Carbon Power Bronze

* DC/DC products make up a significant portion of our sales volumes. We consider these to be highly efficient products. However, they are not rated because there is limited scope for customers to make choices based on efficiency.



Rateable Products
- Green Power
- Non Green Power

Not Rateable Products
- DC/DC*
- HV/RF

- Low Carbon Power Titanium
- Low Carbon Power Platinum
- Low Carbon Power Gold
- Low Carbon Power Silver
- Low Carbon Power Bronze

SUSTAINABILITY REPORT 1. SUSTAINABLE PRODUCTS CONTINUED

Boosting innovation

We consider and respond to environmental issues through our product development process, and our high-efficiency products help the economy move towards a low-carbon future. Our New Product Development process has a sustainability policy that requires the development team to ensure that, where economically feasible, both product efficiency is maximised and component count reduced. Design for sustainability is a metric in our sustainability scorecard tracked by the Sustainability Council. Innovation in this area is commercially sensitive; therefore, we will not disclose targets externally.

We are seeing some signs of our customers pushing for higher in-use efficiencies as this impacts their end-to-end carbon footprint. A great example of this can be seen in the release of our new programmable HPF3K0 power supply developed by our Irvine design facility in the USA. This product boasts market leading efficiency of 92% and this in turn helps reduce our customers carbon footprint.

We use design and manufacture partners for some of our smaller, higher volume products. Similar to our own internal design requirements, they are under increasing pressure to ensure that all new products achieve market leading product efficiencies.

Our effective product development rate is slow; in relation to useful product life, replacement rates are low, and customer approval timelines for critical power supply units are elongated. Together, this leads to a slow diffusion rate of new products into the market, so significant value chain emissions reductions will only present in the medium to long term. Sustainability innovation also requires a balanced approach, as our actions can impact the cost and size of products, which remain key customer considerations.

Our product design process considers:

- **Energy efficiency** – We consistently lead the industry in developing high-efficiency XP Carbon Rated Products (formerly XP Green Power products) in the Industrial and Healthcare sectors, which consume and use less electricity in both powering the application or on standby. This results in significantly reduced CO_2 emissions over the lifetime of the customers' equipment (c.7–10 years).
- **Novel materials** – Wherever possible, we introduce novel materials into our higher-end products, such as ultra-efficient silicon carbide devices. We use new semiconductor components to control our power supplies, allowing soft switching to reach very high-efficiency rates and low-standby power ratings. Future developments in power transistor technology are expected to allow the size of power converters to be significantly reduced, increasing their efficiency in some applications. In products such as Power FET, IGBT and ceramic capacitor products, we use over 4,000 key materials and components to produce durable, quality products. We will investigate opportunities to reduce this component count.
- **Product lifecycle management** – Our design processes consider the complete product lifecycles of our power conversion products from the outset, extending useful product life wherever possible. Extending the useful life of our products, reduces environmental impact via reduced replacement rates and waste to landfill. Product characteristics that improve energy efficiency also increase reliability and useful lifetimes as highly efficient products run cooler, which increases the heat sensitive components, such as electrolytic capacitors, lifetime. Efficient products do not require an electromechanical fan, traditionally an unreliable component, to exhaust waste heat.
- **Hazardous substances** – We avoid the use of hazardous substances in our products, facilitating the recycling at the end of their lifetime and reducing their environmental impact.
- **Low-carbon manufacturing** – Alongside designing highly efficient products, we also consider the manufacturing process. Post manufacturing, products traditionally undergo stress testing (burn-in) to eliminate early failures. When products are burned-in, we recycle the power into the manufacturing facility to significantly reduce our carbon footprint. Burn-in cycles are monitored and reduced based on defect data, further reducing CO_2 emissions.
- **Product safety** – A power converter is critical to the safety of any electrical system or application as it provides the isolation barrier between the end-user and the potentially lethal high voltage mains electricity. For example, a mains-powered drug delivery system connects directly to a patient, so it relies on the safety isolation within our power supply to keep the patient safe. All our products come under the remit of our ISO 9001 registration.
- **Packaging** – Plastics used within our product packaging are an area for improvement. While most products are shipped using cardboard containers, there are still many items that use plastic or foam packaging. This project is at an early stage with no progress to report at this time.

Product recall procedure

XP Power's established product recall procedure provides a system and assigns responsibilities for product recall, enabling us to monitor product safety and performance. If a customer complaint, field non-conformance or manufacturing defect is discovered regarding the safety or quality performance of an XP Power product, it is investigated.

The investigation and failure analysis of a suspect product is reviewed by XP Power Quality and Engineering. If it is determined that the return is a potential safety risk or an abnormal field reliability issue, then XP Power Quality initiates and coordinates a Recall Committee team meeting. Quality also notifies the CEO immediately if there is a potential safety issue. If it is agreed that a recall is the appropriate action, then a Recovery Plan must be developed by the Recall Committee. Customer complaints are monitored and recorded regularly with all corrective and preventive actions implemented effectively.

Product Responsibility Policy

Our Product Responsibility Policy outlines our commitment to the responsible design, manufacturing and disposal of products and their positive impact on individuals, society and the environment. The policy can be found here: corporate.xppower.com/sustainability/policies-and-procedures.

Responsible sourcing and supply chain

We require all suppliers to adhere to our Code of Conduct and Supply Chain Policy, which cover diversity, modern slavery and human trafficking, health and safety, business integrity and ethics, environment, and sustainability. It is vital that our suppliers apply the same principles of value, transparency and respect as we do. In our supplier contracts we require compliance with the Responsible Business Alliance (RBA) Code of Conduct. We also require next-tier suppliers to acknowledge and implement the RBA Code. Our supplier qualification and ongoing audit programme reviews supplier compliance with our Code of Conduct and Supply Chain Policy. We disengage with suppliers who do not meet these standards. As part of our net zero plan, we will expand our supplier and component distributor engagement when managing our upstream emissions.

XP Power's Code of Conduct and Supply Chain Policy are available at corporate.xppower.com/sustainability/policies-and-procedures.

Last year we created a new supplier survey covering a range of Environmental, Social and Governance (ESG) topics, such as carbon emissions, health and safety, and business ethics. The survey was sent to our tier 1 suppliers (third-party manufactures and component suppliers) on a trial basis. We are still in the process of data gathering and developing a baseline. During FY24, we repeated the survey with the same suppliers as in FY23. As we are at the development stage, no strategic measures have been established, but we aim to develop this to improve supply chain performance.

As part of our commitment to a responsible supply chain, we are also investigating the use of third-party systems to gather supply chain data. This will allow us to better understand the risks and opportunities in our supply chain and improve supplier engagement, especially beyond tier 1.

Conflict minerals

We support initiatives and regulations to avoid the use of any "conflict minerals", which originate from mining operations in the Democratic Republic of the Congo (DRC) and adjoining countries. These involve tantalum, tin, tungsten, and gold. We purchase our electronic components only from reputable sources, and materials such as solder are purchased from vendors on the Conformant Smelter & Refiner Lists. We obtain information from our suppliers concerning the origin of the metals used in the manufacture of our products. This way, we can assure our stakeholders that we are not knowingly using conflict minerals. Our supply chain organisation is responsible for the qualification and ongoing monitoring of our suppliers. We can confirm that 100% of our products' minerals come from verified conflict-free suppliers. XP Power's policy on conflict minerals is set out at xppower.com/company/policies.

Substances of concern

Our use and management of substances of concern in our operations are conducted within the bounds of international regulation and our Environmental Management System. We are governed by ROHS, REACH and Conflict minerals directives and our sites are ISO 14001 approved. This means we have third party audited systems in place to ensure we have appropriate controls in our operations for the management of substances of concern.

SUSTAINABILITY REPORT
2. ENVIRONMENTAL LEADERSHIP

How this strategic pillar links to the UN SDGs

Taking urgent action to combat climate change aligns with UN SDG 13 "Climate action".

13 CLIMATE ACTION

Key areas and commitments
Managing environmental performance
Energy and Greenhouse gas emissions
Water
Waste Management
Biodiversity

XP Power recognises the significance of climate change, and aims to reduce its climate impact across all operations by managing and reducing carbon emissions. In February 2024, both our near and long-term emissions targets were approved by the SBTi. Our targets reaffirm our long-term goal of net zero across our value chain by 2040, while introducing interim targets for 2030. More detail on our targets and plans for achieving them are included in our Net Zero Transition Plan corporate.xppower.com/storage/reports/XPPower-NetZero2023.pdf.

Our transparency commitments include regular public disclosures of our carbon emissions, collaboration with CDP Climate Change, and reporting against TCFD recommendations (page 70), which includes details of our oversight, risk assessment and climate-related strategy.

Managing environmental performance

Our Governance structure is outlined in our TCFD report. Site representatives are responsible for the monitoring and monthly reporting of relevant ESG data, including energy use, Scopes 1 and 2 emissions, water, and waste. Each site has a 2030 action plan to address Scope 1 and 2 emissions. In some cases, further monitoring of the processes and equipment is required to identify the main drivers at each location.

The Group has a comprehensive Environmental policy that outlines our commitment to continuously improving our Environmental performance. We communicate our environmental policy and objectives to our suppliers and employees, encouraging their participation in environmental best practices. Our environmental policy is available at corporate.xppower.com/sustainability/environment.

As part of our environmental commitment, and to monitor environmental performance, our main production centres have an internationally accredited Environmental Management System (ISO 14001), which account for around 73% of the Group's employees. Among other issues, our ISO 14001 certified management system includes our handling of waste and hazardous materials. Compliance is ensured through our internal audit process together with external assessments by our registrar, British Standards Institution (BSI). The Group has had no environmental fines in the last 12 months (2023: nil).

Energy and greenhouse gas emissions

This section has been prepared for the reporting period 1 January 2024 to 31 December 2024. The Group has defined its organisational boundary using an operational control approach with no material omissions from within the organisational boundary of the Group. We report on all material GHG emissions sources and GHG emissions have been calculated from business activities in accordance with the principles and requirements of the World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version) and Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019). The information in this section and tables in our key non-financial performance indicators on pages 94–99 address our requirements under Part 7 of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and under the UK's Streamlined Energy and Carbon Reporting (SECR). In line with the Greenhouse Gas Protocol, we continue to review our reporting in light of any changes in business structure, calculation methodology and the accuracy or availability of data. Our target base year Scope 1, 2 and 3 GHG emissions for 2022 were verified in accordance with requirements of "Limited Assurance" procedures by Intertek Assuris for the fiscal year 2022. The verification was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3410. We will assess the benefits of assurance of our FY 2024 emissions and may undertake assurance later this year.

Our full emissions data and tables can be found in our non-financial performance indicators section on pages 94–96.

Update on net zero

Our net zero targets were approved by the Science Based Target initiative (SBTi) in February 2024. This year, we continue to report our progress against our net zero targets in line with the SBTi and Transition Plan Taskforce (TPT) criteria.

	Near-term target (2030)	Long-term target (2040)
Scope 1 & 2	42% reduction	net zero
Scope 3	25% reduction	net zero

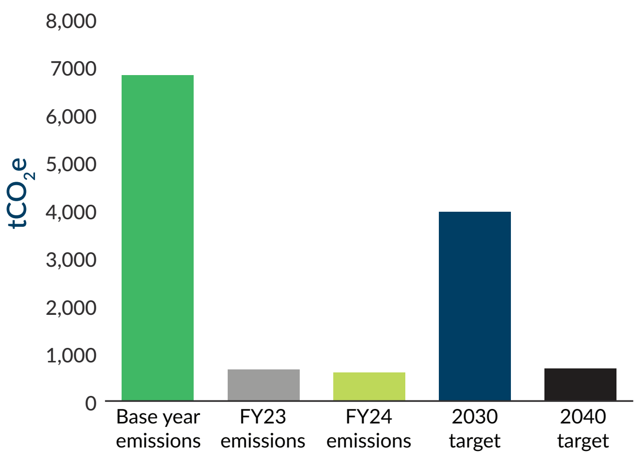
Scope 1 and 2 emissions

Our 2024 market-based operational emissions were 596 tCO_2e. This reflects a 91% reduction on our base year emissions, which were 6,821 tCO_2e. We have surpassed our near-term targets and have nearly achieved net zero Scope 1 and 2 emissions, relative to our 2022 base year. This is largely due to our purchase of Energy Attributable Certificates (EACs) to reduce Scope 2 emissions, which contributed the largest portion of our base year emissions. During 2024, all electrical energy within our EU operations was procured from renewable sources. For our operations in USA, Singapore, Vietnam and China, we have purchased EACs. This has resulted in the Group having zero market-based Scope 2 electricity emissions for 2024. The grid has residual market based emissions from purchased heat and steam in Germany operations.

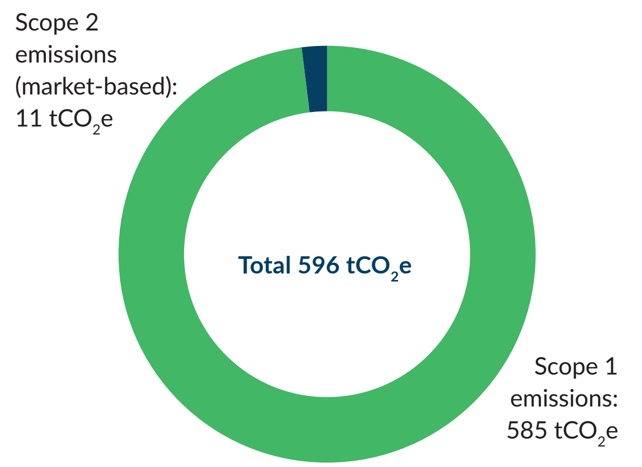
During 2024, absolute location-based Scope 1 and 2 emissions decreased 17% year on year. This was primarily due to a reduction in electricity usage across the Group, particularly outside of the UK. UK electricity usage reduced 47% and non-UK electricity usage reduced 8% largely driven by reductions in our Vietnam and Kunshan sites which dominate electricity usage. There was an overall increase in Scope 1 emissions by 8%. This was driven by increased gas usage in our US sites. UK Scope 1 emissions reduced significantly due to the closure of one of our sites.

Our emissions and energy intensity are reported as tonnes CO_2e/£m revenue and kWh/£m revenue (see non-financial performance indicators on page 94-95). Our overall location-based Scope 1 and 2 emissions intensity increased by 7% this year, while our energy intensity increased by 21%. The general energy efficiency measures used to achieve energy reductions are discussed in detail below.

Scope 1 and 2 emissions (market-based)



Location-based Scope 1 and 2 emissions 5,771 tCO_2e

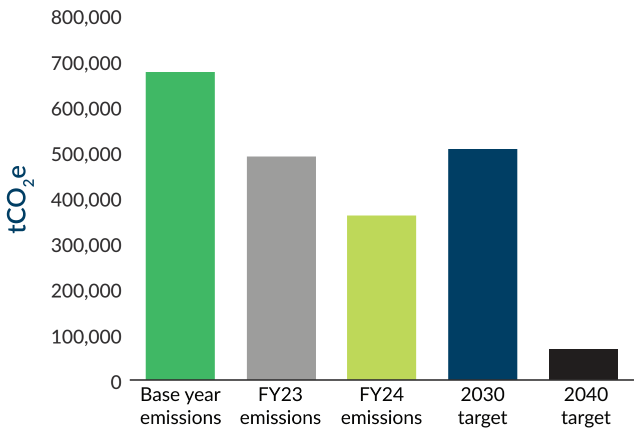


SUSTAINABILITY REPORT
2. ENVIRONMENTAL LEADERSHIP CONTINUED

Scope 3

Our FY24 Scope 3 emissions were 360,635 tCO_2e. This reflects an 47% decrease on our base year emissions of 674,968 tCO_2e. Our reductions in Scope 3 to date put us on track to achieve our interim target.

Scope 3 emissions



During 2024, our Scope 3 footprint reduced 38% year on year, with the categories 'Use of Sold Products' and 'Purchased Goods and Services' remaining the most material. Use of sold products (81% of Scope 3) has decreased 40% compared to 2023 for two reasons: 1) There was a reduction in sales volumes, and 2) There has been reductions in grid intensities in the main markets XP sells into. Purchased goods and services (18% of Scope 3) reduced by 30% compared to 2023. These lower emissions were due to purchasing less stock and raw materials. We have seen the impact of our concerted shift to sea freight. Upstream transport emissions have reduced emissions 44% year on year, primarily through our continued modal shift from air to sea. Sea freight increased from 71% of freighted weight in 2023 to 82% in 2024.

Energy efficiency initiatives

Energy efficiency initiatives are key to reducing our operational emissions. During 2024, a range of initiatives were implemented that reduced our energy consumption and carbon footprint. Notable examples are listed below.

Energy consumption reduction activities in Vietnam

Description of activity	Estimated savings kWh
Kaizen project linking the compressed air pipelines between pipelines. Compressed air phase 1 can be switched off during low load production or during night shift to save electricity.	600 kWh per day (18,250 kWh per month)
All unnecessary lighting, wave and reflow machines powered off during the night shift and on Sundays.	3,400 kWh per day (10,3417 kWh per month)
Mag Shopfloor air-conditioning unit powered off during mealtimes to reduce chiller load and electricity.	50 kWh per day (1,521 kWh per month)
Implemented a separate controller switch for ceiling light to turn off at the line that is not working on Mag shop floor.	36 kWh per day (1,095 kWh per month)
Implemented a separate controller switch for ceiling light to turn off after office time at HVHP Test Cell area.	17 kWh per day (517 kWh per month)
Cleaning cooling tower and condenser to increase heat transfer efficiency for reducing consumed electricity of chiller.	300 kWh per day (9,125 kWh per month)
Implemented automatic power off air-conditioning and switching chiller 1 to chiller 2 at 4h30 to reduce electricity consumption.	93 kWh per day (2,829 kWh per month)

Energy consumption reduction activities in China

Description of activity	Estimated savings kWh
Two out of four Manual Insertion and Touch Up lines have been shut down.	20,160 kWh/month
We are continually optimising Burn-In times to reflect production yields and field reliability. This will help to reduce energy usage during this essential process.	To be determined

Renewable energy installation

In 2024, XP Power continued to implement and maintain solar projects. Solar panels were installed in Kunshan and broken panels were replaced in Vietnam. An extension to the existing solar capacity in Vietnam was scoped out. The planned extension could cover 5% of daily power consumption.

Ensuring modern facilities

Our facilities in Silicon Valley and Orange County, were moved to new buildings, compliant to the latest building regulations. The new facilities have the latest energy-efficiency technology installed to help reduce energy costs and emissions.

TCFD

Recommendation	Recommended disclosures	Page reference	CA 414CB
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the Board's oversight of climate-related risks and opportunities	Page 71	(a)
	b. Describe management's role in assessing and managing climate-related risks and opportunities	Page 71	(a)
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Pages 72–81	(d)
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Pages 72–81	(e)
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Pages 72–81	(f)
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks	Page 72	(b)
	b. Describe the organisation's processes for managing climate-related risks	Page 72	(b)
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Page 72	(c)
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 82–84	(h)
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Pages 82–84	(h)
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Pages 82–84	(g)

This report, in conjunction with our net zero ambition, covers our governance of climate change and demonstrates how we incorporate climate-related risks and opportunities into our risk management, strategic planning, and decision-making processes.

Specific details of our pathway to net zero are outlined in our Transition Plan. We believe the following disclosure to be consistent with the TCFD All Sector Guidance and the obligations under Listing Rule 6.6.6(8). Additionally, they fulfil the climate-related financial disclosure requirements outlined in the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. This alignment is further detailed in the TCFD cross-reference and disclosure consistency summary provided above.

Governance

Board level

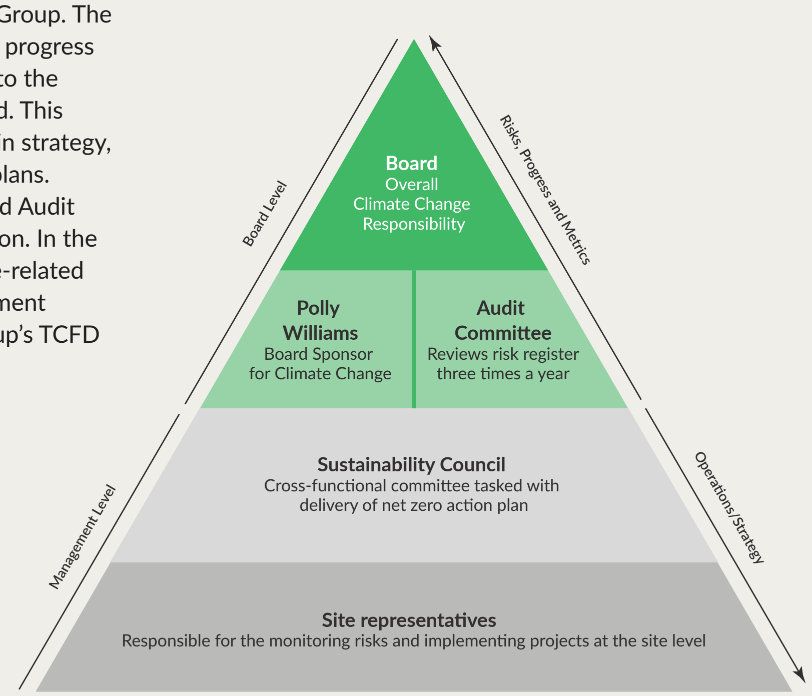
XP Power has a robust governance structure to manage our climate-related risks and opportunities. The Board of Directors has overall responsibility and oversight of climate-related risks and opportunities, all Group policies, including the Environmental Policy, and all matters that impact the strategy, risk management, vision and values of the Group.

Climate change is a standing item on the board agenda to be discussed annually, discussed twice a year at scheduled Board meetings and more regularly if anything more urgent is required, such as signing off major capital expenditure. The flow of information regarding climate-related issues occurs within both the strategic and risk functions of the Group. The Board monitors the Group's sustainability strategy, progress against key initiatives and performance in relation to the net zero plan, as well as our sustainability scorecard. This ensures climate-related issues are considered within strategy, budgets, major capital expenditures and business plans. Polly Williams, the Senior Independent Director and Audit Committee Chair, supports the Board in this function. In the risk function, the Audit Committee ensures climate-related issues are integrated into the Group's risk management process and are responsible for approving the Group's TCFD disclosure.

Management level

At management level, the Executive Leadership Team (ELT) meets monthly to monitor progress and key sustainability strategy actions, and reports to the Board. The Sustainability Council supports the ELT with the Group's sustainability objectives. The Sustainability Council, which meets quarterly, is a cross-functional team chaired by the CEO tasked with the formation and successful delivery of our sustainability action plan (including the net zero plan). The Council monitors the policies, processes, objectives, targets and KPIs linked to our sustainability issues. By reviewing our sustainability scorecard, the Council determines progress against our plan, resolves issues, mitigates plan risks and creates actions for the ELT, senior management and site representatives. In relation to Net Zero, the sustainability scorecard tracks our Scope 1, 2 and 3 emissions, renewable electricity roll out, low-carbon product introduction, waste reduction and supply chain initiatives.

Sitting below the Sustainability Council, sustainability reps are appointed within each business unit and play an active part in reporting and leading site specific ESG initiatives. Each representative is responsible for the regular monitoring and reporting of site-specific sustainability metrics and risks, as well as the implementation of site-level corporate projects.



TCFD CONTINUED

Risk management

Our process for identifying and assessing climate-related risks

External consultants, CEN Group, assisted in the identification and analysis of climate-related risks and opportunities, which were refined through Sustainability Council consultation. XP Power considers climate-related risks and opportunities in all physical and transition risk categories (current and emerging) whether they occur within our operations, upstream or downstream of the Group. Stakeholder engagement as well as a desktop review ensures we are aware of relevant or emerging risks. Risks are assessed within our short-, medium-, or long-term strategic planning horizons. Typically, transition risks occur top down and are considered at Group level. As part of operational risk assessments, the Group undertakes site level environmental risk assessments. Our site-level analysis of physical climate risks enhances the depth of insight into or global operations and this year we had zero physical climate-related incidents that impacted our operations.

The management of climate-related risks is integrated into the XP Power risk management framework. Risks are assessed in the same manner as other Group risks, so their relative significance is comparable. This includes an assessment of likelihood (on a five-point scale, low to high) and impact (on a five-point scale, minor to severe), to ensure the significance of climate-related risks is considered in relation to risks identified during our standard risk management processes. The same process is used for assessing climate-related opportunities. Climate-related risks are included in the risk register and reviewed by the Audit Committee to incorporate ongoing refinement and quantification of risks, and to ensure the register reflects any material changes in the operating environment and business strategy. Further details on each key risk and opportunity, such as a quantification of the financial impact, the appropriate strategic response, the cost of response and the variance of key risks regarding climate-related scenarios, have been developed where possible. Combining this with the impact and likelihood assessment aids in determining the treatment of each risk (e.g. mitigation, acceptance or control) so we can prioritise resources to manage the most material climate-related impacts, with other risks requiring further analysis or accepted as being within the Group's business-as-usual risk appetite. This year, we have reviewed both our transition and physical risks and opportunities to ensure there has been no change in exposure during the year.

Strategy

Climate-related risks and opportunities

The identification of climate-related risks and opportunities underpins our net zero strategy and the management of these dovetails with our Net Zero Transition Plan; the mitigation of climate-related risks and the development of opportunities are effectively integrated into our strategic planning. The analysis has helped focus our strategy towards managing these issues.

The time horizons for our assessment of climate-related risks and opportunities consider: our commitment to net zero by 2040 and our net zero transition plan targets; that the Group owns some of its key operating sites, the timeframes required for climate change impacts to manifest and alignment to overall strategic planning horizons. The time horizons for our climate-related risk assessment are as follows:

Time horizon		Rationale
2025–2028	Short term	In line with the existing risk management time horizon and specific business plan strategy
2028–2035	Medium term	Encompasses XP Power's near-term emission targets
2035 onwards	Long term	Encompasses the Group's net zero by 2040 target and the UK Government's net zero by 2050 target

As part of our assessment of climate-related risks and opportunities, we have conducted climate scenario analysis to assess the resilience of the Group's business model and strategy to climate change under different scenarios. Please see the risk and opportunities tables on pages 74–81 for the implications of this scenario analysis. We have used different scenarios for both physical and transition risks and opportunities. Scenarios have been selected that provide comparisons of ambitious, baseline and optimistic climate scenarios, which are appropriate for the nature of our business and our operating environment. The scenarios used are outlined below.

In aggregate, our risk assessment and scenario analysis has shown that our overall climate risk exposure is moderate. The Group is financially resilient and strategically robust to climate change. Our current understanding is that, considering our existing and planned mitigation strategies and net zero action plan, any asset impacts are limited and risks can be accommodated in our business-as-usual activities. We do not foresee any additional fundamental changes to our business strategy or capital expenditure envelopes resulting from climate change or net zero for the foreseeable future. There are no effects of climate-related matters reflected in judgements and estimates applied in the financial statements.

This year, we have enhanced our quantification of risks and opportunities. We will continue to develop our analysis as new data becomes available, internally and externally, and we will continue to monitor our climate exposures and action plans through the Group's risk management framework. The opportunities identified continue to be developed in line with Company strategy and objectives.

Transition risks and opportunities

We have assessed the risks and opportunities, arising from the transition to a low carbon economy, which may have a material impact on the Group. Risks may carry financial, legal and/or reputational impacts. Our Net Zero Transition Plan helps mitigate transition-related risks. The following two International Energy Agency (IEA) scenarios have been used to perform scenario analysis for our transition risks and opportunities.

Net Zero 2050 (NZE)[1]: a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. This scenario meets the requirement for a "below 2°C" scenario and is used as a positive climate pathway. NZE also informs the decarbonisation pathways used by the Science Based Targets initiative (SBTi).

Stated Policies Scenario (STEPS)[2]: represents projections based on the current policy landscape and is used as a base/low-case pathway. Global temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability.

Assumptions

- Scenarios often only provide high level global and regional forecasts.
- Not all risks are easily subject to scenario analysis.
- Scenario analysis requires analysis of specific factors and modelling them with fixed assumptions.
- Impacts are to be considered in the context of the current financial performance and prices.
- Net impacts are assumed to occur with assumptions and reduction initiatives from our Transition Plan used to mitigate risk exposure.
- Impacts are modelled to occur in a linear fashion, when in practice, dramatic climate related impacts may occur suddenly after tipping points are breached.
- The analysis considers each risk and scenario in isolation, when in practice, climate related risks may occur in parallel as part of wider set of potential global impacts.
- Carbon pricing is informed by the Global Energy Outlook 2024 report from the International Energy Agency ("IEA").

1 iea.org/reports/global-energy-and-climate-model

TCFD CONTINUED

Transition risks identified

Risk	Risk description	Risk type	Potential impact on the business	Response/actions we're taking and how they are managed	KPIs	Time horizon	Likelihood	Magnitude of impact	Scenario implications
Carbon price impacts in the value chain	XP Power is exposed to potential carbon prices within our direct operations.	Policy and Legal	Higher cost of inputs	Our Scope 1 and 2 exposure is low, and planned mitigation will further limit potential carbon price impacts on our direct operations. As part of the Group's net zero plan, we aim to reach a 42% reduction in Scope 1 and 2 emissions by 2030. The Group has reduced its market-based Scope 2 emissions to almost zero, reducing exposure to potential future carbon taxes.	Scope 1 and 2 emissions	Medium term	Medium	Moderate	Under the NZE (to a greater extent) and STEPS scenarios, carbon prices are projected to increase operationally and in our supply chain. It is unclear whether, or how, carbon prices are applied to purchased goods and transport, as is our ability to pass on cost.
Carbon price impacts in the value chain	XP Power is exposed to potential carbon price impacts within the upstream value chain, which may result in increased cost of transportation and goods sold.	Policy and Legal	Higher cost of inputs	As part of our net zero plan, we aim to reduce Scope 3 emissions by 25% by 2030 and achieve net zero across the value chain by 2040, thereby mitigating the impacts of carbon pricing on our value chain. We have identified our carbon-intensive inputs within our purchased goods and services (18% Scope 3 emissions). Mitigating embedded carbon comes from both our product and supplier strategy. Our innovation has a specific focus on improving our products in use efficiency, and criteria has been introduced to reduce component count in our product development process. Our continued supplier engagement will help us understand how our suppliers decarbonise their own operations. The impacts of global grid decarbonisation are also factored into our upstream expectations. The Group is also exposed to potential carbon costs within transportation (1% Scope 3 emissions). We have reduced air freight during 2024 to 18% of shipping by weight (previously 25%). We remain committed to investigating opportunities within our logistics strategy to reduce this further, cognisant that customer service remains an important consideration.	Upstream Scope 3 emissions	Medium term	Medium	Moderate	Under the NZE (to a greater extent) and STEPS scenarios, carbon prices are projected to increase operationally and in our supply chain. It is unclear whether, or how, carbon prices are applied to purchased goods and transport, as is our ability to pass on cost.
Risk of not meeting our net zero target	The ability to deliver on our net zero target and Transition Plan is partially reliant on third parties and/ or technologies yet to be developed, especially in the long term. Failure to meet the defined net zero targets may cause reputational damage, dissuade potential investors, or result in sustained cost impacts from any introduction of carbon pricing.	Market and Reputation	Lower profit margins through increased costs and lower revenue	Our ability to decarbonise our operations is dependent on grid decarbonisation and renewable energy availability in the countries in which XP Power operates. The Group purchases renewable Energy Attribution Certificates (EACs) to reduce Scope 2 emissions and will continue to investigate measures to reduce energy consumption, improve energy efficiency and invest in onsite renewable installations. Our ability to reduce use phase emissions is heavily reliant on grid decarbonisation in countries in which our customers operate and on which we have no influence. Nonetheless, we are taking action to reduce use phase emissions through the product development process. Transportation-related emissions reductions are reliant on global transportation and freight decarbonisation. We are taking action to reduce emissions in this area by switching freight mode, reducing business travel, and encouraging lower-carbon commuting patterns for employees.	Scope 1, 2 and 3 emissions	Long term	Low	Major	The speed and magnitude of policy and technological development would increase more substantially under NZE, which would mean XP Power would be more likely to meet its net zero target. STEPS poses a greater risk due to slower development.

TCFD CONTINUED

Transition opportunities identified

Opportunity	Opportunity description	Opportunity type	Potential impact on the business	Response/actions we're taking and how they are managed	KPIs	Time horizon	Likelihood	Magnitude of impact	Scenario implications
Solar power	The Group pursues solar self-generation wherever practically possible and economically viable as part of our Transition Plan. Some sites already have solar panels, and more installations are planned. Solar installations will reduce reliance on local grids, reduce our emissions and carbon tax exposure and can provide operating cost savings.	Energy Source and Resilience	Reduced direct costs	Scaling of global solar capacity is likely to reduce the cost of adoption and allow us to increase the capacity of potential renewable generation. We have scoped installation of new solar panels across the entire roof at our Vietnam site, which will cover c.25% of the site's electricity needs. This project is being assessed against other Group requirements.	Scope 2 emissions % of renewable from total electricity	Short to medium term	Medium	Minor	Under a STEPS scenario, Global solar PV capacity is expected to double by 2030, rising four-fold under the NZE scenario. This will lead to reduced costs for onsite generation.
Purchased renewable energy	Energy Attribution Certificates (EACs) such as Renewable Energy Certificates (RECs) allow us to reduce our market-based Scope 2 emissions without capital spend.	Energy Source	Reduced direct costs	This year, all our non-European sites are covered by EACs. Our European sites are covered by Purchased Power Agreements (PPAs), which provide better certainty of renewable supply and additionality of renewables into the grid. We are small electricity users, so we are not well placed to secure high-demand PPA supply contracts outside of Europe. We assume the ability to find EACs at our European and US sites (c.14% of the Group's Scope 2 emissions combined) in the future will be high, while we expect greater uncertainty in the availability of renewable energy at our sites in Asia in the near term.	Scope 2 emissions % of renewable from total electricity	Short to medium term	High	Minor	Under NZE, global investment in renewable energy needs to be $2.5tn by 2030 compared to $1.7tn in STEPS, so NZE provides higher opportunity exposure.
Reduction of air freight	Shifting from air to sea freight provides reductions in both costs and emissions for the Group. We have analysed operating cost savings and the reduction of upstream transportation carbon pricing exposure through transport modal shift.	Transportation	Reduced costs	We have assessed our supply routes to determine our transportation-related emissions and to provide a basis for managing these emissions within the net zero action plan. Customer service remains imperative to our strategy, and freight model changes only occur where supply to customers will not be impacted or where engagement with suppliers assists with lead times. We reduced air freight as a proportion of total freight during 2024 and will continue to identify reduction opportunities.	Scope 3 emissions - upstream transportation and distribution	Short to medium term	Medium-high	High	While both STEPS and NZE provide opportunities for more sustainable forms of freight, NZE provides a greater opportunity due to the higher rate of investment and faster electrification and decarbonisation of freight.

TCFD CONTINUED

Transition Opportunities Identified continued

Opportunity	Opportunity description	Opportunity type	Potential impact on the business	Response/actions we're taking and how they are managed	KPIs	Time horizon	Likelihood	Magnitude of impact	Scenario implications
Innovation for lower carbon products	The full analysis of the carbon footprint of our products has enabled us to better understand impact areas and identify improvement opportunities. The Group's NPI process includes goals to develop lower carbon products, through increasing use phase efficiency and lowering component count. Increasing lower carbon products will also help us reduced exposure of our upstream supply chain to carbon pricing mechanisms.	Products and Services, Market	Higher Revenue	We expect a range of market and policy factors to support the uptake of our low carbon innovation outputs and increase the rate of diffusion. For example, policy mechanisms such as increasing scope on legislation for power conversion efficiency requirements; the Group expects standards to cover industrial and healthcare applications over time.	Scope 3 emissions – use of sold products, purchased goods and services	Long term	High	Minor	Within the NZE scenario, the widespread enforcement of minimum energy performance standards are expected in the industry, alongside mandatory energy management systems and energy audits, which will increase customer requirements for energy-efficient products. STEPS sees a more gradual development.
Electrification	Electrification represents a global megatrend with potential new opportunities for the Group within existing and new markets. It is critical in the transition to a zero-carbon economy as it reduces reliance on fossil fuel-based systems.	Market	Higher Revenue	We have assessed the potential impacts of this opportunity through increases in sales attributable to electrification. To capitalise on electrification opportunities, the Group monitors interest areas, such as wind turbines, 5G infrastructure and mobile network densification, which could provide new opportunities for the Group.	Revenue Growth Rate	Medium to long term	High	Major	Electrification continues to underpin both NZE and STEPS scenarios, primarily driven by increased uptake of electric mobility and heating technologies as well as rising market confidence in newer technology. The share of electricity in total final consumption rises to 30% by 2030 under the NZE scenario, exceeding 50% by 2050. Under STEPS, electrification evolves at a slower rate reaching 30% by 2050.
Energy and waste savings	Actions to improve energy efficiency and reduce energy consumption provide incremental improvements to our emissions profile at limited costs, with certain behaviour and process changes being achieved at zero cost.	Material Efficiency	Reduced costs	We have outlined various site-level efficiency projects, according to the requirements and opportunities at each site, in addition to Group-wide initiatives such as packaging reductions.	Energy Use Scope 1, Scope 2 emissions (Location-based) Waste generation	Medium term	Medium-high	Minor	NZE provides greater opportunities than STEPS due to increased investment and a focus on energy-efficiency measures.
Supplier efficiencies	We are committed to maintaining ambitious supplier standards to reduce environmental based risks and costs and foster long-term partnership success. Through this process we hope to increase supplier efficiencies in relation to both carbon and cost.	Material Efficiency and Products and Services	Reduced costs	We have started the process of engaging with key suppliers to drive material and energy efficiencies, as well as collaboratively develop value-adding products. We believe in the quality of our suppliers and our alignment on decarbonisation. As such, we anticipate suppliers will be receptive to discussions around enhancing efficiencies.	Scope 3 emissions – Purchased goods and services	Medium term	High	Minor	A NZE scenario will likely place more regulatory and market pressure on suppliers to decarbonise. In this scenario, suppliers are likely to be more willing to engage and drive efficiencies.

TCFD CONTINUED

Physical climate-related risks

We continue to use a location risk analysis tool to better understand the exposure of our sites and develop further mitigation efforts. The risk assessment evaluates site-specific exposure to natural hazards, and the evolution of climate risks under the scenarios for global temperature rise. The scenarios embedded in the physical risks tool are:

RCP 4.5[1]: an intermediate scenario, more likely than not to result in global temperature rise between 2°C and 3°C, by 2100.

RCP 8.53[1]: a bad case scenario where global temperatures rise between 4.1–4.8°C by 2100.

Our physical climate-related risk analysis covered all 12 Group sites, including our site under construction in Bota, Malaysia. Our sites have varying levels of risk exposure depending on their location. Our most material physical risk exposure is flood risk (see below). Our Gloucester, MA site is at risk from tropical cyclones, but we view this exposure as manageable. Some identified climate-related risks, such as heat stress, water stress, and wildfire risk have been determined immaterial due to: the sites size and strategic importance, the site's position in its geographical location, the nature of our processes and operations, and the existing mitigation strategies already. There was no material increase in site risk exposure under the analysed scenarios and time horizons. In our analysis, we approximate a revenue contribution to determine site size, business importance, and physical risk implications. The financial impact figures disclosed in relation to our physical risks are largely mitigated by the Group's insurance policies, which protect against business disruption.

1 www.ipcc.ch/report/ar5/syr/.

Risk	Risk description	Risk type	Potential impact on the business	Response/actions we're taking and how they are managed	KPIs	Time horizon	Likelihood	Magnitude of impact	Scenario implications
Flood Risk	Our site at Kunshan, China (~15% revenue contribution) is at risk from river flooding and coastal inundation, and FuG, Germany (~5% revenue contribution) is at risk from river flooding. Flood risk modelling forecasts that potential flooding in Kunshan would cover a large geographical area, disrupting local infrastructure and employees; however, at FuG, flood risks are localised to the river, so flood impacts are potentially more meaningful at Kunshan. Our analysis highlights potential operational disruption from floods that could lead to loss of output.	Acute	Lost production and revenue	We do not forecast any asset or material financial risk because the Group has appropriate insurance policies in place to protect against business disruption and the Group operates a flexible model, allowing production to be moved to different sites, although relocation time would incur a loss of output. Short-term interruptions can also be overcome with working pattern changes to compensate for temporary loss of output. The construction of our third major site in Malaysia will provide further manufacturing flexibility and reduce reliance on the Kunshan site.	Approximate revenue contribution	Medium term	Medium	Moderate	The intensity and frequency of heavy rainfall is expected to increase more under RCP 8.5 than RCP 2.6, which may translate to a greater risk of flooding.
Supply Chain Risks	Physical climate-related impacts could cause supply chain disruptions, through supplier sites being directly affected or by disruption to transportation and energy supply. Our supply of metals and fabricated items is flexible; however, some electronic components are specialised and cannot be easily switched out for alternatives.	Acute	Lost production and revenue	Individual supplier exposure is reduced as we source components from several suppliers and distributors. Our ongoing strategic supplier reviews incorporate analysis of our critical supplier relationships and options for switching to alternatives. Our recent supplier engagement survey, which incorporates engagement on our upstream emissions, will help assess our suppliers' exposures.	n/a	Medium term	Medium-high	Moderate	RCP 8.5 sees a greater frequency of extreme weather events and a greater exposure to this risk in strategic regions of our supply chain.

TCFD CONTINUED

Metrics and targets

Climate-related metrics

We report on our Scope 1, 2 and 3 emissions. Our carbon footprint is calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard, with additional guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required. We measure all greenhouse gases as relevant and our targets cover CO_2, CH4, N_2O and HFCs. Our Scope 1 and 2 GHG emissions are derived from measured data sources with no estimates. Most of our emissions are represented by our Scope 3 emissions (98% of footprint) and within that our downstream Scope 3 emissions associated with the use phase of our products (81%). We calculated all applicable Scope 3 categories for our 2024 carbon footprint. Five categories of Scope 3 are not applicable to our business. Four categories of Scope 3 (Capital goods, Waste generated in operations, Processing of sold products and End of life treatment of sold products), are excluded from our reporting and our science-based targets as they are negligible and collectively account for under c.0.5% of our Scope 3 inventory. For more information on our emissions, see Energy and Greenhouse Gas Emissions (pages 94–95).

Additional environmental metrics we monitor include emissions intensity, energy use, energy intensity, renewable solar energy generation, freshwater withdrawal and waste management, as reported on page 96. We report on our annual launches products under our new Product Carbon Rating system (formerly XP Green Power product families), designed for a lower-carbon economy, and the lifetime emissions savings from the use of efficient products (in relation to standard products) sold in the year as reported on pages 61–63.

Climate-related targets

Our science-based, net zero targets ensure that we are aligned to the UK Government's Net Zero Strategy, setting out a pathway to reaching net zero GHG emissions ahead of 2050. Our science-based targets were approved by the Science Based Targets initiative (SBTi) in February 2024. See XP Power Transition Plan for further details on our science-based targets and Transition Plan. In line with the SBTi, our targets and Transition Plan do not include the use of carbon credits. While no such action is planned currently, we may consider using offsets as an option for additional emission reductions beyond the science-based targets.

Our aim is to be net zero across Scopes 1, 2 and 3 by 2040 with minimal use of offsets. Our absolute emissions reduction targets, which have been approved by the Science Based Targets initiative (SBTi), are to:

- reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 base year;
- reduce absolute Scope 3 GHG emissions by 25% by 2030 from a 2022 base year; and
- reach net zero GHG emissions across the value chain by 2040.

Our Executive leadership team have ESG targets embedded in their remuneration. Part of this includes climate action.

For more information on our performance against these targets, see Energy and Greenhouse Gas Emissions (pages 94–95).

Water

In comparison to some of our industry peers, we do not consider water to be a material topic for our business. We have a low water intensity in operations, and water is not used in the design, manufacture or services of our products. To confirm water as an immaterial topic for XP power, we undertook a water risk assessment using the WRI Aqueduct Tool. This exercise also sought to identify if any sites mat be at risk of water stress[1]. Our Southern Californian design centre is the only facility located in an area of extremely high-water stress, but as an R&D-focused facility, water requirements are minimal.

The Group recognises the importance of water management as a finite resource. Water management is considered throughout Group activities as we employ best practices to limit its usage across all our facilities. At our Vietnam facility, this includes rainwater capture, installing water-saving appliances and the instalment of reduced flush toilets throughout our facilities.

Our water policy is to:

- employ best practices to maximise efficient water use and minimise pollution and waste;
- regularly review and report on the water use of our facilities and activities;
- commit to continuous improvement in responsible water management through identifying objectives and setting measurable goals;
- involve and educate employees, contractors and customers in our water use programmes;
- engage with suppliers, encouraging their participation in responsible water management best practices; and
- disengage with suppliers who are negligent or non-compliant with responsible water management and who fail to aggressively implement corrective actions; our water policy is available at xppower.com/company/policies.

Global water metrics and targets

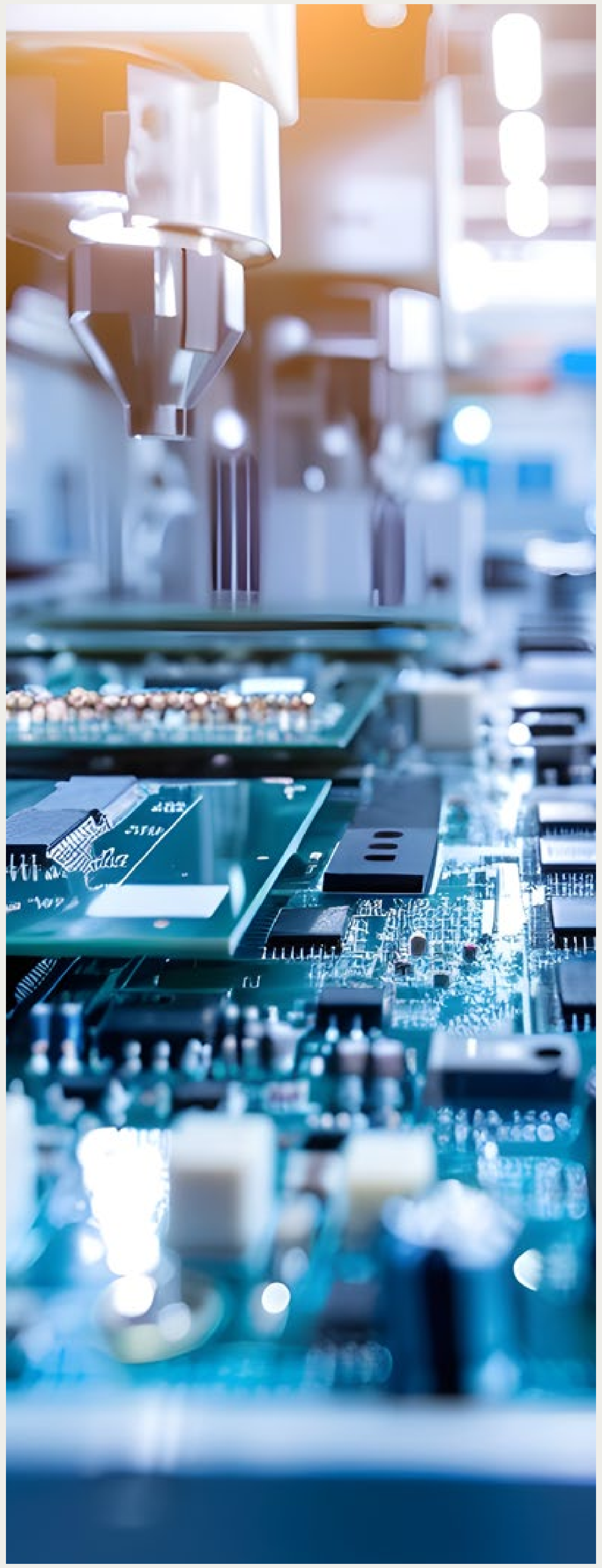
Our global freshwater withdrawal is outlined in the table below. Our full data on water, including regional breakdown, are included in the non-financial metrics section on page 96.

	2024	2023
Freshwater withdrawal (m^3)	51,800	61,353
Freshwater withdrawal intensity (per employee)	23	23

In 2024, our freshwater withdrawal reduced by 16%. Water withdrawal per employee was $23m^3$, which is in line with our 2023 intensity.

Actions to reduce water usage

We established a range of initiatives to reduce our water withdrawal, and increase the amount of water recycled and reused. Such examples include, upgrading to more efficient water-use appliances and harvesting air conditioning condensate for use in toilets and when watering plants.



1 Assessed using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas tool. Areas of extremely high-water stress, according to the WRI definition, are areas where human demand for water exceeds 80% of resources.

