



Innovation

that endures

Solutions

that deliver

Powering the world's critical systems

Founded in 1988 and listed on the London Stock Exchange in 2000, XP Power now employs c. 2,100 people across Europe, North America and Asia.

We design and manufacture a diverse portfolio of power converters, with unrivalled customer service and support.

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.

Financial highlights

Order intake

£225.9m

2024: £181.6m

Adjusted profit before tax

£9.5m

2024: £13.8m

Adjusted earnings per share

22.5p

2024: 42.9p

Total revenue

£230.1m

2024: £247.3m

(Loss)/profit before tax

£(7.3)m

2024: £(7.7)m

Leverage ratio

1.2x

2024: 2.3x

Operational highlights

- Cost discipline maintained and further efficiency improvement actions taken
- Inventory reduced and optimised, maximising cash
- Full pipeline of new products with 24 new products launched
- Improved customer service and satisfaction levels
- Improved supply chain efficiency
- Completion of construction of our Malaysia plant, allowing closure of our China manufacturing facility
- Decision taken to exit RF market to focus on higher profitability product categories

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Positioned for growth

How our high performing products serving customers in growing markets are driving our annuity model.

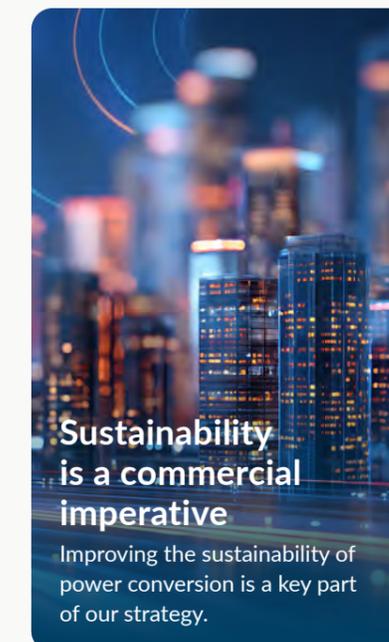
→ SEE PAGES 04-05



A solutions business

How our technical expertise enables us to deliver for long-term customers.

→ SEE PAGES 16-17



Sustainability is a commercial imperative

Improving the sustainability of power conversion is a key part of our strategy.

→ SEE PAGES 46-80

OUR BUSINESS AT A GLANCE

Electricity generation & transmission

- Alternating Current (AC)
- High Voltage Transmission (c. 200kVAC)
- 30 TWh generated globally

Power converters



We make power supplies that convert power into a useable form. We do this where reliable power is critical.

Electricity consumption

- c. 50% AC (motors, fans, etc)
- c. 50% Direct Current (DC) (electronics, lighting, EVs etc)
- Typically Low Voltage (0 - 500V)

Number of employees

c. 2,100

Number of sites

22

Number of active customers

c. 2,500

Top 30 client concentration as % Group revenue

c. 50%

Average length of customer relationships

15 years

Total addressable market size

\$4.4bn

Our products

Power converter systems are at the core of our business and are essential for the reliable operation of electrical equipment. They safely and efficiently convert grid power into the exact form required, for example by delivering stable low-voltage DC for semiconductor-based electronics while providing critical safety isolation from the mains. The precision of power delivery is vital in mission-critical applications where reliability and safety are paramount.

Our portfolio, tailored for a broad range of voltage and power combinations, supports a wide range of industries, from sensitive electronic devices to complex industrial systems.

With c. 500 product families, we offer one of the most comprehensive ranges in the industry. This breadth, combined with strict regulatory compliance and full component traceability, creates significant barriers to entry and reinforces our position as a trusted partner for innovative, reliable and safety-compliant power solutions.



Three key sectors

Industrial Technology

Our power converters support advanced automated equipment, which improves workplace safety and productivity. Consistent power and low electrical noise help these systems operate reliably without disruption or risk to operators.

Semiconductor Manufacturing Equipment

Our products power mission-critical processes such as wafer fabrication and inspection, where precision and reliability are essential, enabling complex processes that support technologies driving the global economy.

Healthcare

Our power conversion solutions ensure the reliable operation of critical medical devices, such as ventilators, especially in high-demand situations. Stable voltage and safety isolation protect the performance of life-saving equipment and the safety of healthcare providers and patients.



Our customer base

North America

We operate six sales offices across North America, supported by design and production facilities in Massachusetts, New Jersey and Southern California. Our Technology Solutions Group in Silicon Valley serves major Healthcare and Semiconductor Manufacturing Equipment customers, making the region a key driver of innovation and growth.