Waste management

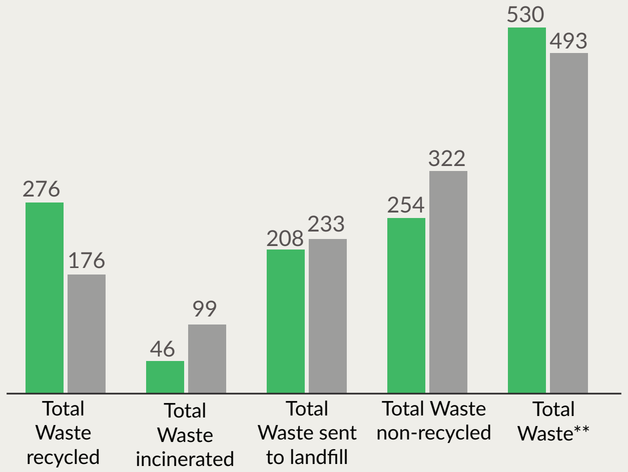
Our manufacturing processes produce relatively little waste, but we are committed to reducing both non-hazardous and hazardous waste where possible across our operations. We have a specific Waste Management Procedure, outlining risk prevention measures, how waste should be classified, handled, collected, stored and disposed. In case of waste-related emergencies, employees follow the "Emergency Preparedness and Response Control Procedure". Additionally, any employees involved in hazardous waste disposal have appropriate personal protective equipment (PPE) to protect them against environmental and health and safety accidents. Our HR department supervises annual training on waste management with prompt additional training if procedures or personnel change. Training includes waste management proficiency, including handling measures in emergency situations and enhancing environmental awareness.

As part of our RBA compliance, our facilities receive customer-managed audits, which involve a facility assessment overseen by one of its customers. These audits include environmental aspects that relate to issues such as waste, air emissions and water.

A major waste source is excess solder from wave solder machines, so-called "solder dross", which is recycled into new solder and reused. In 2024, we sent 7.6 tonnes of solder dross for recycling and received 5.5 tonnes of recycled solder back, which is a 72% recovery rate. We use activated carbon and certain chemicals to clean flux from printed circuit boards. These chemicals and their containers are safely disposed of through a certified, licensed third-party professional. In 2024, we had no reportable spills.

The figure below outlines XP Power's waste by treatment type. Full waste data can be found in our non-financial performance indicators section on page 96. We are still refining our processes for the collection and reporting of waste data. Consequently, we expect some variability in the waste data as coverage of reporting increases across sites.

Waste management data (tonnes)



We aim to reduce our waste intensity (tonnes/$m) by 10% year-on-year. This year we achieved a reduction in total waste generated, however, our waste intensity increased from 2023.

Biodiversity

We understand the importance of, and are committed to, protecting the natural environment, preserving biodiversity, and where possible, minimising the potential negative impact that our business may have on the environment. We recognise that climate change, deforestation, land degradation and water pollution each pose a severe threat to the sustainability of important ecosystems, and that business and industry can contribute to these negative effects. Our biodiversity policy is also available at corporate.xppower.com/sustainability/environment.

CASE STUDY

Kunshan recycling programme

In FY2024, XP Power conducted a package recycling programme for suppliers, including the recycling of waste pallets and rubber frames. As of September 2024, 3,565 kg of waste pallets and 2,474 kg of rubber frames have been recycled.

SUSTAINABILITY REPORT
3. PEOPLE AND WORKPLACE

How this strategic pillar links to the UN SDGs

Strategic pillar links to the UN SDGs: This aligns with UN SDG 3 "Good health and wellbeing", 5 "Gender equality", 8 "Decent work and economic growth", and 10 "Reduced inequalities".

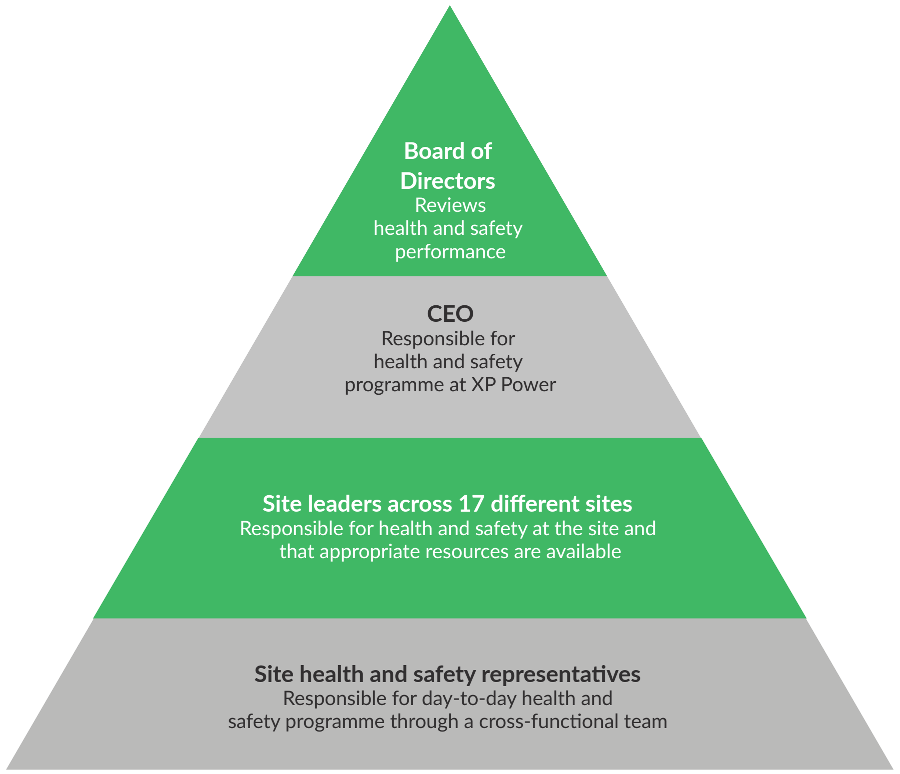
As a responsible employer, health and safety is of paramount importance. Whether working on site, or from home, we strive to safeguard the health, safety and wellbeing of all our people (including contractors). Our health and safety programme is driven from the top, with the Board having ultimate responsibility; while benefiting from shared experiences, health and safety is coordinated globally and managed locally. Our corporate health and safety framework defines those who are responsible and accountable at each of our key sites, while the procedure defines the minimum standards required. These can be summarised as follows:

- Risk assessments are based on the activities performed at each site, which are reviewed and updated annually.
- An annual internal audit of the health and safety processes is conducted at each site to ensure they are in line with corporate procedure.
- Health and safety metrics are recorded covering incidents and near misses, and these are reported and analysed. The Board reviews these metrics at each Board meeting.
- Metrics relating to walkthrough safety audits, fire drills and update of risk assessments are recorded and monitored.
- Consideration is given at each site to ergonomics, laboratory and electrical safety, legal requirements, use of chemicals, use of equipment and tools, facility preparedness and evacuation, and slips, trips and falls.

We are committed to maintaining a healthy and safe working environment to minimise the number of occupational accidents, diseases and illnesses, and ultimately achieve an accident-free workplace. We encourage our people to look out for each other, which keeps us all safe. Health and safety at XP Power has been enhanced through improved product racking, use of health and safety consultants, advisers and auditors. XP Power's Health and Safety Policy is available on our website at xppower.com/company/policies.

All our employees have role-appropriate health and safety training. The number of employees trained on health and safety standards within 2024 is: 2,465 (2023: 2,524).

Our full list of employee-related data can be found in our non-financial performance indicators section, page pages 97-99.



SUSTAINABILITY REPORT
3. PEOPLE AND WORKPLACE CONTINUED

Safety performance

We report all health and safety incidents whether they resulted in lost time or not. We encourage the reporting of near misses so we can learn from these events. Our goal is to have no injuries.

The safety of XP Power employees is paramount and we do everything we can to protect them. Safety policies have been established to ensure systems to control hazards are effective and to achieve our no injury goal. In 2023, we updated our H&S processes and deployed the EHS framework throughout Europe and Asia. Following this, we anticipated an increase in injury rate, which was observed in 2024. We witnessed a 20% increase in TRIR between FY23 and FY24 due to an increase in near misses, first aid injuries and a reduction in total hours worked. We focus on correcting the root cause of injuries and near misses and to prevent more serious incidents. We aim to learn from incidents and near misses so we can promote safe practices and correct unsafe behaviours. We saw a 17% reduction in the lost time injury rate, which reflected a positive improvement in reducing the frequency of, or more serious, injuries.

This year, we will build on our momentum, establish a unified standard for EHS (SOPs and Training), continue engaging our teams and evolve our culture to ensure everyone goes home safely.

Our H&S statistics are reported below. The figures cover all employees and contractors.

Health and safety LTIR[1] and TRIR[2] table

	FY24	FY23
LTIR	0.19	0.23
TRIR	0.42	0.35

1 Lost-time Incident Rate (LTIR) is defined as total number of lost time incidents in a year, divided by the total number of hours worked, multiplied by 200,000. We define a lost time incident as an incident that occur when a worker sustains a lost time injury that results in time off from work, or loss of productive work.

2 Total Recordable Incident Rate (TRIR) is defined as total number of medical injuries, divided by the total number of hours worked, multiplied by 200,000.

CASE STUDY

Health and safety training

At XP Power, we foster a strong culture of health and safety across all our global sites, and our Health and Safety Training System is central to this effort. Our global training programme is facilitated through a comprehensive Learning Management System (LMS), which provides a variety of safety courses designed to ensure all employees have the knowledge and skills to work safely. The system allows us to assign training courses and track progress by individual site, ensuring that each location meets its specific training goals.

Safety culture is introduced from the start to new employees who carry out safety-focused training as part of their orientation programme. Core safety competencies, such as Electrical Safety and Emergency Response, are required annually, so all staff remain up to date on critical safety practices. We also offer customised programmes such as Safety Begins with Me, which supports the advancement of our safety culture by fostering a mindset through which safety is everyone's responsibility. This initiative encourages all employees to participate in safety programmes and take ownership of their own safety as well as the safety of others. Each course includes a quiz or assessment to check employees have understood what they have been taught.

Our objective is to achieve 100% completion of safety training each month and we monitor progress through a Key Performance Indicator (KPI) dashboard. This ensures that each site is on track and any gaps in training can be addressed. As well as the global training modules, each site has its own Safety Champions who provide site-specific training. These localised sessions are tailored to meet the unique regulatory requirements and safety concerns of the region, ensuring that all employees are equipped with the knowledge they need to stay safe in their work environment.

By combining global training standards with localised initiatives, XP Power ensures a consistent and effective approach to health and safety that empowers employees to take an active role in maintaining a safe workplace.

Health and wellbeing

We encourage our employees to have active lifestyles and provide facilities and programmes designed to improve wellbeing. These include sports facilities (e.g. basketball courts), shower facilities on site, and group events (e.g. softball leagues and yoga sessions. The wellbeing of our people is vital to us at XP. Below are some examples of initiatives run by our sites to promote health and wellbeing among our employees.

Our comprehensive Employee Assistance Programme (EAP) provides confidential expert advice and compassionate guidance 24/7, online or by phone. The programme is delivered in the relevant languages and covers a wide range of topics and resources for our employees and their families. It is a complete support network.

Our people

We look after our employees, support their training and development, recognise cultural differences, respect their human rights and promote a fair working environment with equal opportunities for all. As a global business, we capitalise on our cultural differences and strive to make XP Power a fulfilling workplace. During 2024, we developed a new Human Resources dashboard, which will enable us to track key people metrics such as age and gender at site level across our global operations.

Engagement

Our vision is to deliver the ultimate experience for our stakeholders. Through workforce engagement, employee views are heard at Board level and are considered in discussions and during decision making. Pauline Lafferty is the designated Non-Executive Director responsible for workforce engagement. As a former Chief People Officer, she is passionate about employee engagement.

We use several methods to engage our people but derive high value from our Gallup engagement survey, first conducted in 2020. It is used to drive further employee programmes and enhancements to our engagement and retention. Participation rates were excellent again in 2024, at 92% (2023: 89%). This year, our engagement score was 4.03 out of 5.00 (2023: 3.99), putting us at the 44th percentile in the Gallup database[3]. By comparing our year-on-year results, we can observe consistent significant improvements in the engagement levels of our people within the organisation. This is encouraging, considering the market environment. Our Goal is to offer a consistent employee experience globally and observe the current spread in results. To further engage our employees and keep them informed of our progress and sustainability-related information, such as plastic reduction initiatives, we distribute newsletters, hold townhalls and update the intranet.

3 Results exclude Vietnam and China employees.

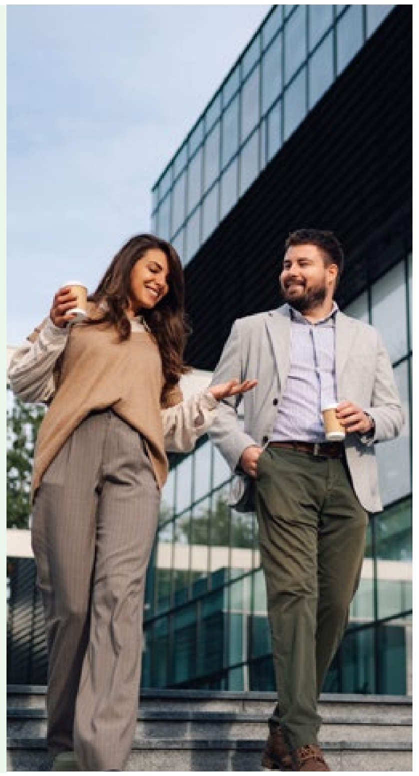
CASE STUDY

Employee health and wellness initiatives

UK & EU: XP Power held a training session provided by BUPA, followed by a Q&A session with the EPA Provider. Later in the year, XP Power also held a focus on World Mental Health Day and created a three day initiative that covered topics such as: How to cope with stress, eating clean and moving well.

Germany: At Salach and Rosenheim, employees are provided with an EGYM Wellpass - this includes a lot of online health prevention trainings as well as the opportunity to use fitness studios, climbing gyms, swimming pools and other wellness centres throughout Germany for free. At all German locations, we held a Health & Wellbeing Day in cooperation with the Social Insurance provider KKH where employees had the ability to book training on topics such as stress analysis, quick relaxation, hand strength measurement or lung function test. We also had the "day of movement", where you could swap your car for your bike.

US: We partner with Spring Health to offer our employees personalized, confidential care and support. Employees take an assessment and then are paired with a dedicated Care Navigator who guides them through their mental health journey. They address a broad spectrum of mental health needs, as well as offer personal and professional empowerment through coaching, counselling and webinars.



SUSTAINABILITY REPORT
3. PEOPLE AND WORKPLACE CONTINUED

CASE STUDY

Europe Fitness Challenge

During spring of 2024, XP Power held a European Fitness Challenge to encourage both employee wellness and team bonding. Teams competed against each other to achieve the most exercise activity. The initiative was successful at bringing people together around our EU facilities, building personal bridges and raising awareness of the importance of fitness and wellbeing.

Labour

We are committed to the fair treatment of our employees. Our goal is to pay competitively and reward exceptional performance. We pay all employees fair salaries and other terms of conditions of employment as appropriate, as per our policy. We recognise the importance of work–life balance is important and, where possible, we offer flexible working arrangements to allow employees to balance their work with their other priorities. The Group aims to eliminate excessive working hours and respect national legislation and industry-referenced standards on maximum working hours.

Diversity and equality

Becoming a truly diverse and inclusive company is the right thing to do and is crucial to supporting business growth and innovation, attracting and retaining talent, and engaging customers. Different experiences, views and opinions allow us to explore options and decisions more widely, which generates better outcomes for the business and stakeholders. We recognise cultural differences that may exist in our global operations, while acknowledging that a diverse workforce reflects our markets and will aid us in succeeding. We are committed to non-discrimination and offer equal opportunities in all our employment practices, procedures and policies. We operate an externally hosted whistleblowing hotline, which enables our employees to report any concerns or violations relating to discrimination or any other aspect of the Code of Conduct. When hiring, promoting or considering business partners, we choose the best candidate irrespective of age, race, national origin, disability, religion, gender, gender reassignment, sexual preference, social background, political opinion, marital status or membership/non-membership of any trade unions. 2023 marked the initiation of the Womens Employee Resource Group (Womens ERG), whose purpose is to provide women a platform to share experiences, network and develop their skills. This remains a priority for the Group for 2025.

In 2024, we celebrated International Women's Day for the month of March by hosting a Speaker's Series where we invited four external speakers to engage with our employees on topics that impact women within the workplace.

The Board has oversight of the Company's Diversity Policy, which is embedded in our Code of Conduct corporate. xppower.com.

Our employees receive training on diversity annually through our Code of Conduct training. UK and Europe employees also receive bi-annual training on Equality, Diversity and Inclusion[1]. This course is CPD accredited and IIRSM & Citation approved. In 2024, 57 employees completed this training (2023: 64).

[1] Excludes Rosenheim and Salach sites.

We will:

- create an environment where individual differences and the contributions of all team members are recognised and valued;
- create a working environment that promotes dignity and respect for every employee;
- not tolerate any form of intimidation, bullying or harassment, and will discipline those that breach this policy;
- make training, development and progression opportunities available to all employees;
- promote equality in the workplace, which we believe is good management practice and makes sound business sense;
- encourage anyone who feels they have been subject to discrimination to raise their concerns so we can apply corrective measures; and
- regularly review our employment practices and procedures to maintain fairness.

The Group is supportive of flexible working, including working from home, part-time and flexible hours according to the requirements of the position.

The Group employs contract and temporary workers across many locations to fill local requirements, sometimes for short periods. This is particularly the case in our manufacturing facilities globally, to ensure we are meeting customer requirements. Many temporary staff choose to become permanent employees.

In the UK, our employees who have more than two years of service are paid maternity or adoption leave for three months at 100% of salary compared to the statutory six weeks at 90% of salary. We also provide two weeks of paid paternity leave at 100% of salary compared to statutory paternity leave of two weeks at £151 or 90% of usual pay if lower.

We recognise the importance of pay equality and have undertaken analysis around gender representation to help understand our gender pay gap. We report our UK gender pay gap, even though we have fewer than 250 employees in the UK and are exempt from gender pay gap reporting. For 2024, our mean gender pay gap is 36.4% and our median gender pay gap is 38% (2023 mean: 39.9%, median 41.2%). We eliminate any form of discrimination.

Our workforce in numbers

This page provides a summary of our workforce. Full data can be found in our non-financial performance indicators, section page 99.

Number and percentage (%) of contract or temporary workers to total employees[1]

		2024
Global	Average number of employees	2,303
	Average number of temporary or contract employees	263
	Percentage of temporary or contract employees to permanent	11.4%

[1] In 2024 we changed our definition for reporting this metric to average temporary employees for the year. Therefore, only one year of data is provided.

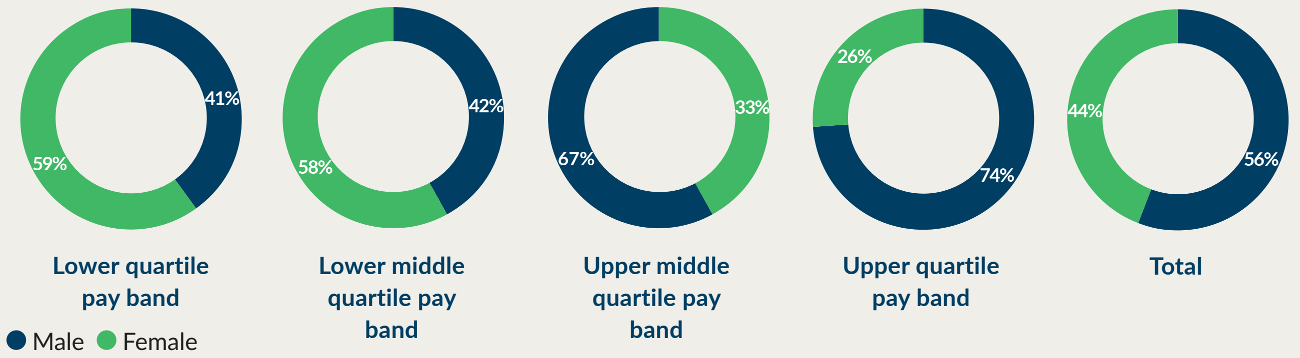
Full-time employee voluntary turnover percentage (%)

		2024	2023
Global	Average number of employees	2,303	2,669
	Voluntary leavers	870	987
	Voluntary turnover	37.8%	37%

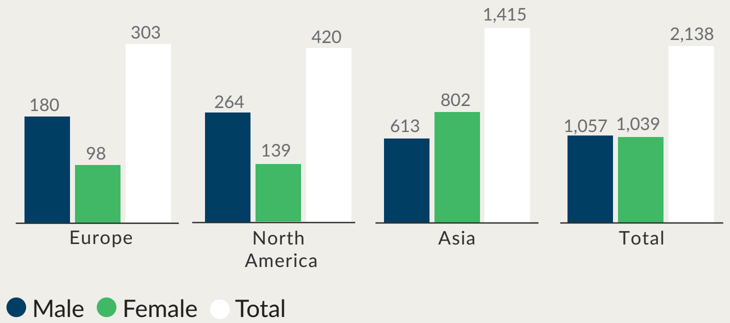
SUSTAINABILITY REPORT
3. PEOPLE AND WORKPLACE

Our workforce in numbers continued

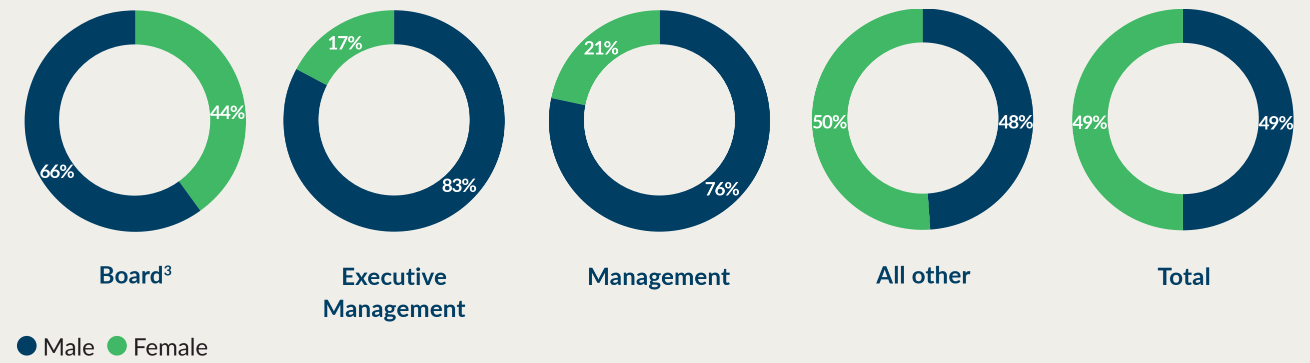
UK gender pay gap – April 2024



Employees by gender and region as of 31 December 2024



Gender diversity statistics[2]



[2] There are a total of 42 undisclosed employees, 25 of which are in Europe and 17 in North America. 3 are in a management position and the remaining 39 in 'All other' layer.

[3] Daniel Shook was appointed as a Non-Executive Director from 1 January 2025.

XP Power is committed to meeting the recommendations of the FTSE Women Leaders and Parker Review. 44% of our Board are women, including in roles such as Chair of the Remuneration Committee, Senior Independent Director, Chair of the Audit Committee and Designated Director for Workforce Engagement. The composition of our Board meets the recommendations set by the Parker Review Committee and the FTSE Women Leaders (formerly the Hampton–Alexander review).

Talent and career management

We have a wealth of talented individuals working across the business and recognise the importance of supporting and developing the skills, knowledge and experience of our teams. From a more structured onboarding process, which ensures managers identify a day-one buddy and build a detailed initial training plan, to career conversations as part of the annual review process, we commit to promoting training and career development.

Developing our talent is key to our ongoing success. As a key leadership responsibility, our line managers identify high-potential employees, create development opportunities and support internal progression. Talent management and succession planning for the Executive Directors and Senior Leadership team is reviewed and discussed at Board level. Personalised people and organisation plans, aligned with the attainment of the Group's strategy, are agreed with all our executive leaders. Our people leaders (who have more than four direct reports) complete a people leadership programme, which emphasises employee engagement and clear expectations to drive high performance.

We aspire to ensure that all XP Power employees receive regular performance feedback. This runs alongside our formal performance review process, through which objectives are set, aligned and measured against our Core Values and key business priorities. In most cases, employees receive performance reviews twice or more in a year. 100% of employees receive a performance review at least once a year. We operate various bonus schemes, and all non-sales commissioned employees are eligible to participate in our general or executive bonus scheme. The overall bonus pools is determined by the financial performance of the Group, with individual bonuses allocated based on individual performance. We also have several spot recognition award schemes, which are occasionally given to teams to recognise and promote collaboration. Healthcare benefits and life assurance are also provided according to the customs in the regions in which we operate.

In 2024, we had 18 apprenticeships and 31 interns (2023: 22 apprenticeships and 26 interns), and ran programmes in areas such as finance, human resources, information technology and logistics.

Average training time (in days) per employee

		FY24	FY23
Global	Average number of employees	2,303	2,669
	Total hours	21,971	30,148
	Hours per employee	10	11
	Days per employee	1.2	1.4

Freedom of association

We allow our employees to freely associate with any relevant unions, but only employees in Vietnam are members of the local union. The number and percentage of employees covered by collective agreements in 2024 is 818 and 36% (FY23: 1390 and 52%). See page 99 for a full breakdown of employees covered by collective bargaining agreements by region.

Community partnerships

We believe that we should give back to the communities we work in as they are an integral part of our lives. All employees are encouraged to get involved in local environmental and community activities and every employee can take a day's paid leave to contribute to a charitable or worthy cause in the community.

CASE STUDY

Community engagement

Singapore Beach Clean Up

- The Singapore team recently embarked on a beach cleanup. A total of 78 participants, including employees and their family members, came together to make a positive impact on our environment.
- Through our collective efforts, we managed to collect an impressive 113kg of rubbish, helping to restore the natural beauty of our local beaches. This initiative not only reflects our dedication to environmental sustainability but also strengthens our community bonds and fosters a sense of shared responsibility.

Typhoon Yagi

- In September 2024 Typhoon Yagi hit and serious consequences followed. To support those affected, XPVN and Trade Union have decided to allocate 100m VND in aid. We hope that this assistance will help citizens in North Vietnam overcome difficulties and restore their lives as soon as possible.

Toy and Food Giveaway

- Across our North America facilities, staff generously donated for the annual food and toy drives. The donations go to local communities who need assistance.

Our activities in 2024 included the following:

The Group and our employees made donations to local charities totalling £4,003 in 2024 (2023: £15,339).

SUSTAINABILITY REPORT
4. ETHICS AND COMPLIANCE

How this strategic pillar links to the UN SDGs

This aligns with UN SDG 16 "Peace, justice and strong institutions" through internationally promoting the rule of law and reducing corruption and bribery in all forms.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

It is Company policy to conduct all business in an honest and ethical manner. The first of our five core values is "Integrity", and is, therefore, embedded into our culture, as well as our Code of Conduct and the policies outlined in the following sub-sections. To ensure that employees are aware of and understand the Code of Conduct, we use our learning management system to monitor all employees on their annual Code of Conduct training. Employee compliance with the annual Code of Conduct training was 96% for 2024 (2023: 61%). This is a significant increase in compliance, which was anticipated after our Code of Conduct training campaign in Vietnam.

The Group relies on its general financial controls, authority matrix, general management oversight and review of financial and other reporting. An independent whistleblowing service is available to employees who do not feel they can raise issues of concern to their line manager or superior. The Audit Committee is responsible for monitoring this, and compliance matters are regularly reviewed by the Board.

Whistleblowing

We are committed to an environment in which open, honest communications are expected. Employees should feel comfortable bringing forward any concerns regarding violations of policies or standards, in the secure knowledge that their concerns will be taken seriously and that, when they have acted in good faith, they will be protected from adverse repercussions and/or detrimental treatment, as embedded in our Code of Conduct. We operate an internal, confidential whistleblowing programme administered through an independent third party, which is available 24/7. "Speak Up" runs in each operational country, and is available in each local language. This guarantees that employees' experiences of legal or ethical misconduct, such as discrimination, will be heard and acted upon quickly wherever it occurs. Concerns can be raised online or by phone, on an anonymous basis and in any chosen language.

Our whistleblowing policy encourages our employees to report issues if they have a reasonable belief that:

- our Code of Conduct has been breached, such as an incident of discrimination;
- a criminal offence has been committed, is being committed, or is likely to be committed;
- a person has failed, is failing, or is likely to fail to comply with a legal obligation;
- a miscarriage of justice has occurred, is occurring, or is likely to occur;
- the health and safety of any individual has been, is being, or is likely to be endangered;
- the environment has been, is being, or is likely to be damaged; or
- information that shows any matter falling within any one of the above categories has been, is being, or is likely to be deliberately concealed.

A whistleblowing report is automatically distributed to the Chair of the Audit Committee by the independent third-party provider. It is then reviewed and assigned to management or an independent third party for further investigation and response as required. Whistleblowing and Fraud is a scheduled agenda item at Audit Committee meetings. The Company is committed to taking appropriate action regarding all upheld qualifying disclosures. In 2024, there were five whistleblowing reports (2023:0)[1]. All reports were investigated and closed. As a result of whistleblowing reports, four were investigated with no further action required, one report was investigated and resulted in the implementation of a new process to address the concern raised.

Anti-bribery and corruption

It is our policy to conduct all business in an honest and ethical manner. We will not accept or give bribes or other means of inducement to obtain improper advantage. XP Power has a zero-tolerance approach to bribery and corruption, and is committed to acting professionally, fairly and with integrity in all business dealings and relationships, enforcing effective systems to counter bribery. Our policy on anti-bribery and corruption is embedded in our Code of Conduct. Employees are trained on bribery and corruption through our annual Code of Conduct Training. Our Code of Conduct's section on bribery and corruption is detailed and includes numerous examples, to ensure employees understand what is acceptable and unacceptable. Our Code of Conduct requirements are communicated to our suppliers, who must comply with its provisions. In 2024, Executive Management and the Board were aware of zero instances of bribery and corruption.

[1] Includes whistleblowing reports raised through both formal and informal channels.

Our UK and EU employees also conduct biennial training on anti-bribery that is CPD accredited and IIRSM approved. In 2024, 79 employees conducted Anti-Bribery training (2023: 61). In 2024, internally led business ethics training was also provided to all employees at our Kunshan site.

Modern slavery

The Board reviews and published an annual statement, which sets our relevant and supporting policies to prevent slavery or human trafficking in our own business and supply chains. A copy of the latest Modern Slavery Statement is available on the Company's website at corporate.xppower.com

Any abuse of human rights will be acted upon immediately and appropriate action taken. All employees are trained on our Modern Slavery Policy through annual Code of Conduct training.

Human rights

Human rights are at the heart of sustainable business. We are committed to respecting human rights in accordance with international principles including the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Employees are trained on Human Rights through our annual Code of Conduct training. No human rights violation incidents were reported during 2024 (2023: 0). The policy can be found here: corporate.xppower.com/about-us/corporategovernance.

Information systems and technology

The Group has appropriately robust and secure information technology (IT) systems, but acknowledges that no IT system can be completely secure. The Group IT Director is responsible for the integrity and security of the IT systems and communications network. The Group has penetration testing, data back-up and recovery processes in place and various processes, software and hardware prevent data security breaches and unauthorised access to the Group's systems and data. The Group holds regular cybersecurity training and awareness to ensure that our employees remain alert to threats.

During FY24, the Group experienced one cyber incident with no breaches reported. As a result, appropriate precautions were established to minimise the risk of further similar incidents.

Tax transparency

The Group is committed to compliance with all applicable tax laws and regulations in all areas in which it operates or is required to make filings. All required tax filings are made accurately and on time with the relevant authorities. It is Group policy to not engage in any aggressive tax planning or tax avoidance schemes.

We believe that our tax activities should adhere to the spirit and the letter of all relevant tax laws and regulations where we operate. We are committed to a transparent and open approach to tax reporting. Our policy, as part of our governance framework, is to file all tax returns on time, and to pay tax as it falls due.

The Group has a low-risk tolerance for uncertain tax positions where it operates. We broadly aim to align tax payments to revenue generation. We do not knowingly help others avoid their tax obligations.

We prohibit tax avoidance through transfer pricing. All intra-group transactions must be priced on an arm's length basis in accordance with the Group's internal transfer pricing policies, which reflect internationally accepted transfer pricing standards and local tax laws. We commit to not transfer value created to low tax jurisdictions and not use tax structures intended for tax avoidance. We do not operate in countries considered as partially compliant or non-compliant according to the OECD tax transparency report, or in any countries blacklisted or greylisted by the EU for tax avoidance and harmful tax practices, apart from Vietnam, where our site is based due to availability of suitable labour and not located for tax purposes.

Our commitments on taxation are implemented through a system of procedures and controls in place across the Group. Tax is a regular agenda item for the Audit Committee, which meets at least four times a year and reports to the Board. Tax compliance risks are managed through the Group's governance framework, overseen by the Audit Committee and supported by the CFO.

Government contracts

The Group has no direct relationships where it sells products or services to any government entity.

KEY NON-FINANCIAL PERFORMANCE INDICATORS

Environmental data

Emissions and energy

Operational emissions	FY24 UK	FY24 Global (excl UK)	FY24 Group Total	FY23 UK	FY23 Global (excl UK)	FY23 Group Total
Group turnover £m			247.3			316.5
Scope 1 Fugitive Emissions (tCO_2e)	9	188	197			228
Scope 1 Combustion Emissions (tCO_2e)	4	384	388	26	291	318
Total Scope 1 (tCO_2e)	**13**	**572**	**585**	**26**	**291**	**545**
Scope 2 market based (tCO_2e)	0	0	0	0	105	105
Scope 2 location based (tCO_2e)	13	5,161	5,174	30	6,351	6,381
Scope 2 purchased heat and steam (tCO_2e)	0	11	11	0	15	15
Total Scope 2 – Market based (tCO_2e)	0	11	11	**0**	**119**	**119**
Total Scope 2 – Location based (tCO_2e)	13	5,173	5,186	**30**	**6,366**	**6,396**
Total Scope 1&2 – Market based (tCO_2e)	13	584	596	**26**	**411**	**665**
Total Scope 1&2 – Location based (tCO_2e)	26	5,745	5,771	**56**	**6,657**	**6,941**
Scope 3 emissions (tCO_2e)						
1. Purchased goods and services			63,145			90,564
2. Capital goods			Not relevant, immaterial			
3. Fuel-and-energy-related activities (not included in Scope 1 or 2)			1,123			1,547
4. Upstream transportation and distribution			2,367			4,243
5. Waste generated in operations			Not relevant, immaterial			
6. Business travel			420			716
7. Employee commuting			2,764			3,324
8. Upstream leased assets						
9. Downstream transportation and distribution			Not relevant, not applicable			
10. Processing of sold products			Not relevant, immaterial			
11. Use of sold products			290,817			480,487
12. End-of-life treatment of sold products			Not relevant, immaterial			
13. Downstream leased assets						
14. Franchises			Not relevant, not applicable			
15. Investments						
Upstream Scope 3 (tCO_2e)			69,818	–	–	100,394
Downstream Scope 3 (tCO_2e)			290,817	–	–	480,487
Total Scope 3 (tCO_2e)			**360,635**			**580,881**
Total Scope 1, 2 & 3 – Market based (tCO_2e)			361,231			581,546
Total Scope 1, 2 & 3 – Location based (tCO_2e)			366,406			587,822
Scope 1&2 GHG Emissions Intensity ratio (Location based) (per Group turnover) £m			23.3			21.9

Environmental data continued

Energy consumption (kWh)	FY24 UK	FY24 Global (excl UK)	FY24 Group Total	FY23 UK	FY23 Global (excl UK)	FY23 Group Total
Total renewable fuels consumption (kWh)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Diesel	0	5,603	5,603	0	10,598	10,598
Gas	21,929	1,640,772	1,622,701	0	1,165,310	1,165,310
Propane		381,448	381,448	121,857	362,186	484,043
Total non-renewable fuels consumption (kWh)	**21,929**	**2,027,823**	**2,049,751**	**121,857**	**1,538,095**	**1,659,952**
Total fuels consumption (kWh)	**21,929**	**2,027,823**	**2,049,751**	**121,857**	**1,538,095**	**1,659,952**
Consumption of purchased or acquired electricity renewable	63,507	540,660	604,167	144,624	310,737	455,361
Consumption of self-generated non-fuel renewable energy (solar)	27,887	28,606	56,493	27,887	30,126	58,013
Consumption of purchased or acquired electricity non-renewable	0	10,862,794	10,862,794	0	12,107,007	12,107,007
Total electricity consumption (kWh)	**91,394**	**11,432,060**	**11,523,454**	**172,511**	**12,447,870**	**12,620,381**
Consumption of purchased or acquired heating (kWh)	0	63,808	63,808	**0**	**82,365**	**82,365**
Total renewable energy consumption (kWh)	**91,394**	**569,266**	**660,660**	**172,511**	**304,863**	**513,374**
Total non-renewable energy consumption (kWh)	**21,929**	**12,954,424**	**12,976,353**	**121,857**	**13,727,467**	**13,849,324**
Total energy consumption (kWh)	**113,323**	**13,523,690**	**13,637,013**	**294,368**	**14,068,329**	**14,362,698**
% renewable electricity from total electricity	**100%**	**100%**	**95%**	**100%**	**99%**	**99%**
% On-site solar generation	31%	0.25%	0%	16%	0%	0%
% Renewable electricity purchased	69%	5%	5%	84%	2%	4%
% Electricity purchased covered by Energy Attribute Certificates (EACs)	0%	95%	94%	0%	96%	94%
% Grid electricity from total electricity	0%	95%	94%	0%	97%	96%
Energy Intensity ratio (per Group turnover) £m			55,144			45,380

KEY NON-FINANCIAL PERFORMANCE INDICATORS CONTINUED

Environmental data continued

Freshwater withdrawal	FY24	FY23
UK	372	1,369
Germany	2,052	2,233
China	11,787	14,619
USA	8,539	5,361
Vietnam	26,193	35,386
Singapore	2,799	2,385
Global (excl UK)	**51,371**	59,984
Group Total	**51,743**	61,353
Water Intensity ratio (per Group turnover) £m	**209.2**	193.8
Water Intensity ratio (per employee)	**22.5**	22.9

Waste generation (tonnes)	FY24	FY23
Hazardous Waste	18	15
Non-Hazardous Waste	512	577
Total Waste	**530**	**592**
Hazardous Waste Intensity ratio (per Group turnover) £m	**0.07**	**1.8**

Waste Treatment/disposal (tonnes)	FY24	FY23
Hazardous Waste recycled	13	14
Hazardous Waste incinerated	3	6
Hazardous Waste sent to landfill	1	0
Non-Hazardous Waste recycled	263	158
Non-Hazardous Waste incinerated	43	93
Non-Hazardous Waste sent to landfill	207	223
Solder sent for internal recycling	8	17
Recycled waste (solder) received and used	5	13
Internal rate of recovery of solder (%)	72%	78%
Solder dross disposed[1]	2	2
Total Waste recycled	**276**	**172**
Total Waste incinerated	**46**	**99**
Total Waste sent to landfill	**208**	**223**
Total Waste non-recycled	**254**	**322**
Total Waste	**530**	**493**

1 Transferred to treatment contractor for recycling.

Social data

Health and safety training	2024	2023
Europe	233	139
Asia	1,775	1,899
US	457	486
Global	**2,465**	**2,524**

Full-time employee voluntary turnover percentage (%)		2024	2023
Europe	Average number of Employees	319	344
	Voluntary Leavers	17	44
	Voluntary Turnover	5.3%	13%
Asia	Average number of Employees	1,522	1,825
	Voluntary Leavers	793	880
	Voluntary Turnover	52.1%	48%
US	Average number of Employees	463	500
	Voluntary Leavers	60	63
	Voluntary Turnover	13.0%	13%
Global	**Average number of Employees**	**2,303**	**2,669**
	Voluntary Leavers	**870**	**987**
	Voluntary Turnover	**37.8%**	**37%**

Number and percentage (%) of contract or temporary workers to total employees[1]		2024
Europe	Average number of Employees	319
	Average number of temporary or contract employees	17
	Percentage of temporary or contract employees to permanent	5.2%
Asia	Average number of Employees	1,522
	Average number of temporary or contract employees	226
	Percentage of temporary or contract employees to permanent	14.8%
US	Average number of Employees	463
	Average number of temporary or contract employees	21
	Percentage of temporary or contract employees to permanent	4.6%
Global	**Average number of Employees**	**2,303**
	Average number of temporary or contract employees	**263**
	Percentage of temporary or contract employees to permanent	**11.4%**

1 In 2024, we changed how this metric was reported to average temporary workers rather than total number of temporary workers. Due to the change in definition, we have only reported 2024 data.

KEY NON-FINANCIAL PERFORMANCE INDICATORS CONTINUED

Social data continued

UK gender pay gap – April 2024	Male (Hourly Pay)	Female (Hourly Pay)	Total	Male %	Female %
Lower quartile pay band	11	16	27	41%	59%
Lower middle quartile pay band	11	15	26	42%	58%
Upper middle quartile pay band	18	9	27	67%	33%
Upper quartile pay band	20	7	27	74%	26%
Total	**60**	**47**	**107**	**56%**	**44%**

	2024			2023		
Employees by gender and region	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Europe	180	98	303	198	109	340
North America	264	139	420	316	165	503
Asia	613	802	1,415	701	881	1,584
Total	**1,057**	**1,039**	**2,138**	**1,215**	**1,155**	**2,427**

	2024			2023		
Gender diversity statistics[1]	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Board	4	4	8	4	4	8
Executive Management	5	1	6	5	2	7
Management	69	19	91	73	20	98
All other	980	1,019	2,038	1,137	1,133	2,322
Total	1,058	1,043	2,143	1,219	1,159	2,435
Board	50%	50%		50%	50%	
Executive Management	83%	17%		71%	29%	
Management	76%	21%		74%	20%	
All other	48%	50%		49%	49%	
Total	**49%**	**49%**		**50%**	**48%**	

1 There are a total of 42 undisclosed employees, 3 of which are in management layer and remaining 39 in 'All other' layer.

Social data continued

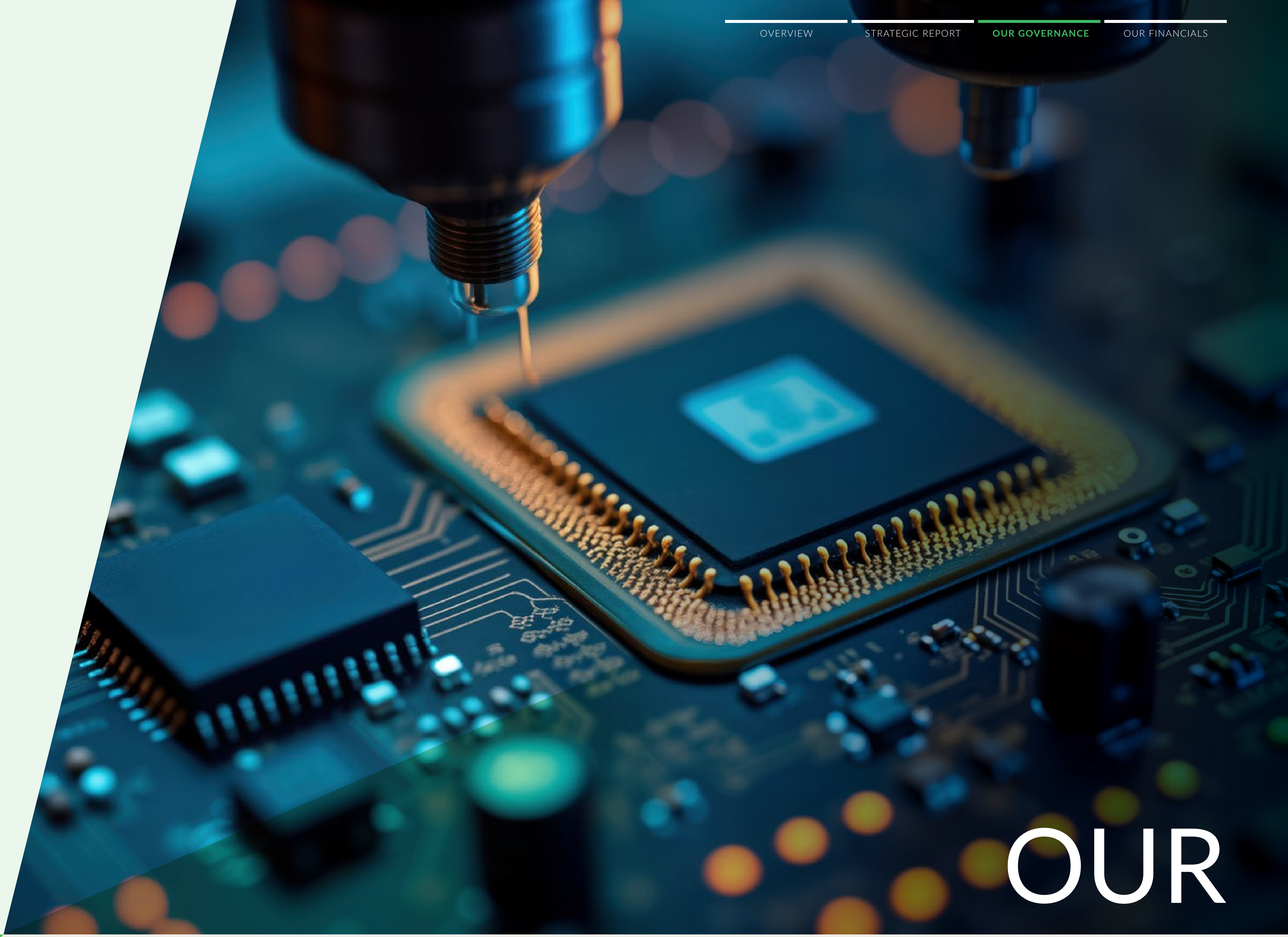
Average training time per employee		2024	2023
Europe	Average number of employees	319	344
	Total hours	2,476	4,476
	Hours per employee	8	13
	Days per employee	1.0	1.6
Asia	Average number of employees	1,522	1,825
	Total hours	15,411	17,623
	Hours per employee	10	10
	Days per employee	1.3	1.2
US	Average number of employees	463	500
	Total hours	4,085	8,049
	Hours per employee	9	16
	Days per employee	1.1	2.0
Global	**Average number of employees**	**2,303**	**2,669**
	Total hours	**21,971**	**30,148**
	Hours per employee	**10**	**11**
	Days per employee	**1.2**	**1.4**

Freedom of Association		2024	2023
Europe	Average number of employees	319	344
	Average number of employees covered by collective agreements	0	0
	Percentage of employees covered by collective agreements	0%	0%
Asia	Average number of employees	1,522	1,825
	Average number of employees covered by collective agreement	818	1,390
	Percentage of employees covered by collective agreements	53.8%	76%
US	Average number of employees	463	500
	Average number of employees covered by collective agreement	0	0
	Percentage of employees	0.0%	0%
Global	**Average number of employees**	**2,303**	**2,669**
	Average number of employees covered by collective agreement	**818**	**1,390**
	Percentage of employees	**35.5%**	**52%**

SASB INDEX

Topic	Metric	Category	Unit of measure	Code	2024 Response
Energy Management	(1) Total energy consumed	Quantitative	Gigajoules (GJ), Percentage (%)	RT-EE-130a.1	P94–95
	(2) Percentage grid electricity				
	(3) Percentage renewable energy				
Hazardous Waste Management	(1) Amount of hazardous waste generated	Quantitative	Metric tonnes (t)	RT-EE-150a.1	P96
	(2) Percentage recycled waste		Percentage (%)		
	(1) Number and aggregate quantity of reportable spills		Number, Kilogrammes (kg)	RT-EE-150a.2	P84
	(2) Quantity recovered (long-term activities to remediate spills that occurred in years prior to the reporting period but for which remediation activities are ongoing)				
Product Safety	(1) Number of recalls issued	Quantitative	Number	RT-EE-250a.1	Not Reported
	(2) Total Units Recalled		Number		
	Total amount of monetary losses as a result of legal proceedings associated with product safety		Presentation currency	RT-EE-250a.2	Not Reported
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances 4	Quantitative	Percentage (%) by revenue	RT-EE-410a.1	Not Reported
	Percentage of eligible products, by revenue, certified to an energy efficiency certification	Quantitative	Percentage (%) by revenue	RT-EE-410a.2	P61–63
	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Presentation currency	RT-EE-410a.3	
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	RT-EE-440a.1	P65
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behaviour	Discussion and Analysis	n/a	RT-EE-510a.1	P92
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Presentation currency	RT-EE-510a.2	Zero
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Quantitative	Presentation currency	RT-EE-510a.3	Zero

OUR GOVERNANCE



OUR GOVERNANCE

GOVERNANCE AT A GLANCE

Our Board

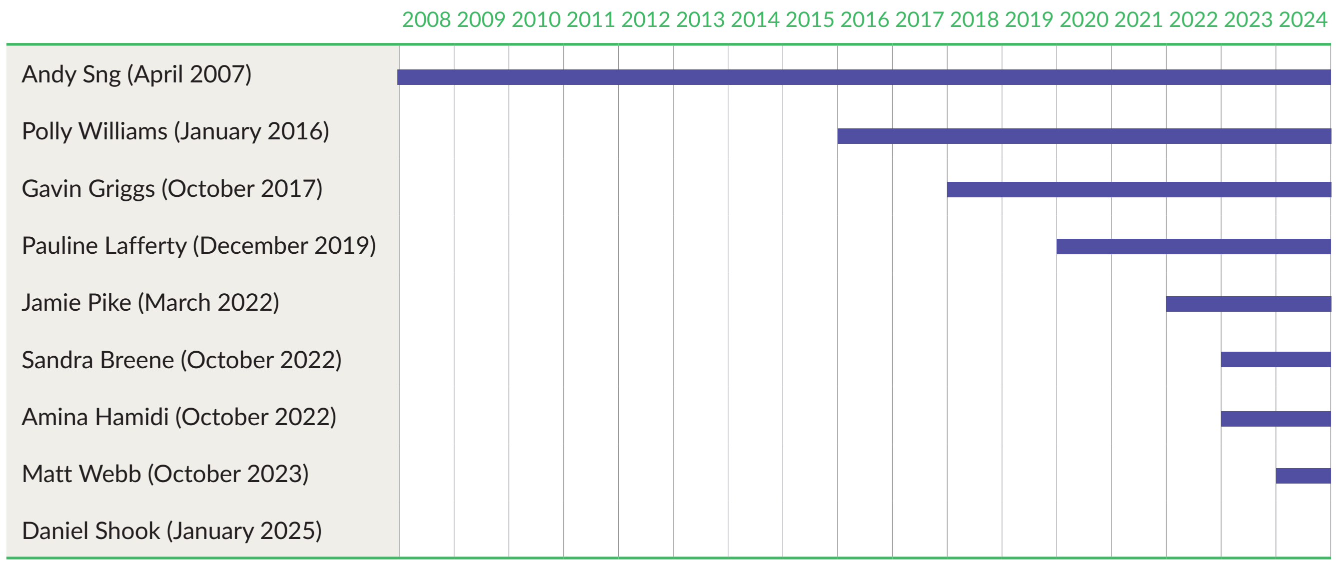
The Board and its Committees maintain a diverse and experienced composition, bringing valuable external insights, fostering constructive strategic challenge and guidance.

Board member skills

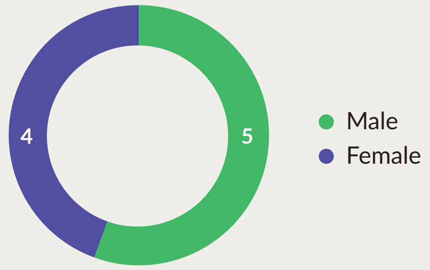
	Gavin Griggs	Matt Webb	Andy Sng	Jamie Pike	Polly Williams	Pauline Lafferty	Sandra Breene	Amina Hamidi	Daniel Shook	Total
Power electronics	●	●	●			●		●		5
Industrial tech	●	●	●	●		●		●	●	7
Risk management	●	●		●	●	●	●	●	●	8
Strategic human resource management	●	●	●	●		●	●	●	●	8
Business development and managing growth	●	●	●	●			●	●	●	7
Prior public company experience	●	●		●	●	●			●	6
Investor relations	●	●		●	●				●	5
Financial	●	●			●				●	4
ESG and climate experience	●	●		●	●	●	●	●	●	8

Length of tenure for the Board

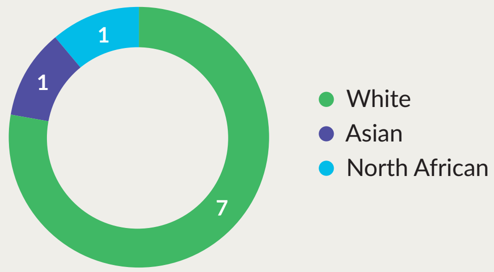
as at 4 March 2025



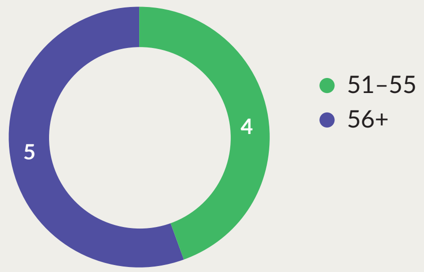
Board gender profile



Ethnicity



Board age profile



Board attendance

During 2024, the Board convened four times (excluding Committee meetings), and all Directors attended every possible meeting. Beyond formal meetings, to inform strategic decision-making the Board engaged in discussions and received presentations on market trends, industry developments and regulatory changes.

Key areas and activities covered by the Board to support our strategy during the year are detailed on pages 116–117.

Member	Meetings	Attendance
Jamie Pike	●●●●	4/4
Gavin Griggs	●●●●	4/4
Matt Webb	●●●●	4/4
Andy Sng	●●●●	4/4
Pauline Lafferty	●●●●	4/4
Polly Williams	●●●●	4/4
Sandra Breene	●●●●	4/4
Amina Hamidi	●●●●	4/4

INTRODUCTION TO GOVERNANCE

“In 2025, we'll continue to improve our supply chain resilience with a global footprint, resuming the construction of our manufacturing site in Malaysia.

JAMIE PIKE
BOARD CHAIR

I am pleased to introduce our Governance Report for the financial year ended 31 December 2024. This report outlines how the Group is managed and its approach to governance, culture and the framework that underpins XP's operations.

The Board remains committed to upholding high standards of governance across the Group. Together with the information in the Strategic and Committee Reports, the Governance Report explains how we have applied the principles and provisions of the UK Corporate Governance Code 2018 (the Code) issued by the Financial Reporting Council. I am pleased to confirm that the Company maintained full compliance with the Code throughout 2024. From 1 January 2025, Polly Williams has served on the Board for nine years. The Board recognises that, under the Code, she would not be considered independent after nine years and there are plans in progress to appoint a successor to the role of Senior Independent Director.

Market conditions and our stakeholders

2024 saw challenging market conditions from the continual slowdown in the Semiconductor Manufacturing Equipment industry combined with inventory destocking within the Industrial Technology and Healthcare sectors. The Board and management took decisive action in the year to optimise our cost structure to align with the current market conditions, while preserving research and development capabilities to strengthen our foundations for future growth. Through strong cash conversion and improved inventory management, we have enhanced our balance sheet.

While the Company focuses on stabilisation, the current policy to not declare dividends has remained in place. The importance of dividends is recognised by the Board and continues to form an important part of the Group's long-term capital allocation strategy.

Focusing on our customers

We continue to deliver for our customers by clearing backlog and have sustained our focus on customer relationships. Our continued investment in our research and development has enabled us deliver new products for our customers to sample. Launched during the year, I am pleased to report that our new Customer Innovation Centre in Silicon Valley is proving to be a fantastic facility for customer collaboration. In 2025, we'll continue to improve our supply chain resilience with a global footprint, resuming the construction of our manufacturing site in Malaysia.

Purpose and culture

The Board's role is to promote the long-term sustainable success of the Company, generating value while considering the needs of all stakeholders in its decision-making. To achieve this, we focus on our vision: “To be the first-choice power solutions provider, delivering the ultimate experience to our customers and our people”, and our purpose: “Powering the world's critical systems”.

Our defined core values, which shape our culture are: Integrity, Knowledge, Speed, Flexibility and Customer Focus. The Board monitors our culture with the Executive Directors and is satisfied that the Company's culture and workforce policies and practices are consistent and align with its purpose, strategy and values.

Board composition and Audit Chair succession

Throughout 2024, the Board's skills and experience were assessed to ensure we have the right balance and composition with succession plans in place. Following a thorough search process as part of succession plans for the role of Audit Chair, the Board was pleased to appoint Daniel Shook as a Non-Executive Director from 1 January 2025. He also joined the Nomination, Remuneration and Audit Committees and will take on the role of Audit Committee Chair from the conclusion of the Annual General Meeting in April 2025. Daniel brings with him over 30 years' experience in global manufacturing, supply chain and distribution companies across multiple geographies and sectors and his significant financial and board-level experience will be valuable to the Board. His commitment to the sustainability agenda will be an additional asset as the Group's development continues. Full details of the recruitment process, succession and transition planning and our commitment to diversity are outlined in the Nomination Committee Report on pages 123–128.

Board effectiveness

This year, the Board undertook an internal review of its own performance and effectiveness. The next externally facilitated review will take place in 2025. An explanation of the process and findings are outlined in the Nomination Committee Report on pages 123–128. The review confirmed that we continue to operate as an effective Board in accordance with good corporate governance principles. As Chair, I am pleased to see a culture of open dialogue and trusting and supportive relationships between Board members.

Sustainability

As an aspiring industry leader in sustainability, XP remains committed to making this a key focus area. Our progress aligns with our overall ESG strategy and net zero targets, with significant reductions in our greenhouse gas emissions achieved to date. The Board oversees the goals and objectives outlined in our sustainability strategy. The Sustainable Development Working Group, managed by the Sustainability Lead and the Sustainability Council, and chaired by the CEO, provides regular updates to the Board on metrics, progress and activities throughout the year. These updates are detailed in our Sustainability Report on pages 56–93.

Despite the challenging market conditions throughout 2024, the responsible actions taken across the business, along with a strong pipeline of new product launches, have laid strong foundations. These efforts, combined with our commitment to excellence and the dedication of our colleagues, position the Group to succeed when markets recover.

JAMIE PIKE
CHAIR

4 March 2025

BOARD OF DIRECTORS

Jamie Pike
Chair

Appointment date:
1 March 2022

Executive/Non-Executive:
Non-Executive

Committee membership:
Nomination (Chair)

Skills and experience:
- Jamie spent nine years with Burmah Castrol, becoming Chief Executive of Burmah Castrol Chemicals, before leading the buy-out of Foseco in 2001 and its subsequent IPO in 2005. Prior to that, he was a partner at Bain & Company.
- Jamie has held the role of Chair at several public companies; he was Chair of the Board at Spirax Group PLC until December 2024.
- He holds an MBA from INSEAD and is a Member of the Institute of Mechanical Engineers.

External appointments:
Jamie is currently Chair of the Board at IMI plc.

Gavin Griggs
Chief Executive Officer

Appointment date:
31 October 2017 as CFO

Appointed CEO from 1 January 2021

Executive/Non-Executive:
Executive

Committee membership:
None

Skills and experience:
- Gavin is a qualified accountant who has worked in a range of acquisitive, growth-focused businesses with an international footprint across several industries.
- He has held senior finance and strategy roles at Logica, Sodexo, PepsiCo and SABMiller.
- Gavin has served as CFO of three fast growth technology businesses.
- He joined XP Power as CFO in October 2017 and became CEO in January 2021.

External appointments:
None.

Matt Webb
Chief Financial Officer

Appointment date:
5 October 2023

Executive/Non-Executive:
Executive

Committee membership:
None

Skills and experience:
- Matt is a Chartered Accountant and holds a degree in Engineering from Oxford University.
- He has a broad strategic and operational skill set, with over 25 years' experience within international businesses at group and divisional level.
- Matt held strategic and financial roles at BPB plc, Saint-Gobain and Ferguson plc, including Finance Director for Ferguson's largest US division. He served as CFO at Luceco plc, a FTSE Main Market designer and manufacturer of LED lighting, EV charging equipment and electrical wiring devices, from February 2018 until April 2023.

External appointments:
None.

Board changes
Daniel Shook was appointed to the Board on 1 January 2025 and will be Audit Committee Chair from the conclusion of the Annual General Meeting in April 2025.

Andy Sng
Executive Vice President, Asia

Appointment date:
24 April 2007

Executive/Non-Executive:
Executive

Committee membership:
None

Skills and experience:
- Andy has over 22 years' experience in the power converter industry.
- He graduated from Nanyang Technological University with a degree in Electrical and Electronic Engineering, and an MBA from Manchester Business School.
- Prior to joining the Group, Andy held technical and commercial roles with Silicon Systems (Singapore) and Advanced Micro Devices (Singapore).

External appointments:
None.

Polly Williams
Senior Independent Director

Appointment date:
1 January 2016

Executive/Non-Executive:
Non-Executive

Committee membership:
Audit (Chair), Nomination, Remuneration, Board representative for ESG

Skills and experience:
- Polly is a Chartered Accountant and a former Partner at KPMG LLP. She resigned from her partnership in 2003 and has since held several Non-Executive Directorship roles.
- She formerly acted as Non-Executive Director for Jupiter Fund Management plc between 2015 and 2022.

External appointments:
Polly is currently a Non-Executive Director at Royal Bank of Canada Europe Ltd, Senior Independent Director and Audit Committee Chair at The Rugby Football Union, Chair of the Board for RBC Brewin Dolphin Limited and Non-Executive Director and Audit Committee Chair at Videndum plc. She is also a Trustee and Chair of the Audit, Investment and Risk Committee for The Duke of Edinburgh Award.

Pauline Lafferty
Independent Non-Executive Director

Appointment date:
3 December 2019

Executive/Non-Executive:
Non-Executive

Committee membership:
Remuneration (Chair), Audit, Nomination, designated NED for employee engagement

Skills and experience:
- Pauline was formerly Chief People Officer at The Weir Group plc, a position she held between 2011 and 2017.
- Between 1998 and 2011, she worked in executive search for The Miles Partnership and Russell Reynolds Associates. Prior to that, she worked in supply chain roles for Digital Equipment Corporation and Motorola.
- Pauline previously acted as Chair of the Remuneration Committee at Scottish Event Campus Limited and as a Non-Executive Director at Centurion Group.

External appointments:
Pauline is currently a Non-Executive Director and Remuneration Committee Chair at Breedon Group plc.

BOARD OF DIRECTORS
CONTINUED

Sandra Breene
Independent Non-Executive Director

Appointment date:
11 October 2022

Executive/Non-Executive:
Non-Executive

Committee membership:
Audit, Nomination

Skills and experience:
- Sandra is currently President of Consumer Care at Croda.
- Prior to this, she spent three years as President of Regional Delivery and four years as President of the Personal Care Division and President of Croda in North America. Sandra has over 30 years' experience working across Croda's market sectors in a variety of commercial roles, giving her an extensive understanding of customer needs.
- Sandra took an instrumental role on numerous acquisitions conducted by Croda, and spent five years living and working in Asia, providing her with valuable insight into emerging markets and cultural differences.
- Sandra holds an MBA and has a BSc in Chemistry.

External appointments:
Sandra is currently a Trustee Director at Edukos Education Trust.

Amina Hamidi
Independent Non-Executive Director

Appointment date:
11 October 2022

Executive/Non-Executive:
Non-Executive

Committee membership:
Remuneration, Nomination

Skills and experience:
- Amina is currently Managing Director of the ABB Instrumentation Business Line, within the measurement and analytics division. Her focus is on working with customers to achieve more sustainable industries.
- Prior to this, Amina served as Managing Director of ABB's global power protection business from 2013 to 2017, and as CTO for ABB's electrification business from 2017 to 2022.
- Amina has a PhD in Electrical Engineering from the French National Research Institute for Transportation Systems (INRETS), a bachelor's degree in Mechanical Engineering and a master's degree in Electrical Engineering from INPL, France.

External appointments:
None.

Daniel Shook
Independent Non-Executive Director

Appointment date:
1 January 2025

Executive/Non-Executive:
Non-Executive

Committee membership:
Audit, Remuneration, Nomination

Skills and experience:
- Daniel is currently Chief Financial Officer at IMI plc, the FTSE 100 international engineering group. Having joined the IMI Board in 2015, Daniel has extensive financial management experience and knowledge of complex manufacturing processes across a range of global industrial sectors. He will be retiring from the IMI Board during 2025.
- Prior to this, Daniel was CFO and a member of the Executive Board at Borealis AG, having previously held senior financial and management roles at The BOC Group plc. Daniel was a Non-Executive Director and Audit Committee Chair of Ultra Electronics Holdings plc from 2019 to 2022.

External appointments:
Daniel is currently the CFO and an Executive Director at IMI plc.

CORPORATE GOVERNANCE REPORT

Corporate Governance Statement 2024

The Board of Directors' primary remit is to provide direction to shape the Group's strategy and ensure this is being effectively executed within a structure that is well controlled, mitigates risk and is compliant with corporate and social responsibility. Good corporate governance emanates from the top, which is why the Board gives continued prominence to this area.

XP Power Limited was incorporated and is domiciled in Singapore; under the Singapore Companies Act 1967 (the Act). We are not required to follow the Singapore Code of Corporate Governance. The Company is listed on the London Stock Exchange and reports against the application of the principles of corporate governance contained in the UK Corporate Governance Code 2018 (the Code).

We have clearly laid out how the principles of the Code have been applied under the areas of:

Areas	Heading	Page number
1 Board leadership and Company purpose	Effective Board	Pages 108–110
	Purposes, values and culture	Page 118
	Governance framework and Board resources	Pages 112–115
	Stakeholder engagement	Pages 119–121
	Workforce policies and practices	Page 119
2 Division of responsibilities	Board roles	Page 115
	Independence	Page 122
	External commitments and conflicts of interest	Pages 108–110 and 122
	Board activities and Key Matters Considered by the Board in 2024	Pages 116–117
3 Composition, succession and evaluation	Appointments to the Board	Page 126
	Board skills, experience and knowledge	Pages 104 and 108–110
	Board performance review	Pages 127–128
4 Audit, risk and internal control	Financial reporting	Pages 130–133
	External Audit and Internal Audit	Page 134
	Review of the 2024 Annual Report	Pages 130–133
	Internal financial controls	Page 133
5 Remuneration	Linking remuneration with purpose and strategy	Pages 135–136
	Remuneration Policy	Pages 150–157
	Performance outcomes in 2024 and strategic targets	Pages 141–143

CORPORATE GOVERNANCE REPORT
CONTINUED

The Board drives long-term Company success through effective governance, strategy and operational oversight.

Developing a first-class culture

The Board drives our purpose, vision and strategy and is committed to ensuring the Company's culture is aligned to support these and embedded across the business.

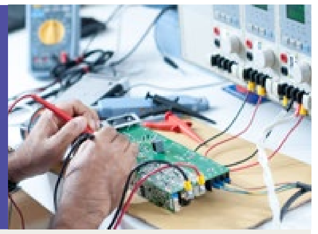
READ MORE ABOUT THIS ON PAGES 118–119

Engaging with our stakeholders

The Board is committed to actively engaging in open communication with all stakeholders to ensure we focus on and effectively address the most material issues.

READ MORE ABOUT THIS ON PAGES 119–121

Our Board in action



The Group's response to the challenging market conditions during 2024, while continuing to invest in our customer relationships and long-term growth initiatives demonstrates the important characteristics of proactivity and decisiveness, which are necessary to successfully navigate periods of uncertainty.

READ MORE ABOUT THIS ON PAGE 120

Board changes: our new Non-Executive Director and Audit Chair designate

Daniel Shook joined the Board on 1 January 2025 and in line with succession plans will take on the role of Audit Committee Chair from the conclusion of the 2025 Annual General Meeting.

READ MORE ABOUT THIS ON PAGE 126

Our governance structure

Board of Directors

The role of the Board is to promote the long-term success of the Company, and establish its purpose, values and strategy.

The Board consists of the Chair, Senior Independent Director, three Executive Directors and four Non-Executive Directors.

Certain matters are delegated to the main Board appointed Committees.

Nomination Committee: Chair, Jamie Pike

Membership: 6 Independent Non-Executive Directors
Reviews and considers the appointment of new Directors, and succession planning for the Board and Executive Leadership Team.

NOMINATION COMMITTEE REPORT PAGES 123–128

Audit Committee: Chair, Polly Williams

Membership: 4 Independent Non-Executive Directors
Provides oversight of financial reporting, the audit process, the Company's system of internal controls and compliance with laws and regulations.

AUDIT COMMITTEE REPORT PAGES 129–134

Remuneration Committee: Chair, Pauline Lafferty

Membership: 4 Independent Non-Executive Directors
Sets the Remuneration Policy for the Executive Directors and Executive Leadership Team.

REMUNERATION COMMITTEE REPORT PAGES 135–157

Disclosure Committee

Reviews, identifies and controls information on the Company which is, or has the potential to become, Inside Information, ensuring it is handled in accordance with procedures and regulatory requirements.

Chief Executive Officer

Manages the overall operations and resources of the Company in accordance with the Board-approved strategy.

Internal councils and committees

The CEO and ELT lead internal councils and committees that provide governance oversight on key business activities. These include:

- Health and Safety Council – delivering the strategy for health and safety across the Group
- Sustainability Council – providing oversight on environmental, social and governance initiatives
- Export Compliance Committee – oversees adherence to export control laws, licensing, and trade regulations

Executive Leadership Team (ELT)

Supports the CEO in the design, development and implementation of the Group's strategic plans and objectives, by driving key business initiatives and providing leadership across all locations within the organisation.

CORPORATE GOVERNANCE REPORT
CONTINUED

Our approach to governance

Our governance structure helps foster the development of good governance practices across the Group.

The Board delegates certain of its responsibilities to its Nomination, Remuneration and Audit Committees. Further details of the work, composition, role and responsibilities of these Committees are provided in separate reports on pages 124, 149 and 130. Each of the committees has terms of reference which were reviewed by the committees and the Board during the year. The performance of each of the committees is assessed annually as part of the performance review process described later in this report.

Board and committee meetings are arranged to occur at appropriate times to support decisions that need to be made throughout the year. Where appropriate, informal discussions take place, with updates and progress reports circulated between meetings.

To ensure an effective flow of information the Chair consults with the CEO and, with support of the Company Secretary, proposes an agenda aligned with the agreed annual schedule of Board items and incorporating feedback from the Non-Executive Directors. Board materials are distributed through a secure portal, with clearly identified action points for each agenda item as required. Minutes of each meeting are prepared and shared with attendees, while action lists are monitored and updated to ensure timely completion of key tasks.

The Board delegates operational matters to the Executive Directors, except for matters specifically reserved for the Board. The schedule of matters reserved for the Board is reviewed annually and can be accessed on the Company website at corporate.xppower.com. Further information on the matters reserved can be found on page 121.

Division of responsibilities

The roles of Chair, Senior Independent Director and CEO are formalised, with a clear division of responsibility between their roles. The Chair is responsible for leading and the management of the Board and its overall effectiveness in directing the Company. The Senior Independent Director is responsible for providing support for the role of Chair and leading the succession process for the Chair's appointment. The CEO is responsible for the day-to-day running of the Company and execution of our strategy. The CEO and CFO ensure that Directors receive accurate, timely and clear information to discharge their duties.

To ensure the Board is effective, we review and monitor the skill set of Directors.

Responsibilities of the Board

Chair	The Chair sets the calendar and agenda of the Board and facilitates these discussions. The Chair also initiates and co-ordinates the processes defined below, which evaluate the effectiveness of the Board and of individual Directors. **How our Chair promotes a culture of openness** The Chair demonstrates objective judgement and conducts Board meetings to support a culture of openness and debate to ensure all views are heard and considered, and facilitates an appropriate level of challenge and the effective contribution of all Non-Executive Directors. A review of Board effectiveness is conducted each year. The 2024 review was supported by internally facilitated anonymous questionnaires. Following the full independent review that was conducted in 2022; the next full independent review will take place in 2025.
Executive Directors	Other than their normal attendance and participation in discussions at Board meetings, the Executive Directors are responsible for the day-to-day running of the Company and the implementation of the agreed strategy.
Senior Independent Director (SID)	The Senior Independent Director supports the Chair in their role and acts as an intermediary between other Directors. The SID leads the Non-Executive Directors in the annual evaluation of the Chair and is also available to shareholders if they have concerns that contact through the Chair, CEO or CFO has failed to resolve. Polly Williams is the Senior Independent Director.
Non-Executive Directors	Challenge and support the Executive Directors and act in the best interests of the Company's stakeholders. The Non-Executive Directors actively participate in the review and determination of the Company's strategy.
Designated Non-Executive Director	The designated Non-Executive Director is responsible for engaging with the workforce and ensuring that their views and interests are considered in Board discussions and decision-making. Pauline Lafferty is the designated Non-Executive Director for employee engagement. Polly Williams is the Board representative for ESG matters.

CORPORATE GOVERNANCE REPORT
CONTINUED

Board activities

At each meeting, the Board receives a business update and outlook, Global Health and Safety report, an update on governance matters and summary of Board Committee activity. Other key activities covered by the Board during 2024 are shown below.

2024

Month	Activities
MARCH	Annual Results and investor roadshow
APRIL	Q1 Trading Update, Annual General Meeting
MAY	Consideration of unsolicited approach, Cybersecurity update
JUNE	Rejection of unsolicited approach
JULY	
AUGUST	Interim Results and investor roadshow, Review of Company culture, Feedback from employee engagement survey, Amendment and extension of RCF, sustainability update
SEPTEMBER	
OCTOBER	Q3 Trading Update, infrastructure planning, Risk Review
NOVEMBER	Board and committee performance review
DECEMBER	Appointment of NED, Feedback from NED-led employee engagement sessions, Product growth plan reviewed

2025

Month	Activities
JANUARY	Q4 and Full-Year Trading Update

Key matters considered by the Board

Strategy and operations

- Reviewed business performance and strategic priorities at each Board meeting and trading updates made to the market
- Discussed future infrastructure plans for the supply chain, including recommencing the Malaysia facility build, to strengthen resilience
- Evaluated product growth and development strategies
- Received updates on the transfer of production from North America to Asia to maintain flexibility to effectively support future demand
- Received a presentation on the impact of product cost inflation
- Monitored global health and safety reporting dashboards and received updates on key initiatives, including 'Safety Begins with Me'

Financial and risk management

- Monitored inventory, cost-reduction measures and cash and liquidity management during slower market conditions
- Considered outlook and approved the planned budget for 2024
- Approved amendment and extension to the Group's finance facilities
- Considered and confirmed the Group's risk appetite, discussed and agreed principal and emerging risks and uncertainties across the Group
- Received an update briefing on cybersecurity
- Reviewed a valuation of the business, to assess its financial position and growth potential
- Approved interest rate risk management policy
- Reviewed approach to insurance programme renewal
- Oversaw tender process for new Internal Auditor

Leadership and people

- Assessed current composition of the Board including tenure, skills, experience and diversity characteristics, to inform succession planning
- Recruited a new NED and Audit Chair designate, appointing Daniel Shook from 1 January 2025
- Monitored the Group's culture, and site employee engagement plans
- Reviewed diversity and inclusion initiatives, including Board-level policy
- Reviewed the results of 2024 employee engagement survey and resulting actions

Stakeholder engagement

- Reviewed results of employee and stakeholder surveys, and analysis of shareholder feedback from investor roadshows
- Continued to consult with shareholders on remuneration matters
- Received feedback from employee engagement sessions held by NED, Pauline Lafferty
- Reviewed site employee engagement plans
- Communicated and engaged with stakeholders on executing cost-saving activities
- Monitored actions taken to support the delivery of supply chain strategy
- Discussed our net promoter scores and feedback from customers

Governance and reporting

- Assessed the financial performance of the Group, approved the Half- and Full-Year financial statements and the Annual Report and Accounts
- Received updates on key legal, regulatory and corporate governance matters and discussed implications from the 2024 UK Corporate Governance Code
- Approved updated policies and procedures to support compliance with the UK Market Abuse Regime
- Reviewed and discussed outcomes from the internal Board effectiveness review
- Reviewed and updated the composition of Board Committees
- Reviewed and approved annual Modern Slavery Statement
- Approved AGM Notice and discussed reports on AGM voting and proxy agency feedback

Sustainability

- Maintained oversight of sustainability strategy, including development of our Sustainability Council and progress against SBTi-registered targets and reducing Scope 2 greenhouse gas emissions
- Received an update on TCFD risks, opportunities and annual reporting
- Received customer feedback on the Group's sustainability activity
- Approved revised Human Rights Policy

CORPORATE GOVERNANCE REPORT
CONTINUED

Health and safety
The Board is committed to providing all employees, contractors and partners across the Group with a safe working environment. Health and safety at XP is sponsored by the Executive Leadership Team who are committed to ensuring everyone has the resources and support needed to build a safe workplace. The CEO reviews health and safety reports from the Group, and the Board receives a structured update, including statistics on any health and safety issues, education and training activities and an update on the global agenda for health and safety matters.

We have a strong safety governance structure which helps to ensure safety is prioritised and continuously improved. Regional councils monitor safety performance, ensure consistency and provide support across all sites. Each site also has a dedicated safety champion and safety committees represent our teams, which work to identify potential safety issues and implement corrective actions.

During 2024 we had a particular focus on health and safety for all our employees with an improved global approach via the 'Safety Begins with Me' initiative. This initiative is helping to embed a proactive team-based safety culture that reinforces our shared responsibility for safety; encouraging open communication and reporting to prevent issues before they arise.

Developing a first-class culture
The Board is responsible for setting the tone for the culture of the Company, upheld by its values of Integrity, Knowledge, Speed, Flexibility and Customer Focus. The Board continues to fulfil its role to influence and monitor the right culture throughout the Company, ensuring desired beliefs and behaviours are emulated inside and outside of the Boardroom, as set out below.

Action	Description
Review results and updates from employee engagement surveys	Throughout 2024 the Board continued to review the results of cultural and engagement surveys. Trends in employee satisfaction are monitored to understand how the core values of the Company have been embraced.
Engagement surveys	Gallup engagement surveys continued to inform the Board on employee engagement and the Company are committed to their continued use to assess our employees' views.
Code of Conduct training	Our Code of Conduct is reviewed annually. Training is required by all employees to ensure governance is understood and core values are reinforced.
Senior leadership communication	The Executive Leadership Team held regular global updates, topics covered included strategy and upcoming priorities. Attendees then cascaded the key themes from these sessions to their teams.
Sustainability impact assessment	The Sustainable Development Working Group includes representatives from all regions and key business functions and the Sustainability Council, identify and monitor areas for focus across our sustainability agenda and report on progress as we drive towards our goal of net zero carbon by 2040.

Cultural alignment
To monitor our culture the Board reviews all employee surveys, receives updates and presentations from leadership, and directly engages with a broad range of employees ensuring culture, group-wide, is aligned to our purpose, values and strategy. The Company operates a whistleblowing hotline enabling employees to raise any concerns. Any potential misalignments to our desired culture are explored to understand how to address these. More details on our Whistleblowing programme can be found on page 92.

How we ensured employees' voices were heard by the Board in 2024
During the year, I held four virtual employee engagement sessions across sites in the US, Europe and Asia. I had the opportunity to speak with employees at different levels of the organisation and am grateful for their engagement. The sessions were designed to encourage open and honest communication in which employees could share their views on their working environment and ask any questions on any topic, including executive remuneration and the wider pay policy.

A wide range of topics were covered in these sessions including Company culture, communication, operational initiatives as well as input on what would enhance the experience of people working at XP. Communication is a particular focus point that was discussed in these sessions.

The output and observations from these sessions, along with submissions from the anonymous employee surveys, internal communications and building the foundations of performance culture were discussed at subsequent Board meetings.

How we uphold culture across our workforce and encourage engagement
We have several processes to ensure the views of employees are requested and assessed. Employees complete the Gallup Q12 survey annually, which is benchmarked against a broad range of other companies, ensuring our culture and engagement are supportive of our strategic growth plans. For areas of the organisation where variable employee engagement has been identified, plans have been implemented to facilitate leadership coaching, regular visits from central teams, informal sessions with management.

To promote engagement each site has a tailored development plan and calendar of engagement events throughout the year. Monthly calls with regional senior leadership teams help build direct communication, and have been valuable in improving the quality and transparency of information provided to our employees, especially during the difficult process to right-size our cost base for current demand and expected recovery.

> "The output and observations from employee engagement help us ensure our culture is supportive of our strategic growth plans.
>
> **PAULINE LAFFERTY**
> DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT

THE BOARD

AUDIT COMMITTEE

ENGAGEMENT WITH THE WORKFORCE –
Designated Non-Executive Director, Pauline Lafferty

LIVE COMMUNICATION MEETINGS

SPECIFIC ANONYMOUS EMPLOYEE SURVEYS

CONFIDENTIAL, INDEPENDENT WHISTLEBLOWING HOTLINE

CORPORATE GOVERNANCE REPORT
CONTINUED

Our Board in action:

Product growth plan

Through continued focus and investment on product development the Board has overseen the creation of a strong pipeline of new products scheduled to be launched in 2025. These are both standard product platforms, that will protect our core capabilities, and custom developments that will help meet the needs of our customers. The opening of our new Innovation Centre in Silicon Valley also provides an outstanding facility with the ability to design and engineer prototypes close to our customers as well as expediting the time-to-market for some of our customised products.

Infrastructure planning

Following strategic decisions on the location of our global manufacturing facilities, the Board has monitored a significant project undertaken by the Group to transfer production of HVHP and RF products from our East Coast sites in the US to our manufacturing sites in Asia. This has allowed us to lower the manufacturing costs of these products as well as adding additional resilience to our supply chain. We expect to see cost benefits from 2025 when production volumes will increase in Asia.

At the end of 2023, we paused the construction for our new manufacturing facility in Malaysia. This will recommence in 2025 and will secure long-term capacity as well as mitigating macro and geo-political headwinds in Asia.

Risk management and internal control

The Board is responsible for the Company's overall approach to risk management. It has an ongoing process for identifying, evaluating and managing the emerging and principal risks faced by the Group, which is set out in the Managing Our Risks section on pages 39–52. This risk management framework and related processes have been in place throughout the year, with the framework ensuring that risk management is embedded in the day-to-day operations of the business.

While the Board retains overall responsibility for risk management, the delivery of risk management processes is overseen on a day-to-day basis by the Executive Directors and the senior leadership team. This includes the delegation of responsibility for the effective operation of established processes and key controls to managers across the business. Examples of these key controls are:

- using authority matrices to clearly define who can authorise particular transactions, transfer funds, commit Group resources and enter into particular agreements;
- monthly reporting of management accounts and key metrics to senior management, with performance measured to budget and material variances reported to the Board;
- quality control checks throughout our manufacturing process, burn-in, electrical testing to detect early failures, 100% functional testing and quality inspection; and
- disaster recovery and business continuity plans maintained at all key facilities.

Details of the internal controls of the Company, and how the Board and the Audit Committee assess the operational effectiveness of internal controls and risk management systems during the year, and up to the date of approval of the Annual Report and Accounts, are set out as part of the Audit Committee Report on page 133. During the year, no significant internal control issues were identified.

Shareholder communication

The Company encourages and enables effective engagement with shareholders and stakeholders in several ways. For institutional and private investors, the Group engages in open dialogue and responds quickly to all queries. The Group uses its website (corporate.xppower.com) to ensure private investors have access to the same information as institutional investors; this includes investor presentations and video interviews with the CEO and CFO on the morning of the publication of the interim and annual results. The Company's website has information which covers products, markets, strategy, business model, growth drivers and its investment proposition.

Interested parties can register for the Group's email alert service on this website to receive timely announcements and other published information from time to time.

The Chair and Senior Independent Director make themselves available to meet shareholders as required, to understand their views on governance and business performance. To enable Board members to stay connected with the opinions of our shareholders, they receive feedback from our brokers and financial PR company following meetings.

The Remuneration Committee Chair consults with major shareholders regarding significant decisions on Executive remuneration, including any proposals to update the Directors' Remuneration Policy, which was last approved by shareholders at the April 2023 AGM.

At the Annual General Meeting in April 2024, Resolution 14, to authorise the Directors to allot shares up to two-thirds of the Company's issued share capital was approved by 75.89% of the votes cast. The voting outcome was primarily the results of two significant shareholders voting against the Resolution. The Board actively engaged with those shareholders and feedback indicated that the votes reflected the application of their internal policies as applied to all their investments, which either specifically oppose the principle of Directors' authority to allot shares or have a lower threshold for the issuance of new shares than that proposed in the Resolution. The Company is dedicated to maintaining open communication with shareholders and values their feedback and insights.

Constructive use of the AGM

Certain Directors are available at the Annual General Meeting (AGM) to answer any questions from shareholders. However, given that we have a Singaporean Parent Company, we recognise it is not generally convenient for our UK-based investors to attend this meeting.

Our CEO and CFO are available throughout the year to answer questions from shareholders.

Substantial shareholders

We have safeguards to monitor transactions by major shareholders of the Company, including reviewing our major shareholders' holdings on a quarterly basis and monitoring any regulatory notifications of acquisition or disposal by major shareholders.

As at 31 December 2024, the Company had been notified, pursuant to DTR5, of the following interests in voting rights, attached to ordinary shares and financial instruments relating to the share capital of the Company:

	Number of voting rights	% of voting rights
Kempen Capital Management N.V.	1,190,000	6.03
Montanaro Asset Management Limited	1,376,000	5.81
Odyssean Investment Trust PLC	1,050,000	5.32
Ameriprise Financial, Inc	1,040,978	5.27
Aberforth Partners LLP	1,232,646	5.21
Janus Henderson Group plc	989,741	5.02
Mawer Investment Management Ltd.	967,699	4.93
The Capital Group Companies, Inc.	861,669	4.47

As at 28 February 2025, no further notifications have been received by the Company in accordance with DTR5.

Matters reserved for the Board

These matters are specifically reserved for the Board's decision:

- Opinion on the Group's viability and going concern.
- Approval of strategic plans, financial plans and budgets, and any material changes to them.
- Oversight of the Group's operations, ensuring competent and prudent management, sound planning, an adequate system of internal control, and adequate accounting and other records.
- Changes to the structure, size and composition of the Board.
- Consideration of the independence of Non-Executive Directors.
- Review of management structure and senior management responsibilities.
- With the assistance of the Remuneration Committee, approval of remuneration policies across the Group.
- Final approval of interim and annual financial statements and accounting policies.
- Approval of the dividend policy.
- Approval of the acquisition or disposal of subsidiaries and major investments and capital projects.
- Delegation of the Board's powers and authorities, including the division of responsibilities between the Chair, CEO and other Executive Directors.

CORPORATE GOVERNANCE REPORT
CONTINUED

Conflicts of interest and time commitment

The Board considers its Directors' interests and any conflicts that these may present at every Board and Committee meeting.

It is important that Non-Executive Directors have sufficient time to meet their Board responsibilities. The Non-Executive Directors provided constructive challenge, strategic guidance, specialist advice and held management to account during 2024.

No Directors had any significant changes to their outside commitments during 2024, and each devoted significant time to their XP Power Board responsibilities during the year. All Directors attended all Board meetings during the year.

Following the Chair's review of each Director, the Board is satisfied that all Directors remain committed to the Company and have devoted the appropriate amount of time and effort to their role.

Change in Directors' responsibilities

Daniel Shook joined the Board as Non-Executive Director on 1 January 2025, and became a member of the Audit, Remuneration and Nomination Committees from the same date. He will become Audit Committee Chair from the conclusion of the Annual General Meeting in 2025 when Polly Williams steps down from this role.

Polly will continue as a member of the Audit Committee and will remain in her role as Senior Independent Director, to support the Board and provide continuity through the succession process until her successor is appointed.

Additionally, Jamie Pike stepped down as a member of the Remuneration Committee in February 2024.

Board independence

The Board consists of six Non-Executive Directors, including the Chair, and three Executive Directors. All Non-Executive Directors are considered to be 100% independent. There is a clear division of responsibilities between the Executive and Non-Executive Directors.

The Board recognises that Polly Williams has served on the Board for nine years from 1 January 2025 and would therefore not be considered independent based on provision 10 of the Code during 2025. However, the Board's view is that she is considered as retaining her independence and is providing valuable expertise, in part informed by her long service as Director.

Details of the beneficially-owned ordinary shares in the Company held by the Non-Executive Directors are detailed in the Remuneration Committee Report on page 144.

Anti-takeover measures

As a policy, we do not have any devices that would limit the ability to perform a takeover of XP Power. This includes devices that would limit share ownership and/or issue new capital for the purpose of limiting or stopping a takeover.

Voting

Our capital structure is such that one vote is afforded per ordinary share.

NOMINATION COMMITTEE REPORT

> "The Company has held a number of events throughout the year embracing workforce diversity and inclusion.
>
> **JAMIE PIKE**
> NOMINATION COMMITTEE CHAIR

COMMITTEE MEMBERSHIP


Jamie Pike
Chair


Polly Williams


Pauline Lafferty


Sandra Breene


Amina Hamidi


Daniel Shook[1]

[1] From 1 Jan 2025.

Dear shareholder,

I am pleased to present our Nomination Committee Report for 2024. The main Committee-led activity this year was our search for new Non-Executive Directors to fulfil the roles of Audit Committee Chair and Senior Independent Director. This was part of planned Board succession, as Polly Williams was approaching nine years of service as a Non-Executive Director on the Board. Following the conclusion of our first search process, we are pleased to welcome Daniel Shook as a Non-Executive Director on the Board from 1 January 2025. Daniel has also been appointed as a member of the Nomination, Remuneration and Audit Committees and will take over from Polly Williams as the Audit Committee Chair from the conclusion of the Annual General Meeting in April 2025 to allow for a smooth transition of this role. Polly will stand for re-election at the upcoming AGM and will continue as Senior Independent Director until a successor is found, following which she plans to step down from the Board.

In February, in line with the Code, the Committee led a full review of the composition of the Board's Committees, considering their members' skills and expertise. This review resulted in me stepping down from the Remuneration Committee, a role I had taken on when I initially joined the Board as a Non-Executive Director.

Board Diversity and Inclusion Policy targets were considered during the year, ensuring we maintain the Listing Rules requirements pertaining to diversity. We are pleased to have over 40% female Board representation. The Committee received a Group diversity and inclusion activity update, which showcased projects that the Sustainability Committee worked on to embrace workforce diversity and inclusion. These initiatives included a series of four speakers in celebration of International Women's Day, featuring a talk on "The added value of diversity and inclusion: why should any company care?" and choices in career development from our Non-Executive Director, Sandra Breene. Examples from site engagement programmes aimed at enhancing engagement and fostering inclusion were also highlighted.

Discussions on Board succession remain ongoing to ensure a proactive and forward-looking approach. Throughout 2024, the Committee reviewed the leadership needs for senior management and will continue to evaluate the Board's and senior management's strengths and depth of talent, so we recruit, retain, and develop capabilities necessary to support the business strategy.

Our focus in 2025 will be implementing the succession for the Audit Committee Chair role and concluding the search for a Senior Independent Director.

JAMIE PIKE
NOMINATION COMMITTEE CHAIR

4 March 2025

NOMINATION COMMITTEE REPORT
CONTINUED

Governance

The Nomination Committee consists of Jamie Pike (Chair), Pauline Lafferty, Polly Williams, Sandra Breene, Amina Hamidi and Daniel Shook (appointed from 1 January 2025). On the Committee, 100% of members are considered to be Independent Non-Executive Directors.

Where appropriate, the CEO attends meetings (on request) to present to, or consult for, the Committee.

The Committee assesses new Director appointments, and all Non-Executive Directors are involved in the appointment of proposed candidates. The whole Board votes on new Director appointments.

The Committee met formally three times during the year:

Members	Attendance
Jamie Pike (Chair)	3/3
Pauline Lafferty	3/3
Polly Williams	3/3
Amina Hamidi	3/3
Sandra Breene	3/3

Responsibilities

The Committee's main responsibilities are to:

- review the Board's structure, size and composition, including skills, knowledge, capabilities, experience and diversity;
- review Directors', and other senior Executives', succession planning considering future skills and expertise needed on the Board;
- be responsible for identifying and nominating candidates to fill Board vacancies;
- review the organisation's leadership needs, both Executive and Non-Executive, to ensure the organisation can effectively compete in the marketplace; and
- review the results of the Board performance review process that relate to Board composition and succession planning.

The Nomination Committee's Terms of Reference are reviewed annually and are available in the Corporate Governance section of the Company's investor relations website corporate.xppower.com.

Committee evaluation

Like other Board committees, we performed an internal anonymous online evaluation survey to gain feedback on the Committee's effectiveness. The results were positive with no significant issues identified, indicating effective committee operation.

Board diversity

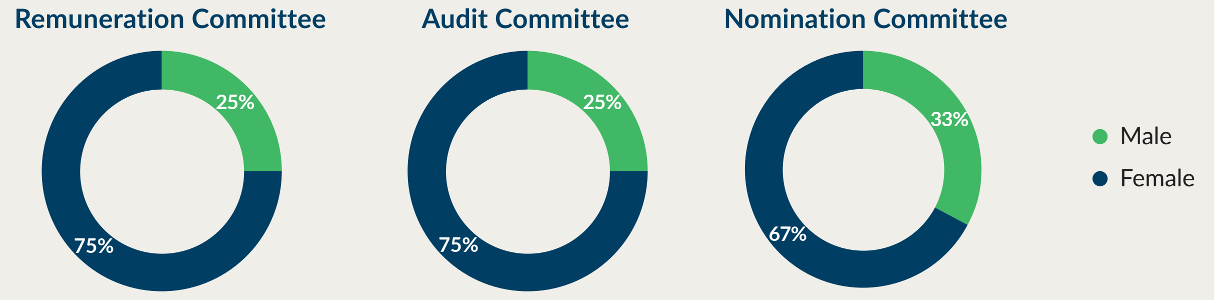
The Committee considers that Board and Company diversity and inclusion are not only the right thing to do but also essential for business growth, innovation, talent attraction and retention, and customer engagement. We operate globally and acknowledge that cultural differences may exist in the countries in which we do business. We recognise that a diverse workforce reflects our markets and strengthens our ability to succeed in them. Similarly, a diverse Board brings a range of views and perspectives, enhancing decision-making and overall effectiveness. At XP, we maintain a zero-tolerance policy towards any form of discrimination.

We commit to equal opportunities in all our employment practices, procedures and policies. When hiring or promoting, we select the best candidate based on merit, irrespective of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, country of origin, nationality, cultural background or ethnicity, religion or belief, sex or sexual orientation and gender identity or expression, including LGBTQ+, or the membership/non-membership of any trade unions. These same principles apply when selecting business partners and appointments to the Board and its committees.

Our Board Diversity and Inclusion Policy was reviewed and updated during the year to align with the updates to the 2024 UK Corporate Governance Code. The policy reinforces our commitment to diversity, inclusion and equal opportunity while setting measurable objectives that adhere to the Listing Rules diversity guidance. Progress against these objectives was monitored. The Policy reflects our commitment to using open advertising or partnering with external executive search firms that have signed up to the Voluntary Code of Conduct for Executive Search Firms, ensuring balanced and inclusive shortlists for all appointments.

The Committee is pleased to report that since the appointment of Daniel Shook, the Board currently comprises nine members, four of whom are women (44%), and two of whom are ethnically diverse, according to the definition in the Listing Rules. Our Senior Independent Director is female. The composition of nationalities within the Board includes six British individuals, one with dual British and American nationality, one Singaporean and one whose nationality is French and Algerian.

On the Board Committees, female representation is:



As an international business, XP Power understands and meets the aspiration for a diverse leadership group. Full details of gender and ethnic representation, as prescribed by UK Listing Rule 6.6.6, are set out in the following tables. The Board and the Executive Leadership Team completed a diversity disclosure to confirm which categories in the following table they identified with. At the end of the year, the Board was fully compliant with the Listing Rules diversity guidance.

Gender representation as at 31 December 2024

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in Executive management*	% of Executive management
Men	4	50%	3	8	80%
Women	4	50%	1	2	20%
Not specified/prefer not to say	–	–	–	–	–

Ethnic representation as at 31 December 2024

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in Executive management*	% of Executive management
White British or other White (including minority-white groups)	6	75%	4	8	80%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	13%	–	2	20%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group	1	13%	–	–	–
Not specified/prefer not to say	–	–	–	–	–

* Executive members of the Board are included in both the Board and Executive management figures.

Our Board and Company Diversity and Inclusion policies are available on our website at corporate.xppower.com.

Board skills, experience, and composition

We commit to having the right blend of skills, expertise, commitment and experience when selecting suitable candidates.

The Board's size, structure and composition is regularly reviewed to ensure it executes our strategy effectively.

The Board's composition and its committees were recently updated with the appointment of our new Non-Executive Director, which provided an opportunity to target, and benefit from, additional skills, expertise and experience.

The Committee assesses the Board's collective skill set using a matrix, which includes relevant skills held by our Directors. The matrix is reviewed regularly to help identify gaps, which

NOMINATION COMMITTEE REPORT
CONTINUED

are addressed through future appointments or additional Board education and updates. Skills include industry-specific, and non-industry-specific skills, such as strategic human resource management, business development and managing growth, and ESG and climate experience.

We consider the Board's structure, balance of skills and diversity to be appropriate as demonstrated in the charts and matrix on pages 104—105. Individual Directors' skills and experience are set out in their biographies on pages 108—110.

Appointments to the Board and Director re-election

Daniel Shook was appointed to the Board on 1 January 2025 and will offer himself for re-election at the forthcoming AGM. Each relevant Director will offer themselves for re-election each year. A simple AGM majority vote is required for Director re-election.

Board development in 2024

During 2024, as part of the Board's continuing development, members received in-depth presentations on critical topics to enhance their understanding and decision-making, including an overview of the Semiconductor Manufacturing industry, highlighting its challenges and opportunities, an update on cybersecurity to inform the Board on the Group's response to evolving risks, and insights into sustainability initiatives that align with the Group's strategic priorities and environmental, social and governance commitments. The Board also reviewed a valuation of the business to assess its financial position and growth potential. Board members engaged in a presentation and discussion on the implications of updates to the UK Corporate Governance Code, focusing on the practical impact on the Board's additional responsibilities and its Directors' duties.

Appointing our new Non-Executive Director and Audit Committee Chair designate

Overview of candidate specification and search criteria

In July 2024, the Committee began its search for a new Non-Executive Director with the right skills to Chair the Audit Committee and act as the Senior Independent Director. Executive search firm Russell Reynolds was engaged to lead the search. Russell Reynolds is independent of, and has no other connection with, the Company and its Directors. A comprehensive position specification was created detailing the role's responsibilities and a candidate profile outlining the desired experience and expertise, leadership capabilities and cultural alignment.