Europe

With eight direct sales offices and a robust distribution network, we serve customers throughout the region with particular strength in Industrial Technology and Healthcare. We support businesses in 3D printing, process automation and analytical instrumentation, positioning us as a critical partner in Europe's evolving industrial landscape.

Asia

We have four direct sales offices and ten distributors across Asia. With design engineering in Singapore, South Korea and the Philippines, plus production in Vietnam, until the end of 2025 in China, and shortly Malaysia, we directly serve this region and provide cost-effective manufacturing for the rest of the Group.



Our core strengths

- We prioritise speed, flexibility and customer focus, guided by a "first-time-right" approach.
- Our long-term relationships enable collaboration, mutual trust and a strong base for business growth.
- We offer a broad portfolio of base power products, easily modified to meet specific requirements.
- Our experienced, multidisciplinary teams deliver customised solutions, solving complex power challenges quickly.
- We can rapidly develop solutions from the prototype stage to mass production, helping customers launch their own product quickly with reduced risk.
- We are committed to sustainability, embedding environmental considerations in our operations and designing energy-efficient solutions for a greener future.



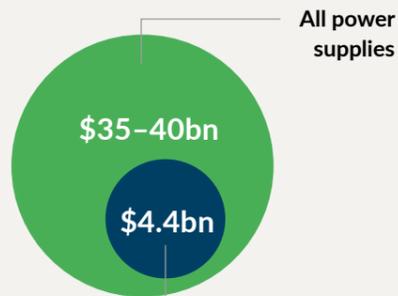
POSITIONED FOR GROWTH

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

In the markets we serve...

Attractive growing end-markets

XP Power is a leader in a highly fragmented market. Our target market is large and focuses on three growing sectors, each of which requires and values power as a key part of their processes and delivery. We benefit by operating in markets that are well diversified by both region and sector.



Semiconductor Manufacturing Equipment

To achieve precision at the heart of the fabrication process, we often tailor solutions to large customers.

Industrial Technology

We deliver power solutions to industrial customers in market sectors with healthy long-term growth attributes such as process automation, analytical instrumentation, and test & measurement.

Healthcare

An ageing population and increasing need for medical technology supports long-term growth in demand for power in this market.

→ READ MORE ABOUT OUR MARKETS ON [PAGES 12-15](#)

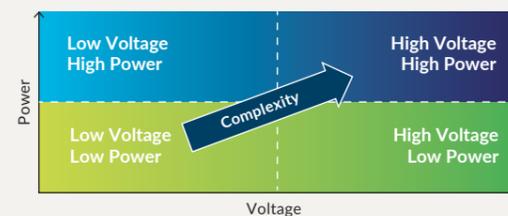
we deliver high-performing products...

A broad-based product offering

We have a market-leading portfolio, further enhanced over recent years through new standardised product launches and customer-specific modified products.

Power supply product portfolio

Over time, we have extended our offer from Low Voltage Low Power products into adjacent markets.



Low Voltage Low Power

- Medical devices for patient treatment and imaging
- Factory automation and robotics
- Analytical instruments and life sciences equipment

Low Voltage High Power

- Semiconductor etch and deposition
- Surgical robotics and medical imaging systems
- Medical diagnostics and monitoring equipment

High Voltage Low Power

- Electrostatic chuck for semiconductor manufacturing
- Analytical instruments - mass spectrometry and SEM
- Pulsed electric field creation for medical devices

High Voltage High Power

- Ion implantation
- E-beam lithography systems
- E-beam welding equipment

→ READ MORE ABOUT OUR PRODUCTS ON [PAGE 25](#)

with designed-in technology...

Market-leading solutions

As long-term partners with our customers, we understand their engineering and operational challenges and deliver the solutions they demand:

- Fast to design
- Fast to prototype
- Fast to high-volume manufacturing

Powering our customers' IP

We start with the user experience, then work backwards to integrate the technology. This approach has enabled us to evolve from powering the customer's process to being an integral part of the process itself.

Changing the role of power supply

With our technology and products, we are transforming the role that power delivery plays in the world today.

From	To
Provision of basic electrical power	Full sensor capability
Commodity provider	Bespoke turnkey solutions for customers
Order-based producer	A stocking manufacturer
Analogue control	Fully digital control

→ READ MORE ABOUT OUR TECHNOLOGY ON [PAGES 16-17](#)

to drive our annuity model...