To ensure our diversity policy was considered from the outset, it was agreed that the search should include a focus on female candidates, although not to the exclusion of compromising on quality to fulfil the role. A long list of contenders was generated and appraised from a diverse range of potential candidates. The Chair reported that it had been challenging to identify candidates who are experienced and available to fill both the role of Audit Committee Chair and acting Senior Independent Director, so it was decided that the search would prioritise its focus on the Audit Committee Chair and the focus on female-only candidates would be removed. The two shortlisted candidates were interviewed by the Chair, CEO, CFO and the Non-Executive Directors. The Board agreed that Daniel Shook possessed the requisite skill set and the right qualities and capabilities to fulfil the role of Non-Executive Director and Audit Committee Chair as he brings significant financial and Board level experience. The process of appointing a Senior Independent Director is underway.

2024

July/ August	August/ September	October/ November	December
Developing a candidate profile A candidate profile was developed in collaboration with executive search firm, Russell Reynolds. A search strategy was agreed and a candidate longlist was compiled.	**Interviews and assessments** A shortlist of two candidates was compiled, who were interviewed by the Chair, CEO, CFO and Non-Executive Directors.	Role responsibilities were split out to focus on the Audit Committee Chair and the shortlist of candidates interviewed for the role.	**Final decision** After the interviews, the Nomination Committee was unanimous in its final selection and recommendation to the Board that Daniel Shook be appointed as Non-Executive Director and Audit Committee Chair designate. The appointment was approved by the Board and took effect on 1 January 2025. The transition and appointment to the role of Audit Committee Chair will take effect following the conclusion of the Annual General Meeting in April 2025.

Board induction and training

Directors receive an induction programme tailored to their individual needs, which typically begins with meeting the Executive Leadership Team, and product and market training. Daniel Shook joined the Board in January 2025; he is an experienced listed company board member, currently a CFO of a FTSE-listed company, and has over 30 years' knowledge of global manufacturing, supply chain and distribution companies. To commence his induction process, Daniel has received updates on the market in Asia and had introductory meetings with our external audit partner at PWC, to build this working relationship.

An example of a Board induction process is outlined in the infographic below.

Board induction process

Stage 01	Includes an overview of the structure, history, strategy, Board procedures, listing requirements and governance
Stage 02	Meeting members of the Executive Leadership Team, and external brokers and advisers as required
Stage 03	Visiting sites and accessing videos to understand the operations of the business and specific functional areas
Stage 04	Understanding what knowledge would be beneficial to enable the Board to function more effectively
Stage 05	Determining how best to train or impart the knowledge required
Stage 06	Implementation by way of training or specific site visits with presentations from functional areas

Board effectiveness

The Corporate Governance Code discusses the need for Board performance review, covering Board composition and diversity, and the effectiveness of members' collaboration to achieve objectives.

Each year, the Board conducts a review of its own performance and effectiveness, and that of its committees. An externally facilitated performance review is completed every third year, so the next one will be in 2025. For 2024, the review was conducted using an internal, anonymous online questionnaire, which covered all aspects of effectiveness: capabilities and communication; culture and practice; process and organisation; meeting rigour; and relationships. Directors were also asked to comment on what the Board should stop, start and continue doing. A "Board Dynamics" component, based on personality preferences, was also revisited to provide visibility over the Board's characteristics.

Board performance review

Stage 01	Questions were reviewed and agreed by the Chair, the Company Secretary and the committee Chairs.
Stage 02	The Directors completed an anonymous online questionnaire, with questions that included whether they operate with independent judgement.
Stage 03	The results of the questionnaire were collated and a summary report was produced for the Board.
Stage 04	The report was discussed by the Board and improvement actions were determined.

NOMINATION COMMITTEE REPORT
CONTINUED

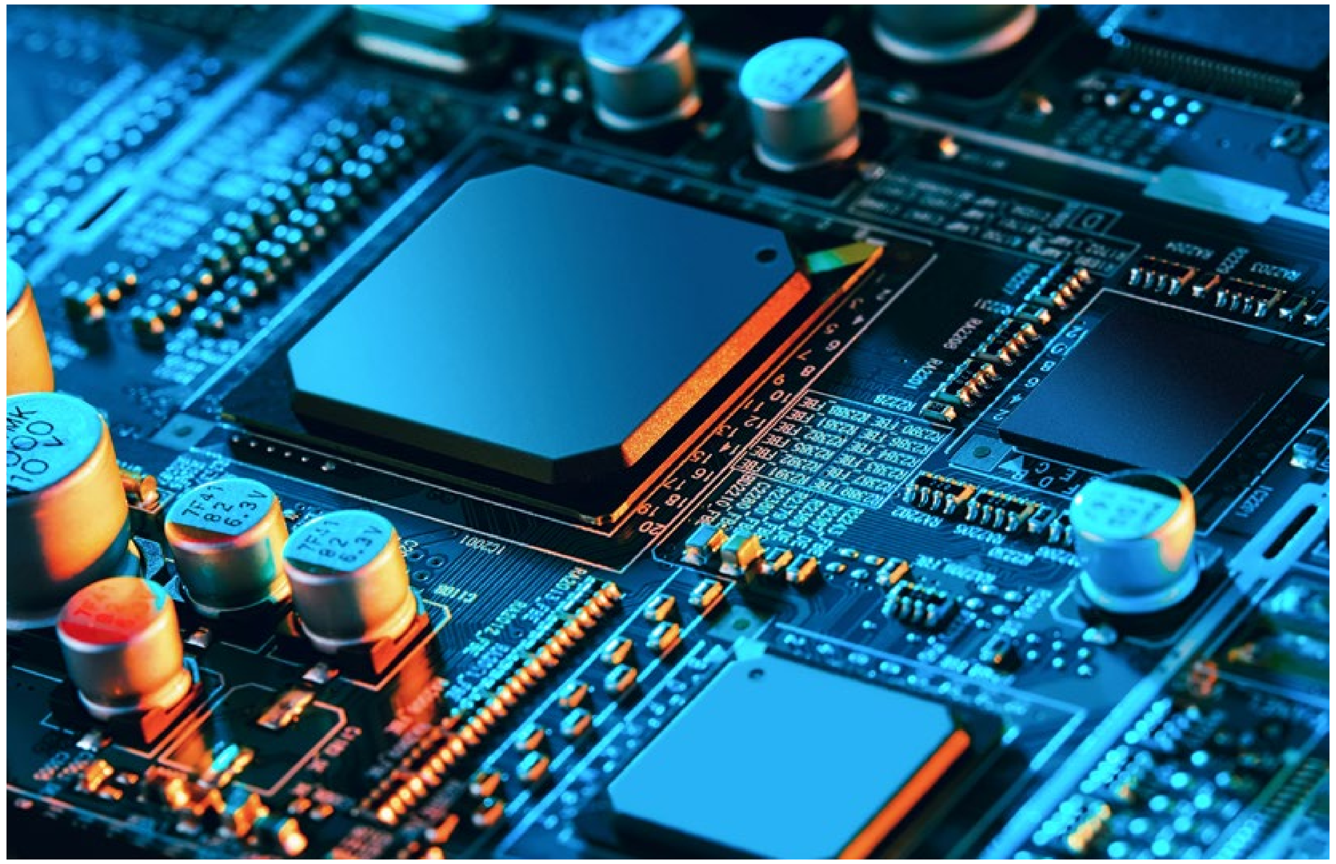
Overall, the Company achieved an favourable average score of 96% across all areas (based on Directors' individual perceptions of Board effectiveness), acknowledging that the Board is operating effectively and in accordance with good corporate governance principles. There is a high degree of open dialogue, and trustful and supportive relationships between Board members. The review emphasised the importance of dedicating time to strategic discussions, enhancing the clarity and focus of Board materials to encourage open dialogue, strengthening engagement with members of the Executive Leadership Team and inviting experts to introduce new ideas and offer diverse perspectives for discussion.

The Board's committee review formed part of the Board performance review process, with online questionnaires used to assess the Audit, Remuneration and Nomination Committees. The results were fed back to the respective committee Chair and were then reviewed and discussed by each committee.

The Chair and Non-Executive Directors regularly meet without the Executive Directors present, to ensure that potentially sensitive matters can be discussed. At least annually, the Senior Independent Director meets with the Non-Executive Directors, excluding the Chair, to evaluate the Chair's performance.

2023 Board performance review progress

Following the 2023 Board performance review, the Board has allocated time to strategic and mid- to long-term planning. Based on feedback from the review, management formulated a list of strategic topics, which informed a series of ongoing updates and discussions scheduled throughout the year. The allocation of time to strategic discussion is still a priority, to align with the Group's long-term goals. Plans for incorporating external input on hot topics are regularly evaluated throughout the year, recognising the importance of staying informed and proactive. The Board welcomes and values presentations that foster meaningful dialogue and they remain part of the Board's commitment to continuous improvement to support its effectiveness.



AUDIT COMMITTEE REPORT

"The Committee maintains strong oversight of internal controls and risk management ensuring these critical areas operate effectively.

POLLY WILLIAMS
AUDIT COMMITTEE CHAIR

COMMITTEE MEMBERSHIP


Polly Williams
Chair


Pauline Lafferty


Sandra Breene


Daniel Shook[1]

1 From 1 January 2025.

Dear shareholder,

I am pleased to present the 2024 Audit Committee Report, which will provide you with an insight into our work, the matters overseen and the focus of our deliberations during 2024.

During the year, the Committee assisted the Board in fulfilling its oversight responsibilities, with a focus on upholding the integrity of financial reporting, the effectiveness of the risk management framework, and our system of internal controls. Ethics and compliance matters, including planning for updates on the internal control elements of the revised 2024 UK Corporate Governance Code, were also considered.

As detailed throughout the Annual Report, 2024 has been a year of stabilisation, marked by responses to market challenges, including the industry-wide downcycle within the Semiconductor Manufacturing Equipment sector and a period of destocking in the Healthcare and Industrial Technology sectors.

This report will provide the following information:

- The Audit Committee's principal responsibilities and its governance
- Key activities reviewed by the Audit Committee, including regular annual review items and current areas of focus
- Discussions and actions with the external and internal Auditors on any significant judgements and/or issues
- Details of the ongoing review of the external Auditor and the amount of non-audit work undertaken

The Committee maintained strong oversight of the Group's internal controls, risk management framework, and financial reporting throughout the year, ensuring these critical areas operated effectively. A risk assurance mapping exercise conducted during the year was reviewed and agreed upon by the Committee. This allowed the Committee to assess the effectiveness and coverage of the Group's internal control framework, which provided a clear overview of the risks facing the business and the established corresponding controls and mitigation measures. A continued focus on optimising the internal audit agenda was ensured by directing resources according to critical need.

The Audit Committee is satisfied with the Company's risk management and internal controls, and the adequacy of the planned and resourced internal audit programme. At the end of 2024, Deloitte LLP concluded its role as the Company's internal audit services provider. Following the completion of a tender process, the 2025 internal audit plan will be delivered by BDO LLP.

The Committee has recommended to the Board that the reappointment of PricewaterhouseCoopers LLP (PwC) as external Auditor should be proposed at the forthcoming AGM, and I hope you will support us in this resolution.

This is my last Committee report and I wanted to say how proud I am to have had this responsibility, and I would like to take this opportunity to thank the members of my Committee for their effort and diligence.

Following the recruitment process, which concluded in December, Daniel Shook was welcomed as a Committee member from January 2025. Daniel will replace me as Chair of the Committee from the conclusion of the Annual General Meeting in April 2025. He brings extensive financial management and manufacturing processes experience, which will be valuable to the Committee and the Board. Under Daniel's leadership, the Audit Committee has the necessary experience, expertise and financial understanding, supported by the internal and external Auditors, to fulfil its responsibilities and continue monitoring, and contributing to, ongoing initiatives.

POLLY WILLIAMS
AUDIT COMMITTEE CHAIR

4 March 2025

AUDIT COMMITTEE REPORT
CONTINUED

Governance
All of the current Audit Committee members are considered to be independent Non-Executive Directors with financial and/or related business experience from senior positions in other diverse organisations. Polly Williams has been the Audit Committee Chair since 29 April 2022 and Daniel Shook will be appointed as Chair of the Committee from the conclusion of the Annual General Meeting in 2025. The Board is satisfied that Polly and Daniel have recent and relevant financial experience, representing 50% of the current Committee membership, as we move through the committee leadership transition.

The Audit Committee met five times during 2024:

Members	Attendance
Polly Williams (Committee Chair)	5/5
Pauline Lafferty	5/5
Sandra Breene	5/5

Regular attendees at Committee meetings included the CEO, CFO, Group Financial Controller, Group Supply Chain and Asia Finance Director, Company Secretary, and external and internal Auditor representatives. The Committee also regularly met with management and with the external and internal Auditors without management present.

Committee evaluation
As part of the Board's annual evaluation process, the Committee assessed its performance during the year. This review was supported by an anonymous, internal online survey. Key outcomes included identifying the need for ongoing development opportunities related to accounting rules, practices and regulations, and placing greater emphasis on internal audit requirements and their effective implementation.

The Committee concluded that it has adequate qualifications and skills to perform its responsibilities, particularly through Polly Williams' financial and audit experience and, going forward, Daniel Shook's in-depth financial management experience.

Overall, the Committee concluded that its performance was effective in 2024, fulfilling its role in accordance with its Terms of Reference.

Responsibilities
The Committee is responsible for:

- ensuring the financial performance of the Group is properly reported and monitored;
- advising the Board on whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- compliance with legal requirements;
- the adoption and correct implementation of accounting standards;
- meeting the requirements of the FCA's UK Listing regime;
- assessing the Group's internal control processes and assurance framework;
- assisting the Board in ensuring the levels of insurance for the group, tax policies and review of the analysis behind the going concern and viability statements are appropriate;
- reviewing any instances of fraud or whistleblowing;
- supervising the relationship and performance of the external and internal Auditors;
- assessing the effectiveness and quality of the external Audit; and
- reviewing the nature and extent of audit and non-audit services provided to the Group by the external Auditor.

The Audit Committee's Terms of Reference are reviewed annually and are available in the Corporate Governance section of the Company's investor relations website corporate.xppower.com.

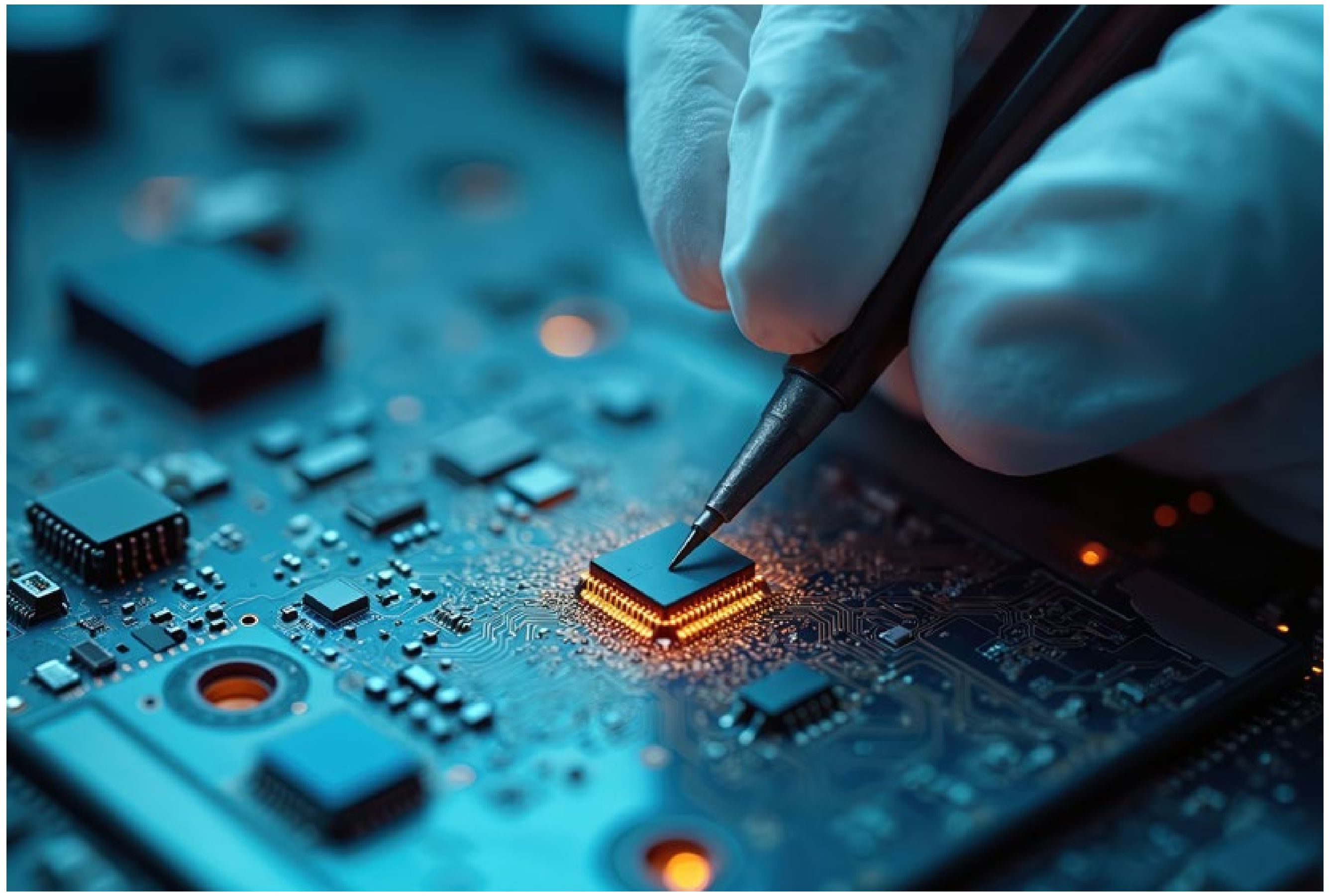
Activities
The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967 and consideration was given to the FRC's Minimum Standard for Audit Committees. In 2024, the Audit Committee's activities included:

- examining the Annual Report, discussing it with management and the external Auditor to assess whether the reports, taken as a whole, were fair, balanced and understandable prior to recommending these for Board approval;
- reviewing the balance sheet of the Company, consolidated financial statements of the Group and the independent Auditor's Report before their submission to the Board;
- receiving reports from management and the external Auditor on key accounting issues and areas of significant judgement, reviewing and challenging these areas and the disclosure level. See "Consideration of significant financial reporting matters" for the principal matters discussed;
- reviewing how the Company's management assisted the external Auditor;
- challenging management's assumptions and analysis on the Group's going concern basis of preparation, the long-term viability statement and associated risk assumptions, the accounting policies and disclosures, financial reporting issues, assumptions and adjustments made, including those related to goodwill and capitalised product development. The Committee placed appropriate emphasis on its review of management's severe but plausible downside modelling to ensure the Group's capital structure can withstand unforeseen circumstance changes, while borrowing levels remain relatively elevated. The Committee ensures the details of such modelling are appropriately disclosed;
- reviewing and recommending the viability statement and going concern statement to the Board;
- reviewing any dividend flows across Group entities;
- reviewing and approving the use of alternative performance measures (APMs) in the Annual Report;
- reviewing the Half-Year Report;
- planning for changes following the publication of the 2024 UK Corporate Governance Code, including the definition of material risks with a view to defining material controls during 2025;
- reviewing the assurance map which describes all assurance activities to be undertaken over a multi-year cycle, and approving the internal audit plan;
- evolving the Group's risk and compliance framework by using internal resources appropriately, directing the outsourced internal Auditor and reviewing the work scopes of the target areas, and assessing delivery methods for the future scope of the internal audit;
- reviewing the findings of the internal audit work and follow-up of previous year's reviews;
- managing and reviewing the external audit plan, including receiving plan delivery updates;
- reviewing reports from the external Auditor on the Group's financial reporting and their observations on the internal financial control environment;
- reviewing the effectiveness of the Group's internal controls and disclosures made in the Annual Report and financial statements;
- reviewing the approach taken to the Task Force on Climate-related Financial Disclosures (TCFD);
- assessing the accounting principles to be adopted in the preparation of the statutory accounts; and
- reviewing any material issues of fraud, whistleblowing and litigation.

Fair, balanced and understandable
At its February 2025 meeting, at the Board's request, the Committee reviewed the content of the 2024 Annual Report and Accounts. Following the Committee's review and incorporation of its comments, it confirmed that the document was true and fair, that the external Auditor's work was effective, and that the process supporting the viability statement was robust. The Committee considered that the 2024 Annual Report and Accounts, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

To assist in the assessment process, the Committee considered:

- external Auditor comments as part of its review of narrative reporting;
- reviews of the monthly management accounts, enabling trends to be monitored through the year;
- the Group's use of APMs, including the appropriateness of their current use and disclosure in the financial statements and Strategic Report;
- evidence around the content and process for preparing the 2024 Annual Report and Accounts provided by management;
- reviews of the Annual Report undertaken at different levels of the Group, with an opinion that the reporting meets the required standards confirmed to the Committee; and
- reviews of the narrative reporting by all Directors prior to formal consideration of the draft Annual Report by the Board.



AUDIT COMMITTEE REPORT
CONTINUED

Consideration of significant financial reporting matters

Regarding the 31 December 2024 financial statements (pages 169—229), the Audit Committee considered the following topics, which are considered significant due to the level of materiality and degree of judgement exercised by management. The Committee questioned the judgements and estimates made on each significant matter and deemed them appropriate and acceptable.

Significant matters for the year ended 31 December 2024		How the Audit Committee addressed these matters	Conclusion
Valuation of goodwill	The carrying value of goodwill is a material item on the Group balance sheet and may require impairment if expected future benefit of cash-generating units reduces.	Impairment assessments are performed at least annually by management to generate discounted cash flows for each cash-generating unit (CGU) and provide comfort over the balance sheet value. The Committee challenges the appropriateness of judgements and forecasts used in management's impairment assessment, including the calculation of WACC rates, including material assumptions and forecast growth rates.	The Committee concurred with the impairment of the Goodwill in the Asia CGU indicated by the assessments prepared by management. In the North America and Europe CGU there remains adequate headroom between the value in use and the carrying value. The Committee was satisfied that there was no further indication of impairment.
Capitalised product development	As part of the Group's product development process, direct costs associated with new products are capitalised and amortised over their expected useful life. The carrying value of these costs is rising in line with increased product development as the business has grown, and requires judgement over the capitalisation, amortisation and recoverability of these assets associated with these products.	The Committee reviewed three key aspects of this accounting: appropriateness of capitalisation, timing and quantum of amortisation, and recoverability of the capitalised amount. **Capitalisation** The Committee reviewed rates of capitalisation relative to gross spend and assessed whether the approach to capitalisation was consistent with relevant accounting standards and with prior years. **Amortisation** The Committee reviewed rates of amortisation relative to prior years and assessed whether the useful lives applied were consistent with the Group's published policies. **Recoverability** The Committee reviewed revenue streams for capitalised products that have been released for sale, as presented by management. This enables challenge of performance of new products compared to expectations and the opportunity for the audit committee to conclude on the recoverability of capitalised product development.	The Committee was satisfied with the judgements used and the carrying value of capitalised product development at year-end.

Significant matters for the year ended 31 December 2024		How the Audit Committee addressed these matters	Conclusion
Inventory	Even though inventory levels decreased during the year as supply chain disruption eased, the balance remains significant. The risk of obsolescence and ongoing control over existence and completeness of inventory balances is a key focus for balance sheet accuracy.	Physical inventory across all sites was validated primarily through cycle counts and, where appropriate, sample counts held at year-end (e.g. for Work in progress inventory). The Committee reviewed the accuracy of ongoing cycle counts and targets set by management. The Committee reviewed management's inventory obsolescence provision, reviewing it for consistency with the Group's accounting policy. The Committee also considered management's assessment of the impairment of inventory in Asia that was specific to the China semiconductor market.	The Committee was satisfied that the counts were conducted appropriately and that the current levels of inventory provisioning are appropriate.
Viability statement and going concern	Management prepares a going concern assessment and viability statement with consideration of longer-term forecast cash flows that consider principal risks including climate-related considerations.	The Committee reviewed the period that viability should be assessed, and reaffirmed that three years remains appropriate. They also considered how the Group's principal risks should be reflected in the modelling of sensitivity analysis for liquidity and solvency. It reviewed the results of management's scenario modelling and the reverse stress-testing of these models, along with consideration of the Group's financing facilities, covenant tests and future funding plans. The Committee challenged management to ensure that the basis of the severe but plausible downside scenario was sufficiently robust.	Based on this review, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate, and recommended the approval of the viability statement, which can be found on page 52.
Adjusting items and adjusted measures	Adjusted measures are not reported as part of the financial statements but are used in the Annual Report and Accounts to clarify underlying performance for users of the accounts by excluding items deemed to be unusual by virtue of their size or incidence.	The classification of adjusting items is reviewed by the Committee and only includes items of significant income and expense, which, due to their size, nature or frequency, merit separate presentation to allow shareholders to better understand the elements of financial performance. The Committee reviewed items to be included throughout the year to confirm appropriateness. The Committee also considers the disclosure of adjusting items to ensure that they are adequately explained, not given undue prominence and clearly reconciled to the reported results.	The Committee was satisfied that the classification of adjusting items was appropriate.

Application of accounting policies

The Group's accounting policies are set out in Note 2 to the financial statements on page 173. The Committee has reviewed these policies to ensure they are appropriate and have been properly disclosed and applied.

Internal control

The Board is ultimately responsible for the Group's system of internal controls and their ongoing assessment. For further details, see our Risk Management Framework on page 38.

In 2024, on behalf of the Board and with assistance of a revised risk assurance map and the internal audit function, the Committee monitored, reviewed and assessed the effectiveness of the Group's internal control systems and principal financial risks. The Committee reviewed the outcome of the key financial controls audits included in the internal audit programme. Management provides the Committee with timely updates on key accounting issues and financial controls.

The Committee considered its approach to controls, risk and assurance in light of the updated requirements detailed in the 2024 UK Corporate Governance Code, particularly regarding internal control and company reporting timelines, and will continue to oversee management's preparations during 2025.

The Audit Committee is satisfied that the Company has maintained adequate risk management and internal controls throughout the year.

AUDIT COMMITTEE REPORT
CONTINUED

Internal audit

Throughout 2024, Deloitte LLP served as internal auditor, delivering independent and objective assurance on the effectiveness of the Group's risk management processes and controls in line with the internal audit plan approved by the Committee.

The Committee reviewed updates to the internal audit plan throughout the year to ensure the framework remained appropriate. This was aligned with the risk assurance map and the Board's risk monitoring process, which guided the selection of areas for risk assurance and internal audits. Key activities included an evaluation of XP's processes and key financial controls across the Company's two manufacturing sites in Asia, alongside the Group's controls self-assessment programme covering all sites.

The review's findings, recommendations and control observations were rated and presented to the Committee for feedback or further action. Management assessed recommendations and implemented agreed actions within specified timelines. The internal Auditor regularly tracked progress, providing status updates to the Committee.

The quality, experience and expertise of the outsourced internal audit service provider are assessed annually through an internal survey, the results of which confirmed the Committee's satisfaction. These findings also contributed to discussions regarding the future delivery of internal audit services.

The Company's engagement of Deloitte LLP as internal audit services provider concluded at the end of the financial year. Given the scale and complexity of the Company, the Committee remains confident that an outsourced model is the most effective approach to ensuring independent and objective assurance of the Group's risk management, control and governance processes for higher-risk locations. The Chair of the Committee led a tender process with support from management, which involved three international audit firms. Success factors included geographical coverage, sector and industry experience, quality of reporting and insights, and value for money. Following proposal discussions with management, two firms were invited to meet with the Chair of the Committee. The Committee approved the appointment of BDO LLP in February 2025 and they will be responsible for planning and delivering the financial and non-financial internal audits in the 2025 internal audit plan.

In early 2025, the Committee reviewed the scope and planned activity of the internal audit work to be performed by BDO, as part of finalising the internal audit plan for the year ahead. This was informed by the most recent annual risk assessment process completed by the Board. The Committee agreed that controls testing for medium-risk locations would be performed internally, enabling BDO to focus on targeted locations and other non-financial internal audits requiring their specific expertise.

External audit effectiveness and independence

The Committee assesses audit effectiveness throughout the financial year using an assurance-based qualitative approach involving all appropriate stakeholders. Questionnaire responses are combined with evidence-based reports to the Committee for discussion. This involves reviewing the detailed audit plan and key audit risks included in it, the amount, experience and composition of resources on the audit and, where appropriate, the use of specialists and technology. Management provides feedback, evaluates the performance of the external audit teams, and considers the quality of the audit and any communication and interaction with the finance teams across the Group. The Committee reviewed issues that arose during the audit and agreed resolutions with the external Auditor. Management, and the Committee, concluded that the external Auditor relationship and audit process was still effective and that audit teams provided appropriate challenge.

The last tender for the external auditor was conducted 2023 when the Board approved the reappointment of PwC. In line with the UK Corporate Governance Code requirements to rotate the statutory auditor after 20 years, XP recognises that, as PwC were appointed in 2007, a new auditor is required for the accounts in 2027. A tender process will be conducted in 2026, before which the business will manage relationships with its advisers to ensure that the considered audit firms are independent. In accordance with best-practice rotation of the audit partner after five years, Lee Chian Yorn became the audit partner from the commencement of the 2024 Audit. The Committee has reported to the Board that PwC's reappointment should be proposed at the forthcoming AGM.

The Audit Committee reviews the role, independence and objectivity of the external Auditor. A formal statement of independence is received each year, alongside a report on the safeguards in place to maintain their independence, and internal measures to ensure objectivity. The Committee and external Auditor discuss areas where management has been challenged, whether matters have been addressed correctly by management and how any disagreements have been resolved.

The Committee is satisfied that this independence has been maintained.

Under its formal policy, the Committee continues to operate an approved set of procedures regarding the external Auditor's appointment to conduct audit and non-audit work. Areas covered by the policy include the following:

- The award of audit-related services to the Auditor over £50,000 must be approved by the Audit Committee Chair, who, in their approval, will consider the aggregate of audit-related revenue already earned by the Auditor in that year. Audit-related services include formalities relating to borrowing, shareholder and other circulars, regulatory reports, work relating to disposals and acquisitions, tax assurance work and accounting policies advice.
- The award of tax consulting services to the Auditor over £50,000, subject to compliance with the EU member state restrictions, must first be approved by the Audit Committee Chair.
- The award of other non-audit-related services to the Auditor over £20,000 must first be approved by the Audit Committee Chair.

During the year, non-audit fees of £0.05m, representing 7.5% of total audit fees (2023: £0.02m, representing 3.0% of total audit fees) were paid to the Auditor for review of interim financial statements.

REMUNERATION COMMITTEE REPORT

"The Committee considered the broader context of the year when determining remuneration outcomes for 2024."

PAULINE LAFFERTY
REMUNERATION COMMITTEE CHAIR

COMMITTEE MEMBERSHIP


Pauline Lafferty
Chair


Polly Williams


Jamie Pike[1]


Amina Hamidi


Daniel Shook[2]

1 Until 29 February 2024.
2 From 1 January 2025.

Dear shareholder,

This report sets out details of the Directors' remuneration in 2024 and how the Remuneration Committee anticipates operating the Directors' Remuneration Policy in 2025.

The Remuneration Committee met on three occasions during the year. The current Remuneration Committee members are all independent Non-Executive Directors:

Members	Attendance
Pauline Lafferty (Committee Chair)	3/3
Polly Williams	3/3
Amina Hamidi	3/3
Jamie Pike*	1/2

* Jamie Pike stepped down from the Committee on 29 February 2024.

Performance context

2024 required a strong, focused effort from management to address the impact of the industry-wide downcycle within the Semiconductor Manufacturing Equipment industry throughout 2024 and reduced order levels from the Industrial Technology and Healthcare sectors driven by destocking. Despite these challenging market conditions, the Group remained profitable and highly cash-generative and continued to invest in long-term growth initiatives, particularly in product development, to support future opportunities.

This encouraging progress has been tempered by the heightened market uncertainty experienced throughout the year. In response, the Company focused on rapidly adapting to the conditions by clearing the order backlog remaining from the post-pandemic period of supply chain disruption, improved inventory management, prioritised and aligned the cost base of the business with current demand, and has positioned itself for a return to normal market conditions.

When the Committee determined remuneration outcomes for 2024, it carefully considered the broader context of the year, including the challenging market environment, management's preparedness and response to these conditions, and the overall experience of shareholders during the year.

Key remuneration decisions for 2024

Annual bonus

The 2024 annual bonus was based on Adjusted Profit Before Tax, Adjusted Operating Cash Conversion and the attainment of strategic goals. Details of the financial measures and targets, including their achievement, are shown on page 141. The Committee reviewed the outcomes in the context of the Group's underlying performance, market conditions during the year and management's response and mitigation measures. Through a holistic review, the Committee concluded that no discretion needed to be applied to the bonus outcome, 50% of which is delivered in shares to ensure the continued alignment of management and shareholder interests over the deferral period.

REMUNERATION COMMITTEE REPORT
CONTINUED

Bonus payments for 2024, as a percentage of maximum, were 59.0%, 61.0% and 60.1% for Gavin Griggs, Matt Webb and Andy Sng, respectively. Half the bonuses earned by the Executive Directors are deferred into a two-year share-based award.

Vesting of the 2022 LTIP award

The Long-Term Incentive Plan (LTIP) awards granted in 2022 were assessed based on three-year performance through to the end of 2024, with vesting based on three-year cumulative adjusted EPS growth (for 67% of the award) and relative Total Shareholder Return (33%).

- The EPS target range was 580.5p to 650.2p, with an actual EPS outcome of 285.5p, resulting in zero vesting of the EPS portion of the awards.
- Our relative TSR performance was below median, resulting in zero vesting of the TSR portion of the awards.

Given neither performance condition was achieved, the award will lapse in full.

How we ensured employees' voices were heard at Board-level in 2024

During the year, I held four virtual engagement sessions with a diverse group of employees, in my capacity as Remuneration Committee Chair and designated NED for employee engagement. These sessions focused on four of the Company's key locations, providing employees in these regions with the opportunity to share their perspectives on the work environment, including areas of appreciation and improvement.

As a result, site-specific development plans were updated to advance the Company's engagement agenda, with ongoing monitoring by the Board. Feedback from these sessions, along with insights from anonymous employee surveys, was discussed at subsequent Board meetings.

The workshop-style sessions allowed employees to ask questions and share views on remuneration. While no specific feedback on executive pay was received in 2024, any future input would be carefully considered by the Remuneration Committee to inform its decision-making process.

Remuneration in 2025

The Committee closely monitored wage inflation across all operating markets throughout 2024 and used this data to guide salary increase proposals which will be effective from April 2025 for all employees. Based on this analysis, an average budget of 3% was agreed, allowing for higher increases to employees who had fallen behind market levels and those identified as critical or high-potential talent.

In reviewing base salaries for the Executive Directors and other senior Executives, the Committee considered several factors: wage inflation, the decision not to award salary increases in 2024, performance against plans, the management of controllable factors during challenging market conditions throughout 2024, efforts to prepare the Company for future market recovery and the importance of balancing competitive remuneration with stakeholder expectations. Based on these considerations, the Committee concluded that annual salary increases of 3% would be awarded to Executive Directors and other senior Executives in 2025.

The structure of the bonus scorecard for Executive Directors in 2025 remains unchanged from 2024, and aligns with our short-term strategic and financial priorities to comprise: Adjusted PBT (weighted 50%), Adjusted Operating Cash Conversion (30%) and strategic objectives (20%).

In 2025, the Committee intends to grant performance shares with face values of 100% of salary to Gavin Griggs and Matt Webb, and 75% of salary to Andy Sng; vesting will continue to be subject to equally-weighted and appropriately-stretching EPS and relative TSR conditions. Given ongoing uncertainty around the timing of market recovery, the Committee will keep under review the 2025 LTIP EPS performance range and revise this upwards, if considered appropriate, to ensure that any vesting under this element is representative of good underlying performance outcomes. Consistent with the Policy, restricted shares will also be granted with face values of 12.5% of salary to Gavin Griggs and Matt Webb, and 15% to Andy Sng. When determining these award levels, the Committee considered the number of shares that would be granted and concluded that it was appropriate to continue to align the award value with those in recent years, which are lower than the maximum permitted in the Policy. At vesting, the extent to which this results in any windfall gains will be assessed (and discretion will be used to adjust if necessary).

The views of our shareholders are important to us, and I hope that you will support the Directors' Remuneration Report. If you have any questions or comments, I can be reached at remcomchair@xppower.com.

PAULINE LAFFERTY
REMUNERATION COMMITTEE CHAIR

4 March 2025

REMUNERATION AT A GLANCE

Context to major decisions

- Downcycle within the Semiconductor Manufacturing Equipment industry
- Additional efforts required to reduce leverage effectively
- Ongoing inventory destocking in the Industrial Technology and Healthcare sectors
- Sustained focus on meeting customer expectations
- Need to maintain cost efficiency and pricing discipline to ensure profitability and robust cash generation

SEE PAGE 135 FOR MORE INFORMATION

Achievements during the year

- Optimised cost structure to align with evolving market conditions
- Strong balance sheet resilience through robust operating cash conversion, improved inventory management and clearing backlog
- Progressed the delivery of new products for sampling
- Preserved R&D capabilities to secure a solid foundation for future growth

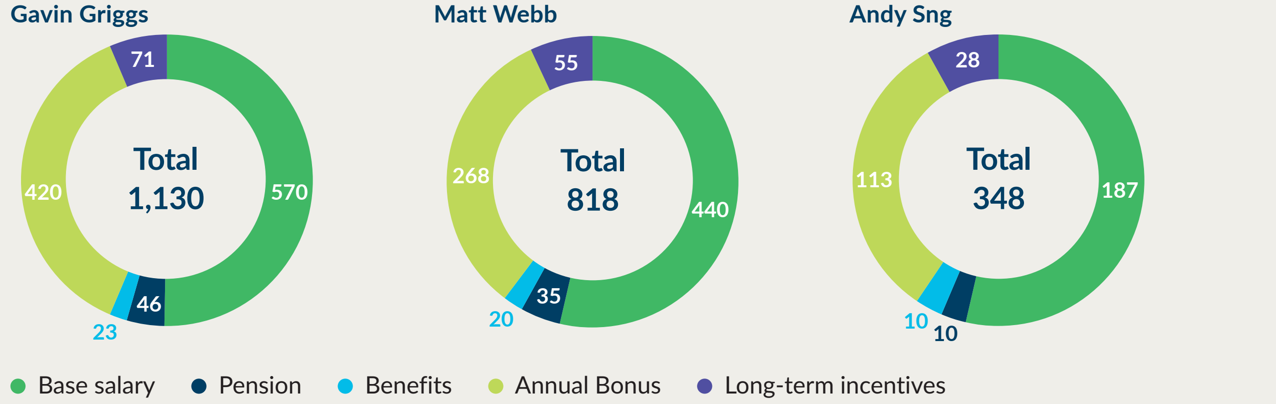
SEE PAGE 136 FOR MORE INFORMATION

Key remuneration decisions for 2024 and 2025

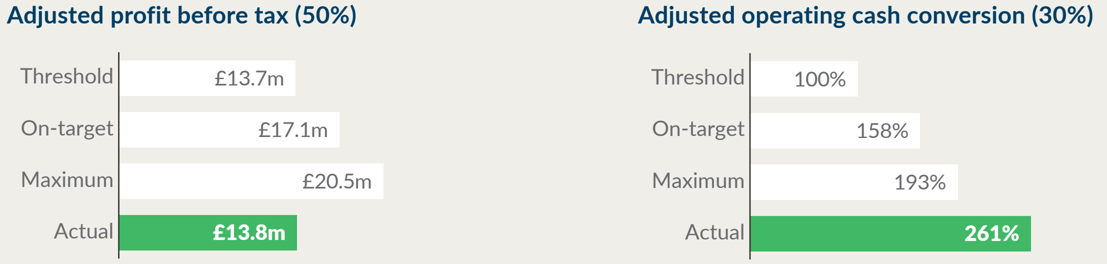
- 2024 bonus outcomes of 59.0%, 61.0% and 60.1% of maximum for the CEO, CFO and EVP Asia
- Zero vesting under the 2022 LTIP
- 3% increase to the base salaries for Executive Directors in 2025

SEE PAGES 135–136 FOR MORE INFORMATION

Total remuneration receivable for Executive Directors (£'000)



Achievement of financial performance conditions under the 2024 annual bonus



Andy Sng's Adjusted profit before tax targets are in part set with reference to divisional performance and are commercially sensitive. Performance against these targets resulted in 47.6% of maximum becoming payable for this annual bonus element for Andy Sng. Instead of Adjusted operating cash conversion, this element of Andy Sng's bonus was based on commercially sensitive inventory targets. Performance against these targets resulted in 81.0% of maximum becoming payable for this element for Andy Sng's bonus.

SEE PAGE 128 FOR MORE INFORMATION

REMUNERATION COMMITTEE REPORT
CONTINUED

This table summarises the key components of the Directors' Remuneration Policy set out on pages 150—157, which was approved by shareholders at the AGM on 18 April 2023, and the Committee's intentions for the Policy's implementation in 2025.

Component	Summary of policy	Operation in 2025
Base salary	Base salaries are reviewed annually. Increases will not normally exceed the range of increases awarded to other employees within the Group. The Remuneration Committee may also increase a Director's salary if there is a change in their role, the scale or complexity of the business, or if significant changes to market practice arise.	The Remuneration Committee undertook its regular review of Executive Directors' base salaries and determined that these should be increased by 3% for the CEO, CFO and EVP Asia, for the year from 1 April 2025.
Benefits	Benefits are set by the Remuneration Committee and reviewed annually.	Benefits include life insurance, private medical cover and car allowance.
Pensions	Executive Directors' pension contributions are in line with pension benefits offered to the wider workforce in the relevant geography, which is currently 8% of salary in the UK.	Gavin Griggs and Matt Webb receive a pension contribution of 8% of base salary. Andy Sng receives a pension contribution in line with Singaporean employees' pension benefits.
Annual bonuses	The maximum bonus opportunity is 125% of base salary for the CEO and 100% for other Executive Directors. 50% of any annual bonus is deferred in shares, which vest after two years, subject to continued employment. Specific targets and weightings may vary according to strategic priorities, and may include: • financial performance; and • the attainment of personal and strategic objectives.	For 2025, the maximum bonus opportunity will be capped at 125% of salary for the CEO and 100% for other Executive Directors, with on-target pay-outs of 50% of maximum. Bonuses will continue to be based on financial and strategic performance measures. Targets are considered commercially sensitive so will not be disclosed prospectively and, together with performance outturns against these, will be published in next year's Annual Report on Remuneration. The performance measures that will apply are: • Adjusted Profit Before Tax (50%); • Adjusted Operating Cash Conversion (30%); and • Strategic objectives (20%). Andy Sng's performance objectives are set in part with reference to divisional performance in Asia. His strategic objectives largely reflect the priorities set out for Gavin Griggs and Matt Webb.

<table>
<tr><th>Component</th><th>Summary of policy</th><th>Operation in 2025</th></tr>
<tr><td>Share-based incentives</td><td>Share-based incentives are made up of a Long-Term Incentive Plan (LTIP) and a Restricted Share Plan (RSP).
The normal maximum award level under share-based incentives is 150% of base salary or up to 200% of base salary in exceptional circumstances. Up to a maximum of 15% of base salary may be granted as restricted shares without performance conditions. In calculating value against the limit for share-based incentives, the value of restricted share awards will be multiplied by two to reflect that they do not have performance conditions attached.
LTIP performance is typically measured over three financial years, starting with the year of grant. Vesting occurs on the fifth anniversary from the date of grant.
RSP awards may be granted without performance conditions.</td><td>In 2025, the Remuneration Committee anticipates that it will grant the following awards:
<table>
<tr><th>Name</th><th>LTIP award (% of salary)</th><th>RSP award (% of salary)</th></tr>
<tr><td>Gavin Griggs</td><td>100%</td><td>12.5%</td></tr>
<tr><td>Matt Webb</td><td>100%</td><td>12.5%</td></tr>
<tr><td>Andy Sng</td><td>75%</td><td>15%</td></tr>
</table>
LTIP awards will vest based 50% on 2027 Adjusted EPS and 50% on TSR vs the FTSE 250 (excluding investment trusts) measured over three financial years. The targets for each element are:
<table>
<tr><th>2027 Adjusted EPS (50% of maximum)</th><th>Vesting</th></tr>
<tr><td>61.4 pence per share or above</td><td>Maximum (100%)</td></tr>
<tr><td>At or below 44.5 pence per share</td><td>Threshold (0%)</td></tr>
</table>
<table>
<tr><th>TSR vs FTSE 250 excl. investment trusts (50% of maximum)</th><th>Vesting</th></tr>
<tr><td>Upper quintile (80th percentile) or above</td><td>Maximum (100%)</td></tr>
<tr><td>Median (50th percentile)</td><td>Threshold (25%)</td></tr>
<tr><td>Below median</td><td>No vesting</td></tr>
</table>
Vesting between threshold and maximum will be measured on a straight-line basis.</td></tr>
<tr><td>Non-Executive Directors' fees</td><td>Fees are set at a level that is sufficient to attract, motivate and retain quality Non-Executive Directors. Fees are reviewed periodically. Non-Executive Directors are not entitled to participate in the Group's incentive plans.</td><td>Non-Executive Director fees were reviewed by the Board Chair and the Executive Directors in February 2025 and it was determined, with effect from 1 April 2025, that the base fee and additional fee for chairing the Remuneration and Audit Committees, and for acting as Senior Independent Director, would be increased by 3% (rounded up to the nearest £100) to keep pace with inflationary rises for employees. The Chair's fee was reviewed by the Committee, and an inflationary rise of 3% will be made for 2025. In accordance with the Singapore Companies Act 1967, a total capped fee amount for Non-Executive Directors will be proposed at the forthcoming AGM.
<table>
<tr><th></th><th>Fee from 1 April 2024</th><th>Fee from 1 April 2025</th></tr>
<tr><td>Chair's fee</td><td>£220,000</td><td>£226,600</td></tr>
<tr><td>Base fee</td><td>£53,000</td><td>£54,600</td></tr>
<tr><td>Additional fee for Audit or Remuneration Committee Chair</td><td>£10,000</td><td>£10,300</td></tr>
<tr><td>Additional fee for acting as Senior Independent Director</td><td>£10,000</td><td>£10,300</td></tr>
<tr><td>Additional fee for extra responsibility*</td><td>£5,000</td><td>£5,200</td></tr>
</table>
* Extra responsibilities include acting as designated NED for workforce engagement or as a Board representative on an Executive committee.</td></tr>
</table>

REMUNERATION COMMITTEE REPORT
CONTINUED

Annual Report on Remuneration

Single total figure of remuneration (audited)

The table below shows the total remuneration receivable for each Executive Director for the years ended 31 December 2024 and 2023, respectively.

£'000		Salary/ fees	Benefits[2]	Pension[3]	Total fixed pay	Annual bonus[4]	Share-based incentives[5]	Total variable pay	Total
Executive Directors									
Gavin Griggs	**2024**	**570**	**23**	**46**	**639**	**420**	**71**	**491**	**1,130**
	2023	565	24	45	634	321	71	392	1,026
Matt Webb[1]	**2024**	**440**	**20**	**35**	**495**	**268**	**55**	**323**	**818**
	2023	105	5	8	118	53	55	108	226
Andy Sng	**2024**	**187**	**10**	**10**	**207**	**113**	**28**	**141**	**348**
	2023	190	11	10	211	82	29	111	322
Chair and Non-Executive Directors									
Jamie Pike[6]	**2024**	**220**	**–**	**–**	**220**	**–**	**–**	**–**	**220**
	2023	170	–	–	170	–	–	–	170
Pauline Lafferty	**2024**	**66**	**–**	**–**	**66**	**–**	**–**	**–**	**66**
	2023	60	–	–	60	–	–	–	60
Polly Williams	**2024**	**70**	**–**	**–**	**70**	**–**	**–**	**–**	**70**
	2023	60	–	–	60	–	–	–	60
Sandra Breene	**2024**	**52**	**–**	**–**	**52**	**–**	**–**	**–**	**52**
	2023	50	–	–	50	–	–	–	50
Amina Hamidi	**2024**	**52**	**–**	**–**	**52**	**–**	**–**	**–**	**52**
	2023	50	–	–	50	–	–	–	50

1 Matt Webb was appointed CFO on 4 September 2023 and to the Board with effect from 5 October 2023. 2023 remuneration for Matt reflects the portion of the year that he was an Executive Director.
2 Benefits include life insurance, private medical cover and car allowance.
3 The pension allowance for Gavin Griggs combines pension contributions and cash in lieu of pension for contributions in excess of £10,000.
4 The annual bonus value represents performance over the relevant financial year: 50% of the pay-out values shown above is deferred into shares. Further 2024 annual bonus details, including performance measures, actual performance and bonus payouts, can be found on pages 141—142.
5 The value of share-based incentives for 2024 represents:
- i For Gavin Griggs, Matt Webb and Andy Sng, the value at grant of the restricted share awards granted on 12 March 2024 based on a £10.74 share price.
- ii For Gavin Griggs and Andy Sng, no value is recorded for the vesting of 2022 LTIP awards as the performance conditions were not achieved and these awards will lapse in full (Matt Webb did not participate in the 2022 LTIP cycle).
- iii Further LTIP details, including performance measures, actual performance and vesting can be found on page 143. Further details of the 2024 RSP can be found on page 143.

6 Jamie Pike was appointed Chair at the agreed revised fee of £220,000 with effect from 18 April 2023.

Notes to the single total figure table

Base salary in the year ended 31 December 2024

Executive Directors' base salaries are reviewed by the Committee with effect from 1 April each year and when the position or responsibility of an individual changes. Executive Director base salary changes during the year were:

	Base salary from 1 April 2023	Base salary from 1 April 2024	Increase
Gavin Griggs	£570,000	**£570,000**	0%
Matt Webb[1]	£440,000	**£440,000**	0%
Andy Sng	S$320,000	**S$320,000**	0%

1 Matt Webb was appointed CFO with effect from 4 September 2023, with a base salary of £440,000.

Pensions in the year ended 31 December 2024 (audited)

Executive Directors' pension contributions are aligned to those offered to all employees in their respective countries of employment and are 8% of base salary for UK Executive Directors and equivalent to c.5% of base salary for Andy Sng, who is based in Singapore.

Directors may opt to receive their pension allowance as cash in lieu of pension contribution.

Annual bonus in the year ended 31 December 2024 (audited)

The maximum annual bonus opportunity in 2024 was 125% of base salary for the CEO and 100% of base salary for other Executive Directors. The table below summarises performance against the Group performance targets set by the Committee for the year.

	Weighting	Threshold (25%)	On-target (50%)	Maximum (100%)	Actual	% achieved
Adjusted profit before tax[1]	50%	£13.7m	£17.1m	£20.5m	£13.8m	26.0%
Adjusted operating cash conversion[2, 3]	30%	100%	158%	193%	261%	100%
Strategic objectives	20%		See below			See below

1 Andy Sng's Adjusted Profit Before Tax targets are in part set with reference to divisional performance and are commercially sensitive. Performance against these targets resulted in 47.6% of maximum becoming payable for this annual bonus element for Andy Sng.
2 For Gavin Griggs and Matt Webb, calculated as Adjusted cash generated from operations as a percentage of Adjusted operating profit for the full year.
3 This element of Andy Sng's bonus was based on commercially sensitive inventory targets instead of Adjusted Operating Cash Conversion. Performance against these targets resulted in 81.0% of maximum becoming payable for this element of Andy Sng's bonus.

REMUNERATION COMMITTEE REPORT
CONTINUED

The Committee assessed the Executive Director strategic objectives against the targets set at the start of the year as summarised below for Gavin Griggs and Matt Webb. Andy Sng's objectives are set largely to reflect these priorities but with reference to divisional performance in Asia. These are commercially sensitive and are not disclosed in detail in the following table.

	Gavin Griggs	Matt Webb	Performance assessment in 2024
Deliver the Group plan the right way, beyond just the financial metrics	●●	●●	LTIR improved significantly in the year, from 0.23 in 2023 to 0.19 in 2024 (a 17% reduction). Good progress with improving electricity efficiency, particularly in factories, contributed to a further reduction of CO_2 emissions. The Group remains on track with its SBTi targets for 2031.
Setting the long-term direction	●●	●●	Good progress on the execution of strategy despite continued business headwinds, in particular the ongoing key strategic initiative to improve our global supply chain.
Managing the supply chain to support customer demand	●●●	●●●	Improved visibility of standard production costs during the year has underpinned an improvement in manufacturing efficiency.
Effectively manage inventory and cost	●●	●●●	Delivered inventory reduction while balancing customer service and safety stock levels, despite challenging market conditions. Matt Webb's rating reflects his critical role in driving this initiative.
Strength and capability of our talent pipeline and employee engagement	●●	●●	Engagement survey result of 4.03 (out of 5.00) is in line with 2023 notwithstanding a challenging year.

●●● Exceeded ●● Met ● Partially met

The Committee assessed the CEO's performance against each objective set at the start of the year, as set out above, and reviewed the resulting payout warranted under this element in the additional context of the business and sector headwinds which persisted in the year.

In approving the payment of 80% of the maximum opportunity for the strategic element of the bonus, the Committee concluded that this outcome appropriately balanced recognition of the CEO's leadership and contribution to managing the challenges of 2024 with the stakeholder experience. The overall CEO bonus outcome for 2024 was approved at 59.0% of the maximum opportunity.

Matt Webb's contribution as CFO has continued to be very strong in 2024. The assessed payout of the strategic element of Matt's bonus, at 90% of maximum, reflects his significant contribution during the year, in particular his role in driving the required reduction in inventory without impacting customer service levels. The overall CFO bonus outcome for 2024 was 61.0% of maximum.

Andy Sng's strategic performance objectives are partially set with reference to divisional performance. While these remain considered to be commercially sensitive, they are set to align with and support the priorities set out for Gavin Griggs and Matt Webb. The Committee acknowledges Andy's leadership of the Asia business during a very challenging year, particularly his focus on employee engagement and timely pivot of strategy to respond to the macro and geopolitical backdrop. However, certain objectives set at the start of the year were not met, resulting in an overall assessment by the Committee warranting the payout of 60% of the maximum opportunity for this bonus element and an overall bonus outcome for 2024 of 60.1% of maximum.

The Committee carefully considered whether those outturns were appropriate and, reflecting on performance achieved in the year, no discretion was applied to amend the formulaic outputs in the year. Half of the 2024 annual bonuses for Executive Directors are deferred into shares, vesting after two years.

Long-term incentive awards vested or due to vest with respect to performance in the year ended 31 December 2024

2022 LTIP awards (audited)

LTIP awards were granted on 8 March 2022, the vesting of which was based 67% on cumulative EPS and 33% on TSR vs the FTSE 250 index excluding investment trusts over the three financial years ended 31 December 2024. The table below summarises performance against the targets.

	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Actual	% achieved
Cumulative EPS	67%	580.5p	650.2p	285.5p	0%
TSR	33%	Median	Upper quintile	Below median	0%
Total					**0%**

Shares under this award, with performance measured over the three financial years ended 31 December 2024, will lapse in full.

	Date of grant	Type of award	Number of shares awarded	% vesting	Dividend equivalent payments per share	Number of shares vested or due	Value of shares vested or due to vest
Gavin Griggs	8 March 2022	Nominal-cost options	15,277	0%	–	–	–
Andy Sng	8 March 2022	Nominal-cost options	3,639	0%	–	–	–

Scheme interests awarded in the year ended 31 December 2024 (audited)

LTIP and RSP awards were granted to Executive Directors in 2024 and were equal in value to 100% of salary (LTIP) and 12.5% of salary (RSP) for both Gavin Griggs and Matt Webb, and 75% of salary (LTIP) and 15% of salary (RSP) for Andy Sng, as follows:

	Date of grant	Plan[1]	Type of award	Face value of award	Number of shares awarded	End of performance period
Gavin Griggs	12 March 2024	LTIP 2017	Nominal-cost options	£569,993	53,072	31/12/2026
	12 March 2024	RSP 2020	Nominal-cost options	£71,249	6,634	n/a
	12 March 2024	DBP 2017	Nil-cost options	£160,305	14,926	n/a
Matt Webb	12 March 2024	LTIP 2017	Nominal-cost options	£439,996	40,968	31/12/2026
	12 March 2024	RSP 2020	Nominal-cost options	£55,000	5,121	n/a
	12 March 2024	DBP 2017	Nil-cost options	£35,958	3,348	n/a
Andy Sng	12 March 2024	LTIP 2017	Nominal-cost options	£140,597	13,091	31/12/2026
	12 March 2024	RSP 2020	Nominal-cost options	£28,117	2,618	n/a
	12 March 2024	DBP 2017	Nil-cost options	£39,835	3,709	n/a

1 Awards granted on 12 March 2024 were based on the five-day average mid-market share price over the period 5–11 March 2024, being £10.74.

REMUNERATION COMMITTEE REPORT
CONTINUED

Long-term incentive measures and targets (audited)

The performance targets for the 2024 LTIP awards are:

		2024 award (50% EPS and 50% TSR)
Earnings per share	Operation	2026 Adjusted EPS
	Threshold (0% vest)	At or below 70.1 pence
	Maximum (100% vest)	100.0 pence or above
Total shareholder return	Operation	Relative TSR compared with that for the constituents of the FTSE 250 index (excluding investment trusts)
	Threshold (25% vest)	Median (50th percentile)
	Maximum (100% vest)	Upper quintile (80th percentile or above)

Vesting between threshold and maximum will be calculated on a straight-line basis.

Awards of restricted shares granted to Executive Directors in 2024 are not subject to performance conditions on vesting.

Directors' shareholding and share interests (audited)

A shareholding guideline applies to Executive Directors, which requires them to build and maintain a shareholding equal to 200% of base salary. The guideline will continue to apply in full for one-year post-cessation, with 50% of the guideline level (100% of base salary) applying for a second year. Deferred bonus shares, restricted shares, vested share options and LTIP shares, which are still in their holding period or unexercised, will be counted against these requirements on a net of tax basis.

The table below summarises the Directors' beneficial interests (including that of their connected persons) in the Company's shares:

				Interest in share awards				
	Beneficially owned shares at 31 December 2023	Beneficially owned shares at 31 December 2024	Unvested Deferred Bonus shares	Unvested RSP awards and LTIP awards for which the performance period has completed	Unvested LTIP awards for which the performance period is in progress	Vested but unexercised Deferred Bonus, RSP and LTIP awards	Shareholding guideline (% of salary)	Shareholding guideline met?
Executive Directors								
Gavin Griggs	12,599	16,904	14,926	17,081	79,608	6,371	200%	Building
Matt Webb	12,173	12,173	3,348	7,624	60,995	–	200%	Building
Andy Sng	30,723	34,323	3,709	6,247	19,936	60	200%	Met
Chair and Non-Executive Directors								
Jamie Pike	12,533	12,533	–	–	–	–	n/a	n/a
Polly Williams	4,347	4,347	–	–	–	–	n/a	n/a
Pauline Lafferty	1,739	1,739	–	–	–	–	n/a	n/a
Sandra Breene	2,391	2,391	–	–	–	–	n/a	n/a
Amina Hamidi	–	–	–	–	–	–	n/a	n/a

The table below summarises Gavin Griggs' outstanding share awards:

Date of grant	Exercise price	Interest as at 31/12/23	Granted in the year	Forfeited in the year	Exercised in the year[1]	Interest as at 31/12/24	Vesting date[2]	Expiry date
2017 LTIP								
16/03/2019	£0.01	2,277	–	–	2,277	**–**	16/03/2022	16/03/2024
22/04/2020	£0.01	2,708	–	–	–	**2,708**	22/04/2025	22/04/2026
03/03/2021	£0.01	9,652	–	(9,652)	–	**–**	03/03/2026	03/03/2027
08/03/2022	£0.01	15,277	–	–	–	**15,277**	08/03/2027	08/03/2028
17/03/2023	£0.01	26,536	–	–	–	**26,536**	17/03/2028	17/03/2029
12/03/2024	£0.01	–	53,072	–	–	**53,072**	12/03/2029	12/03/2030
2020 RSP								
22/04/2020	£0.01	1,307	–	–	–	**1,307**	22/04/2025	22/04/2026
03/03/2021	£0.01	1,206	–	–	–	**1,206**	03/03/2026	03/03/2027
08/03/2022	£0.01	1,909	–	–	–	**1,909**	08/03/2027	08/03/2028
17/03/2023	£0.01	3,317	–	–	–	**3,317**	17/03/2028	17/03/2029
12/03/2024	£0.01	–	6,634	–		**6,634**	12/03/2029	12/03/2030
Deferred Bonus								
04/03/2021	–	3,102	–	–	3,102	**–**	26/02/2023	26/02/2025
08/03/2022	–	6,371	–	–	–	**6,371**	28/02/2024	28/02/2026
12/03/2024	–	–	14,926	–	–	**14,926**	06/03/2026	06/03/2028

1 On 12 March 2024 awards over 2,277 shares were exercised at a market price of £10.32 per ordinary share. On 6 December 2024 awards over 3,102 shares were exercised at a market price of £12.58.

2 LTIP awards granted in 2019 vest 50% after three years and 50% after four years; the vesting date shown reflects the first vest date.

Matt Webb's outstanding share awards are:

Date of grant	Exercise price	Interest as at 31/12/23	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31/12/24	Vesting date	Expiry date
2017 LTIP								
14/09/2023	£0.01	20,027	–	–	–	**20,027**	14/09/2028	14/09/2029
12/03/2024	£0.01	–	40,968	–	–	**40,968**	12/03/2029	12/03/2030
2020 RSP								
14/09/2023	£0.01	2,503	–	–	–	**2,503**	14/09/2028	14/09/2029
12/03/2024	£0.01	–	5,121	–	–	**5,121**	12/03/2029	12/03/2030
Deferred Bonus								
12/03/2024	–	–	3,348	–	–	**3,348**	06/03/2026	06/03/2028

REMUNERATION COMMITTEE REPORT
CONTINUED

Andy Sng's outstanding share awards are:

Date of grant	Exercise price	Interest as at 31/12/23	Granted in the year	Forfeited in the year	Exercised in the year[1]	Interest as at 31/12/24	Vesting date[2]	Expiry date
2012 Share Options								
23/02/2016	£15.43	60	–	–	–	**60**	23/02/2020	23/02/2026
2017 LTIP								
16/03/2019	£0.01	814	–	–	814	**–**	16/03/2022	16/03/2024
22/04/2020	£0.01	839	–	–	–	**839**	22/04/2025	22/04/2026
03/03/2021	£0.01	1,930	–	(1,930)	–	**–**	03/03/2026	03/03/2027
08/03/2022	£0.01	3,639	–	–	–	**3,639**	08/03/2027	08/03/2028
17/03/2023	£0.01	6,845	–	–	–	**6,845**	17/03/2028	17/03/2029
12/03/2024	£0.01	–	13,091	–	–	**13,091**	12/03/2029	12/03/2030
2020 RSP								
22/04/2020	£0.01	405	–	–	–	**405**	22/04/2025	22/04/2026
03/03/2021	£0.01	289	–	–	–	**289**	03/03/2026	03/03/2027
08/03/2022	£0.01	727	–	–	–	**727**	08/03/2027	08/03/2028
17/03/2023	£0.01	1,369	–	–	–	**1,369**	17/03/2028	17/03/2029
12/03/2024	£0.01	–	2,618	–	–	**2,618**	12/03/2029	12/03/2030
Deferred Bonus								
04/03/2021	–	1,326	–	–	1,326	**–**	26/02/2023	26/02/2025
08/03/2022	–	1,460	–	–	1,460	**–**	28/02/2024	28/02/2026
12/03/2024	–	–	3,709	–	–	**3,709**	06/03/2026	06/03/2028

1 On 12 March 2024 awards over 3,600 shares were exercised at a market price of £10.32 per ordinary share.
2 LTIP awards granted in 2019 vest 50% after three years and 50% after four years; the vesting date shown reflects the first vest date.

The closing share price of the Company's shares at 31 December 2024 was £13.06 (31 December 2023: £13.56) and the price range fluctuated between £9.68 and £17.20 over the financial year.

Payments for past Directors (audited)

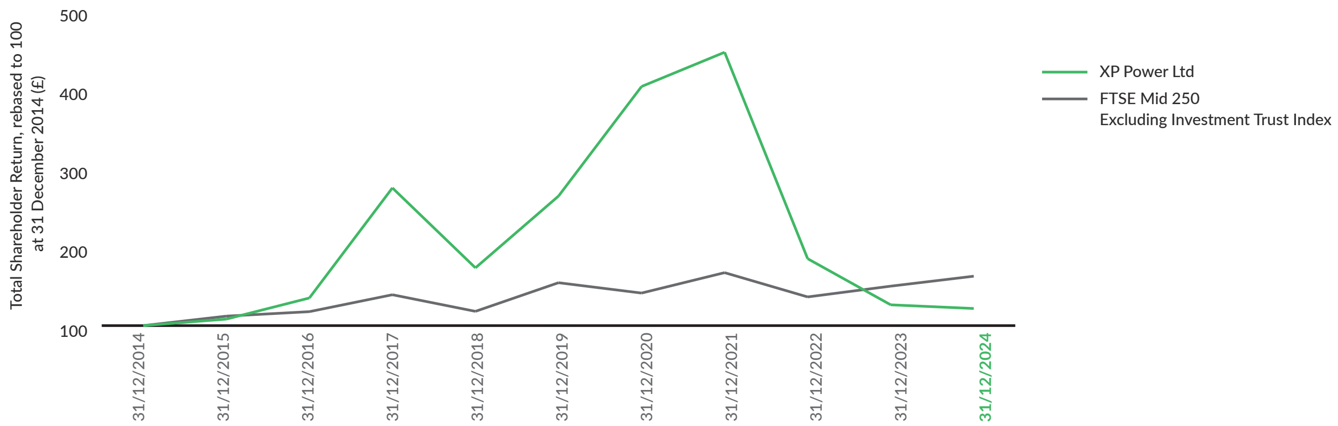
No payments were made to former Directors in the year.

Payments for loss of office (audited)

There were no payments for loss of office.

Assessing pay and performance

This chart shows XP Power's Total Shareholder Return since 31 December 2014 compared with that of the FTSE 250 (excluding investment trusts), rebased at 100.



Total remuneration, annual bonus outturn and long-term incentive outturn for the CEO over the same period is shown below.

	2015	2016	2017	2018	2019	2020	2021[1]	2022	2023	2024
CEO total remuneration (£'000)	£310	£800	£531	£684	£562	£1,357	£1,211	£730	£1,026	**£1,130**
Annual bonus (% of maximum)	15%	27%	100%	71%	11%	98%	73%	0%	45%	**59%**
Long-term incentives (% of maximum)	n/a	81%	n/a	n/a	80%	81%	33%	26%	0%	**0%**

1 Data in the table is relevant to Duncan Penny up to 2020, and Gavin Griggs from 2021.

Context for Directors' remuneration

While the Committee has not engaged directly with employees on Executive remuneration alignment with the wider pay policy, the Board has involved the workforce through employee engagement sessions (see page 136). The Committee Chair acts as the designated Non-Executive Director for employee engagement, and employees who wish to discuss Executive pay are encouraged to ask questions on this and any other topics. Any feedback from employees is shared with the Board (or relevant Board Committee) and forms a valuable input to decision-making.

Annual percentage change in Director and employee remuneration

The table below shows the percentage change (on a full-time equivalent basis, to permit meaningful comparison) in salary, taxable benefits and annual bonus earned by each Director serving in 2024, compared to the average employee (excluding Chinese and Vietnamese employees, for whom there has been significant salary inflation). Similar information for former Directors is published in the relevant Annual Report.

	Percentage change between 2019 and 2020			Percentage change between 2020 and 2021			Percentage change between 2021 and 2022			Percentage change between 2022 and 2023			Percentage change between 2023 and 2024		
	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus[6]	Base salary	Taxable benefits	Annual bonus
Average employee	4%	3%	670%	8%	139%	(33%)	41%	19%	(69%)	**5%**	**5%**	**270%**	**(4)%**	**(13)%**	**(24)%**
Executive Directors															
Gavin Griggs[1]	10%	(2%)	938%	57%	(22%)	43%	9%	22%	(100%)	**5%**	**6%**	**n/a**	**1%**	**(1)%**	**31%**
Matt Webb[2]	–	–	–	–	–	–	–	–	–	**–**	**–**	**–**	**0%**	**0%**	**22%**
Andy Sng	1%	(9%)	6%	6%	(24%)	(23%)	13%	(66%)	(100%)	**6%**	**7%**	**n/a**	**1%**	**(1)%**	**41%**
Non-Executive Directors															
Jamie Pike[3]	–	–	–	–	–	–	–	–	–	**239%**	**–**	**–**	**0%**	**–**	**–**
Polly Williams	27%	–	–	(2%)	–	–	14%	–	–	**6%**	**–**	**–**	**16%**	**–**	**–**
Pauline Lafferty	20%	–	–	15%	–	–	7%	–	–	**2%**	**–**	**–**	**10%**	**–**	**–**
Sandra Breene[4]	–	–	–	–	–	–	–	–	–	**0%**	**–**	**–**	**5%**	**–**	**–**
Amina Hamidi[5]	–	–	–	–	–	–	–	–	–	**0%**	**–**	**–**	**5%**	**–**	**–**

1 Gavin Griggs was appointed CEO with effect from 1 January 2021. The percentage change between 2020 and 2021 compared his CEO pay with his CFO pay.
2 Matt Webb was appointed as CFO with effect from 4 September 2023. The percentage change between 2023 and 2024 assumes a full-time equivalent for 2023.
3 Jamie Pike joined the Board on 1 March 2022, becoming Chair on 18 April 2023. The percentage change between 2022 and 2023 reflects this change in role and assumes a full-time equivalent for 2022.
4 Sandra Breene joined the Board on 11 October 2022; the percentage change between 2022 and 2023 is based on a full-time equivalent for 2022.
5 Amina Hamidi joined the Board on 11 October 2022; the percentage change between 2022 and 2023 is based on a full-time equivalent for 2022.

REMUNERATION COMMITTEE REPORT
CONTINUED

CEO pay ratio

In line with UK remuneration reporting regulations, the table below shows the ratio of the CEO's total remuneration to that of the lower quartile, median and upper quartile of UK employees.

Year	Method[1]	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2024	**Option A**	**32:1**	**20:1**	**13:1**
2023	Option A	30:1	18:1	12:1
2022	Option A	23:1	15:1	9:1
2021	Option A	40:1	25:1	15:1
2020	Option A	50:1	31:1	18:1
2019	Option A	21:1	13:1	7:1

1 The reference date for the calculation is 31 December 2024, methods of calculation are set out in The Companies (Miscellaneous Reporting) Regulations 2018. Option A was selected as it best reflects the underlying data. As a large portion of the CEO's pay is variable, the pay ratio is heavily dependent on variable pay plan outcomes and, for long-term share-based awards, share price movements.

The year-on-year difference in the CEO pay ratio can be principally explained by changes in variable pay outturns over time. Incentive opportunities make up a significant proportion of Executive remuneration, meaning that the single figure is correlated to incentive outcomes, and packages for the wider workforce (against which the CEO's single figure is compared in this analysis) are typically more weighted toward fixed pay and therefore less variable year-on-year. Lower incentive outcomes since 2022 explain the decrease in the median CEO pay ratio in recent years. The Committee also considers the ratio in fixed pay over time, which it notes is more stable and reflective of XP Power's policy to determine Executive salary increases by reference to those awarded to the wider workforce in the relevant jurisdiction.

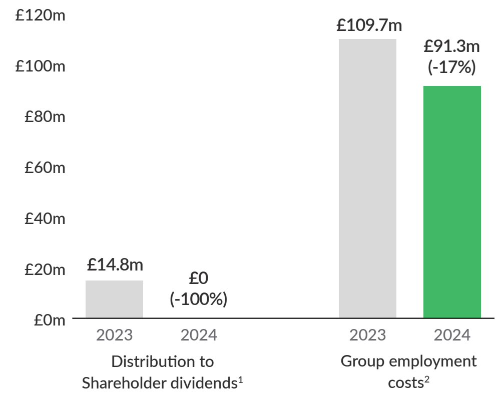
The table below shows the total pay and benefits, and the salary component, for employees at each of the three quartiles in 2024.

Year	Total pay and benefits	Salary component of total pay
25th percentile	£35,219	£34,156
50th percentile	£55,830	£54,108
75th percentile	£85,741	£80,950
Chief Executive	£1,130,000	£570,000

The CEO's pay ratio to the median pay of UK employees is a function of our pay, reward and progression policies for the Company's UK employees and all XP employees. The Company aims to pay all employees, including the CEO, in accordance with its values, a desire to pay for performance, internal relativities and appropriate external market reference points.

Relative importance of spend on pay

This chart illustrates the relative importance of spend on pay compared to shareholder dividends paid.



1 Refer to financial statements – Note 10 for more details.
2 Group employment costs include Directors' remuneration. Refer to financial statements – Note 6 for more details.

Remuneration Committee information

Responsibilities

The Committee is responsible for the remuneration arrangements for Executive Directors and members of the Executive Leadership Team and for providing general guidance on aspects of remuneration policy throughout the Group. The Committee Terms of Reference are reviewed annually and are available in the Corporate Governance section of the Company's investor relations website corporate.xppower.com.

Committee evaluation

During the year the Remuneration Committee reviewed its performance, facilitated by an anonymous online survey managed internally as part of the Board's evaluation process. The Committee concluded that its performance was effective in 2024 and that it fulfilled its role in accordance with its Terms of Reference.

Advice received in the year

During the year, Ellason LLP (Ellason) provided remuneration advice to the Company. Ellason provides no other services to the Committee and has no further connection with the Company or individual Directors. Ellason is a signatory to the Remuneration Consultants Group's Code of Conduct. On this basis, the Committee satisfied itself that Ellason's advice was objective and independent. The fees paid to Ellason in the year were £25,558, excluding VAT.

Voting on remuneration

The table below sets out voting in respect of the approval of the Directors' Remuneration Policy at the AGM in 2023 and the Directors' Remuneration Report at the 25 April 2024 AGM.

	Meeting	Votes for	% of votes for	Votes against	% of votes against	Votes withheld
Approval of Directors' Remuneration Policy	18 April 2023	14,041,945	92.61%	1,120,232	7.39%	1,501
Approval of Directors' Remuneration Report	25 April 2024	14,903,242	90.95%	1,483,154	9.05%	0

We continue to engage on Executive remuneration, seeking to strike the right balance of interest among all shareholders.

REMUNERATION COMMITTEE REPORT
CONTINUED

Directors' Remuneration Policy

The current Directors' Remuneration Policy, set out in this section of the Remuneration Committee Report, was approved by shareholders at the AGM on 18 April 2023. A copy of the Policy is available in the Corporate Governance section of the Company's investor relations website corporate.xppower.com. The information in this section is not subject to audit.

Any change to the Policy will be subject to a binding shareholder vote at a general meeting.

How our Remuneration Policy links to the UK Corporate Governance Code

When the current Policy was developed, the Committee was mindful of the 2018 UK Corporate Governance Code, ensuring that the Executive Director remuneration framework continues to appropriately address the following factors:

Factors	How these are addressed
Clarity	• Our Directors' Remuneration Policy, approved by shareholders in April 2023, is transparent and clearly articulated in the Annual Report.
Simplicity	• The Committee believes that the Executive Director remuneration arrangements are market standard, straightforward and well understood by both participants and shareholders.
Risk	• The Committee's target-setting approach seeks to discourage inappropriate risk-taking through a blend of shareholder return, financial and non-financial objectives. • Our Policy contains appropriate discretion to mitigate potential risks. We operate bonus deferral and post-cessation shareholding requirements. Malus and clawback provisions apply to the annual bonus plan, LTIP and RSP.
Predictability	• Executive Directors' incentives are subject to individual participation caps. An indication of the range of outcomes in the packages is provided on page 157. • Deferred bonus, RSP and LTIP awards provide alignment with the share price and their values depend on share price at the time of vesting.
Proportionality	• A clear link exists between individual awards, delivery of strategy and our long-term performance. Our Policy contains appropriate discretion by the Committee to not reward poor performance.
Alignment to culture	• Pay and policies cascade down the organisation to ensure they are fully aligned with the XP Power culture.

The policy table

The objectives of the Remuneration Policy are to:

- reward employees and Executive Directors appropriately for the work they do (base salary);
- provide market competitive remuneration packages to enable retention or recruitment (base salary plus benefits);
- incentivise employees and Executive Directors to perform at their best consistently (bonus/long-term incentive plan/ restricted share plan);
- align shareholders' and senior management's interests (bonus in shares, long-term incentive plan/restricted share plan and shareholding guidelines); and
- retain key staff (long-term structures with delayed vesting).

The Directors' Remuneration Policy approved by shareholders at the 2023 AGM is set out in full below:

Purpose	Operation	Opportunity	Applicable performance measures
Base salary To help recruit, retain and motivate high-performing Executives. Reflects the individual experience, role and importance of the Executive Director to the business.	Base salaries are set by the Remuneration Committee and normally reviewed annually. Increases are effective from 1 April, although increases may be awarded at other times if the Remuneration Committee considers it appropriate. A market benchmarking exercise will be undertaken periodically as determined by the Remuneration Committee to ensure that base salary remains around the median of the market level for roles of a similar nature, and to reflect the individual's skills, experience and performance.	Base salaries are reviewed annually. Increases will not normally exceed the range of increases awarded to other employees within the Group. The Remuneration Committee may also increase a Director's salary if there is a change in the scope of their role, the scale or complexity of the business, or if significant changes to market practice arise, which the Remuneration Committee believes justifies a further increase in base salary.	n/a
Benefits To help recruit, retain and motivate high-performing Executives. To provide market competitive benefits.	Benefits are set by the Remuneration Committee and reviewed annually. Benefits currently received by the Executive Directors include: • Paid holidays • Life insurance • Private medical cover • Housing allowance • Car allowance Other allowances provided to the wider workforce may also be provided.	The Company provides a range of market-benchmarked benefits. The costs of these benefits may change year on year due to external costs. The Remuneration Committee has flexibility to provide benefits that would typically have been available to an Executive Director in an overseas jurisdiction when recruiting from outside of the UK.	n/a
Annual bonuses Align interests of Executive Directors and shareholders in the short and medium terms.	The annual bonus scheme participation levels (including maximum opportunities) are determined by the Remuneration Committee following the end of the year, based on performance achieved against the performance metrics set. Awards are split equally between (i) cash; and (ii) shares vesting after two years, subject to continued employment or good leaver status. Amounts equivalent to any dividends or shareholder distributions made in respect of awards at vesting, are paid at the discretion of the Remuneration Committee. The Remuneration Committee has the power to reduce unpaid annual bonuses and clawback bonuses already paid on a net basis in circumstances set out following this table.	Up to 125% of base salary for CEO and up to 100% for other Executive Directors. Executive Directors will receive 25% of the maximum award for threshold performance and 50% for on-target performance.	Specific targets and weightings may vary according to strategic priorities and may include: • Financial performance; • Attainment of personal, operational, and strategic objectives; and • Weighting will focus on Group financial performance.
Pensions Provide a basic pension benefit that would be expected for the position.	Percentage of base salary paid into a defined contribution scheme.	In line with pension benefits offered to the wider workforce in the relevant geography, which is currently 8% in the UK and 6% in Singapore.	n/a

REMUNERATION COMMITTEE REPORT
CONTINUED

Purpose	Operation	Opportunity	Applicable performance measures
Share-based incentives Align the interests of Executive Directors and shareholders in the long term. Incentivise long-term value creation.	Share-based incentives are made up of a Long-Term Incentive Plan (LTIP) that was approved at the 2017 AGM, and a Restricted Share Plan (RSP) that was approved at the 2020 AGM.	The normal maximum award level under share-based incentive plans is 150% of base salary or such higher amount as the Remuneration Committee in its absolute discretion may determine, up to a maximum of 200% of base salary. The 200% cap is restricted to exceptional circumstances only.	n/a
	LTIP awards may be made in the form of conditional share awards, nil or nominal cost options. The LTIP also provides for awards to be structured as stock appreciation or phantom rights, which may be suitable for awards granted in overseas jurisdictions. Performance is typically measured over three financial years starting with the year of date of grant, or any longer period as the Remuneration Committee may decide. An award will be subject to a two-year holding period.	25% of a LTIP award will vest for threshold performance.	Specific targets and weightings may vary according to strategic priorities at the start of each performance period and may include: • Financial performance (such as EPS) • Value creation (such as TSR) • Strategic objectives Weighting is expected to focus on Group financial and value creation performance measures.
	RSP awards may be granted without performance conditions. Restricted share awards normally vest five years from the date of award.	Up to a maximum of 15% of base salary may be granted as restricted shares without performance conditions. In calculating value against the 150% of salary limit for share-based incentives, the value of restricted share awards will be multiplied by two to reflect that they do not have performance conditions attached.	n/a
	Clawback: The Remuneration Committee has the discretion to claw back some, or all, awards granted under share-based incentive plans by reducing unvested awards or requiring the return of the net value of vested awards to the Company in circumstances set out following this table. Amounts equivalent to any dividends or shareholder distributions made in respect of awards at vesting, are paid at the discretion of the Remuneration Committee.	n/a	n/a

Purpose	Operation	Opportunity	Applicable performance measures
Shareholding (minimum) Align the interests of Executive Directors and shareholders in the long term.	To build a minimum shareholding equivalent to two years' salary. Directors have a period of five years from appointment to achieve this.	n/a	n/a
Post-employment shareholding Align the interests of Executive Directors and shareholders in the long term.	Post cessation, Executive Directors must hold shares equivalent to 200% of salary for the first year and 100% of salary for the second year or, if their holding is lower than this at cessation, the value of their holding at the point of cessation. The Committee will ensure the application of this requirement through a signed agreement with the Executive. Shares that have been, or are in future, purchased by Executives will not be subject to restrictions on sale. Deferred bonus shares in their deferral period and vested LTIP awards that are still in their holding period will be counted against the percentage requirement on a net of tax basis.	n/a	n/a
Non-Executive Directors' fees Fees are set at a level that is sufficient to attract, motivate and retain quality Non-Executive Directors.	Fees are reviewed periodically. The Board (excluding the Non-Executive Directors) are responsible for setting Non-Executive Directors' fees. Non-Executive Directors are not entitled to participate in the Group's incentive plans.	The total amount of Non-Executive Directors' fees shall not exceed that approved by shareholders at a General Meeting (currently £600,000 in accordance with the Articles).	n/a

Use of discretion

The Company's incentive plans including the annual bonus scheme, share option scheme, LTIP and RSP will be operated within the rules of the relevant scheme, together with all applicable laws and regulations. The Remuneration Committee may operate the discretion contained in the relevant plan in order to facilitate its administration and operation. Discretion includes (but is not limited to):

- who is invited to participate or receive awards, the size and timing of awards or payments;
- the setting of appropriate performance measures and targets from year to year, and any adjustment of these considering market conditions;
- the annual review of performance against targets for the determination of bonuses and awards;
- the determination of vesting and performance periods; and
- the treatment of leavers, and discretion when dealing with adjustments for corporate events (such as changes in control, rights issues, de-mergers, acquisitions etc.).

Annual bonus documentation and the LTIP contain provisions to give the Committee the ability to apply discretion to adjust any formulae and workings to reduce vesting levels to ensure pay-outs fully and properly reflect overall performance and shareholder experience and in response to exceptional negative events.

REMUNERATION COMMITTEE REPORT
CONTINUED

Performance measures and targets
The Company's incentive plans use a range of performance measures linked to business strategy and current key priorities. Measures and weightings will be described in the respective Directors' Remuneration Report. Performance targets will be challenging yet achievable, and will require stretching out-performance to achieve the maximum. Annual bonus targets will usually be disclosed when they are no longer commercially sensitive. LTIP targets will usually be disclosed on a prospective basis where possible.

Malus and clawback
Annual bonus documentation, the LTIP and RSP, will contain provisions enabling the Committee to apply malus and clawback provisions. These allow the Committee to determine, in its absolute discretion, that an unvested award or bonus award (or part of an award) may not be permitted to vest, or that the level of vesting is reduced in certain circumstances or payment back of some, or all, of an award is required after vesting. Where the Committee acts fairly and reasonably to determine, within a period not exceeding three years from the determination of an award, that:

- a serious breach of the Company's code of ethics has arisen; or
- a serious health and safety issue has occurred; or
- the award holder has participated in, or was responsible for, conduct that has resulted in significant losses to the Group; or
- the award holder has failed to meet appropriate standards of fitness and propriety resulting in a material negative effect on the Group; or
- the award holder has committed material wrongdoing or has breached the terms of their employment contract in such manner as would result in a potentially fair reason for dismissal; or
- there was a material error in determining whether an award should be made, in determining the size or nature of the award or the extent to which it has vested,

it may require any unvested awards held by the award-holder to lapse in whole, or in part, immediately, and/or may require the award holder to repay the Company the after-tax value of some, or all, vested awards received during that period, in such form as it may determine.

Malus and clawback will continue to apply to any awards held by leavers and those vesting in connection with corporate events/changes in control. The Committee has the right to apply the malus provision to an individual or on a collective basis. It shall also (acting reasonably and in good faith) determine the amount or award subject to clawback.

Legacy commitments
The Committee reserves the right to honour any legacy remuneration arrangements including those made under a previously approved Directors' Remuneration Policy.

Approach to Executive recruitment
In the event of the recruitment of a new Executive Director, the Remuneration Committee would consider the structure and levels of the remuneration for existing Directors and prevailing market practice, together with the skills and value it believed the new Director would bring to the Company. It is, therefore, expected that a new Director's package would include the same elements as existing Directors, and the maximum level of variable remuneration for annual bonus and LTIP would be capped as it is for existing Executive Directors. Depending on the timing of any appointment, the performance measures and targets used for incentive purposes may differ from existing Executive Directors for the first performance cycle. The Committee may agree to meet any relocation expenses or other benefit arrangements if considered in the best interests of shareholders. In addition, the Remuneration Committee will have discretion to make payments or awards to buy out incentive arrangements forfeited on leaving a previous employer, i.e. over and above the approach outlined in the previous table, and may exercise the discretion available under Listing Rule 9.3.2R if necessary to do so. In doing so, the Remuneration Committee will seek, to the best possible extent, to do no more than match the fair value of the awards forfeited, considering the applicable performance conditions, likelihood of those conditions being met and proportion of the applicable vesting period remaining. Where an Executive Director appointment is an internal candidate, the Remuneration Committee will honour any pre-existing remuneration obligations or outstanding variable pay arrangements that relate to the individual's previous role. The Remuneration Committee retains the discretion to offer appropriate remuneration outside the standard policy where an interim appointment is made to fill an Executive role on a short-term basis or where exceptional circumstances require that the Chair or a Non-Executive Director takes on an Executive function.

Executive Directors' contracts
The Executive Directors' contracts run for an indefinite period, with the Company able to terminate the contracts without cause giving 12 months' notice. When a Director is terminated without cause, the Director is entitled to a termination payment of 12 months' basic pay. Directors' service contracts are available for inspection at the Company's AGM. Directors can terminate the contracts giving 12 months' notice.

The Executive Director may, at the discretion of the Committee, remain eligible to receive a bonus award for the financial year that they cease to be an employee in, if the Committee has decided that good leaver terms should apply. Any such bonus will be determined by the Committee considering time in employment and performance. Any deferred bonus and share-based incentives will be subject to the leaver terms in the respective plan rules.

The Committee may determine it appropriate to provide reasonable outplacement support to a departing Executive Director, the reimbursement of legal advice at the expense of the Company and any payments required by statute.

Leaver provisions
The table below outlines the treatment of outstanding share awards under the short and long-term incentive plans for "good" and "bad" leavers, and in circumstances where the Company undergoes a change of control. A "good" leaver will generally mean an Executive Director who ceases to be an employee for any of the following reasons: death, retirement, injury or disability, the employing Company ceasing to be part of the Group, redundancy, or any other reason, subject to Remuneration Committee discretion. A "bad" leaver will generally mean any leaving scenario that is not provided for under the good leaver definition.

Type of leaver	Deferred Bonus Plan	Long-Term Incentive Plan	Restricted Share Plan
Good leaver	Where a participant ceases to be an employee before the end of the deferral period, awards will vest in full on the date of cessation.	Where a participant ceases to be an employee during the first three years of the performance period, the number of shares vesting will be subject to a pro-rata reduction by reference to relevant performance achievement, and the period elapsed between the award date and date of cessation, unless the Remuneration Committee determines the reduction is not appropriate. Shares will vest at the end of the vesting period (five years from grant) or such earlier date as the Remuneration Committee determines. Where a participant ceases employment after the first three years of the performance period, no pro-rating will apply but awards will vest on the fifth anniversary of the award grant unless the Remuneration Committee exercises its discretion to permit earlier vesting.	Where a participant ceases to be an employee during the first three years of the restricted period, the number of shares vesting will be subject to a pro-rata reduction by reference to the period elapsed between the award date and the date of cessation, unless the Remuneration Committee determines the reduction is not appropriate. Shares will vest at the end of the vesting period (five years from grant) or such earlier date as the Remuneration Committee determines. Where participants cease employment after the first three years of the restricted period, no pro-rating will apply but awards will vest on the fifth anniversary of the grant of the award unless the Remuneration Committee exercises its discretion to permit earlier vesting.

REMUNERATION COMMITTEE REPORT
CONTINUED

Type of leaver	Deferred Bonus Plan	Long-Term Incentive Plan	Restricted Share Plan
Bad leaver	Where a participant ceases to be an employee before the end of the deferral period, awards will lapse in full on the date of cessation. The Committee retains discretion to override this rule in whole or in part except in circumstances where the participant is dismissed for reason of misconduct.	Where a participant ceases to be an employee during the first three years of the performance period, all outstanding shares will lapse immediately on cessation. Where participants cease employment after the first three years of the performance period, awards will vest on the fifth anniversary of the grant of the award or such earlier date as the Committee may determine, except in circumstances where the participant is dismissed.	Where a participant ceases to be an employee during the first three years of the restricted period, all outstanding shares will lapse immediately on cessation. Where participants cease employment after the first three years of the restricted period, awards will vest on the fifth anniversary of the grant of the award or such earlier date as the Committee may determine, except in circumstances where the participant is dismissed.
Change of control	On a change of control of the Company during the deferral period, awards will vest in full on the date of the event.	On a change of control of the Company prior to the vesting date of an LTIP award (the fifth anniversary of grant), an award will vest on the date of the event and the Remuneration Committee has the discretion to determine the number of shares vesting by assessing the achievement of the relevant performance conditions and apply a pro-rata reduction based on the proportion of the performance period elapsed at the time of the event, unless it determines a pro-rata reduction is not appropriate.	On a change of control of the Company prior to the vesting date of an RSP award, an award will vest on the date of the event over such number of shares as the Committee determines, considering the time elapsed since the grant date and any other factors considered relevant.

The Remuneration Committee has the discretion to permit acceleration of vesting and to disapply pro-rating.

Non-Executive Directors' contracts
The Non-Executive Directors' contracts run for an indefinite period, with the Company being able to terminate contracts without cause giving 12 months' notice. If the shareholders do not re-elect a Non-Executive Director, or they are retired from office under the Articles, their appointment terminates automatically with immediate effect and without compensation. In accordance with the Code, Non-Executive Directors will typically not serve more than nine years. Non-Executive Directors are not entitled to share-based incentives or pensions.

Shareholder consultation
The Remuneration Committee's policy is to consult with major shareholders on significant Executive remuneration decisions. The development of this Policy was subject to shareholders' and proxy agency adviser consultations. Feedback from any engagement is considered by the Committee on a timely basis.

More generally, the Committee is kept updated on and reviews the latest guidance from the proxy agencies and major institutional shareholders.

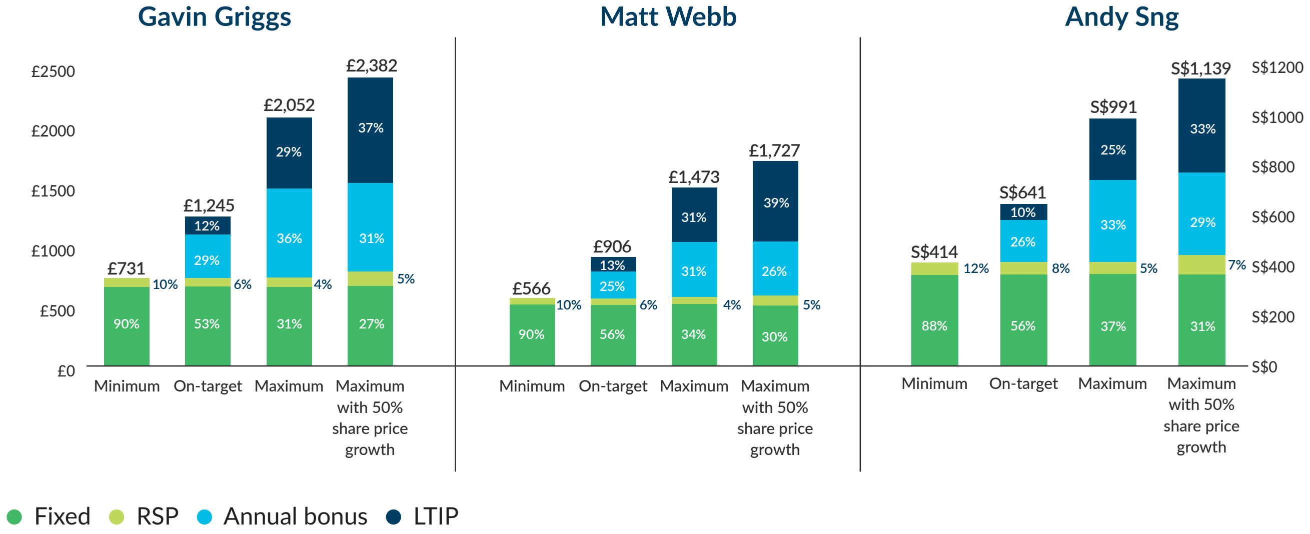
Statement of consideration of employment conditions elsewhere in the Company
Pay and conditions throughout the Group are considered when setting the Remuneration Policy. The Committee will be regularly informed of remuneration trends and issues throughout the workforce, keeping this in mind when determining the Policy for Executive Directors.

Fixed pay is set for wider employees in a similar way to that for the Executive Directors, albeit in some locations pay is subject to local regulatory compliance. The use of incentive pay will vary across the business and any performance measures used will reflect the nature of the specific role and its location.

The Remuneration Committee does not consult directly with other employees when setting Executive Director remuneration. However, the Remuneration Committee Chair is also the designated Non-Executive Director responsible for workforce engagement and has conducted several activities that have included the opportunity to discuss Executive remuneration with employees.

Illustration of the application of the Directors' Remuneration Policy
The charts below give an indication of the level of remuneration that would be received by each Executive in accordance with the approved Directors' Remuneration Policy.

All figures are shown in thousands.



The charts above illustrate the value of the remuneration package for each Executive in 2025, under four scenarios:

- Minimum: Fixed pay (consisting of base salary, benefits and pension) and full vesting under the RSP
- On-target: Fixed pay, full vesting under the RSP, on-target outturn under the annual bonus (50% of maximum) and threshold vesting under the LTIP (25% of maximum)
- Maximum: Fixed pay, full vesting under the RSP, maximum outturn under the annual bonus and full vesting under the LTIP
- Maximum (with 50% share price growth): As shown in the "maximum" scenario, with 50% share price appreciation assumed for the RSP and LTIP

For the purposes of the charts above, the fixed elements of remuneration are as follows (on annualised basis):

Position	Name	Base salary (effective April 2025)	Benefits (as per FY24)	Pension	Total fixed pay
Chief Executive Officer	Gavin Griggs	**£587,100**	£23,400	£47,000	£657,500
Chief Financial Officer	Matt Webb	**£453,200**	£20,000	£36,300	£509,500
Executive Vice President, Asia	Andy Sng	**S$329,600**	S$17,600	S$17,300	S$364,500

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2024 (Directors' Report). Certain disclosure requirements for inclusion in the Directors' Report have been incorporated by cross-referencing with content elsewhere in the Annual Report and referenced below. This report should be read in conjunction with:

- Greenhouse gas emissions reported information – Sustainability Report, pages 66–68;
- Energy consumption information – Sustainability Report, page 95;
- Gas emissions, energy consumption and energy efficiency (other disclosures) – Sustainability Report, 66—69 and 94—95;
- For the purposes of UK Listing Rule (UKLR) 6.6.6R(8), information on climate-related financial disclosures consistent with the TCFD recommendation and the TCFD recommended disclosure – pages 70–84;
- Further details of the actions that the Group is taking to reduce emissions – Sustainability Report, pages 56–57;
- Group employees reported information – Sustainability Report, pages 85–91;
- Information concerning employee share schemes – Note 30, pages 210–223;
- Corporate Governance Report – pages 111–122; and
- The Group's key activity in Research and Development – Chief Executive Officer's Review, page 23.

The Company's business activities, together with factors that potentially affect its future development, performance or position, can be found in the Strategic Report on pages 11–100.

Details of the Company's financial position and its cash flows are outlined in the Chief Financial Officer's Review on pages 32–37.

The Long-term Viability Statement, and information on the appropriateness of adopting the going concern basis of the accounts, can be found on page 52.

Our approach to risk management is outlined from page 38.

The Board reviewed the process to ensure that the primary financial statements and the notes to the financial statements, had been tagged in line with the required taxonomy.

Information required to be disclosed by UK Listing Rule (UKLR) 6.6.1R can be found in the following Annual Report locations:

Listing Rule Section	Topic	Location and page
(1)	Capitalised interest	Note 6 to the Group's consolidated financial statements on page 192. Related tax relief is not material.
(2)	Publication of unaudited financial information	Nothing to disclose
(3)	Details of long-term incentive plans established specifically to recruit or retain a Director	Nothing to disclose
(4) (5)	Waiver of emoluments by a Director of the Company	Nothing to disclose
(6) (7)	Allotments for cash of ordinary shares	Nothing to disclose
(8)	Parent participation in a placing by a listed subsidiary	Nothing to disclose
(9)	Contracts of significance	Nothing to disclose
(10) (13)	Controlling shareholder disclosures	Nothing to disclose
(11) (12)	Dividend waiver	Directors' Report on page 159

Other statutory disclosures

	Areas for disclosure	Location of details in the Annual Report and Accounts
(1)	Directors	Director biographies on pages 108–110 Nomination Committee Report on pages 123–128
(2)	Employee engagement and business relationships	Pages 85–91 and 117
(3)	Financial risks	Note 31, pages 224–229
(4)	Future developments	Strategic Report on pages 11–100
(5)	Greenhouse gas emissions	Pages 66–69 and 94–95
(6)	Post-balance sheet events	Note 32, page 229
(7)	Reporting under Section 172 Companies Act and engagement with stakeholders	Pages 55–55
(8)	Viability Statement	Page 52

Dividends

XP Power's policy is to declare quarterly dividends. No dividends were declared for the 2024 financial year, while the Company focused on reducing net debt. The importance of dividends is recognised by the Board and forms an important part of the Group's long-term capital allocation strategy.