Generating long-term revenue

Our customers' products will often have a multi-year life-cycle and the cost to our customers of changing power supply in those products is often high. Our technology is usually designed into our customers' products and, therefore, we benefit from the consistent generation of long-term annuity revenue over the lifetime of the product, which can extend for over ten years.

We are designed into hundreds of individual customer products at a time, at various stages of their own product life-cycle, sustaining future demand and minimising our exposure to the commercial success of any individual customer project.

Typical design-in phase:	Typical revenue annuity:	Active projects with revenue annuity >10 years:
2 years	7 years	73

More than \$350m of sales to a single customer over the last 6 years



→ READ MORE ABOUT OUR ANNUITY MODEL ON [PAGE 26](#)

... and create **long-term value**

and **opportunities** for growth

INVESTMENT CASE

Our investment case creates real value, whatever part of the cycle we're in.

<h3>Attractive GDP++ end markets</h3> <p>We focus on markets where power is critical and where we can benefit from both macro growth trends and high levels of innovation.</p> <table border="1"> <tr> <td>Target market size</td> <td>Expected market growth</td> </tr> <tr> <td>\$4.4bn</td> <td>7%</td> </tr> </table>	Target market size	Expected market growth	\$4.4bn	7%	<h3>Broad and high-performing product offering</h3> <p>We have a market-leading portfolio of products, covering a broad spectrum of applications and a wide range of voltage and power requirements.</p> <table border="1"> <tr> <td>Product families</td> <td>New products released this year</td> </tr> <tr> <td>c. 500</td> <td>24</td> </tr> </table>	Product families	New products released this year	c. 500	24
Target market size	Expected market growth								
\$4.4bn	7%								
Product families	New products released this year								
c. 500	24								
<h3>Market-leading technology solutions</h3> <p>Our highly experienced teams provide fully customised solutions to solve customers' power problems with a proven process for swiftly transitioning into volume manufacturing.</p> <table border="1"> <tr> <td>R&D and product design staff</td> <td>Cumulative five-year R&D spend</td> </tr> <tr> <td>>160</td> <td>£117m</td> </tr> </table>	R&D and product design staff	Cumulative five-year R&D spend	>160	£117m	<h3>Well-invested operations with scalable capacity</h3> <p>Our supply chain operations with a global footprint give us flexible manufacturing capacity, the ability to engineer solutions hand-in-hand with our customers and accelerate the time-to-market.</p> <table border="1"> <tr> <td>Manufacturing locations</td> <td>R&D centres</td> </tr> <tr> <td>6</td> <td>8</td> </tr> </table>	Manufacturing locations	R&D centres	6	8
R&D and product design staff	Cumulative five-year R&D spend								
>160	£117m								
Manufacturing locations	R&D centres								
6	8								
<h3>Deep and enduring customer relationships</h3> <p>We work closely with our customers to deliver tailored solutions and focus on providing high-quality products with excellent customer service.</p> <table border="1"> <tr> <td>Average length of customer relationships</td> <td>Top 30 client concentration as % of Group revenue</td> </tr> <tr> <td>15 years</td> <td>52%</td> </tr> </table>	Average length of customer relationships	Top 30 client concentration as % of Group revenue	15 years	52%	<h3>Annuity revenue with deep competitive "moat"</h3> <p>Our strong customer relationships and the designed-in nature of our products provide access to significant annuity revenue.</p> <table border="1"> <tr> <td>Typical design-in phase</td> <td>Typical revenue annuity</td> </tr> <tr> <td>2 years</td> <td>7 years</td> </tr> </table>	Typical design-in phase	Typical revenue annuity	2 years	7 years
Average length of customer relationships	Top 30 client concentration as % of Group revenue								
15 years	52%								
Typical design-in phase	Typical revenue annuity								
2 years	7 years								
<h3>Attractive through-cycle financial framework</h3> <p>Our attractive operating margins and relative low capital investment requirements enable us to deliver strong, free cashflows.</p> <table border="1"> <tr> <td>Gross profit margin</td> <td>Cash generated from operations</td> </tr> <tr> <td>41.9%</td> <td>£49.3m</td> </tr> </table>	Gross profit margin	Cash generated from operations	41.9%	£49.3m	<h3>Leaders in sustainability</h3> <p>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.</p> <table border="1"> <tr> <td>Emissions reductions (versus 2024)</td> <td>CDP climate change score</td> </tr> <tr> <td>8%</td> <td>A</td> </tr> </table>	Emissions reductions (versus 2024)	CDP climate change score	8%	A
Gross profit margin	Cash generated from operations								
41.9%	£49.3m								
Emissions reductions (versus 2024)	CDP climate change score								
8%	A								

CASE STUDY

FLXPro case study

XP Power's leadership in configurable power traces back to the launch of fleXPower in 2005, followed by higher-power variants and, later, the 1U 1200W nanofleX platform in 2015. Each generation expanded capability, power density and flexibility to meet evolving customer needs. Over the past decade, nanofleX became a flagship solution across demanding applications, while customer feedback increasingly highlighted the need for higher power in smaller form factors, wider output adjustability without compromising electromagnetic emissions, enhanced controllability, reliability and system-level diagnostics. Released in 2025, FLXPro is the result of this continuous, customer-driven evolution, representing the next generation of industry-leading configurable AC-DC power supplies.



FLXPro leverages Silicon Carbide (SiC) and Gallium Nitride (GaN) wide-bandgap technologies to deliver significantly higher power density in a smaller footprint than its predecessor, enabling customers to design more compact, efficient systems. Built on a fully digital architecture, the modular four-slot platform allows customers to configure output voltage and power precisely to their needs while maintaining high stability, reliability, and safety.

FLXPro is the first product from XP Power to incorporate iPSU™ Intelligent Power technology, providing real-time monitoring, predictive diagnostics, shutdown event analysis (Black Box Snapshot) and multi-level password protection to support uptime, faster fault resolution and cybersecurity compliance. These capabilities are further enhanced by XPInsight, an intuitive, human-centred user interface that simplifies system control and provides a trusted window into the health and performance of the customer's application, enabling faster, more informed decisions.

This combination of flexibility, control and diagnostics makes FLXPro ideal for demanding applications including surgical robotics, mass spectrometry, molecular analysis, LED laser projection, and semiconductor inspection and metrology.

Industry-leading features

- 01** Market-leading levels of output power and power density in the smallest package.
- 02** Unique, fully digital modular architecture for precise control and flexibility.
- 03** SiC/GaN design delivers up to 93% efficiency levels.
- 04** Wide adjustable outputs enable precise control and optimised application performance.
- 05** XPInsight UI simplifies configuration accelerating development timelines and reducing engineering costs.
- 06** Black Box Snapshot and tricolour-status LEDs for in-depth diagnostics.
- 07** ES1 isolated digital communications enhance safety, reliability and system protection.
- 08** Secure multi-level password protection supports cybersecurity compliance in critical applications.

CHAIR'S STATEMENT



Strong leadership through sluggish market conditions and well-positioned for growth.

JAMIE PIKE
CHAIR



We entered 2025 with confidence in the Group's long-term recovery as market conditions improved, but with uncertainty as to precisely when this improvement would be seen.

The macroeconomic environment provided a challenging backdrop for the broader manufacturing sector in 2025 with slow growth and macroeconomic uncertainty leading to relatively weak demand conditions. The introduction of additional US import tariffs in the first half of the year created an additional complexity to navigate.

The situation was closely monitored and diligently managed by the Group throughout the year, and we took mitigating actions proactively to improve efficiency and underpin performance. After a sluggish start, this led to a significant increase in profitability as the year progressed, while maintaining a sharp focus on the delivery of our long-term strategy.

It was pleasing to see a significant increase in order intake in the year, indicating a slow-down in the rate of customer destocking and, for some customers, destocking appears to have been fully completed.

With revenue underpinned by the increased order intake, and second-half profitability improved by internal actions, we have a sound foundation with which to enter 2026. The same disciplined approach that has served us well in 2025 will be maintained as the market recovers.

Throughout the market downturn, we have been careful to continue the investment in, and delivery of, our long-term strategy. We made significant progress with our key strategic initiatives this year, as set out in more detail below. We also took the decision to focus our resources on the low voltage and high voltage markets by exiting the less attractive RF market. We rationalised and added resilience to our supply chain by completing the construction of our new facility in Malaysia and closing our manufacturing facility in China. These decisions position us well to continue to deliver for our customers, employees and shareholders.

Delivering our strategy

While, demand conditions remain subdued, we have continued, if not accelerated, the delivery of our strategy. We have further invested in our product development pipeline, which is fuller now than it has been for many years. During the year, we have released 24 new products which at maturity are expected to generate annual revenue of c. £30m.