The trustee of the Employee Benefit Trust has waived its right to dividends paid on any ordinary shares it holds on the terms of the Employee Benefit Trust in respect of the period covered by the financial statements and future periods. Such waivers represent less than 1% of the total dividend payable on the Company's ordinary shares.

Directors and Directors' interests

The Company's Articles of Association (the Articles) give the Directors power to appoint and replace Directors. Under the Nomination Committee's Terms of Reference, any appointment must be recommended by the Nomination Committee for Board approval. Shareholders may, by ordinary resolution of which special notice has been given in accordance with section 152 of the Act, remove any Director before the expiration of their period of office.

Directors of the Company in office at 31 December 2024, and at the date of this report, together with their biographical details, are shown on pages 108—110. Daniel Shook was appointed on 1 January 2025. Details of the Directors' service contracts are given in the Directors' Remuneration Report on page 155 and 156.

The present Board membership and Directors' interests in the shares of the Company are set out in the Directors' Remuneration Report. No Director had any dealings in the shares of the Company between 31 December 2024 and the date of this report.

In line with the 2018 UK Corporate Governance Code, each Director will stand for re-election at the forthcoming AGM.

The Company business, including in relation to the allotment and issuance of ordinary shares, is managed by the Board, which may exercise all the powers of the Company subject to the Company's Articles, any directions given by the Company by special resolution and any relevant statutes and regulations. A summary of Matters reserved for the Board can be found on page 121 of the Corporate Governance Report.

Liability insurance and indemnities

The Company has agreed to indemnify, to the extent permitted by law, each Director against any liability incurred in respect of acts or omissions arising during their office. Each Director is covered by appropriate Directors' and officers' liability insurance, at the Company's expense.

Share capital and capital structure

At the date of this report, the total share capital of the Company was 23,689,254 ordinary shares, of which 7,500 were held in treasury. Therefore, the total voting rights in the Company are 23,681,754. Ordinary shareholders are entitled to receive notice of, and to attend and speak at, general meetings. On a show of hands, every shareholder present in person or by proxy (or a duly authorised corporate representative) shall have one vote and, on a poll, every member present in person or by proxy (or a duly authorised corporate representative) shall have one vote for every share held by that member. The rights and obligations attached to the ordinary shares are governed by the Articles and prevailing legislation. There are no other classes of share capital.

There are no restrictions on the voting rights attached to the Company's ordinary shares or on the transfer of shares in the Company. No shareholder holds shares in the Company that carry special rights or control of the Company's share capital. The Directors are not aware of any agreements between holders of shares that may result in restrictions on the transfer of shares or on voting rights.

DIRECTORS' REPORT CONTINUED

Power to issue and allot

At the AGM, held on 25 April 2024, Directors were given authority to allot and issue shares in the Company up to a maximum amount equivalent to approximately one-third of the issued share capital, excluding shares held in treasury, for general purposes, plus up to a further one-third of the Company's issued share capital, excluding shares held in treasury, but only in the case of a rights issue. The Directors acknowledge the voting outcome of this resolution, which was approved with 75.89% of the votes cast. The views of shareholders who voted against were sought following the meeting, a further explanation can be found on page 120.

Directors were also granted additional powers at the 2024 AGM to allot new shares in the Company for cash (i) up to an aggregate number of 2,368,175 (being approximately 10% of the Company's then issued ordinary share capital) and an additional 473,635 new shares (being approximately 20% of any allotment under (i)); and (ii) up to a further aggregate number of 2,368,175, and an additional 473,635 new shares (being approximately 20% of any allotment under (ii)), in each case without regard to the pre-emption rights, provided that the authority under (ii) can only be used in connection with acquisitions or capital investments.

These authorities expire on the date of the 2025 AGM, where the Directors propose to renew them for a further year. The Directors have no current intention of exercising these authorities, if granted, other than to satisfy the exercise of options or vesting of awards under the Company's employee share schemes.

Authority to purchase own shares

At the 2024 AGM, shareholders gave the Company authority to make market purchases of up to 10% of the Company's then issued ordinary share capital. Any shares purchased in this way could be cancelled or held in treasury (or a combination of these). No purchases have been made under this authority. The Directors propose to seek an equivalent authority at the 2025 AGM, but, if granted, have no current intention of using this authority.

Annual General Meeting

Details of the Company's AGM and the proposed resolutions will be set out in a separate Notice of Meeting.

Independent Auditor

Our Auditor, PwC LLP, has indicated its willingness to continue in office, and on Audit Committee recommendation, resolutions to reappoint PwC LLP as Auditor and to authorise the Directors to determine the Auditor's remuneration will be proposed at the forthcoming AGM.

Articles of association

Any amendments to the Articles of Association of the Company may be made by special resolution of the shareholders.

Significant contracts and change of control

The Group has borrowing facilities that may require the immediate repayment of all outstanding loans together with accrued interest in the event of a change of control. The rules of the Company's employee share plans set out change-in-control consequences of the Company on participants' rights under the plans. Awards may vest, becoming exercisable on a change of control subject to the satisfaction of performance conditions and in accordance with the rules of the plan.

None of the Executive Directors' service contracts contain provisions that are affected by a change of control and there are no other agreements that the Company is party to that take effect, alter or terminate in the event of a change of control of the Company, which are considered to be significant in terms of their potential impact on the Group. The Company does not have any contractual or other arrangements that are essential to the business of the Group.

Political and charitable donations

The Group did not make any political donations or incur any political expenditure during the year. See page 91 for charitable donations information.

Branches

The Company had no branches in existence during the year under review and to the date of this report.

Financial risk management

The Group's exposure to, and management of, capital, liquidity, credit, interest rate and foreign currency risks are contained in Note 31 from page 228.

Post-balance sheet events

Post balance sheet events have been reported in Note 32 to the financial statements from page 229.

Signed on behalf of the Board by:

GAVIN GRIGGS
CHIEF EXECUTIVE OFFICER

4 March 2025

XP Power Limited 19 Tai Seng Avenue, #07-01, Singapore 534054
Company Registration Number: 200702520N, registered in Singapore.

DIRECTORS' RESPONSIBILITIES STATEMENT

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Group financial statements and a Parent Company balance sheet for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Accounting Standards and the Parent Company balance sheet in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) and applicable law.

The Group has prepared financial statements in accordance with International Financial Reporting Standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company, and of the profit or loss of the Group for that period. In preparing the Group and Parent Company balance sheet, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable International Accounting Standards and International Financial Reporting Standards have been followed for the Group financial statements and SFRS(I)s have been followed for the Parent Company balance sheet, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding Group and Parent Company assets and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and Parent Company, so they can ensure that the financial statements and the Directors' Remuneration Report comply with relevant legislation.

The Directors are responsible for the maintenance and integrity of the Company's website.

Singapore legislation that governs the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fair, balanced and understandable

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. For details of the process followed to enable the Board to make this statement, please refer to the Audit Committee Report on page 131.

Responsibility statement of the Directors in respect of the Annual Financial Report

Each of the Directors, whose names and functions are listed in the Annual Report and the financial statements, confirm, to the best of their knowledge that:

- the balance sheet of the Company and consolidated financial statements of the Group, as set out on pages 169–229, are drawn up in accordance with the applicable set of accounting standards, to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group for the financial year ended 31 December 2024; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties they face.
- so far as they are aware, there is no relevant audit information of which the Group's and Parent Company's Auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's Auditor is aware of that information.

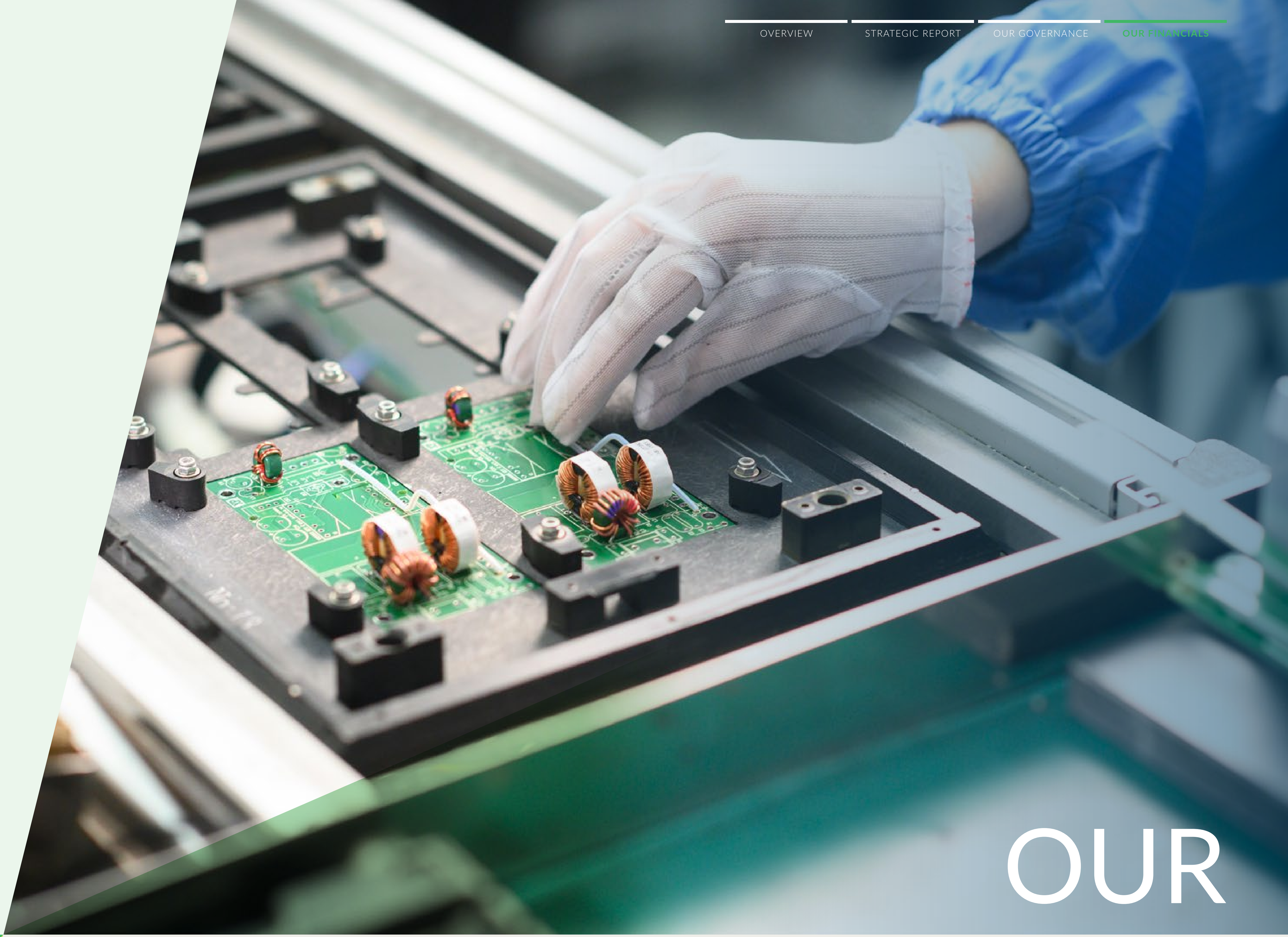
The Directors' Report, together with the Strategic Report on pages 11–100, which forms the Management Report for the purposes of Financial Conduct Authority Disclosure Guidance and Transparency Rules (DTR 4.1.8), was approved by the Board on 4 March 2025 and is signed on its behalf by:

JAMIE PIKE
CHAIR

GAVIN GRIGGS
CHIEF EXECUTIVE OFFICER

4 March 2025

OUR FINANCIALS



OUR FINANCIALS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF XP POWER LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of XP Power Limited (the "Company") and its subsidiary corporations (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IFRSs as issued by the IASB"), so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- The consolidated statement of profit or loss of the Group for the financial year ended 31 December 2024;
- The consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2024;
- The consolidated balance sheet of the Group as at 31 December 2024;
- The balance sheet of the Company as at 31 December 2024;
- The consolidated statement of changes in equity of the Group for the financial year then ended;
- The consolidated statement of cash flows of the Group for the financial year then ended; and
- The notes to the financial statements, including material accounting policy information.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our audit approach – overview

Materiality

The overall materiality which we have used to plan our work for the Group amounted to £0.5m. The overall materiality applied to the audit of the Company balance sheet amounted to £0.4m.

Audit scope

We performed an audit of the complete financial information and of significant financial statement line items for significant reporting units which included operations based in North America, Europe and Asia. This accounted for approximately 90% of Group revenues and 97% of Group assets.

Key audit matters

We identified the following key audit matters:

- Goodwill; and
- Capitalised product development costs.

How we determined materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.1m to £0.4m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

Based on our professional judgement, we determined that the benchmark of Adjusted Profit before Taxation is appropriate as it reflects the Group's growth and investment plans. We believe this is a key measure used by shareholders in assessing the performance of the Group.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.1m, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

How we tailored the audit scope

The Group operates across North America, Europe and Asia. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the local operations by us, as the Group engagement team, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those local operations to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the geographical structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

What are the key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements for the financial year ended 31 December 2024. Key audit matters include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and the directing of efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF XP POWER LIMITED

Key audit matters	How did our audit address these
Goodwill Refer to page 129 (Audit Committee Report), page 186 (Critical accounting estimates, assumptions and judgements – Recoverable amount of cash-generating units for goodwill impairment) and pages 196–197 (Note 12 – Goodwill). The Group has goodwill of £73.2m at 31 December 2024 contained within three cash-generating units ("CGUs") defined by its geographical split – North America, Europe and Asia. We focused on this area due to the relative size of the carrying amount of goodwill, which represents 18% of total assets, and because of the significant judgements used to estimate key assumptions applied in computing the recoverable amounts of different CGUs for the purpose of impairment assessment. Key assumptions include future revenue growth rate, terminal growth rate and discount rate. The Group has also assessed the impact of climate change on the assumptions used in goodwill impairment assessment and disclosed them in Note 12 to the financial statements.	We inquired and evaluated management's definition of CGUs. We assessed the reasonableness of management's assumptions used to compute the recoverable amounts of the CGUs by: • Reviewing historical revenue and cost trends; • Inquiring management's future plans for growth and cost optimisation; • Benchmarking key market-related assumptions with relevant economic and industry indicators; • Reviewing forecasted capital expenditure to management's budget and plans; • Benchmarking terminal growth rate with forecasted long-term growth rates of each region; and • Computing independent discount rates. We reviewed management's sensitivity analysis which considers reasonably possible changes to key assumptions, including unfavourable changes to assumptions arising from climate change. Based on the above, no exceptions were noted.
Capitalised product development costs Refer to page 129 (Audit Committee Report), pages 185–186 (Critical accounting estimates, assumptions and judgements – Capitalisation of product development costs, Recoverable amount of capitalised product development costs, Useful lives of capitalised product development costs and start date for amortisation) and page 198 (Note 13 – Intangible assets). Part of the Group's strategy is to invest in research and development to create new products. As at 31 December 2024, the carrying amount of capitalised product development costs is £36.4m, of which £10.2m was capitalised in the current financial year. We focused on the appropriateness of capitalisation of product development costs due to the relative size of the carrying amount of this intangible asset, which represented 9% of total assets, and because significant judgement is involved in determining whether the criteria to capitalise such product development costs, as set out in IAS 38 Intangible Assets, have been fulfilled and that the capitalised amounts are recoverable. We also identified the useful lives of the capitalised product development costs as an area involving significant judgement. The carrying amount of the capitalised product development costs is heavily dependent on the useful lives of the developed products and start date for amortisation. Management has determined the useful lives of the developed products and start date for amortisation. based on the expected life cycle of these products, taking into consideration expected customer demand and technological innovation. Management takes the view that amortisation should start when product is capable of operation in a manner intended by management, with the use of established principals.	We assessed the appropriateness of capitalisation of product development costs by challenging management through discussions and qualitative reviews of the products' technical and commercial feasibility. We also tested the accuracy and allocation of capitalised material costs and labour costs. We reviewed management's impairment assessment on capitalised product development costs and verified inputs such as historical sales, unfulfilled customer orders and correspondences with customers on forecasted demand and future plans. We also reviewed the business cases of products in development and verified that the growth assumptions applied are not unreasonable. We also performed a benchmarking exercise to compare the useful lives of the capitalised product development costs against other companies within the same industry. The useful lives as determined by management are in line with that of the industry and consistent with our understanding of the life cycle of the products. We assessed the appropriateness of the start date for amortisation by challenging management through discussions and quantitative review of the products' historical sales Based on the above, no exceptions were noted.

Information other than the Financial Statements and Auditor's Report thereon

Going concern

Under the UK Listing Rules ("Listing Rules") we are required to review the Directors' statement, set out on page 161, in relation to going concern.

- Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:
- Evaluation of management's base case and downside scenarios, understanding and evaluating the key assumptions;
- Assessment of the historical accuracy and reasonableness of management's forecasting;
- Consideration of the Group's available financing and debt maturity profile; Testing of the mathematical integrity of management's liquidity headroom, sensitivity and stress testing calculations; and
- Review of the disclosures in the Annual Report in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Corporate governance statement

Under the Listing Rules, we are required to review the part of the Corporate Governance Statement relating to Provisions 6 and 24 to 29 of the UK Corporate Governance Code. We have nothing to report having performed our review.

Other information

Management is responsible for the other information. The other information comprises the "Overview" section set out on pages 2–11, "Strategic Report" section set out on pages 12–101, "Governance" section set out on pages 102–161, and the "Financials" section on page 244 of the Annual Report. Other information, as defined in this section, does not include matters that we are required to review and report on under the Listing Rules, as described above.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the financial statements and the audit

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs as issued by the IASB, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF XP POWER LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chian Yorn.

PRICEWATERHOUSECOOPERS LLP
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS

Singapore, 4 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

£m	Note	Adjusted	Adjustments	2024	Adjusted	Adjustments	2023
Revenue	4	247.3	–	247.3	316.4	–	316.4
Cost of sales	8	(146.0)	(4.3)	(150.3)	(185.1)	–	(185.1)
Gross profit		101.3	(4.3)	97.0	131.3	–	131.3
Operating expenses							
Distribution and marketing	8	(52.1)	(6.6)	(58.7)	(63.5)	(6.1)	(69.6)
Administrative	8	(4.2)	(10.6)	(14.8)	(3.3)	(7.4)	(10.7)
Research and development	8	(19.9)	–	(19.9)	(26.4)	(0.1)	(26.5)
Operating profit		25.1	(21.5)	3.6	38.1	(13.6)	24.5
Net finance expense	7	(11.3)	–	(11.3)	(11.5)	(1.8)	(13.3)
(Loss)/profit before tax		13.8	(21.5)	(7.7)	26.6	(15.4)	11.2
Tax (expense) / credit	9	(3.4)	1.7	(1.7)	(9.8)	(10.4)	(20.2)
(Loss)/profit for the year		10.4	(19.8)	(9.4)	16.8	(25.8)	(9.0)
Attributable to:							
Equity shareholders				(9.6)			(9.2)
Non-controlling interests				0.2			0.2
Loss for the year				(9.4)			(9.0)
Earnings per share:							
Basic earnings/(loss) per share	11	43.0	(83.5)	(40.5)	81.9	(127.3)	(45.4)
Diluted earnings/(loss) per share	11	42.9	(83.3)	(40.4)	81.8	(127.1)	(45.3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024	2023
Loss for the year	(9.4)	(9.0)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(1.8)	(5.3)
Other comprehensive loss for the year, net of tax	(1.8)	(5.3)
Total comprehensive loss for the year	(11.2)	(14.3)
Attributable to:		
Equity shareholders	(11.3)	(14.4)
Non-controlling interests	0.1	0.1
Total comprehensive loss for the year	(11.2)	(14.3)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

£m	Note	2024	2023
ASSETS			
Current assets			
Cash and bank balances	17	**13.9**	12.0
Inventories	18	**71.1**	91.6
Trade receivables	19	**30.2**	43.1
Bond receivable	25	**39.2**	36.7
Other current assets	20	**5.6**	8.1
Current income tax receivable		**0.7**	0.5
Total current assets		**160.7**	192.0
Non-current assets			
Cash and bank balances	17	**1.5**	1.4
Goodwill	12	**73.2**	75.6
Intangible assets	13	**63.5**	63.1
Property, plant and equipment	14	**64.4**	59.5
Right-of-use assets	15	**51.8**	54.0
Deferred income tax assets	26	**1.0**	0.7
ESOP loan to employees		**0.1**	–
Total non-current assets		**255.5**	254.3
Total assets		**416.2**	446.3
LIABILITIES			
Current liabilities			
Accrued consideration	22	**0.8**	–
Current income tax liabilities		**0.4**	5.0
Trade and other payables	21	**40.8**	48.3
Lease liabilities	23	**1.6**	1.4
Provisions	24	**54.0**	44.9
Borrowings	23	**0.3**	0.4
Total current liabilities		**97.9**	100.0
Non-current liabilities			
Accrued consideration	22	**0.7**	1.7
Borrowings	23	**108.6**	125.7
Deferred income tax liabilities	26	**9.1**	9.3
Provisions		**1.3**	1.0
Lease liabilities	23	**52.7**	53.3
Total non-current liabilities		**172.4**	191.0
Total liabilities		**270.3**	291.0
NET ASSETS		**145.9**	155.3
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	27	**71.2**	71.2
Merger reserve	27	**0.2**	0.2
Share-based payments reserve	27	**3.1**	2.1
Translation reserve	27	**(2.6)**	(0.9)
Other reserve	27	**8.6**	7.6
Retained earnings		**64.8**	74.4
		145.3	154.6
Non-controlling interests		**0.6**	0.7
TOTAL EQUITY		**145.9**	155.3

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Attributable to equity holders of the Company								
£m	Note	Share capital	Share-based payments reserve	Merger reserve	Translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023		27.2	2.5	0.2	4.2	6.1	98.4	138.6	0.9	139.5
Exercise of share-based payment awards		–	(1.2)	–	–	1.6	–	0.4	–	0.4
Share-based payment expenses	30	–	1.1	–	–	–	–	1.1	–	1.1
Tax on share-based payment expenses		–	(0.2)	–	–	–	–	(0.2)	–	(0.2)
Issuance of shares		44.0	–	–	–	–	–	44.0	–	44.0
Dividends paid	10	–	–	–	–	–	(14.8)	(14.8)	(0.3)	(15.1)
Future acquisition of non-controlling interest		–	–	–	–	(0.1)	–	(0.1)	–	(0.1)
Exchange differences on translation of financial statements of foreign operations		–	(0.1)	–	(5.1)	–	–	(5.2)	(0.1)	(5.3)
(Loss)/profit for the year		–	–	–	–	–	(9.2)	(9.2)	0.2	(9.0)
Total comprehensive (loss)/income for the year		–	(0.1)	–	(5.1)	–	(9.2)	(14.4)	0.1	(14.3)
Balance at 31 December 2023		**71.2**	**2.1**	**0.2**	**(0.9)**	**7.6**	**74.4**	**154.6**	**0.7**	**155.3**
Exercise of share-based payment awards		–	(0.9)	–	–	0.9	–	–	–	–
Share-based payment expenses	30	–	1.6	–	–	–	–	1.6	–	1.6
Tax on share-based payment expenses		–	0.3	–	–	–	–	0.3	–	0.3
Dividends paid	10	–	–	–	–	–	–	–	(0.2)	(0.2)
Future acquisition of non-controlling interest		–	–	–	–	0.1	–	0.1	–	0.1
Exchange differences on translation of financial statements of foreign operations		–	–	–	(1.7)	–	–	(1.7)	(0.1)	(1.8)
(Loss)/profit for the year		–	–	–	–	–	(9.6)	(9.6)	0.2	(9.4)
Total comprehensive (loss)/income for the year		–	–	–	(1.7)	–	(9.6)	(11.3)	0.1	(11.2)
Balance at 31 December 2024		**71.2**	**3.1**	**0.2**	**(2.6)**	**8.6**	**64.8**	**145.3**	**0.6**	**145.9**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

£m	Note	2024	2023
Cash flows from operating activities			
Loss for the year		**(9.4)**	(9.0)
Adjustments for:			
– Income tax expense	9	**1.7**	20.2
– Amortisation and depreciation	8	**18.7**	20.1
– Net finance expense	7	**11.3**	13.3
– Share-based payment expenses	6	**1.6**	1.1
– Fair value gain on derivative financial instruments	8	**–**	(0.1)
– Loss on disposal of property, plant, and equipment		**0.1**	–
– Impairment loss on goodwill		**1.4**	–
– Impairment loss on intangible assets		**0.2**	2.5
– Impairment loss on right-of-use of assets		**0.3**	–
– Gain on disposal on right-of-use of assets		**–**	(0.1)
– Property, plant and equipment written off		**0.2**	–
– Unrealised currency translation (gain)/ loss		**(1.0)**	0.3
– Provision for doubtful debts	31(d)	**–**	0.1
Change in working capital:			
– Inventories	28	**21.2**	17.4
– Trade and other receivables and other current assets	28	**15.4**	(3.1)
– Trade and other payables	28	**(8.0)**	(1.8)
– Provision for liabilities and other charges	28	**8.3**	1.5
Cash generated from operations		**62.0**	62.4
Income tax paid, net of refund		**(6.6)**	(4.9)
Net cash provided by operating activities		**55.4**	57.5
Cash flows from investing activities			
Purchases and construction of property, plant and equipment	14	**(9.8)**	(30.6)
Additions of product development costs	13	**(10.0)**	(9.5)
Additions of software and software under development	13	**(0.3)**	–
Proceeds from disposal of property, plant and equipment		**–**	0.1
Interest received		**0.1**	0.1
Net cash used in investing activities		**(20.0)**	(39.9)
Cash flows from financing activities			
Proceeds from issuance of new ordinary shares		**–**	44.0
Proceeds from borrowings	23	**3.8**	14.5
Repayment of borrowings	23	**(23.4)**	(55.7)
Principal payment of lease liabilities	23	**(1.6)**	(2.7)
Proceeds from exercise of share-based payment awards		**–**	0.4
Interest paid	23	**(12.1)**	(12.0)
Dividend paid to equity holders of the Company	10	**–**	(14.8)
Dividend paid to non-controlling interests		**(0.2)**	(0.3)
Bank deposit pledged		**–**	(0.4)
Net cash used in financing activities		**(33.5)**	(27.0)
Net increase/(decrease) in cash and cash equivalents		**1.9**	(9.4)
Cash and cash equivalents at beginning of financial year		**12.0**	22.1
Effects of currency translation on cash and cash equivalents		**–**	(0.7)
Cash and cash equivalents at end of financial year	17	**13.9**	12.0

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. General information

XP Power Limited (the "Company") is listed on the London Stock Exchange and incorporated and domiciled in Singapore. The address of its registered office is 19 Tai Seng Avenue, #07-01, Singapore 534054.

The nature of XP Power Limited and its subsidiaries' operations and its principal activities are set out in the "Our Business Model" section of the Annual Report on pages 18–19.

2. Material accounting policy information

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of XP Power Limited and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IFRSs as issued by the IASB") and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

All references to SFRS(I)s and IFRSs as issued by the IASB are subsequently referred to as IFRS in these consolidated financial statements unless otherwise specified.

The consolidated financial statements have been prepared on the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of these accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

a. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 22–25.. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 32–37. The principal risks of the Group are set out on pages 42–51. The Directors have considered these areas alongside the principal risks and how they may impact going concern.

Overview of liquidity

The Group has available to it a US $ denominated Revolving Credit Facility (RCF) of $190m (£152m). The facility matures in December 2026 and therefore is committed throughout the minimum period for which going concern is assessed, which is 12 months from the date of signing these financial statements.

Liquidity available to the Group at 31 December 2024 consisted of £15.4m of cash on deposit and £57.6m of undrawn committed borrowing facility.

Assuming the successful completion of the current share placing, we would expect to increase liquidity by c.£39m after fees.

Financial covenants within the RCF agreement are as follows:

- Leverage ratio: Net Debt to Adjusted EBITDA as follows

Leverage ratio	Not more than
Q1 2025	3.10
Q2 2025	3.35
Q3 2025	3.60
Q4 2025	3.75
Q1 2026	3.55
Q2 2026	3.25
Q3 2026	3.00
Q4 2026	3.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information continued

- Interest cover: EBITDA to Adjusted Net Finance Expense as follows:

Leverage ratio	Not more than
Q1 2025	2.75
Q2 2025	2.50
Q3 2025	2.75
Q4 2025	2.35
Q1 2026	2.45
Q2 2026	2.55
Q3 2026	2.70
Q4 2026	2.75

Each covenant is tested quarterly.

An additional covenant has been added to the borrowing facilities to ensure that the aggregate of the Group's consolidated cash and cash equivalents and undrawn committed facility is not less than £25m at each month-end.

Approach to going concern review

The Group has developed a range of scenarios for financial performance over the going concern assessment period, including a severe but plausible downside scenario, assessing estimated liquidity and covenant compliance in each case. The assessment period applied in this review was the period to 31 March 2026.

The key assumption in these forecasts was revenue, particularly revenue beyond the first half of 2025 for which the business already has reasonable visibility via existing sales orders. The revenue beyond this initial period, of which the Group has limited visibility currently, will depend on various factors including the impact of stock movements within the sales channel on future orders and changes in underlying market demand, particularly within the Semiconductor Manufacturing Equipment sector which has seen a cyclical downcycle recently. Profit beyond this initial period will also be dependent on actions taken in response to the revenue achieved.

Given that the Group's borrowings are US $ denominated, net debt and therefore the leverage ratio can be impacted by future movements in the US $ exchange rate. In all scenarios, the US $ exchange rate is assumed to be $1.25.

None of these scenarios included the positive effect on liquidity and covenant ratios of the share placing launched on 4 March 2025.

Summary of assessed scenarios

The first scenario assumes a 1% overall increase in revenue between 2024 and 2025 in total. This is assumed to arise from an end to channel destocking at the end of the first half of 2025, following by a period of channel restocking in the second half of 2025 as end markets prepare for recovery. The restocking benefit is assumed to not continue into subsequent years as it would be a one-off revenue uplift.

The second scenario assumes a 3% decrease in revenue between 2024 and 2025. This is assumed to arise from an end to channel destocking at the end of the first half of 2025 without any restocking in the second half of 2025.

The third scenario is a severe but plausible downside scenario which results in a 9% decline in revenue between 2024 and 2025 in total. This is assumed to arise from continued channel destocking at current rates until 31 December 2025.

All scenarios assume that our future interest costs are calculated with reference to the current Secured Overnight Financing Rate (SOFR) of 4.3%.

In all scenarios, the Group remains in full compliance with its financial covenants and with adequate liquidity throughout the going concern assessment period.

Conclusions

Without adjusting for the impact of the Share Placing, in the case of the severe but plausible downside scenario, the lowest point of headroom in the Leverage Ratio covenant is at 30 June 2025. EBITDA would need to fall c.7% short of expectations in the period 1 January to 30 June 2025 for a breach to occur. The lowest point of headroom in the Interest Cover covenant is at 30 September 2025. EBITDA would need to fall c.5% short of expectations in the period 1 January to 30 September 2025 for a breach to occur.

This headroom significantly improves on completion of the Share Placing launched on 4 March 2025. The lowest point of headroom in the Leverage Ratio covenant would be 31 March 2025 at 1.80 compared to a covenant limit of 3.10. The lowest point of headroom in the Interest Cover covenant would be 31 March 2025 at 3.52 compared to a covenant threshold of 2.75. In both cases the covenant would not be breached even in the very unlikely event that the Group did not generate any Adjusted EBITDA in the first quarter of 2025.

The Directors are confident that the scenarios considered provide an appropriate basis for the going concern assumption to be applied in preparing the financial statements, while recognising modest headroom in the severe but plausible case without the benefits of the share placing.

Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its consolidated financial statements.

b. Changes in accounting policy and disclosures

i New and amended standards adopted by the Group

On 1 January 2024, the Group adopted the new or amended IFRS, Interpretations issued by the IFRS Interpretations Committee of the IASB (IFRIC) and Interpretations of SFRS(I) (INT SFRIS(I)) (collectively referred to as "Standards and Interpretations") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective Standards and Interpretations.

The adoption of these new or amended Standards and Interpretations did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or previous financial years.

ii New Standards and Interpretations issued not yet adopted

Certain new accounting Standards and Interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Revenue recognition

a. Sales of goods

The Group manufactures and sells a range of power products. Sales are recognised at a point in time when control of the products has transferred to the customer. Transfer of control usually occurs when delivery to the customer takes place. Where the terms of the contract with the customer vary, for example where the customer collects the products from an XP Power site rather than receives a delivery, the transfer of control occurs when the customer collects the products.

Power products are sometimes sold with volume discounts based on aggregate sales over a 12-month period or early payment discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the discounts. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and early payment discounts, using most likely approach.

The Group has agreements with certain distributors which include right of return provisions for a specified quantity of items purchased but not sold by the distributor over a specified period of time. Revenue is adjusted based on an estimate of the value of items which will be returned by distributors. Accumulated experience is used to make this estimate, using the most likely approach.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice. The Group will usually issue a credit note for refund for faulty products.

A receivable (financial asset) is recognised when the control of the products is transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information continued

Volume rebates and early payment discounts are recognised when the control of the products is transferred and are presented as a reduction in trade and other receivables.

The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

b. Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest rate method.

2.3 Group accounting

a. Subsidiaries

i Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which are attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

ii Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.7 for the subsequent accounting policy on goodwill.

b. Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in pounds sterling, which is different from the Company's functional currency. The Company's functional currency is the US dollar.

The financial statements are presented in pounds sterling, as the majority of the Company's shareholders are based in the UK and the Company is listed on the London Stock Exchange. It is the currency that the Directors of the Group use when controlling and monitoring the performance and financial position of the Group.

b. Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "operating expenses".

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

c. Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities are translated at the closing exchange rates at the reporting date;
ii. Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
iii. All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

The Group has elected to treat goodwill and fair value adjustments arising on the acquisitions before the date of initial transition to IFRS as pounds sterling-denominated assets and liabilities translated using the exchange rates at the dates of the acquisitions.

2.5 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted-average cost formula. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.6 Property, plant and equipment

a. Measurement

i Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

ii Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information continued

b. Depreciation

Freehold land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	20–50 years
Plant and equipment	2–10 years
Motor vehicles	4–5 years
Building improvements	2–10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

c. Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are recognised in profit or loss when incurred.

d. Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within Operating Expenses.

2.7 Intangible assets

a. Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

b. Other intangible assets

Other intangible assets include internally generated assets and acquired assets. They are initially capitalised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives as follows:

	Useful lives
Product development costs	5–7 years
Software	10 years
Brand	2–10 years
Technology	5–10 years
Customer relationships	4–9 years
Customer contracts	1–3 years

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

i Product development costs (internally generated)

The Group is involved in research and development activities. Research costs are recognised as an expense when incurred. Costs directly attributable to the development of products are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the products and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

ii Software (internally generated)

Costs associated with maintaining software programmes are recognised as an expense when incurred. Costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the capitalisation criteria for development phase stated in IAS 38 Intangible Assets is met. Such costs mainly include consultancy costs and payroll-related costs of employees directly involved in the implementation.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the development of internally generated intangible assets and property, plant and equipment. This includes costs on general borrowings used to finance such assets. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to development expenditures that are financed by general borrowings. Costs are capitalised during the period of time that is required to complete and prepare the qualifying asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.9 Impairment of non-financial assets

a. Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill recognised as an expense is not reversed in a subsequent period.

b. Intangible assets, property, plant and equipment, right-of-use assets

Intangible assets, property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For intangible assets that are not available for use, the Group also tests them for impairment, at least annually.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information continued

2.10 Financial assets

a. Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

i At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

ii Subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade receivables, other current assets (excluding prepayments, VAT receivables and rights to returned goods) and bond receivable.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset.

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income".

b. Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

c. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and the liability simultaneously.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Provisions

Provision for legal dispute is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.14 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

When the contractual cash flows of borrowings are modified and do not result in derecognition, differences between the recalculated gross carrying amount and the carrying amount before modification are recognised in profit or loss as modification gain or loss, at the date of modification.

Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information continued

2.15 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

a. Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

b. Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentive receivables;
- Variable lease payment that is based on an index or rate, initially measured using the index or rate at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative standalone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or are recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

c. Short-term and low-value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

d. Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.16 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in fair value are recognised in profit or loss. The Group does not apply hedge accounting for its derivative financial instruments.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

For equity-settled share-based payments, as the timing of the tax deduction and the recognition of the share-based payment expenses differs, the Group recognises the related deferred tax asset if the deferred tax asset recognition criteria are met. If the cumulative amount of tax deduction exceeds the tax effect of the related cumulative remuneration expense at the reporting date, the excess of the associated deferred tax shall be recognised directly in equity.

2.18 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions that are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information continued

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

a. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore on a mandatory, contractual or voluntary basis. The Group has no further obligations once the contributions have been paid.

b. Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of share-based payment awards is recognised as an expense with a corresponding increase in the share-based payments reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the share-based payment awards granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under awards that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under awards that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payments reserve over the remaining vesting period.

When the share-based payment awards are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share-based payments reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees. Upon expiry of the share-based payment awards, the balance previously recognised in the share-based payments reserve is credited to retained earnings.

c. Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises an accrual when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay. Under some profit-sharing or deferred bonus plans, employees receive a share of the profits or bonus only if they remain with the entity for a specified period in the future. The measurement of such benefit reflects the possibility that some employees may leave without receiving the profits or bonus. A liability for the benefit shall be accrued over the vesting period.

d. Employee leave entitlements

Employee entitlements to annual leave are recognised in profit or loss when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

2.20 Share capital, treasury shares and other reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount, which includes the consideration paid and any directly attributable transaction cost, is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an equity-settled share-based payment plan, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the other reserve.

Other reserve also comprises future transactions with the non-controlling interest. The amount that may become payable under the agreement is initially recognised at the present value of the redemption amount within liabilities with a corresponding charge directly to equity. The liability is subsequently accreted through equity up to the redemption amount that is payable at the date at which the agreement first becomes exercisable.

2.21 Dividend distribution

Dividends to the Company's shareholders are recognised when the dividends are approved for payment, or, in the case of interim dividends, when paid.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") who is responsible for allocating resources and assessing performance of the operating segments. Segment reporting is disclosed in Note 4.

3. Critical accounting estimates, assumptions and judgements

In the process of applying the Group's accounting policies, as described in Note 2, management has made the following judgements and estimations that have the most significant effect on the amounts recognised in the financial statements.

a. Critical judgements in applying the Group's accounting policies

i Capitalisation of product development costs

During the year, £10.2m (2023: £9.2m) of product development costs have been capitalised. Management has evaluated whether a project has entered the development phase before capitalising the costs that are directly attributable to the project. The assessment is based on information documented in business cases prepared by the engineering teams and approved by senior management. Management has considered the capitalisation criteria stated in IAS 38 Intangible Assets, which includes the technical feasibility, intention and ability to complete the project when reviewing the business cases. The business cases also contain sales forecasts, which indicate the probable future economic benefits of the projects. All product development costs are tracked and monitored, which allows management to measure reliably the expenditure attributable to each project. Significant judgements are involved when management performs the assessment.

ii Going concern

Note 2.1(a) confirms that these financial statements have been prepared on a going concern basis and explains the basis for the Directors' conclusion that a going concern basis is appropriate. In determining whether the Group's accounts should be prepared on a going concern basis, the Directors considered the Group's business activities, its current liquidity position and banking covenants and factors likely to affect its future performance and financial position, including the principal risks as set out on pages 42–51. This assessment is considered to be a critical accounting judgement. In performing this assessment, the Directors prepared three scenarios. The key variables and sensitivities in these scenarios are the timing of the recovery of revenue, particularly revenue beyond the first half of 2025 for which the business already has reasonable visibility via existing sales orders. The revenue beyond this initial period, of which the Group has limited visibility currently, will depend on various factors including the impact of stock movements within the sales channel on future orders and changes in underlying market demand, particularly within the Semiconductor Manufacturing Equipment sector which has seen a cyclical downcycle recently. Profit beyond this initial period will also be dependent on actions taken in response to the revenue achieved. Further details are set out in Note 2.1(a). Under the assessed scenarios, the Group has liquidity headroom and is in compliance with its banking covenants for the period under review. Inevitably if market condition were to be worse than we have modelled or if more severe risks were to crystallise then the Group would seek to identify and implement additional operational and financial measures to ensure ongoing compliance with covenants and adequate liquidity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Critical accounting estimates, assumptions and judgements continued

b. Critical accounting estimates and assumptions

i Recoverable amount of capitalised product development costs

As at 31 December 2024, the net book value of capitalised product development costs amounts to £36.5m (2023: £30.7m). For the purpose of reviewing for impairment, management has compared the carrying amount of the respective projects to their forecasted revenues. For some projects, significant judgements are used to estimate the future sales and growth rates applied in computing the recoverable amounts. In making these estimates, management has relied on performance of past projects, its communications with the intended customers and its expectations of industry trends and market development in the respective regions where the finished products will be marketed.

ii Useful lives of capitalised product development costs and start date for amortisation

The Group estimates the useful lives of capitalised product development costs based on the period over which the assets are expected to be available for use by the Group. Significant judgements are used by the Group in determining the useful lives of capitalised product development costs based on the expected life cycle of these products, taking into consideration expected customer demand and technological innovation.

The Group also takes a view on when amortisation should start and expense capitalisation should cease based on when the product is considered to be capable of operating in a manner intended by management. Significant judgement is required in determining this date as some projects follow an iterative design process and so it is hard to determine when development has ended and commercial sales have begun.

iii Recoverable amount of cash-generating units for goodwill impairment assessment

The Group tests annually for impairment of goodwill, or more frequently if there are indications that goodwill might be impaired.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The recoverable amount of the goodwill is determined from value-in-use calculations. The key assumptions and estimates for the value-in-use calculations are those regarding the discount rates, revenue growth rates and terminal growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

The Group prepares cash flow forecasts derived from the most recent financial results and takes into account industry growth forecasts for the next five years and extrapolates cash flows for the following five years with a terminal growth rate of 2% after this. The carrying amount of goodwill as at 31 December 2024 was £73.2m (2023: £75.6m) with £1.4m (2023: £nil) impairment adjustment for 2024.

Due to the recent decision to exit the semiconductor market in China, and generally soft demand conditions across Asia, the value-in-use of the Asia CGU has declined, resulting in an impairment loss of goodwill balance allocated to Asia CGU, amounting to £1.4m. Management has assessed that, based on current conditions, there are no realistic foreseeable changes that will result in impairment loss on the goodwill allocated to the North America and Europe CGUs.

Management has also performed a sensitivity analysis on the impact of climate-related risks for North America and Europe CGU. The recoverable amounts remain higher than the carrying amounts as at 31 December 2024 and no impairment loss is recognised. No sensitivity analysis was performed for the Asia CGU as the goodwill balance is fully impaired.

4. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") that are used to make strategic decisions. The CODM is the Executive Board of Directors who will review the operating results and forecasts to make decisions about resources to be allocated to the segments and assess their performance.

The Executive Board of Directors considers and manages the business on a geographical basis. Management manages and monitors the business based on the three primary geographical areas: North America, Europe and Asia. All geographical locations market the same class of products to their respective customer base.

The Executive Board of Directors assesses the performance of the operating segments based on net sales and operating income. Net sales for geographic segments are based on the location of the design win rather than where the end sale is made. The operating income for each segment includes net sales to third parties, related cost of sales, operating expenses directly attributable to the segment, and a portion of corporate expenses. As set out in (ii) below, costs excluded from segment operating income include centrally managed general and administrative costs, share-based payment expense, various non-operating charges, income taxes and Adjusting items as they do not relate to the underlying cost base of the segment.

Measures of assets and liabilities are no longer provided for each reportable segment as they are not regularly provided to the CODM.

(i) Revenue

The Group derives revenue from the transfer of goods to customers in the following market sectors and geographical regions.

The revenue by class of customer and location of the design win is as follows:

	Year to 31 December 2024				Year to 31 December 2023			
£m	Europe	North America	Asia	Total	Europe	North America	Asia	Total
Semiconductor Manufacturing Equipment	4.1	79.0	11.7	94.8	3.4	86.0	12.8	102.2
Industrial Technology	52.2	32.8	9.8	94.8	67.6	54.0	14.7	136.3
Healthcare	20.6	32.4	4.7	57.7	26.8	44.5	6.6	77.9
Total	76.9	144.2	26.2	247.3	97.8	184.5	34.1	316.4

Revenues of £59.0m (2023: £56.6m) are derived from a single external customer. These revenues are attributable to the Semiconductor Manufacturing Equipment sector across all geographical regions.

The revenue by region or country where sales are generated is as follows:

£m	2024	2023
North America	143.8	176.3
United Kingdom	17.1	25.3
Singapore	30.0	45.7
Germany	43.4	48.0
Denmark	2.3	3.5
Italy	3.6	4.6
France	3.4	4.4
Other countries	3.7	8.6
Total revenue	247.3	316.4

The majority of North America's revenue is generated from the United States of America.

As permitted under IFRS 15 Revenue from Contracts with Customers, the aggregate transaction price allocated to unsatisfied contracts of periods one year or less, or billed based on time incurred, is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Segment and revenue information continued

(ii) Segment

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2024 and prior year comparatives is as follows:

Reconciliation of segment results to loss after tax:

£m	2024	2023
Europe	18.7	24.2
North America	40.7	55.1
Asia	10.3	11.9
Segment results	69.7	91.2
Research and development		
– Employee compensation	(9.5)	(14.5)
– Amortisation of intangible assets	(2.5)	(2.4)
– Depreciation of property, plant and equipment	(1.3)	(1.2)
– Safety and approval	(1.3)	(1.1)
– Advertising	(0.5)	(0.8)
– Others	(1.4)	(1.9)
Manufacturing		
– Employee compensation	(1.4)	(1.9)
– Cost of goods sales	(10.7)	(8.8)
– Others	(0.3)	(0.8)
Corporate cost		
– Employee compensation	(7.6)	(9.5)
– Information systems	(3.1)	(3.5)
– Consultancy fees	(1.1)	(1.7)
– Amortisation of intangible assets	(2.3)	(2.1)
– Others	(1.6)	(2.9)
Adjusted Operating Profit	25.1	38.1
Net finance expense	(11.3)	(13.3)
Adjusting items (see Note 5)	(21.5)	(13.6)
(Loss)/profit before tax	(7.7)	11.2
Income tax expense	(1.7)	(20.2)
Loss after tax	(9.4)	(9.0)

Non-current assets, other than deferred income tax assets, by region or country:

£m	2024	2023
North America	135.3	129.1
United Kingdom	10.9	11.4
Singapore	43.3	45.2
Germany	41.1	45.3
Malaysia	12.4	10.5
Vietnam	8.3	8.5
Other countries	3.2	3.6
Total non-current assets	254.5	253.6

The majority of North America's non-current assets are located in the United States of America.

5. Reconciliation of non-statutory measures

The Group presents Adjusted Gross Profit, Adjusted Operating Expenses and Adjusted Operating Profit by making adjustments for costs and profits, which management believes to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings. Such items may include, but are limited to, costs associated with legal disputes and global supply chain transformation, restructuring costs, amortisation of intangible assets arising from business combinations and impairment loss, where the impairment is the result of an isolated, non-recurring event.

In addition, the Group presents Adjusted profit measures for the year by adjusting for certain tax charges and credits which represent the tax effect of Adjusting items or which management believe to be significant by virtue of their size, nature, or incidence or which have a distortive effect (shown as Tax effects of Adjusting items below).

As a result, the Group also presents certain Adjusted measures which include the consequential impact of the adjustments made in Adjusted Gross Profit, Adjusted Operating Profit and Adjusted Tax Expense / Credit. This includes Adjusted Gross Margin, Adjusted Operating Margin, Adjusted Profit For The Year, Adjusted Diluted Earnings Per Share, Adjusted Operating Cashflow and Cash Conversion %.

The Group uses these Adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting. The Group also reports key financing measures which are relevant to shareholders as they are used in determining covenant compliance. These include Leverage, Interest Cover, Net Debt, Adjusted Net Finance Expense and Adjusted EBITDA.