We have delivered healthy growth in new business wins in the year, many being value-adding bespoke technology solutions, which are central to our strategy. Our Top 30 customers, identified for their long-term growth potential, grew faster than the overall business as we grow our wallet share with these important accounts. Our progress was aided by continued improvement in customer service, recognised in our latest customer opinion survey.

We continued to focus on improvements in our supply chain, which are set out in more detail in the Chief Executive Officer's Review. These improvements allowed the Group to deliver a 170bps year-on-year improvement in Adjusted Gross Margin during a period of reduced manufacturing output and, therefore, reduced utilisation of manufacturing overhead, which was pleasing to see.

Our diverse, talented and experienced workforce continues to deliver at a high level. The latest workforce survey showed they are more engaged and satisfied by their employment with XP, which is very pleasing to see. We continue to be a leader in our industry for sustainability, reflected in improved rating agency scores in 2025, and we are committed to ensuring that continued improvements in this area do not lose momentum.

Supply chain restructuring

We are pleased to report that construction of our new production facility in Malaysia is now complete. Commissioning will commence shortly and is expected to be completed later in 2026, with a gradual introduction of manufacturing output planned. The progress with the Malaysia site allowed the Board to take the decision to close our manufacturing facility in China in December 2025. The new facility in Malaysia offers greater flexibility, particularly in terms of serving US customers, which form our largest geographical market by revenue.

Exit from RF market

In late 2025, the Board took the decision to exit the RF market. The RF Division has historically delivered gross margins and overall returns materially lower than the Group average. Furthermore, as previously announced, US export controls introduced in late 2024 prevent us from selling RF products to key customers in China after 2025, limiting future prospects.

This decision will allow the Group to maximise investment and returns from other parts of the product portfolio, which have a far stronger market position and greater long-term growth prospects. The exit will be achieved gradually over the next approximately three years in order to provide our customers with a smooth transition.

Governance

I am satisfied that the Board continues to provide appropriate oversight, challenge and direction in supporting the Group in its development and performance.

As announced in October, Amina Hamidi stepped down from her role as Non-Executive Director after a promotion with her current employer. In December, we announced the appointment of Charlotta Ginman as Non-Executive Director and Senior Independent Director designate. Charlotta brings extensive experience and senior leadership to our Board. Polly Williams retired from the Board in February 2026 after over nine years of service with the Group and Charlotta has now assumed the role of Senior Independent Director. I would like to reiterate my thanks to Polly and Amina for their significant contributions to the Board.

I was delighted to meet many of our shareholders at XP's first Investor Seminar held in November. This event provided an opportunity for the Company to set out its investment case to both current and prospective investors and was well received.

Looking to the future

We have navigated sluggish market conditions with discipline and increasing confidence. Our strategy remains unchanged and was well executed in the year. The Board believes that the business is now very well positioned and appropriately structured to make healthy progress as end-markets fully recover and return to normal levels of growth.

JAMIE PIKE
CHAIR

2 March 2026



Strategic Report

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OUR MARKETS

End market applications

Overview

We serve a broad spectrum of power needs for our customers, from the low voltage market – where power is used to operate electronic systems which then perform a process (e.g. robotics) through to the high-voltage market – where power is used directly in the process (e.g. particle acceleration or ionisation).

We have attractive positions in our key markets, which are typically fragmented with clear long-term demand drivers and, therefore, offer us significant opportunities for revenue growth.

Our position

Our broad and up-to-date product portfolio, combined with our engineering services capability to integrate modified products within a power system solution, means our products form a key indispensable element of the customer's application. This means we are ideally positioned to support our customers and solve their power problems.

Our marketplace

Our markets are highly fragmented and supported by long-term demand drivers. They provide opportunities for us to grow through both market expansion and market share gain.

- 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 High Voltage (HV).
- Total market is valued at ~\$4.4bn, of which XP Power has ~6% market share.

Total market value US\$bn



Macro growth drivers

In addition to sector-specific growth drivers, we see many opportunities to expand our addressable market and customer base, which apply to all end customer markets.

Customer penetration

Our blue-chip customer base offers significant opportunities to secure further programmes from engineering teams worldwide. Having worked closely with leading companies in our markets, we are a trusted partner and can now capitalise on these relationships to capture a larger share of their spend. By expanding our product range and delivering innovative, high-quality, tailored solutions, we aim to deepen partnerships, strengthen loyalty and unlock additional growth across global markets.