See below for a reconciliation of all non-statutory measures to the closest statutory measure included in these financial statements.

a. Adjusted profit or loss measures are as follows:

	2024						
£m	Gross profit	Operating expenses	Operating profit	Net finance expense	(Loss)/ profit before tax	Tax expense	(Loss)/ profit for the year
Statutory result	97.0	(93.4)	3.6	(11.3)	(7.7)	(1.7)	(9.4)
Adjusted for:							
Restructuring costs	–	2.3	2.3	–	2.3	–	2.3
Exit from China semiconductor market	4.3	2.4	6.7	–	6.7	–	6.7
Costs relating to legal dispute	–	7.6	7.6	–	7.6	–	7.6
Amortisation of intangible assets acquired from business combinations	–	3.1	3.1	–	3.1	–	3.1
Global supply chain transformation	–	1.6	1.6	–	1.6	–	1.6
Bid defence costs	–	0.2	0.2	–	0.2	–	0.2
Tax effects of Adjusting items[1]	–	–	–	–	–	(1.7)	(1.7)
Adjusted result	101.3	(76.2)	25.1	(11.3)	13.8	(3.4)	10.4

Adjusted Gross Margin is the Adjusted Gross Profit expressed as a percentage of revenue. Adjusted Operating Margin is the Adjusted Operating Profit expressed as a percentage of revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Reconciliation of non-statutory measures continued

£m	2023 Gross profit	Operating expense	Operating profit	Net finance expense	(Loss)/ Profit before tax	Tax expense	(Loss)/ Profit for the year
Statutory result	131.3	(106.8)	24.5	(13.3)	11.2	(20.2)	(9.0)
Adjusted for:							
Restructuring costs	–	5.3	5.3	2.4	7.7	–	7.7
Costs relating to legal dispute	–	2.1	2.1	–	2.1	–	2.1
Amortisation of intangible assets acquired from business combinations	–	3.2	3.2	–	3.2	–	3.2
Global supply chain transformation	–	2.7	2.7	–	2.7	–	2.7
Costs related to Enterprise Resource Planning system implementation	–	0.3	0.3	–	0.3	–	0.3
Acquisition costs	–	0.1	0.1	–	0.1	–	0.1
Fair value gain on derivative financial instruments	–	(0.1)	(0.1)	–	(0.1)	–	(0.1)
Gain on modifications of revolving credit facility	–	–	–	(0.6)	(0.6)	–	(0.6)
Tax effects of Adjusting items[1]	–	–	–	–	–	10.4	10.4
Adjusted result	**131.3**	**(93.2)**	**38.1**	**(11.5)**	**26.6**	**(9.8)**	**16.8**

1 Adjusted for tax on specific items relating to costs on amortisation of Intangible assets acquired from business combinations of £0.4m (2023: £nil), legal dispute of £nil (2023: £0.5m), gain on modification of revolving credit facility of £nil (2023: £0.1m), restructuring cost of £0.5m (2023: £1.9m), global supply chain transformation £nil (2023: £0.7m), exit from China Semiconductor market of £0.8m (2023: £nil) and tax loss relating to legal claim £nil (2023: £13.6m).

b. Adjusted Operating Cash Flow and Conversion % is as follows:

£m	2024	2023
Cash generated from operations	**62.0**	62.4
Adjusted for cash flows in respect of:		
Restructuring costs	**1.1**	1.2
Costs relating to legal dispute	**1.6**	1.9
Global supply chain transformation	**0.9**	–
Costs related to Enterprise Resource Planning system implementation	**–**	0.4
Adjusted Operating Cash Flow	**65.6**	65.9
Adjusted Operating Profit	**25.1**	38.1
Adjust Operating Cash Conversion	**261%**	173%

c. Adjusted EBITDA is as follows:

£m	2024	2023
(Loss)/profit before tax	**(7.7)**	11.2
Adjusted for:		
Net finance expense	**11.3**	13.3
Depreciation	**8.8**	9.6
Amortisation	**9.9**	10.5
EBITDA	**22.3**	44.6
Adjusted for:		
Restructuring costs[1]	**2.3**	3.8
Exit from China Semiconductor market	**6.7**	–
Costs relating to legal dispute	**7.6**	2.1
Global supply chain transformation	**1.6**	2.7
Impairment loss on intangible assets[2]	**0.2**	1.9
Costs related to Enterprise Resource Planning system implementation	**–**	0.3
Acquisition costs	**–**	0.1
Fair value gain on derivative financial instruments	**–**	(0.1)
Bid defence costs	**0.2**	–
Adjusted EBITDA	**40.9**	55.4

1 Restructuring costs for 2023 do not include £1.5m of depreciation of right-of-use assets related to lease for office space in the United States of America.

2 Impairment loss on intangible assets for 2023 has been adjusted such that £0.5m of impairment loss is now included within restructuring costs and £0.1m is now included within costs relating to legal dispute.

d. Net Debt is as follows:

£m	2024	2023
Borrowings		
Current	**0.3**	0.4
Non-current	**108.6**	125.7
Total borrowings	**108.9**	126.1
Cash and bank balances		
Cash at bank and on hand	**15.3**	13.3
Short-term bank deposits	**0.1**	0.1
Total cash and bank balances	**15.4**	13.4
Net Debt	**93.5**	112.7

e. Leverage ratio (Net Debt : Adjusted EBITDA) is as follows:

£m	2024	2023
Net Debt (Note 5 (d))	**93.5**	112.7
Adjusted EBITDA (Note 5(c))	**40.9**	55.4
Leverage Ratio (Net Debt : Adjusted EBITDA)	**2.3x**	2.0x

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Reconciliation of non-statutory measures continued

f. Interest Cover (Adjusted EBITDA : Adjusted Net Finance Expense) is as follows:

£m	2024	2023
Adjusted EBITDA (Note 5(c))	**40.9**	55.4
Net finance expense	**11.3**	13.3
Adjusted for:		
Restructuring costs[1]	**–**	(2.4)
Gain on modification of revolving credit facility	**–**	0.6
Adjusted Net Finance Expense	**11.3**	11.5
Interest Cover (Adjusted EBITDA : Adjusted Net Finance Expense)	**3.6x**	4.8x

1 Restructuring costs in 2023 consist only of interest on lease liabilities related to lease for office spaces in the United States of America which were treated as Adjustments from the start of the lease until the date of initial occupation. The office spaces have been occupied since January 2024.

6. Employee compensation (including Directors)

£m	2024	2023
Wages and salaries	**80.7**	97.9
Employers' contribution to defined contribution plans	**9.0**	10.7
Share-based payment expenses (see Note 30)	**1.6**	1.1
	91.3	109.7
Less: amount capitalised in intangible assets and property, plant and equipment	**(8.5)**	(7.6)
Total	**82.8**	102.1

For further information regarding Directors' remuneration, refer to the Directors' Remuneration Report.

7. Net finance expense

£m	2024	2023
Interest income		
Bond receivables	**(1.6)**	(1.4)
Others	**(0.1)**	(0.1)
	(1.7)	(1.5)
Interest expense		
Bank borrowings and overdrafts	**10.6**	13.8
Lease liabilities	**3.3**	3.1
	13.9	16.9
Gain on modification of revolving credit facility	**–**	(0.6)
Unwinding of discount for accrued consideration	**0.1**	0.1
	12.3	14.9
Less: amount capitalised in Intangible assets and Property, plant and equipment – see below	**(1.0)**	(1.6)
Amount recognised in profit or loss	**11.3**	13.3

Finance expenses on general financing were capitalised at a rate of 7.5% per annum (2023: 8.1% per annum).

Of the amount capitalised, £0.7m (2023: £1.2m) was capitalised to Product Development costs, £0.3m (2023: £0.2m) to Buildings costs and £nil (2023: £0.2m) to Software.

8. Expenses by nature

£m	2024	2023
Loss after tax is after charging:		
Amortisation of intangible assets (Note 13)	**9.9**	10.5
Depreciation of property, plant and equipment (Note 14)	**5.6**	5.1
Depreciation of right-of-use assets[1] (Note 15)	**3.2**	2.9
Employee compensation (Note 6)	**82.8**	102.1
Net foreign exchange (gains)/losses	**(1.2)**	0.9
Fair value gain on derivative financial instruments	**–**	(0.1)
Purchases of inventories	**87.1**	115.5
Changes in inventories	**20.5**	22.8
Fees payable to the Group's Auditor for the audit of the Group's accounts	**0.8**	0.7
Fees payable to other audit firm for audit-related services	**–**	0.1
Tax fees payable to other firms for services provided to the Group	**0.4**	0.4
Lease expense (Note 15)	**0.1**	0.2
Recruitment	**0.6**	0.9
Information systems	**3.8**	4.4
Consultancy fees	**2.0**	2.6
Travel and entertainment	**1.7**	1.9
Advertising	**0.7**	1.0
Safety and approval	**1.4**	1.2
Restructuring costs	**2.3**	5.3
Costs relating to legal dispute[2]	**7.6**	2.1
Global supply chain transformation	**1.6**	2.7
Impairment loss on intangible assets[3]	**0.2**	1.9
Costs related to Enterprise Resource Planning system implementation	**–**	0.3
Acquisition costs	**–**	0.1
Exit from China Semiconductor market	**6.7**	–
Other expenses	**5.9**	6.4
Total cost of sales, distribution and marketing, administrative and research and development expenses	**243.7**	291.9

1 £1.6m of depreciation of right-of-use assets for 2023 related to lease for office space in the United States of America was reclassified to disclose under restructuring costs.

2 Comet Technologies USA Inc., Comet AG, and YXLON International (collectively "Comet") filed a lawsuit against XP Power LLC, alleging trade secret misappropriation relating to RF match and generator technology. The Group has incurred legal costs of £7.6m (2023: £2.1m) related to this matter. See Note 24 for further information.

3 Impairment loss on intangible assets for 2023 has been adjusted such that £0.5m of impairment loss is now included within restructuring costs and £0.1m is now included within costs relating to legal dispute.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. Income taxes

£m	2024	2023
Tax expense attributable to profit is made up of:		
Profit for the financial year		
– Singapore	(0.3)	3.6
– Foreign	2.2	3.3
Current income tax	1.9	6.9
Deferred income tax	(0.2)	13.7
	1.7	20.6
Over provision in prior financial years		
– Singapore	–	(0.3)
– Foreign	(0.1)	–
Current income tax	(0.1)	(0.3)
Deferred income tax	–	(0.7)
	(0.1)	(1.0)
Withholding tax	0.1	0.6
Income tax expense	1.7	20.2

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions at the balance sheet date.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

£m	2024	2023
Profit before tax	(7.7)	11.2
Tax on profit at standard Singapore tax rate of 17% (2023: 17%)	(1.3)	1.9
Tax incentives	(0.3)	(0.9)
Different tax rates in other countries	(0.3)	(0.9)
Expenses not deductible for tax purposes	1.4	1.1
Income not subject to tax	(0.3)	(0.2)
Deferred tax effect of change in tax rate	(0.1)	0.4
Deferred tax asset on tax losses and wear and tear allowances not provided for	2.6	5.8
Over provision of tax in prior financial years	(0.1)	(1.0)
Withholding tax	0.1	0.6
Deferred tax expense arising from the write-down or reversal of a previous write down, of a deferred tax asset	–	13.4
Income tax expense	1.7	20.2

Aggregate deferred tax asset arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly (credited)/debited to equity:

£m	2024	2023
Deferred tax (liabilities)/asset – share-based payments	(0.3)	0.2
Total	(0.3)	0.2

OECD Pillar Two legislation was enacted in Singapore, the jurisdiction in which XP Power Limited is incorporated. The Group is not within the scope of the OECD Pillar Two model rule as the Group does not meet the consolidated revenue threshold of EUR 750m in at least two of the last four years.

10. Dividends

Amounts recognised as distributions to equity holders in the period:

	2024		2023	
	Pence per share	£m	Pence per share	£m
Prior year third quarter dividend paid	–	–	21.0	4.1
Prior year final dividend paid	–	–	36.0	7.1
First quarter dividend paid	–	–	18.0*	3.6
Second quarter dividend paid	–	–	–	–
Total	–	–	75.0	14.8

* Dividends in respect of 2023 (18.0p).

No dividends are proposed in respect of the 2024 financial year as previously highlighted by the board.

11. Earnings per share

The calculations of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company are based on the following data:

£m	2024	2023
Loss		
Loss after tax attributable to equity holders of the Company	(9.6)	(9.2)
Loss for losses per share	(9.6)	(9.2)
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share (thousands)	23,720	20,281
Effect of dilutive potential share awards (thousands)	60	23
Weighted average number of shares for diluted earnings per share (thousands)	23,780	20,304
(Loss)/earnings per share		
Basic	(40.5)p	(45.4)p
Basic Adjusted*	43.0p	81.9p
Diluted	(40.4)p	(45.3)p
Diluted Adjusted*	42.9p	81.8p

* Reconciliation to compute the Adjusted Earnings is as per below:

£m	2024	2023
Loss after tax attributable to equity holders of the Company	(9.6)	(9.2)
Restructuring costs	2.3	7.7
Exit from China Semiconductor market	6.7	–
Costs relating to legal dispute	7.6	2.1
Amortisation of intangible assets acquired from business combination	3.1	3.2
Global supply chain transformation	1.6	2.7
Costs related to Enterprise Resource Planning system implementation	–	0.3
Acquisition costs	–	0.1
Fair value gain on derivative financial instruments	–	(0.1)
Gain on modification of revolving credit facility	–	(0.6)
Bid defence cost	0.2	–
Tax effects of Adjusting items	(1.7)	10.4
Adjusted Earnings	10.2	16.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12. Goodwill

£m	2024	2023
Cost		
At 1 January	75.6	77.5
Accrued consideration (Note 22)	(0.2)	–
Currency translation differences	(0.8)	(1.9)
At 31 December	74.6	75.6
Accumulated impairment		
Impairment charge	(1.4)	–
At 31 December	(1.4)	–
Net book value	73.2	75.6

Goodwill arises on the consolidation of business/subsidiary undertakings.

For the purpose of impairment tests for goodwill, goodwill is allocated to the cash-generating units ("CGUs") according to operating segments identified in Note 4.

A segment-level summary of the goodwill allocation is as follows:

£m	2024	2023
North America	43.0	42.7
Europe	30.2	31.4
Asia	–	1.5
At 31 December	73.2	75.6

The recoverable amount of the CGU is determined from value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial models prepared by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

	31 December 2024			31 December 2023		
	Growth rate[1]	Discount rate[2]	Terminal growth rate	Growth rate[1]	Discount rate[2]	Terminal growth rate
North America	5.0%	10.0%	2.0%	5.0%	10.2%	2.0%
Europe	5.0%	11.5%	2.0%	3.5%	12.4%	2.0%
Asia	4.2%	12.9%	2.0%	7.7%	15.1%	2.0%

1 Compound annual growth rate of projected revenue over five years.
2 Pre-tax discount rate applied to the pre-tax cash flow projections.

An impairment charge of £1.4m (2023: £nil) is included within administrative expenses in the Statement of Comprehensive Income. The impairment charge during the year arose from the Asia CGU due to the recent decision to exit the semiconductor market in China, and generally soft demand conditions across Asia.

A sensitivity analysis was performed for the North America and Europe CGUs. Management concluded that no reasonably possible change in any of the key assumptions would result in the carrying value of the CGU exceeding its recoverable amount. No sensitivity analysis performed for the Asia CGU as the goodwill balance is fully impaired.

The impairment test carried out at 31 December 2024 for the North America CGU, which includes 59% of the goodwill recognised on the balance sheet, calculated a recoverable amount of the CGU of £153.6m or 13.6% higher than its carrying amount. An increase in the discount rate by 1.6% or a decrease in growth rate by 1.6% would result in the recoverable amount of the North America CGU being equal to its carrying value.

The impairment test carried out at 31 December 2024 for the Europe CGU, which includes 41% of the goodwill recognised on the balance sheet, calculated a recoverable amount of the CGU of £71.5m or 250.5% higher than its carrying amount. An increase in the discount rate by 24.9% or a decrease in growth rate by 7.9% would result in the recoverable amount of the Europe CGU being equal to its carrying value.

The impairment test also modelled the potential impact on future cash flows due to climate change. A sensitivity analysis was performed for each CGU or group of CGUs to demonstrate the financial impact of the following key climate-related risks (see Climate Risks in the Sustainability Report):

1. Storm and flood disruption – major flood or fire could cause a disruption to the manufacturing sites
2. Supply chain risks – climate change could result in disruption to our supply chain, either through supplier sites being directly affected, or by disruption to transportation and electricity supply
3. Carbon price impacts in the value chain – the increase in carbon price may result in increased cost of goods sold and increased cost of transportation
4. Robustness of local power supply – our energy supply may be disrupted for a prolonged period due to local supply outages
5. Risk of not meeting net zero target – failure to meet the defined net zero targets may cause reputational damage, dissuade potential investors, or result in greater costs due to the introduction of carbon pricing

These downside scenarios would result in 5-6% reduction of revenue and 5-10% increase in operating costs. They are considered to be reasonable tests as it reflects the expectation that financial impacts would be time-bound and most likely to impact the organisation's ability to meet demand for a period. The maximum impact to headroom based on the sensitivities tested for North America and Europe is a reduction of £0.5m and £0.2m, respectively. The impacts would still leave significant headroom and as a result no potential indicator of impairment was identified. No sensitivity analysis performed for the Asia CGU as the goodwill balance is fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Intangible assets

£m	Product Development costs	Brand	Trademarks	Technology	Customer relationships	Customer contracts	Software	Assets under development	Total
Cost									
At 1 January 2023	43.9	1.8	1.1	8.3	26.0	2.7	23.7	28.3	135.8
Additions	0.3	–	–	–	–	–	–	9.2	9.5
Disposals	–	–	–	–	–	–	(0.2)	–	(0.2)
Transfers	8.5	–	–	–	–	–	1.9	(10.4)	–
Currency translation differences	(1.7)	–	–	(0.4)	(1.2)	(0.1)	(1.2)	(1.5)	(6.1)
At 31 December 2023	**51.0**	**1.8**	**1.1**	**7.9**	**24.8**	**2.6**	**24.2**	**25.6**	**139.0**
Additions	–	–	–	–	–	–	0.1	10.2	10.3
Disposals	–	–	–	–	–	–	(0.2)	–	(0.2)
Transfers	8.6	–	–	–	–	–	–	(8.6)	–
Reclassification	–	–	–	–	–	–	–	(0.9)	(0.9)
Currency translation differences	0.6	(0.1)	–	–	–	–	0.4	0.4	1.3
At 31 December 2024	**60.2**	**1.7**	**1.1**	**7.9**	**24.8**	**2.6**	**24.5**	**26.7**	**149.5**
Accumulated amortisation and impairment losses									
At 1 January 2023	32.0	0.6	1.0	3.8	12.7	1.4	6.4	8.0	65.9
Amortisation charge	5.0	0.2	–	0.8	1.6	0.6	2.3	–	10.5
Impairment charge	–	–	–	–	–	–	–	2.5	2.5
Currency translation differences	(1.1)	–	–	(0.2)	(0.7)	(0.1)	(0.4)	(0.5)	(3.0)
At 31 December 2023	35.9	0.8	1.0	4.4	13.6	1.9	8.3	10.0	75.9
Amortisation charge	4.6	0.1	–	0.7	1.6	0.7	2.2	–	9.9
Impairment charge	–	–	–	–	–	–	–	0.2	0.2
Disposals	–	–	–	–	–	–	(0.2)	–	(0.2)
Reclassification	(0.9)	–	–	–	–	–	–	–	(0.9)
Currency translation differences	0.4	–	–	0.1	0.2	–	0.2	0.2	1.1
At 31 December 2024	**40.0**	**0.9**	**1.0**	**5.2**	**15.4**	**2.6**	**10.5**	**10.4**	**86.0**
Net book value									
At 31 December 2024	**20.2**	**0.8**	**0.1**	**2.7**	**9.4**	**–**	**14.0**	**16.3**	**63.5**
At 31 December 2023	15.1	1.0	0.1	3.5	11.2	0.7	15.9	15.6	63.1

The remaining amortisation period for customer relationships ranges from three to eight years.

The Group's trademarks used to identify and distinguish the Group's name and logo have a carrying amount of £0.1m (2023: £0.1m). The Group intends to renew the trademarks continuously and evidence supports its ability to do so, based on its past experience. An analysis of market and competitive trends provides evidence that the trademarks will generate net cash inflows for the Group for an indefinite period. Therefore, the trademarks are carried at cost without amortisation, but are tested for impairment on an annual basis.

14. Property, plant and equipment

£m	Freehold land	Buildings	Plant and equipment	Motor vehicles	Building improvements	Assets under construction	Total
Cost							
At 1 January 2023	1.6	19.0	38.0	0.3	8.9	2.6	70.4
Additions	–	0.2	3.3	–	0.2	26.9	30.6
Disposals	–	–	(3.5)	(0.1)	(0.6)	–	(4.2)
Transfers	–	–	2.4	–	19.2	(21.6)	–
Currency translation differences	(0.1)	(1.0)	(2.1)	–	(0.8)	(0.3)	(4.3)
At 31 December 2023	1.5	18.2	38.1	0.2	26.9	7.6	92.5
Additions	–	0.3	2.3	–	–	7.2	9.8
Disposals	–	–	(0.6)	(0.1)	(1.8)	–	(2.5)
Transfers	–	–	2.1	–	3.2	(5.3)	–
Currency translation differences	–	0.2	0.4	–	0.5	0.2	1.3
At 31 December 2024	**1.5**	**18.7**	**42.3**	**0.1**	**28.8**	**9.7**	**101.1**
Accumulated depreciation							
At 1 January 2023	–	5.1	23.9	0.3	4.5	–	33.8
Depreciation charge	–	0.5	3.7	–	0.9	–	5.1
Disposals	–	–	(3.4)	(0.1)	(0.6)	–	(4.1)
Currency translation differences	–	(0.3)	(1.3)	–	(0.2)	–	(1.8)
At 31 December 2023	–	5.3	22.9	0.2	4.6	–	33.0
Depreciation charge	–	0.5	4.0	–	1.1	–	5.6
Disposals	–	–	(0.5)	(0.1)	(1.8)	–	(2.4)
Impairment charge	–	–	0.2	–	–	–	0.2
Currency translation differences	–	0.1	0.2	–	–	–	0.3
At 31 December 2024	**–**	**5.9**	**26.8**	**0.1**	**3.9**	**–**	**36.7**
Net book value							
At 31 December 2024	**1.5**	**12.8**	**15.5**	**–**	**24.9**	**9.7**	**64.4**
At 31 December 2023	1.5	12.9	15.2	–	22.3	7.6	59.5

Assets under construction pertains to cost incurred for the building of Malaysia factory of £8.7m, testing equipment of £0.3m in North America and plant and equipment of £0.7m in Vietnam factory.

Due to the recent decision to exit the semiconductor market in China, £0.2m of the plant and equipment from the Kunshan factory has been impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. Leases

Nature of the Group's leasing activities

Leasehold land and buildings

The Group has made an upfront payment to secure the right-of-use of two 50-year leasehold plots of land, which are used in the Group's production operations. The Group also leases office space for the purpose of back-office operations, sales activities, warehousing activities and product development uses.

Equipment and motor vehicles

The Group leases vehicles to render logistic services, and leases copier machines for back-office use.

a. Right-of-use assets

Carrying amounts and depreciation charge during the year:

£m	Leasehold land and buildings	Equipment and motor vehicles	Total
Cost			
At 1 January 2023	54.2	0.7	54.9
Additions	7.1	0.2	7.3
Disposals	(0.8)	–	(0.8)
Depreciation charge	(4.3)	(0.2)	(4.5)
Currency translation differences	(2.9)	–	(2.9)
At 31 December 2023	**53.3**	**0.7**	**54.0**
Additions	**0.8**	**0.4**	**1.2**
Depreciation charge	**(2.9)**	**(0.3)**	**(3.2)**
Impairment	**(0.3)**	–	**(0.3)**
Currency translation differences	**0.1**	–	**0.1**
At 31 December 2024	**51.0**	**0.8**	**51.8**

b. Lease expense not capitalised in lease liabilities

£m	2024	2023
Lease expense – short-term leases	0.1	0.2
Lease expense – low-value leases	–	–
Total	**0.1**	0.2

See Note 23 for details of lease liabilities.

c. Total cash outflow in current year

Total cash outflow for all leases in 2024 was £4.8m (2023: £3.6m).

d. Future cash outflows which are not capitalised in lease liabilities

Extension options

The leases for certain office spaces contain extension options, for which the related lease payments have not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. All the extensions are exercisable by the Group and not by the lessor.

16. Subsidiaries

The Group has the following principal subsidiaries (excludes dormant subsidiaries) as at 31 December 2024 and 2023:

Name of subsidiary	Country of business/ incorporation	Ownership interest 2024 (%)	Ownership interest 2023 (%)
Directly owned by the Company			
XP Power Plc	UK	**100**	100
XP Power Singapore Holdings Pte Limited	Singapore	**100**	100
Indirectly owned by the Company			
XP PLC	UK	**100**	100
XP Power Holdings Limited	UK	**100**	100
XP Power AG	Switzerland	**100**	100
Powersolve Electronics Limited*	UK	**90.6**	90.6
XP Power Srl	Italy	**100**	100
XP Power ApS	Denmark	**100**	100
XP Power Sweden AB	Sweden	**100**	100
XP Power GmbH	Germany	**100**	100
FuG Elektronik GmbH	Germany	**100**	100
Guth High Voltage GmbH	Germany	**100**	100
XP Power SA	France	**100**	100
XP Power Norway AS	Norway	**100**	100
XP Power International Limited	UK	**100**	100
XP Power LLC	USA	**100**	100
XP Power (Shanghai) Co., Limited	China	**100**	100
XP Power (Hong Kong) Limited	Hong Kong	**100**	100
XP Power (Vietnam) Co., Limited	Vietnam	**100**	100
XP Power Singapore Manufacturing Pte. Ltd.	Singapore	**100**	100
XP Power (Kunshan) Co., Limited	China	**100**	100
XP Power (Philippines) Inc.	Philippines	**100**	100
XP Power (Malaysia) Sdn. Bhd.	Malaysia	**100**	100
Hanpower Co., Ltd*	South Korea	**66**	66
XP Power (India) Pte. Ltd.	India	**100**	100

* Refer to Note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

17. Cash and bank balances

£m	2024	2023
Cash at bank and on hand	15.3	13.3
Short-term bank deposits	0.1	0.1
Total	15.4	13.4

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

£m	2024	2023
Cash at bank balances (as above)	15.4	13.4
Less: Bank deposit pledged	(1.5)	(1.4)
Cash and cash equivalents per consolidated statement of cash flows	13.9	12.0

Bank deposit is pledged as a collateral to obtain a letter of credit for the security deposit of a lease. The deposit is classified as a non-current asset as it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

18. Inventories

£m	2024	2023
Finished goods	24.1	36.4
Raw materials	31.2	39.1
Work in progress	15.8	16.1
Total	71.1	91.6

The cost of inventories recognised as an expense and included in “cost of sales” amounts to £107.6m (2023: £138.3m).

19. Trade receivables

£m	2024	2023
Trade receivables	30.2	43.2
Less: Loss allowance (Note 31(d))	–	(0.1)
Total	30.2	43.1

The average credit period taken on sales of goods is 45 days (2023: 50 days). No interest is charged on the outstanding receivables balance. The carrying amounts of trade receivables approximate to their fair values.

20. Other current assets

£m	2024	2023
Prepayments	3.2	3.0
Deposits	0.5	0.7
VAT receivables	1.4	0.6
Rights to returned goods	0.1	0.3
Other receivables	0.4	3.5
Total	5.6	8.1

Other current assets are not impaired as at 31 December 2024 and 31 December 2023.

21. Trade and other payables

£m	2024	2023
Trade payables	17.9	18.5
VAT payables	1.8	1.4
Withholding tax	0.2	0.1
Accruals for operating expenses	19.2	24.3
Contract liabilities	1.4	3.4
Refund liabilities	0.3	0.6
Total	40.8	48.3

The Group recognised contract liabilities for payments from customers that are received in advance of the transfer of goods. Revenue recognised in the current period that was included in the contract liabilities at the beginning of the period amounts to £2.8m (2023: £2.5m).

Customers have a right to return goods to the Group within a given period. The Group recognised the refund liabilities for the amounts of consideration received for which the Group does not expect to be entitled. The Group also recognised a right to the returned goods measured by reference to the former carrying amount of the goods.

22. Accrued consideration

£m	2024	2023
At 1 January	1.7	1.5
Provision made	(0.2)	0.2
Payment	–	–
At 31 December	1.5	1.7

£m	2024	2023
Current	0.8	–
Non-current	0.7	1.7
At 31 December	1.5	1.7

As at 31 December 2024, the Group owns 90.6% (2023: 90.6%) of the shares of Powersolve Electronics Limited (“Powersolve”). On 19 December 2024, the Group entered into a deed of variation to amend the period over which the purchase of the remaining 9.4% can occur to between 1 January 2025 and 1 January 2027. Management does not intend to exercise this option prior to the end of 2025, and therefore it is classified as non-current.

As at 31 December 2024, the Group owns 66% (2023: 66%) of the shares of Hanpower Co Ltd (“Hanpower”). The Group acquired an initial 51% of the shares in Hanpower in May 2015 and the Group entered into an agreement on 20 May 2015 with Hanpower to purchase an additional 15.0% of the shares in 2020 and another 15% of the shares in 2025. The purchase of the first additional 15% was completed in 2020.

The commitments to purchase the remaining ownership interests have been accounted for as accrued consideration and are calculated based on the expected future payment which will be based on a predefined multiple of the average earnings for the past three years at the point of payment.

The future payment is discounted to the present value, with the discount amortised to interest expense each period as the payment draws nearer. At each reporting period, the anticipated future payment is recalculated and an adjustment made accordingly, with a corresponding adjustment to goodwill for Powersolve. For Hanpower, the amount that is payable under the agreement is initially recognised at the present value of the redemption amount within liabilities with a corresponding charge directly to equity. The liability is subsequently accreted through equity up to the redemption amount that is payable in 2025.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Borrowings and lease liabilities

£m	2024	2023
Current		
Bank borrowings	0.3	0.4
Lease liabilities	1.6	1.4
Total	1.9	1.8
Non-current		
Bank borrowings	108.6	125.7
Lease liabilities	52.7	53.3
Total	161.3	179.0

Undrawn borrowing facilities

£m	2024	2023
Expiring beyond one year	57.5	73.1
Total	57.5	73.1

The revolving credit facility was renegotiated in February 2025 to reduce the total facility to US$190m. The facility has no fixed repayments until maturity in December 2026. The revolving credit facility denominated in USD is priced at SOFR plus a margin of 1.5%-3.25%, depending on Leverage, for the amount that has been drawn down and an amount of 40% of the margin for the unutilised facility.

The fair values of the Group's bank borrowings and overdrafts approximate to their carrying amounts.

Reconciliation of liabilities arising from financing activities

				Non-cash changes					
£m	1 January 2024	Proceeds from borrowings	Principal, interest and fee payments	Addition during the year	Modification of lease liability	Modification of revolving credit facility	Net interest expense	Foreign exchange movement	31 December 2024
Bank borrowings	126.1	3.8	(32.4)	–	–	–	9.6	1.8	108.9
Lease liabilities	54.7	–	(4.7)	1.2	–	–	3.3	(0.2)	54.3

				Non-cash changes					
£m	1 January 2023	Proceeds from borrowings	Principal, interest and fee payments	Addition during the year	Modification of lease liability	Modification of revolving credit facility	Net interest expense	Foreign exchange movement	31 December 2023
Bank borrowings	174.2	14.5	(67.0)	–	–	(0.6)	12.2	(7.2)	126.1
Lease liabilities	51.3	–	(3.4)	6.8	(0.6)	–	3.1	(2.5)	54.7

24. Provisions (current)

£m Current	2024	2023
Legal dispute (Note (a) below)	51.4	43.6
Others	2.6	1.3
Total	54.0	44.9

(a) Legal dispute

£m	2024	2023
At 1 January	43.6	46.1
Provision made	7.0	–
Currency translation differences	0.8	(2.5)
At 31 December 2024	51.4	43.6

In March 2022, an award for damages was made against XP for a total of $40m in respect of a US legal action brought by Comet Technologies USA Inc., Comet AG, and YXLON International ("Comet"). Our appeal against the original ruling was filed with the Appellate Court in August 2023.

In January 2025, the judge further awarded Comet US $1.3m in pre-judgment interest and legal fees of US $17.4m. We have also lodged appeals against these judgements. As a result of these judgements, we have further provided for legal costs by £7.0m and incurred additional legal fees of £0.6m during the year, which are presented as an Adjusted item. The settlement amounts will not be finalised until the conclusion of the appeals process.

25. Bond receivable

In November 2022, the Group purchased an appeal bond from an insurance company in preparation for a potential appeal with the Appellate Court amounting to £36.9m. Interest is accrued on the bond at an annual rate equivalent to the rate for the three-month Treasury Bill as published by the Board of Governors of the Federal Reserve System. A management fee of 0.4% of the bond is calculated on an annualised basis and payable to the issuer of the bond. The bond receivable is restricted until the finalisation of the appeal. As at 31 December 2024, the carrying amount of bond receivable amounts to £39.2m (2023: £36.7m) which comprises the initial bond value of £35.1m (2023: £34.6m), plus bond premium of £1.2m (2023: £0.8m), interest receivable of £3.2m (2023: £1.4m) less the management fees paid of £0.3m (2023: £0.1m). The bond is denominated in USD and is revalued at each reporting date. During 2024 the increase in the bond to £39.2m from £36.7m at the end of the preceding year is comprised of interest income of £1.6m and £0.9m of currency translation differences.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

26. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

£m	2024	2023
Deferred income tax assets	**1.0**	0.7
Deferred income tax liabilities	**(9.1)**	(9.3)
Net deferred tax liabilities	**(8.1)**	(8.6)

The movement in the net deferred income tax account is as follows:

£m	2024	2023
Beginning of financial year	**(8.6)**	4.6
Tax credited/(charged) to:		
– Profit or loss (Note 9)	**0.2**	(13.0)
– Equity (Note 9)	**0.3**	(0.2)
End of financial year	**(8.1)**	(8.6)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax assets

£m	Provision for legal dispute	Share-based payments	Tax losses	Lease liabilities	Others	Total
At 1 January 2023	11.5	0.6	1.5	13.2	3.6	30.4
Charged to profit or loss	(11.0)	–	(1.2)	(8.3)	(3.5)	(24.0)
Debited to equity	–	(0.2)	–	–	–	(0.2)
Currency translation differences	(0.4)	–	–	(0.4)	(0.1)	(0.9)
At 31 December 2023	**0.1**	**0.4**	**0.3**	**4.5**	**–**	**5.3**
Credited/(charged) to profit or loss	**–**	**0.3**	**(0.1)**	**(0.3)**	**–**	**(0.1)**
Debited to equity	**–**	**0.3**	**–**	**-**	**–**	**0.3**
Currency translation differences	**–**	**–**	**–**	**(0.2)**	**–**	**(0.2)**
At 31 December 2024	**0.1**	**1.0**	**0.2**	**4.0**	**–**	**5.3**

At 31 December 2024, the Group has unutilised tax losses and other credits of £39.8m (2023: £67.2m) for which no deferred tax benefit is recognised in the balance sheet due to the current uncertainty as to the Group's ability to utilise these losses. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain local statutory requirements. Tax losses amounting to £1.3m (2023: £11.0m) can be carried forward indefinitely, losses amounting to £35.0m (2023: £52.7m) begin to expire in 2029 and losses amounting to £3.5m (2023: £3.5m) begin to expire in 2034.

26. Deferred income taxes continued

Deferred income tax liabilities

£m	Accelerated tax depreciation	Intangible assets amortisation	Lease assets	Others	Total
At 1 January 2023	(2.2)	(10.4)	(13.2)	–	(25.8)
Credited/(charged) to profit or loss	1.3	1.5	8.3	(0.1)	11.0
Currency translation differences	0.1	0.4	0.4	–	0.9
At 31 December 2023	**(0.8)**	**(8.5)**	**(4.5)**	**(0.1)**	**(13.9)**
Credited/(charged) to profit or loss	**–**	**0.4**	**0.3**	**(0.4)**	**0.3**
Currency translation differences	**–**	**0.1**	**0.2**	**(0.1)**	**0.2**
At 31 December 2024	**(0.8)**	**(8.0)**	**(4.0)**	**(0.6)**	**(13.4)**

27. Share capital and reserves

a. Share capital

	No. of ordinary shares		Amount £m	
	Issued share capital	Treasury shares	Share capital	Treasury shares
2024				
Beginning of financial year	**23,689,254**	**(48,883)**	**71.2**	**–**
Treasury shares re-issued	**–**	**28,301**	**–**	**–**
End of financial year	**23,689,254**	**(20,582)**	**71.2**	**–**
2023				
Beginning of financial year	19,742,296	(102,086)	27.2	–
Shares issued	3,946,958	–	44.0	–
Treasury shares purchased	–	(979)	–	–
Treasury shares re-issued	–	54,182	–	–
End of financial year	23,689,254	(48,883)	71.2	–

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

b. Treasury shares

Treasury shares are shares in the Company that are held by the Company's Employee Share Ownership Plan ("ESOP") Trust for the purpose of issuing shares under the Company's ESOP. Shares issued to employees are recognised on a first-in, first-out basis.

The Company re-issued 28,301 (2023: 54,182) treasury shares during the financial year pursuant to the Company's ESOP at the exercise price of £nil to £0.01 (2023: £0.01 to £15.43). The cost of the treasury shares re-issued amounted to £13,000 (2023: £6,000). The total consideration (net of expense) for the treasury shares issued is as follows:

£m	2024	2023
Exercise price paid by employees	**–**	0.4
Value of employee services	**0.9**	1.2
Total net consideration	**0.9**	1.6

Accordingly, a gain on re-issue of treasury shares of £0.9m (2023: £1.6m) is recognised in other reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27. Share capital and reserves continued

c. Merger reserve

Merger reserve represents the difference between the value of shares issued by the Company in exchange for the value of shares of subsidiaries acquired under common control.

d. Share-based payments reserve

Share-based payments reserve represents the equity-settled share-based payments granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share-based payments and is reduced by the expiry or exercise of share-based payments.

e. Translation reserve

Translation reserve represents exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

f. Other reserve

Other reserve comprises:

- future transactions with the non-controlling interest. The Group has an agreement with the non-controlling shareholders of Hanpower Co. Ltd, a subsidiary, to purchase an additional 15.0% of the shares in 2025. The amount that may become payable under the agreement is initially recognised at the present value of the redemption amount within liabilities with a corresponding change directly to equity. The liability is subsequently accreted through finance expenses up to the redemption amount that is payable at the date at which the agreement first becomes exercisable, and
- the value relating to the exercise of share-based payment awards.

28. Cash flow from movement in working capital

The following adjustments have been made to reconcile from the movement in balance sheet heading to the amount presented in the cash flow from the movement in working capital. This is in order to more appropriately reflect the cash impact of the underlying transactions.

2024 £m	Inventories (Note 18)	Trade receivables (Note 19)	Other current assets (Note 20)	Trade and other payables (Note 21)	Accrued consideration (Note 22)	Provisions (current and non-current)
At 31 December 2024	71.1	30.2	5.6	40.8	1.5	55.3
At 31 December 2023	91.6	43.1	8.1	48.3	1.7	45.9
Balance sheet movement	20.5	12.9	2.5	(7.5)	(0.2)	9.4
Accrued consideration provision	–	–	–	–	0.3	–
Withholding tax payable	–	–	–	(0.1)	–	–
Interest accrual movement	–	–	–	–	(0.1)	–
Bond premium accruals	–	–	–	(0.3)	–	–
Reclassification	–	–	–	0.3	–	(0.3)
Currency translation differences	0.7	–	–	(0.4)	–	(0.8)
	21.2	12.9	2.5	(8.0)	–	8.3

28. Cash flow from movement in working capital continued

2023 £m	Inventories (Note 18)	Trade receivables (Note 19)	Other current assets (Note 20)	Trade and other payables (Note 21)	Accrued consideration (Note 22)	Provisions (current and non-current)
At 31 December 2023	91.6	43.1	8.1	48.3	1.7	45.9
At 31 December 2022	114.4	42.4	8.0	52.6	1.5	47.0
Balance sheet movement	22.8	(0.7)	(0.1)	(4.3)	0.2	(1.1)
Accrued consideration provision	–	–	–	–	(0.1)	–
Withholding tax payable	–	–	–	0.1	–	–
Interest accrual movement	–	–	–	–	(0.1)	–
Provision for reinstatement costs	–	–	–	(0.2)	–	0.1
Currency translation differences	(5.4)	(1.8)	(0.5)	2.6	–	2.5
	17.4	(2.5)	(0.6)	(1.8)	–	1.5

29. Related-party transactions

Key management personnel compensation

Key management personnel are the Directors of the Group.

£m	2024	2023
Short-term employee benefits	2.5	1.9
Post-employment benefits	0.1	0.1
Share-based payment expenses	0.3	0.6
Total	2.9	2.6

Fees payable to non-executive Directors totalled £0.5m (2023: £0.4m).

Further information about the remuneration of the individual Directors is provided in the Directors' Remuneration Report on pages 135–157.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. Share-based payments

The Group operates several equity-settled and cash-settled share-based payment plans.

a. XP Power Share Option Plan (the "SOP")

Under the SOP a total of 345,000 and 418,000 options over ordinary shares in the Company were granted, in 2012 and 2016 respectively. These options were subject to performance conditions based on total shareholder return (TSR) relative to the FTSE350 Electronic and Electric Equipment Sector. The maximum life of options granted under the SOP is ten years and on exercise of the share options, ordinary shares in the Company are issued to the participant. All options under the SOP are fully vested as at 31 December 2024.

Set out below are summaries of outstanding options granted under the plan:

	2024		2023	
	Number of share options	Weighted average exercise price per share option	Number of share options	Weighted average exercise price per share option
At 1 January	38,677	£15.43	73,677	£15.43
Forfeited during the year	(6,985)	£15.43	(10,000)	£15.43
Exercised during the year*	–	–	(25,000)	£15.43
At 31 December	31,692	£15.43	38,677	£15.43
Exercisable at 31 December	31,692	£15.43	38,677	£15.43

* The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2024 was £nil (2023: £23.75).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 December 2024	Share options 31 December 2023
23 February 2016	23 February 2026	£15.43	31,692	38,677
Total			31,692	38,677
Weighted average remaining contractual life of options outstanding at end of period			1.1 year	2.2 year

b. XP Power Limited Long-Term Incentive Plan 2017 (the "XP LTIP 2017")

Established in 2017 and amended in 2020, for awards made after that date, the only participants under the XP LTIP 2017 are the Executive Directors. Awards are granted in the form of share options over ordinary shares in the Company, priced at £0.01 each. Vesting is subject to continued employment for three years from the grant date or good leaver status and the achievement of performance conditions based on specific targets and weightings. These currently include value creation through total shareholder return and financial performance through earnings per share growth. Vesting normally occurs on the fifth anniversary from the grant date. The maximum life of awards granted under the XP LTIP 2017 is six years. On exercise of the share award, ordinary shares in the Company will be issued to the participant. A cash amount equal to accumulated dividends from the grant date to the vesting date will be paid to the participant.

Set out below are summaries of outstanding Awards granted under the plan:

	2024		2023^	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January#	82,001	£0.01	59,754	£0.01
Granted during the year	107,131	£0.01	53,408	£0.01
Forfeited during the year#	–	–	(31,161)	£0.01
Exercised during the year*	(3,091)	£0.01	–	–
At 31 December	186,041	£0.01	82,001	£0.01
Exercisable at 31 December	–	–	3,091	£0.01

The beginning balance excludes 11,582 awards granted on 3 March 2021 where both the EPS and TSR condition for the performance period 2021 to 2023 has not been met. This is different from the Remuneration Committee Report, which discloses the forfeiture in 2024.

* The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2024 was £10.31 (2023: £nil).

^ Awards outstanding at the end of the year have the following expiry dates and exercise prices.

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
16 March 2019	16 March 2024	£0.01	–	3,091
22 April 2020	22 April 2026	£0.01	6,586	6,586
8 March 2022	8 March 2028	£0.01	18,916	18,916
17 March 2023	17 March 2029	£0.01	33,381	33,381
14 September 2023	14 September 2029	£0.01	20,027	20,027
12 March 2024	12 March 2030	£0.01	107,131	–
Total			186,041	82,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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30. Share-based payments continued

Fair value of awards

The fair values at grant date of awards granted during the year under the XP LTIP 2017 are determined using the valuation models below. Monte Carlo model is used for the portion of the award with the TSR performance condition and Black–Scholes model is used for the portion of the award with earnings per share growth performance condition. The model inputs are as follows:

Options granted	107,131
Fair value at grant date	£6.70 to £9.24
Model used	Monte Carlo and Black–Scholes models
Assumptions used:	
Share price	£10.74
Exercise price	£0.01
Expected volatility[1]	58.41%
Expected option life[2]	5 years
Expected dividend yield	3.00%
Risk-free interest rate	3.95%

1 Volatility was estimated based on the historical volatility of the shares over a five-year period prior to grant date.
2 Expected option life is estimated as being equal to the option life, on the grounds that there is a nominal exercise price.

c. XP Power Limited Restricted Share Plan 2020 (the "XP RSP 2020")

Established in 2020, the only participants under the XP RSP 2020 are the Executive Directors. Restricted share awards are granted in the form of share options over ordinary shares in the Company, priced at £0.01 each, which normally vest five years from the grant date, subject to continued employment for three years from the grant date or good leaver status. There is no performance condition attached. The maximum life of Restricted Shares granted under the XP RSP 2020 is six years. On exercise of the share awards, ordinary shares in the Company will be issued to the participant. A cash amount equal to accumulated dividends from the grant date to the vesting date will be paid to the participant.

Set out below are summaries of outstanding Restricted Shares granted under the plan:

	2024		2023	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	14,295	£0.01	9,753	£0.01
Granted during the year	14,373	£0.01	7,189	£0.01
Forfeited during the year	–	–	(2,647)	£0.01
At 31 December	28,668	£0.01	14,295	£0.01
Exercisable at 31 December	–	–	–	–

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
22 April 2020	22 October 2025	£0.01	1,263	1,263
22 April 2020	22 April 2026	£0.01	1,712	1,712
3 March 2021	3 March 2027	£0.01	1,495	1,495
8 March 2022	8 March 2028	£0.01	2,636	2,636
17 March 2023	17 March 2029	£0.01	4,686	4,686
14 September 2023	14 September 2029	£0.01	2,503	2,503
12 March 2024	12 March 2030	£0.01	14,373	–
Total			28,668	14,295

Fair value of awards

The fair value at grant date of awards granted during the year under the XP RSP 2020 is determined using the Black–Scholes model. The model inputs are as follows:

Options granted	14,373
Fair value at grant date	£9.24
Assumptions used:	
Share price	£10.74
Exercise price	£0.01
Expected volatility[1]	58.40%
Expected option life[2]	5 years
Expected dividend yield	3.00%
Risk-free interest rate	3.95%

1 Volatility was estimated based on the historical volatility of the shares over a five-year period prior to grant date.
2 Expected option life is estimated as being equal to the option life, on the grounds that there is a nominal exercise price.

d. XP Power Limited Deferred Bonus Plan 2017 (the "XP DBP 2017")

Established in 2017 and amended in 2020 in respect of awards for bonus years 2020 onwards. The only participants under the XP DBP 2017 are the Executive Directors, whose bonus award is equally split between cash and a nil-cost share option award over ordinary shares in the Company, which normally vests after two years from the date of the bonus statement, subject to continued employment or good leaver status. The maximum life of awards granted under the XP DBP 2017 is four years. On exercise of the award, ordinary shares in the Company will be issued to the participant. A cash amount equal to accumulated dividends from the grant date to the vesting date will be paid to the participant.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. Share-based payments continued

Set out below are summaries of outstanding Deferred Bonus Shares granted under the plan:

	2024		2023	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	**12,259**	–	19,044	–
Granted during the year	**21,983**	–	–	–
Forfeited during the year	–	–	(2,259)	–
Exercised during the year*	**(5,888)**	–	(4,256)	–
At 31 December	**28,354**	–	12,259	–
Exercisable at 31 December	**6,371**	–	4,428	–

* The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2024 was £11.50 (2023: £22.20).

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
4 March 2021	26 February 2025	–	–	4,428
8 March 2022[1]	28 February 2026	–	**6,371**	7,831
12 March 2024	6 March 2028	–	**21,983**	–
Total			**28,354**	12,259

1 These awards are fully vested.

e. XP Power Limited Senior Managers Long-Term Incentive Plan 2017 (the "XP Senior Managers LTIP 2017")

Established in 2017 and amended in 2020 in respect of awards made on or after that date. The participants under the XP Senior Managers LTIP 2017 are the senior management of companies under the Group. There are currently four different types of awards granted under the XP Senior Managers LTIP 2017:

1. Performance Share Awards: granted in the form of share options over ordinary shares in the Company, priced at £0.01 each, to eligible employees resident outside of the United States.
2. Performance Restricted Stock Units ("Performance RSUs"): a nil cost award granted to eligible employees resident in the United States. Each Performance RSU represents the right to receive one ordinary share in the Company.
3. Restricted Share Awards: granted in the form of share options over ordinary shares in the Company, priced at £0.01 each, to eligible employees resident outside of the United States.
4. Restricted Stock Units ("RSUs"): a nil cost award, granted to eligible employees resident in the United States. Each RSU represents the right to receive one ordinary share in the Company.

Vesting of Performance Share Awards and Performance RSUs is subject to continued employment for three years from the grant date or good leaver status and the achievement of performance conditions based on specific targets and weightings. These currently include value creation, through total shareholder return, and financial performance, through earnings per share growth. Vesting normally occurs on the third anniversary from the grant date.

Restricted Share Awards and RSUs normally vest three years from the grant date, subject to continued employment or good leaver status. There is no performance condition attached to these awards.

The maximum life of outstanding awards granted under the XP LTIP 2017 is four years. On the exercise of share options or the settlement of Performance RSUs and RSUs following their vesting date, ordinary shares in the Company will be issued to the participant. A cash amount equal to accumulated dividends from the grant date to the vesting date for Performance RSUs and RSUs, or to the exercise date for Performance and Restricted Share Awards will be paid to the participant.

Performance Share Awards

Set out below are summaries of outstanding Performance Share Awards granted under the plan:

	2024		2023^	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	**26,752**	**£0.01**	54,887	£0.01
Forfeited during the year	**(2,777)**	**£0.01**	(14,863)	£0.01
Cancelled during the year	**(831)**	**£0.01**	–	–
Exercised during the year*	**(5,042)**	**£0.01**	(13,272)	£0.01
At 31 December	**18,102**	**£0.01**	26,752	£0.01
Exercisable at 31 December	–	–	5,042	£0.01

* The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2024 was £10.47 (2023: £21.78).

^ The balances for 2023 exclude awards granted on 13 June 2023 and 14 September 2023 where these awards are disclosed under the XP Senior Managers LTIP 2023 (Note 30(f)). This is different from the 2023 Annual Report where these grants are disclosed here.

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
16 March 2019	16 March 2024	£0.01	–	2,273
22 April 2020	22 April 2024	£0.01	–	2,769
8 March 2022	8 March 2026	£0.01	**18,102**	21,710
Total			**18,102**	26,752

Performance RSUs

Set out below are summaries of outstanding Performance RSUs granted under the plan:

	2024		2023^	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	**11,903**	–	35,877	–
Forfeited during the year	**(1,546)**	–	(13,568)	–
Exercised during the year*	–	–	(10,406)	–
At 31 December	**10,357**	–	11,903	–
Exercisable at 31 December	–	–	–	–

* The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2024 was £nil (2023: £21.19).

^ The balances for 2023 exclude awards granted on 13 June 2023 and 14 September 2023 where these awards are disclosed under the XP Senior Managers LTIP 2023 (Note 30(f)). This is different from the 2023 Annual Report where these grants are disclosed here.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. Share-based payments continued

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
8 March 2022	–	–	**9,391**	10,937
17 August 2022	–	–	**966**	966
Total			**10,357**	11,903

Restricted Share Awards

Set out below are summaries of outstanding Restricted Share Awards granted under the plan:

	2024		2023^	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	**8,678**	**£0.01**	9,461	£0.01
Forfeited during the year	**(1,857)**	**£0.01**	(581)	£0.01
Exercised during the year*	**(2,675)**	**£0.01**	(202)	£0.01
At 31 December	**4,146**	**£0.01**	8,678	£0.01
Exercisable at 31 December	**–**	**–**	1,376	£0.01

* The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2024 was £11.30 (2023: £22.75).

^ The balances for 2023 exclude awards granted on 13 June 2023 and 14 September 2023 where these awards are disclosed under the XP Senior Managers LTIP 2023 (Note 30(f)). This is different from the 2023 Annual Report where these grants are disclosed here.

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
22 April 2020	22 April 2024	£0.01	**–**	1,376
3 March 2021	3 March 2025	£0.01	**–**	1,299
8 March 2022	8 March 2026	£0.01	**4,146**	4,701
12 September 2022	12 September 2026	£0.01	**–**	1,302
Total			**4,146**	8,678

RSUs

Set out below are summaries of outstanding RSUs granted under the plan:

	2024		2023^	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	**21,234**	**–**	28,227	–
Forfeited during the year	**(1,288)**	**–**	(5,947)	–
Exercised during the year*	**(1,744)**	**–**	(1,046)	–
At 31 December	**18,202**	**–**	21,234	–
Exercisable at 31 December	**–**	**–**	–	–

* The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2024 was £11.20 (2023: £21.76).

^ The balances for 2023 exclude awards granted on 13 June 2023 and 14 September 2023 where these awards are disclosed under the XP Senior Managers LTIP 2023 (Note 30(f)). This is different from the 2023 Annual Report where these grants are disclosed here.

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
3 March 2021	–	–	**–**	433
8 March 2022	–	–	**10,046**	10,698
17 August 2022	–	–	**483**	483
26 August 2022	–	–	**2,116**	2,116
12 September 2022	–	–	**1,041**	1,041
21 November 2022	–	–	**4,516**	6,463
Total			**18,202**	21,234

f. XP Power Limited Senior Managers Long-Term Incentive Plan 2023 (the "XP Senior Managers LTIP 2023")

Established in 2023, the participants under the XP Senior Managers LTIP 2023 are the senior management of companies under the Group. There are four different types of awards granted under the XP Senior Managers LTIP 2023:

1. Performance Share Awards: granted in the form of share options over ordinary shares in the Company, priced at £0.01 each, to eligible employees resident outside of the United States.
2. Performance Restricted Stock Units ("Performance RSUs"): a nil-cost award, granted to eligible employees resident in the United States. Each Performance RSU represents the right to receive one ordinary share in the Company.
3. Restricted Share Awards: granted in the form of share options over ordinary shares in the Company, priced at £0.01 each, to eligible employees resident outside of the United States.
4. Restricted Stock Units ("RSUs"): a nil-cost award, granted to eligible employees resident in the United States. Each RSU represents the right to receive one ordinary share in the Company.

Vesting of Performance Share Awards and Performance RSUs is subject to continued employment for three years from the grant date or good leaver status and the achievement of performance conditions based on specific targets and weightings. These currently include value creation, through total shareholder return, and financial performance, through earnings per share growth. Vesting normally occurs on the third anniversary from the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. Share-based payments continued

The majority of the Restricted Share Awards and RSUs vest evenly in three tranches over a three-year period, subject to continued employment or good leaver status. There is no performance condition attached to these awards.

The maximum life of awards granted under the XP LTIP 2023 is 10 years. On the exercise of share options or the settlement of Performance RSUs and RSUs following each vesting date, ordinary shares in the Company will be issued to the participant. A cash amount equal to accumulated dividends from the grant date to the vesting date for Performance RSUs and RSUs, or to the exercise date for Performance and Restricted Share Awards will be paid to the participant.

Performance Share Awards

Set out below are summaries of outstanding Performance Share Awards granted under the plan:

	2024		2023	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	52,907	£0.01	–	–
Granted during the year	101,273	£0.01	56,788	£0.01
Forfeited during the year	(20,837)	£0.01	(3,881)	£0.01
Cancelled during the year	(1,824)	£0.01	–	–
At 31 December	131,519	£0.01	52,907	£0.01
Exercisable at 31 December	–	–	–	–

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
13 June 2023	13 June 2033	£0.01	37,409	44,942
14 September 2023	14 September 2033	£0.01	5,689	7,965
21 March 2024	21 March 2034	£0.01	88,421	–
Total			131,519	52,907

Performance RSUs

Set out below are summaries of outstanding Performance RSUs granted under the plan:

	2024		2023	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	24,544	–	–	–
Granted during the year	50,828	–	27,878	–
Forfeited during the year	(2,816)	–	(3,334)	–
At 31 December	72,556	–	24,544	–
Exercisable at 31 December	–	–	–	–

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
13 June 2023	–	–	22,429	23,341
14 September 2023	–	–	1,203	1,203
21 March 2024	–	–	48,924	–
Total			72,556	24,544

Restricted Share Awards

Set out below are summaries of outstanding Restricted Share Awards granted under the plan:

	2024		2023	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	23,185	£0.01	–	–
Granted during the year	45,108	£0.01	24,499	£0.01
Forfeited during the year	(8,360)	£0.01	(1,314)	£0.01
Cancelled during the year	(912)	£0.01	–	–
Exercised during the year*	(1,104)	£0.01	–	–
At 31 December	57,917	£0.01	23,185	£0.01
Exercisable at 31 December	5,315	£0.01	–	–

* The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2024 was £13.06 (2023: £nil).

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
13 June 2023[1]	13 June 2033	£0.01	14,201	17,496
14 September 2023[1]	14 September 2033	£0.01	2,844	5,689
21 March 2024	21 March 2034	£0.01	37,326	–
12 November 2024	21 March 2034	£0.01	3,546	–
Total			57,917	23,185

1 One-third of these awards are vested, one-third will vest in 2025, and the remaining awards will vest in 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. Share-based payments continued

RSUs

Set out below are summaries of outstanding RSUs granted under the plan:

	2024		2023	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	26,273	–	–	–
Granted during the year	60,611	–	32,942	–
Forfeited during the year	(1,530)	–	(6,669)	–
Exercised during the year*	(8,757)	–	–	–
At 31 December	76,597	–	26,273	–
Exercisable at 31 December	–	–	–	–

* The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2024 was £15.72 (2023: £nil).

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
13 June 2023[1]	–	–	16,525	25,654
14 September 2023[1]	–	–	413	619
21 March 2024	–	–	59,659	–
Total			76,597	26,273

1 One-third of these awards are vested, one-third will vest in 2025, and the remaining awards will vest in 2026.

Fair value of awards

The fair values at grant date of awards granted during the year under the XP Senior Managers LTIP 2023 are determined using Monte Carlo model and Black–Scholes model. Monte Carlo model is used for the portion of the award with the TSR performance condition and Black–Scholes model is used for the portion of the award with earnings per share growth performance condition.

The model inputs are as follows:

	Performance Share Award	Performance RSU	Restricted Share Award	RSU
Options granted	101,273	50,828	45,108	60,611
Fair value at grant date	£6.76 to £9.60	£6.76 to £9.60	£9.60 to £10.19	£9.60 to £10.19
Model used	Monte Carlo model and Black–Scholes model	Monte Carlo model and Black–Scholes model	Black–Scholes model	Black–Scholes model
Assumptions used:				
Share price	£10.50 to £10.74	£10.50 to £10.74	£9.6	£9.6
Exercise price	£0.01	–	£0.01	–
Expected volatility[1]	67.10%	67.10%	67.10% to 100.30%	67.10% to 100.30%
Expected option life[2]	3 years	3 years	1 to 3 years	1 to 3 years
Expected dividend yield	3.00%	3.00%	3.00%	3.00%
Risk-free interest rate	3.99%	3.99%	3.99%	3.99%

1 Volatility was estimated based on the historical volatility of the shares over the expected option life prior to grant date.
2 Expected option life is estimated as being equal to the option life, on the grounds that there is a nominal exercise price.

g. XP Power Limited Senior Managers Phantom Incentive Plan 2024 (the "XP Senior Managers Phantom Plan 2024")

Established in 2024, participants under the XP Senior Managers Phantom Plan 2024 are the senior management of companies under the Group. Awards are granted in the form of phantom options, priced at £0.01 each. There are currently two different types of awards granted under the XP Senior Managers Phantom Plan 2024:

1. Phantom Performance Share Awards.
2. Phantom Restricted Share Awards.

Vesting of Phantom Performance Share Awards is subject to continued employment for three years from the grant date or good leaver status and the achievement of performance conditions based on specific targets and weightings. These currently include value creation, through total shareholder return, and financial performance, through earnings per share growth. Vesting normally occurs on the third anniversary from the grant date.

The majority of Phantom Restricted Share Awards vest evenly in three tranches over a three-year period subject to continued employment or good leaver status. There is no performance condition attached to these awards.

The maximum life of phantom options granted under the XP Senior Managers Phantom Plan 2024 is 10 years. On the exercise of phantom options, a participant will be entitled to receive cash payment from the Company of an amount equal to the Market Value of an ordinary share in the Company on the exercise date, less the phantom option price. A cash amount equal to accumulated dividends from the grant date to the exercise date will be paid to the participant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. Share-based payments continued

Phantom Performance Share Awards

Set out below are summaries of outstanding Phantom Performance Share Awards granted under the plan:

	2024		2023	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	–	–	–	–
Granted during the year	8,367	£0.01	–	–
At 31 December	**8,367**	**£0.01**	–	–
Exercisable at 31 December	**–**	**£0.01**	–	–

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
21 March 2024	21 March 2034	£0.01	5,712	–
6 August 2024	6 August 2034	£0.01	2,655	–
Total			8,367	–

Phantom Restricted Share Awards

Set out below are summaries of outstanding Phantom Restricted Share Awards granted under the plan:

	2024		2023	
	Outstanding shares under award	Weighted average exercise price per share under award	Outstanding shares under award	Weighted average exercise price per share under award
At 1 January	–	–	–	–
Granted during the year	3,768	£0.01	–	–
At 31 December	**3,768**	**£0.01**	–	–
Exercisable at 31 December	**304**	**£0.01**	–	–

Awards outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding shares under award 31 December 2024	Outstanding shares under award 31 December 2023
21 March 2024	21 March 2034	£0.01	2,856	–
6 August 2024[1]	6 August 2034	£0.01	912	–
Total			3,768	–

1 One-third of these awards are vested, one-third will vest in 2025, and the remaining awards will vest in 2026.

Fair value of awards

The fair values at grant date and measurement date of the Phantom share awards granted during the year is determined using the Monte Carlo model and Black Scholes model. Monte Carlo model is used for the portion of the award with the TSR performance condition and Black–Scholes model is used for the portion of the award with earnings per share growth performance condition. The model inputs are as follows:

	At grant date 21 March 2024		At measurement date 31 December 2024	
	Phantom Performance Share Award	Phantom Restricted Share Award	Phantom Performance Share Award	Phantom Restricted Share Award
Options granted	8,367	3,768	8,367	3,768
Fair value	£6.76 to £9.60	£9.60 to £10.19	£8.92 to £12.21	£12.21 to £12.96
Assumptions used:				
Share price	£10.50	£10.50	£13.06	£13.06
Exercise price	£0.01	£0.01	£0.01	£0.01
Expected volatility[1]	67.08%	67.08% to 100.30%	78.61%	50.7% to 78.6%
Expected option life[2]	3 years	1 to 3 years	2.3 years	0.3 to 2.3 years
Expected dividend yield	3.00%	3.00%	3.00%	3.00%
Risk-free interest rate	3.99%	3.99%	4.56%	4.56%

1 Volatility was estimated based on the historical volatility of the shares over expected option life prior to grant date.

2 Expected option life is estimated as being equal to the option life, on the grounds that there is a nominal exercise price.

h. Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee compensation were as follows:

	31 December 2024	31 December 2023
Share awards issued under the XP LTIP 2017	0.1	0.2
Share awards issued under the XP RSP 2020	0.1	–
Share awards issued under the XP DBP 2017	0.1	0.1
Share awards issued under the XP Senior Managers LTIP 2017	0.3	0.3
Share awards issued under the XP Senior Managers LTIP 2023	1.0	0.5
Share awards issued under Phantom Share Plan 2024	–	–
Total	**1.6**	1.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Financial risk management

The Group's activities expose it to capital risk, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

a. Capital risk

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 23, cash and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

The Board reviews the capital structure of the business and considers the cost of capital and risks associated with each class of capital. The Group aims to balance its overall capital structure through the payment of dividends, new share issues and share buyback as well as the issue of new debt or the redemption of existing debt.

b. Currency risk

The Group operates in North America, Europe and Asia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). The Group monitors and manages the currency risk through review of internal reports analysing major currency exposures. Where possible, the Group seeks to offset exposures by matching monetary asset and liability exposures in like currencies against each other, often using its bank facilities to square off or reduce exposures. The Group also manages some currency exposure by entering into currency forwards with banks.

The Group's currency exposure is as follows:

£m	GBP	EUR	USD	SGD	Others	Total
At 31 December 2024						
Financial assets						
Cash and cash equivalents	1.2	2.0	11.1	0.3	0.8	15.4
Trade receivables	1.6	3.3	25.1	–	0.2	30.2
Bond receivables	–	–	39.2	–	–	39.2
Other current assets	0.1	0.4	0.3	–	0.1	0.9
ESOP loan to employees	0.1	–	–	–	–	0.1
Subtotal	3.0	5.7	75.7	0.3	1.1	85.8
Financial liabilities						
Borrowings	–	–	(108.9)	–	–	(108.9)
Trade and other payables	(3.4)	(1.5)	(27.5)	(0.7)	(4.3)	(37.4)
Lease liabilities	(0.5)	(12.0)	(38.3)	(3.2)	(0.3)	(54.3)
Provisions	(0.3)	(0.3)	(53.3)	(0.1)	(1.3)	(55.3)
Accrued consideration	(0.7)	–	–	–	(0.8)	(1.5)
Subtotal	(4.9)	(13.8)	(228.0)	(4.0)	(6.7)	(257.4)
Net financial liabilities	(1.9)	(8.1)	(152.3)	(3.7)	(5.6)	(171.6)
Currency profile	(1.9)	(8.1)	(152.3)	(3.7)	(5.6)	(171.6)
Financial liabilities denominated in the respective entities' functional currencies	1.4	8.3	155.2	–	3.1	168.0
Currency exposure of financial (liabilities)/ assets	(0.5)	0.2	2.9	(3.7)	(2.5)	(3.6)

£m	GBP	EUR	USD	SGD	Others	Total
At 31 December 2023						
Financial assets						
Cash and cash equivalents	2.1	1.7	8.2	0.3	1.1	13.4
Trade receivables	2.0	4.3	36.6	–	0.2	43.1
Bond receivables	–	–	36.7	–	–	36.7
Other current assets	–	0.3	3.7	–	0.2	4.2
Subtotal	4.1	6.3	85.2	0.3	1.5	97.4
Financial liabilities						
Borrowings	–	–	(126.1)	–	–	(126.1)
Trade and other payables	(2.5)	(2.1)	(35.1)	–	(3.7)	(43.4)
Lease liabilities	(0.4)	(13.3)	(37.3)	(3.6)	(0.1)	(54.7)
Provisions	–	(0.2)	(44.5)	(0.1)	(1.1)	(45.9)
Accrued consideration	(0.9)	–	–	–	(0.8)	(1.7)
Subtotal	(3.8)	(15.6)	(243.0)	(3.7)	(5.7)	(271.8)
Net financial assets/(liabilities)	0.3	(9.3)	(157.8)	(3.4)	(4.2)	(174.4)
Currency profile	0.3	(9.3)	(157.8)	(3.4)	(4.2)	(174.4)
Financial (assets)/liabilities denominated in the respective entities' functional currencies	(0.5)	9.8	162.6	–	2.9	174.8
Currency exposure of financial (liabilities)/assets	(0.2)	0.5	4.8	(3.4)	(1.3)	0.4

Within the Group, the Company, with USD as its functional currency, has significant currency exposure to financial assets and liabilities denominated in GBP and SGD. If the GBP and SGD change against USD by 2.8% and 0.5% respectively (2023: GBP0.5%, SGD 2.7%) with all other variables, including tax rates, being held constant, the effects arising from the net financial asset/(liability) that are exposed to currency risk will be as follows:

	2024 Profit after tax	2023 Profit after tax
GBP against USD		
– Strengthened	2.1	–
– Weakened	(2.1)	–
SGD against USD		
– Strengthened	–	0.1
– Weakened	–	(0.1)

Subsidiaries with other functional currencies are not exposed to significant foreign exchange risks.

The impact of the currency risk on other comprehensive income is not significant.

Exchange rates applied in these financial statements are the average for the twelve-month period for Income Statement items (including £1/USD1.2786, £1/€1.1789, £1/SGD1.7081) and are the closing rate for Balance Sheet items (including £1/USD1.2530, £1/€1.2077, £1/SGD1.7089 at 31 December 2024).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Financial risk management continued

c. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in the market interest rates.

All of the Group's borrowings are at variable interest rates and are denominated in US dollar. The SOFR rate as of 31 December 2024 was 4.5%. In January 2024, the Group purchased an interest rate cap such that the interest payable on £100m of the Group's borrowing is capped at 5.5%, effective 2 April 2024 to 30 September 2025.

All of the Group's borrowings are at variable interest rates and are denominated in USD. If the USD interest rates on the year end borrowings increased/decreased by 1.1% (2023: 1.0%) with all other variables, including tax rates, being held constant, the profit after tax for the year will be lower/higher by £0.5m (2023: £1.1m) as a result of higher/lower interest expense on these borrowings.

d. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. For trade receivables the Group adopts a policy of only dealing with customers of appropriate credit history or rating. For other financial assets, the Group adopts the policy of only dealing with high credit quality counterparties.

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit loss, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified gross domestic product (GDP) and the public policy of the countries in which it sells goods as the most relevant factors.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group generally considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days of when they fall due and writes off the financial asset when a debtor is in significant financial difficulties and has defaulted on payment that is usually greater than 120 days past due. Where receivables are written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Debtors separately identified as credit-impaired

£m	2024	2023
Gross carrying amount	–	0.1
Less: loss allowance	–	(0.1)
Carrying amount net of allowance	–	–

The Group's credit risk exposure in relation to trade receivables under IFRS 9 is set out in the provision matrix as follows:

£m	Current	Past due 1–30 days	31–60 days	61–90 days	91–120 days	>120 days	Total
At 31 December 2024							
North America region							
Expected loss rate	0.0%	0.1%	0.2%	0.2%	0.3%	15.2%	
Trade receivables	16.3	2.3	0.6	–	–	–	19.2
Loss allowance	–	–	–	–	–	–	–
Europe region							
Expected loss rate	0.0%	0.1%	0.2%	0.2%	0.3%	0.0%	
Trade receivables	6.4	1.2	0.3	–	–	0.1	8.0
Loss allowance	–	–	–	–	–	–	–
Asia region							
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade receivables	2.3	0.7	–	–	–	–	3.0
Loss allowance	–	–	–	–	–	–	–

£m	Current	Past due 1–30 days	31–60 days	61–90 days	91–120 days	>120 days	Total
At 31 December 2023							
North America region							
Expected loss rate	0.0%	0.1%	0.2%	0.2%	0.3%	2.2%	
Trade receivables	18.7	6.9	0.8	–	–	0.2	26.6
Loss allowance	–	–	–	–	–	–	–
Europe region							
Expected loss rate	0.0%	0.1%	0.2%	0.2%	0.3%	3.7%	
Trade receivables	8.0	2.0	0.1	0.1	–	0.1	10.3
Loss allowance	–	–	–	–	–	–	–
Asia region							
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade receivables	4.9	1.0	0.4	–	–	–	6.3
Loss allowance	–	–	–	–	–	–	–

The movement in the allowance for impairment of trade receivables is as follows:

£m	2024	2023
Beginning of financial year	(0.1)	–
Loss allowance[(a)] recognised in profit or loss during the year on assets acquired/originated	–	(0.1)
Receivables written off as uncollectible	0.1	–
End of the financial year	–	(0.1)

(a) Loss allowance measured at lifetime expected credit loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Financial risk management continued

e. Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (Note 23) and the ability to close out market positions at a short notice. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows. All significant subsidiaries prepare weekly cash forecasts on a 20-weeks outlook basis and review them on a weekly basis with management.

At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits and are disclosed in Note 17.

The Group's debt is sourced from a Revolving Credit Facility ("RCF") provided by HSBC UK Bank PLC, J.P. Morgan Securities PLC, DBS Bank Ltd, Banco de Sabadell S.A., Commerzbank Aktiengesellschaft and Bank of China Limited. In February 2025, the facility was reduced to USD $190m concurrent with renegotiation of covenants referred to below. The RCF facility is committed until December 2026. The facility has no fixed repayment until maturity. The revolving loan is priced based on the Secured Overnight Financing Rate (SOFR) administered by the Federal Reserve Bank of New York plus a margin. The current margins for the utilisation facility range from 1.5–3.25%, depending on the Net Debt : Adjusted EBITDA ratio for the previous quarter and a margin of 40% of the utilisation facility margin for the unutilised facility.

The main features of the RCF are as follows:

- The interest rate on the amounts drawn under the facility is determined as SOFR plus margin depending on Leverage ratio.
- Financial covenants of the facility, as discussed below.
- Facility of USD $190m.

Financial covenants within the RCF agreement are as follows:

- Leverage ratio (Net Debt : Adjusted EBITDA) as follows:

Leverage ratio	Not more than
Q1 2025	3.10
Q2 2025	3.35
Q3 2025	3.60
Q4 2025	3.75
Q1 2026	3.55
Q2 2026	3.25
Q3 2026	3.00
Q4 2026	3.00

- Interest cover (Adjusted EBITDA : Adjusted Net Finance Expense) as follows:

Interest Cover	Not less than
Q1 2025	2.75
Q2 2025	2.50
Q3 2025	2.75
Q4 2025	2.35
Q1 2026	2.45
Q2 2026	2.55
Q3 2026	2.70
Q4 2026	2.75

For covenant testing purposes, the Group's definition of Adjusted EBITDA and Adjusted Net Finance Expenses includes certain Adjustments, as detailed in Note 5. Adjusted EBITDA, for covenant test purposes, is based on the previous 12-month period, measured on the last day of each financial quarter of the Group. Throughout the year and at 31 December 2024 both of these covenants were met.

An additional covenant has been added to the borrowing facilities to ensure that the aggregate of the Group's consolidated cash and cash equivalents and undrawn committed facility is not less than £25m at each month-end.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

£m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Group					
At 31 December 2024					
Trade and other payables	**37.2**	**1.0**	**1.0**	**–**	**37.4**
Lease liabilities	**5.0**	**5.9**	**13.9**	**79.6**	**104.4**
Accrued consideration	**0.8**	**–**	**0.7**	**–**	**1.5**
Borrowings, including interest	**8.4**	**116.5**	**-**	**–**	**124.9**
Total	**51.4**	**122.5**	**14.7**	**79.6**	**268.2**
At 31 December 2023					
Trade and other payables	43.4	–	–	–	43.4
Lease liabilities	4.7	5.8	13.8	83.0	107.3
Accrued consideration	–	1.7	–	–	1.7
Borrowings, including interest	11.9	11.0	136.6	–	159.5
Total	60.0	18.5	150.4	83.0	311.9

The Group manages the liquidity risk by maintaining sufficient cash and bank facilities to enable it to meet its normal operating commitments.

f. Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

£m	2024	2023
Financial assets, at FVPL	**–**	–
Financial liabilities, at FVPL	**(1.5)**	(1.7)
Financial assets, at amortised cost	**85.8**	97.4
Financial liabilities, at amortised cost	**(255.9)**	(270.1)

g. Offsetting financial assets and financial liabilities

The Group has no financial instruments subject to enforceable master netting arrangements.

32. Events occurring after balance sheet date

In January 2025, the judge in the Comet legal case awarded Comet $1.3m in pre-judgment interest and legal fees of $17.4m. This was an adjusting post-balance sheet event as it provided further information about the total cost of the judgement against the Group. We have further provided for legal costs by £7.0m as at 31 December 2024 as a result of these developments.

On 4th March 2025 we announced the placement of new shares on a non-pre-emptive basis, to rank pari-passu with existing shares. The placing would be made available to both retail and institutional investors and was expected to raise c.£40m. This was a non-adjusting post balance sheet event.

33. Information

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of XP Power Limited on 4 March 2024.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2024

£'000	Note	2024	2023 Restated (Note 35)
ASSETS			
Current assets			
Cash and bank balances	38	**7,127**	3,264
Trade and other receivables	39	**91,049**	76,378
Other current assets	40	**1,527**	849
Derivative financial instruments	41	**2**	–
Inventories	42	**9,330**	16,188
Total current assets		**109,035**	96,679
Non-current assets			
Investment in subsidiaries	37	**47,375**	46,630
Property, plant and equipment	43	**2,197**	2,308
Right-of-use assets	44	**2,938**	3,235
Intangible assets	45	**33,187**	33,167
Long-term receivable	48	**7,183**	7,070
Total non-current assets		**92,880**	92,410
Total assets		**201,915**	189,089
LIABILITIES			
Current liabilities			
Trade and other payables	47	**53,035**	43,094
Current income tax liabilities	49	**324**	3,472
Lease liabilities		**370**	341
Total current liabilities		**53,729**	46,907
Non-current liabilities			
Deferred income tax liabilities	46	**6,172**	5,760
Provisions		**306**	295
Lease liabilities		**2,846**	3,220
Total non-current liabilities		**9,324**	9,275
Total liabilities		**63,053**	56,182
NET ASSETS		**138,862**	132,907
EQUITY			
Share capital	50	**73,778**	73,778
Share-based payments reserve	50	**346**	512
Translation reserve	50	**20,417**	17,931
Other reserve		**1,194**	899
Retained earnings	50	**43,127**	39,787
TOTAL EQUITY		**138,862**	132,907

NOTES TO THE COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2024

34. General information

XP Power Limited (the "Company") is listed on the London Stock Exchange and incorporated and domiciled in Singapore. The address of its registered office is 19 Tai Seng Avenue, #07-01, Singapore 534054.

The nature of the Company's operations and its principal activities are providing power supply solutions and acting as an investment holding company.

35. Basis of preparation

The Company applies the same principal accounting policies as the Group as set out in Note 2 under the Group Consolidated Financial Statements, except for the following which are only applicable to the Company:

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries are stated at cost less accumulated impairment losses in the balance sheet. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially measured at fair values plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of IFRS 15; and

(b) the amount of expected loss computed using the impairment methodology under IFRS 9.

a. Changes in accounting policy and disclosures

i New and amended standards adopted by the Group

On 1 January 2024, the Company adopted the new or amended IFRS, Interpretations issued by the IFRS Interpretations Committee of the IASB ("IFRIC") and Interpretations of SFRS(I) ("INT SFRIS(I)") (collectively referred to as "Standards and Interpretations") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective Standards and Interpretations.

The adoption of these new or amended Standards and Interpretations did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or previous financial years.

ii New Standards and Interpretations issued not yet adopted

Certain new accounting Standards and Interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company. These are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

36. Restatement

During the year ended 31 December 2023 a direct wholly owned subsidiary of the Company declared an interim dividend of £13.35m. Under the laws of the jurisdiction in which this subsidiary is domiciled, an interim dividend can be cancelled at the discretion of the entity declaring the dividend and therefore it did not meet the criteria for recognition as income or as receivable by the Company. The accounting applied in the 2023 financial statements of the company was therefore incorrect and the comparative figures in these financial statements have been restated accordingly. There was no impact on the opening retained earnings for the comparative period from this restatement.

The effects of this restatement are as follows:

£'000	2023 as previously reported	Decrease	2023 (Restated)
ASSET			
Trade and other receivables	**89,728**	(13,350)	76,378
EQUITY			
Retaining earnings	**53,137**	(13,350)	39,787

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

AS AT 31 DECEMBER 2024

37. Investment in subsidiaries

£'000	2024	2023
Cost at carrying value		
At 1 January	46,630	49,258
Currency translation differences	745	(2,628)
At 31 December	47,375	46,630

Name of Subsidiary	Places of business / country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
XP Power Plc	UK	100	100
XP Power Singapore Holdings Pte Limited	Singapore	100	100

38. Cash and bank balances

£'000	2024	2023
Cash at bank	7,127	3,264
Total	7,127	3,264

The Company's cash at bank is denominated in the following currencies:

	GBP £'000	USD £'000	EUR £'000	SGD £'000	JPY £'000	TOTAL £'000
At 31 December 2024	85	6,383	401	256	2	7,127
At 31 December 2023	381	1,784	838	258	3	3,264

39. Trade and other receivables

£'000	2024	2023 Restated (Note 35)
Trade receivables	2,856	6,295
Trade receivables from subsidiaries	12,124	6,135
Other receivables from subsidiaries	16,047	9,117
Loan receivables from a subsidiary	60,022	54,831
Total	91,049	76,378

The average credit period taken on sales of goods to third party is 35 days (2023: 50 days). No interest is charged on the outstanding receivables balance.

The carrying amount of trade and other receivables approximates their fair value.

Loan receivables from a subsidiary are unsecured and bear interest at SOFR plus 2.2% per annum.

Trade and other receivables from subsidiaries are interest free.

40. Other current assets

£'000	2024	2023
Prepayments	351	360
Deposit	9	18
VAT receivables	1,167	437
Other receivables	–	34
Total	1,527	849

41. Derivative financial instruments

Interest Rate Cap

Derivative financial instruments comprise interest rate cap used to manage the exposure to potential increases in interest rates. Hedge accounting has not been applied to this contract:

The fair value of this interest rate cap is as follows:

	2024		2023	
£'000	Assets	Liabilities	Assets	Liabilities
Interest rate cap	2	–	–	–

42. Inventories

£'000	2024	2023
Finished goods	9,330	16,188

NOTES TO THE COMPANY BALANCE SHEET CONTINUED
AS AT 31 DECEMBER 2024

43. Property, plant and equipment

£'000	Freehold land	Building	Plant and equipment	Motor vehicles	Building improvements	Assets under construction	Total
Cost							
At 1 January 2023	242	1,941	2,400	46	992	–	5,621
Additions	–	–	67	–	–	5	72
Disposals	–	–	(44)	–	–	–	(44)
Transfer	–	–	–	–	5	(5)	–
Currency translation differences	(13)	(104)	(129)	(3)	(52)	–	(301)
At 31 December 2023	229	1,837	2,294	43	945	–	5,348
Additions	–	–	143	–	–	10	153
Disposals	–	–	(8)	–	–	–	(8)
Currency translation differences	4	28	40	1	15	–	88
At 31 December 2024	**233**	**1,865**	**2,469**	**44**	**960**	**10**	**5,581**
Accumulated depreciation							
At 1 January 2023	–	823	1,735	46	327	–	2,931
Depreciation charge	–	57	189	–	71	–	317
Disposal	–	–	(44)	–	–	–	(44)
Currency translation differences	–	(45)	(97)	(3)	(19)	–	(164)
At 31 December 2023	**–**	**835**	**1,783**	**43**	**379**	**–**	**3,040**
Depreciation charge	–	55	171	–	70	–	296
Disposal	–	–	(6)	–	–	–	(6)
Currency translation differences	–	13	33	1	7	–	54
At 31 December 2024	**–**	**903**	**1,981**	**44**	**456**	**–**	**3,384**
Net book value							
At 31 December 2024	**233**	**962**	**488**	**–**	**504**	**10**	**2,197**
At 31 December 2023	229	1,002	511	–	566	–	2,308

44. Right-of-use assets

£'000	Leasehold land and buildings
At 1 January 2023	3,832
Depreciation charge	(402)
Currency translation differences	(195)
At 31 December 2023	**3,235**
Depreciation charge	(393)
Addition	50
Currency translation differences	46
At 31 December 2024	**2,938**

45. Intangible assets

£'000	Product development costs	Trademarks	Intangible software	Assets under development	Total
Cost					
At 1 January 2023	19,486	95	20,256	15,750	55,587
Additions	83	–	(84)	6,068	6,067
Disposal	–	–	(158)	–	(158)
Transfer	7,399	–	1,903	(9,302)	–
Currency translation differences	(1,205)	(5)	(1,126)	(765)	(3,101)
At 31 December 2023	**25,763**	**90**	**20,791**	**11,751**	**58,395**
Additions	–	–	7	4,269	4,276
Transfer	6,641	–	17	(6,658)	–
Reclassification	–	–	–	(933)	(933)
Currency translation differences	519	1	332	144	996
At 31 December 2024	**32,923**	**91**	**21,147**	**8,573**	**62,734**
Accumulated amortisation and impairment losses					
At 1 January 2023	15,949	–	3,278	93	19,320
Amortisation charge	3,061	–	2,077	–	5,138
Impairment charge	–	–	–	1,935	1,935
Currency translation differences	(906)	–	(223)	(36)	(1,165)
At 31 December 2023	**18,104**	**–**	**5,132**	**1,992**	**25,228**
Amortisation charge	2,488	–	2,093	–	4,581
Impairment charge	–	–	–	185	185
Reclassification	(933)	–	–	–	(933)
Currency translation differences	327	–	124	35	486
At 31 December 2024	**19,986**	**–**	**7,349**	**2,212**	**29,547**
Net book value					
At 31 December 2024	**12,937**	**91**	**13,798**	**6,361**	**33,187**
At 31 December 2023	7,659	90	15,659	9,759	33,167

The Company's trademarks used to identify and distinguish the Company's name and logo have a carrying amount of £91,000 (2023: £90,000). The Company intends to renew the trademarks continuously and evidence supports its ability to do so, based on its past experience. An analysis of market and competitive trends provides evidence that the trademarks will generate net cash inflows for the Company for an indefinite period. Therefore, the trademarks are carried at cost without amortisation, but are tested for impairment on an annual basis.

NOTES TO THE COMPANY BALANCE SHEET CONTINUED
AS AT 31 DECEMBER 2024

46. Deferred income tax liabilities

The movement in deferred income tax liabilities during the financial year is as follow:

£'000	Accelerated tax depreciation	Intangible assets amortisation	Others	Total
At 1 January 2023	(223)	(5,740)	(122)	(6,085)
(Charged)/credited to profit or loss	(17)	38	(17)	4
Currency translation differences	12	306	3	321
At 31 December 2023	**(228)**	**(5,396)**	**(136)**	**(5,760)**
Credited/(charged) to profit or loss	15	(120)	(200)	(305)
Currency translation differences	(3)	(104)	–	(107)
At 31 December 2024	**(216)**	**(5,620)**	**(336)**	**(6,172)**

47. Trade and other payables

£'000	2024	2023
Trade payables	2,246	1,534
VAT payables	1,029	622
Withholding tax	34	41
Accruals for operating expenses	3,933	5,454
Contract liabilities	773	944
Amount payable to subsidiaries	45,020	34,499
Total	**53,035**	43,094

Amount payable to subsidiaries includes advances from subsidiaries amounting to £7,090,000 (2023: £7,096,000), which pertain to cash pooling arrangements and are unsecured, repayable on demand and bear interest ranging from 1.5% to 3.0% per annum.

The Company borrows from subsidiaries at an interest rate of 1.5%–2.3% above SONIA or 2.3% above ESTR. The borrowing is repayable on demand. The outstanding amount as at year end is £5,796,000 (2023: £4,512,000).

48. Long-term receivable

£'000	2024	2023
Loans to subsidiaries	7,183	7,070
Total	**7,183**	7,070

Loans to subsidiaries are unsecured and denominated in the USD. The loans are repayable on demand and bear interest at SOFR plus 2.2% per annum.

49. Current income tax liabilities

Movement in current income tax liabilities:

£'000	2024	2023
At 1 January	3,472	3,217
Currency translation differences	82	(284)
Income tax paid (net of refund)	(3,520)	(2,724)
Tax expense	290	3,585
Over-provision in prior financial year	–	(322)
At 31 December	**324**	3,472

50. Share capital and reserves

a. Share capital

	No of ordinary shares	Amount £'000
2024		
Beginning of financial year	**23,689,254**	**73,778**
End of financial year	**23,689,254**	**73,778**
2023		
Beginning of financial year	19,742,296	29,775
Shares issued	3,946,958	44,003
End of financial year	23,689,254	73,778

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

b. Share-based payments reserve

Share-based payments reserve represents the equity-settled share-based payments granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share-based payments and is reduced by the expiry or exercise of share-based payments.

£'000	2024	2023
Balance at 1 January	512	1,377
Share-based payment expenses	120	96
Share options exercised	(294)	(899)
Currency translation differences	8	(62)
Balance at 31 December	**346**	512

c. Translation reserve

Translation reserve represents exchange differences arising from the translation of financial statements of foreign transactions and balances whose functional currencies are different from that of the Company's presentation currency.

£'000	2024	2023
Balance at 1 January	17,931	25,358
Currency translation differences	2,486	(7,427)
Balance at 31 December	**20,417**	17,931

d. Retained earnings

The movement in retained earnings during the financial year is as follows:

£'000	2024	2023 Restated (Note 34)
Balance at 1 January	39,787	36,936
Dividends paid	(54)	(14,812)
Profit for the year	3,394	17,663
Balance at 31 December	**43,127**	39,787

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

AS AT 31 DECEMBER 2024

51. Financial risk management

The Company's activities expose it to capital risk, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

a. Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 49.

b. Currency risk

The Company transacts in North America, Europe and Asia. The Company monitors and manages the currency risks through internal reports analysing major currency exposures. Where possible the Company seeks to offset exposures by matching monetary asset and liability exposures in like currencies against each other often using its bank facilities to square off or reduce exposures. The Company manages some currency exposure by entering into currency forwards with banks.

The Company's currency exposure is as follows:

At 31 December 2024 £'000	GBP	EUR	USD	SGD	MYR	Others	Total
Financial assets							
Cash and cash equivalents	85	401	6,383	256	–	2	7,127
Trade and other receivables	332	1,420	85,035	101	3,841	320	91,049
Other current assets	–	–	–	–	9	–	9
Long-term receivables	–	–	7,183	–	–	–	7,183
Subtotal	417	1,821	98,601	357	3,850	322	105,368
Financial liabilities							
Trade and other payables	(23,238)	(6,171)	(19,940)	(1,669)	(109)	(72)	(51,199)
Lease liabilities	–	–	–	(3,216)	–	–	(3,216)
Provisions	–	–	(202)	(104)	–	–	(306)
Subtotal	(23,238)	(6,171)	(20,142)	(4,989)	(109)	(72)	(54,721)
Net financial (liabilities)/assets	(22,821)	(4,350)	78,459	(4,632)	3,741	250	50,647
Currency profile excluding non-financial assets and liabilities	(22,821)	(4,350)	78,459	(4,632)	3,741	250	50,647
Less: Financial assets denominated in the entity's functional currency	–	–	78,459	–	–	–	78,459
Currency exposure of financial assets/(liabilities)	(22,821)	(4,350)	–	(4,632)	3,741	250	(27,812)

At 31 December 2023 £'000 Restated) (Note 35)	GBP	EUR	USD	SGD	MYR	Others	Total
Financial assets							
Cash and cash equivalents	381	838	1,785	258	–	2	3,264
Trade and other receivables	15	1,095	71,412	94	3,686	76	76,378
Other current assets	–	–	37	7	8	–	52
Long-term receivables	–	–	7,070	–	–	–	7,070
Subtotal	396	1,933	80,304	359	3,694	78	86,764
Financial liabilities							
Trade and other payables	(17,707)	(4,703)	(18,336)	(632)	(17)	(92)	(41,487)
Lease liabilities	–	–	-	(3,561)	–	–	(3,561)
Provisions	–	–	(198)	(97)	–	–	(295)
Subtotal	(17,707)	(4,703)	(18,534)	(4,290)	(17)	(92)	(45,343)
Net financial (liabilities)/assets	(17,311)	(2,770)	61,770	(3,931)	3,677	(14)	41,421
Currency profile excluding non-financial assets and liabilities	(17,311)	(2,770)	61,770	(3,931)	3,677	(14)	41,421
Less: Financial assets denominated in the entity's functional currency	–	–	61,770	–	–	–	61,770
Currency exposure of financial (liabilities)/assets	(17,311)	(2,770)	–	(3,931)	3,677	(14)	(20,349)

If the SGD and MYR change against USD by 0.5% and 1.2% respectively (2023: SGD 2.70% and 3.50%) with all other variables, including tax rates, being held constant, the effects arising from the net financial asset/(liability) that are exposed to currency risk will be as follows:

	2024 Profit after tax	2023 Profit after tax
SGD against USD		
– Strengthened	(20)	(94)
– Weakened	20	94
MYR against USD		
– Strengthened	38	117
– Weakened	(38)	(117)

The impact of the currency risk on other comprehensive income is not significant.

c. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income is substantially independent of changes in the market interest rates.

All of the Group's borrowings are at variable interest rates and are denominated in US dollar. The SOFR rate as of 31 December 2024 was 4.5%. In January 2024, the Group purchased an interest rate cap such that the interest payable on £100m of the Group's borrowing is capped at 5.5%, effective 2 April 2024 to 30 September 2025.

The Company borrows from subsidiaries at an interest rate of 2.2% above SONIA for one loan and 2.2% above ESTR for another loan. If the average interest rates on these borrowings increased/decreased by 0.65% (2023: 0.87%) with all other variables, including tax rates, being held constant, the profit after tax will be lower/higher by £51,015 (2023: £442,232) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

AS AT 31 DECEMBER 2024

51. Financial risk management continued

d. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Company. For trade receivables the Company adopts a policy of only dealing with customers of appropriate credit history or rating. For other financial assets, the Company adopts the policy of only dealing with high credit quality counterparties.

The Company is not exposed to significant credit risk as a majority of the sales are made to the subsidiaries. Trade receivables are neither past due nor impaired and are substantially with companies with a good collection track record with the Company.

The Company does not hold any collateral and the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments on the balance sheet.

The Company applies the simplified approach by using the provision matrix to measure the lifetime expected credit loss for all trade receivables. In measuring the expected credit losses, it is based on the Company's two years' historical credit loss experience, and a provision matrix has been set up using the amount of bad debt incurred over the carrying value of the trade receivables per ageing brackets at each financial year end.

The Company's credit risk exposure in relation to trade receivables is set out in the provision matrix as follows:

		Past due					
£'000	**Current**	**1–30 days**	**31–60 days**	**61–90 days**	**91–120 days**	**>120 days**	**Total**
At 31 December 2024							
Expected loss rate	0%	0%	0%	0%	0%	0%	
Trade receivables	2,475	3,358	2,541	2,073	2,515	2,018	14,980
Loss allowance	–	–	–	–	–	–	–

		Past due					
£'000	**Current**	**1–30 days**	**31–60 days**	**61–90 days**	**91–120 days**	**>120 days**	**Total**
At 31 December 2023							
Expected loss rate	0%	0%	0%	0%	0%	0%	
Trade receivables	4,889	4,015	2,622	417	363	124	12,430
Loss allowance	–	–	–	–	–	–	–

The Company monitors the credit risk of counterparties based on the past due information to assess if there is any significant increase in credit risk. Subsidiaries to which loans have been provided have made interest payments on a timely basis and are considered to have low risk of default. The loan balance of £7,183,000 (2023: £7,070,000) is measured on 12-month expected credit losses. The credit loss is immaterial.

The Company assessed the credit risk of each intercompany loan by considering the terms of the loans, whether the loan is past due, borrower's cash position, revenue, profit before tax and net assets. Based on these, it was concluded that the credit risk is low and hence, the Company computes the expected credit loss on a 12-month basis instead of a lifetime approach.

Financial assets at amortised costs

The Company uses the following categories of internal credit risk rating for financial assets, which are subject to expected credit losses under the three-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	**Performing**	**Underperforming**	**Non-performing**	**Write off**
Definition of category	Issuers have a low risk of default and a strong capacity to meet contractual cash flows	Issuers for which there is a significant increase in credit risk, as significant in credit risk is presumed if interest and/or principal repayment are 30 days past due	Interest and/or principal payments are 90 days past due	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery
Basis of recognition of expected credit loss	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	Asset is written off

e. Liquidity risk

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

£'000	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
At 31 December 2024					
Trade and other payables	**51,199**	**–**	**–**	**–**	**51,199**
Lease liabilities	**535**	**537**	**1,611**	**1,211**	**3,894**
Total	**51,734**	**537**	**1,611**	**1,211**	**55,093**

£'000	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
At 31 December 2023					
Trade and other payables	41,487	–	–	–	41,487
Lease liabilities	527	537	1,616	1,754	4,434
Total	42,014	537	1,616	1,754	45,921

The Company manages the liquidity risk by maintaining sufficient cash and bank facilities to enable it to meet its normal operating commitments.

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

AS AT 31 DECEMBER 2024

51. Financial risk management continued

f. Fair value measurements

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

ii. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

iii. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

£'000	Level 1	Level 2	Level 3	Total
As at 31 December 2024				
Assets				
Derivative financial instruments	**–**	**2**	**–**	**2**
Liabilities				
Derivative financial instruments	**–**	**–**	**–**	**–**
As at 31 December 2023				
Assets				
Derivative financial instruments	–	–	–	–
Liabilities				
Derivative financial instruments	–	–	–	–

g. Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

£'000	2024	2023
Financial assets, at FVPL	**2**	–
Financial liabilities, at FVPL	**–**	–
Financial assets, at amortised cost	**105,368**	100,114
Financial liabilities, at amortised cost	**(54,721)**	(45,343)

h. Offsetting financial assets and financial liabilities

The Company has no financial instruments subject to enforceable master netting arrangements.

FIVE-YEAR REVIEW CONSOLIDATED INFORMATION

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Results					
Revenue	**247.3**	316.4	290.4	240.3	233.3
Adjusted Operating Profit	**25.1**	38.1	42.9	45.1	46.0
Profit/(loss) from operations	**3.6**	24.5	(24.1)	29.7	37.4
(Loss)/profit before tax	**(7.7)**	11.2	(30.2)	28.4	35.7
Assets employed					
Non-current assets	**255.5**	254.3	255.1	150.5	135.2
Current assets	**160.7**	192.0	226.6	121.7	107.0
Current liabilities	**(97.9)**	(100.0)	(106.2)	(49.0)	(34.7)
Non-current liabilities	**(172.4)**	(191.0)	(236.0)	(50.8)	(43.0)
Net assets	**145.9**	155.3	139.5	172.4	164.5
Financed by					
Equity	**145.3**	154.6	138.6	171.5	163.8
Non-controlling interests	**0.6**	0.7	0.9	0.9	0.7
	145.9	155.3	139.5	172.4	164.5
Key statistics (pence)					
(Loss)/earnings per share	**(40.5)**	(45.4)	(102.0)	115.8	163.0
Adjusted Earnings Per Share	**43.0**	81.9	160.6	179.4	201.8
Diluted (loss)/earnings per share	**(40.4)**	(45.3)	(101.6)	113.8	160.3
Diluted Adjusted Earnings Per Share	**42.9**	81.8	160.1	176.3	198.4
Share price in the year (pence)					
High	**1,720.0**	2,680.0	5,250.0	5,700.0	4,790.0
Low	**968.0**	776.0	1,464.0	4,630.0	2,130.0
Dividends per share (pence)	**–**	18.0	94.0	94.0	74.0

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