Energy efficiency and reliability

Rising customer expectations and tighter legislation on energy use drive demand for more efficient power converters. For critical applications, this goes hand in hand with reliability, as greater energy efficiency typically improves the reliability extending the life of key components. This combination of efficiency, reliability and longevity makes our solutions attractive across industries from healthcare to industrial automation, where performance and dependability are vital.

Capital equipment

Our products often power capital equipment and are influenced by the cyclical nature of these markets. However, we have established a firm foothold in exciting emerging industrial technologies such as 3D printing, analytical instruments, smart grids and robotics, which are advancing rapidly and being widely adopted. We believe the medium- and long-term outlook for capital equipment is positive, particularly in emerging markets where rising labour costs drive automation, creating strong demand for innovative and efficient solutions that our products are well placed to support.

Climate change

Climate change and greenhouse gas emissions are a growing issue as emerging countries develop and urbanise. We lead the development of ultra-efficient products that consume and waste less energy, suited to healthcare and industrial applications. By aligning product development with environmental priorities, we help mitigate climate change and position ourselves as a partner for businesses focused on achieving their own sustainability goals.

Legislation

Our industry is increasingly shaped by global legislation focused on environmental impact, safety and, in particular, energy efficiency. Legislation requires products throughout the supply chain to be certified by regulatory bodies, both for our customers and for us. This creates a barrier to entry for new competition within the power supply industry and is also a driver of revenue annuity, since regulatory approval often specifies the power supply solution that must form part of our customers' product design.

Innovation

Our customers must launch innovative products that enhance productivity and functionality, while reducing environmental impact to stay competitive and meet sustainability expectations. Their drive to differentiate often results in more demanding power requirements for greater power density, fine precision, very high reliability and tailored solutions. By aligning our capabilities with these changing needs, we position ourselves as a critical partner in enabling customer innovation and long-term success.

End customer market: Industrial Technology

Market overview

Market size	\$2.8bn
Market share	4%
Annual market growth	5 - 7%
2025 revenue	£87.3m
% of revenue	38%
Number of customers	1000s
Average best year value ¹	\$150k
Need for solutions	Medium/Low

¹ Average best year value is the average expected revenue per project in peak year of project lifecycle

Typical applications

- Analytical Instrumentation
- Process control and automation
- Test and measurement
- Robotics

Key trends

- Customers' applications are becoming more complicated and increasingly connected. Our products are evolving similarly, incorporating more and more technology over time.
- Technology innovation is focused on increasing voltage and power, shrinking power density, greater rapid configurability, greater precision and improved connectivity.
- Market growth is also supported by sustained long-term trends, such as production automation and digital transformation and analytical instrumentation within precision manufacturing applications.

Our response

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 higher growth sectors, we can capitalise on emerging trends and offer innovative products that meet these industries' unique needs.

Market dynamics

	Power supply manufacturers	OEMs – Our customers	Our customers' customer
Analytical instruments	Limited number of manufacturers	<ul style="list-style-type: none"> • Both customised and off-the-shelf products plus design support • Small number of OEMs • Average instrument cost > \$0.5m 	<ul style="list-style-type: none"> • Limited choice of equipment suppliers • Diverse products including pharmaceutical, food and beverage and airport security
Specialist manufacturing equipment	Limited number of manufacturers	<ul style="list-style-type: none"> • Specialised products to enable process 	<ul style="list-style-type: none"> • Limited choice of equipment suppliers • Wide variety of factories and production sites globally
General equipment	Large number of manufacturers with standard products	<ul style="list-style-type: none"> • Standard and some non-standard products 	<ul style="list-style-type: none"> • Wide choice of products from regional and global manufacturers • Wide variety of professional equipment users ranging from AV equipment to food production

OUR MARKETS

End customer market: Semiconductor Manufacturing Equipment

Market overview

Market size	\$1.1bn
Market share	8%
Annual market growth	7 - 10%
2025 revenue	£85.6m
% of revenue	37%
Number of customers	10s
Average best year value ¹	\$650k
Need for solutions	High

Typical applications

- Ion implantation
- Deposition and etch
- Lithography
- Inspection and measurement
- Wafer cleaning

¹ Average best year value is the average expected revenue per project in peak year of project lifecycle

Key trends

- The market has an attractive long-term growth outlook.
- Demand for processing power for AI and big data is expected to fuel at least a \$1tn market by 2030.
- The industry is adding more semiconductor fabrication facilities globally, with many nations seeking to establish their own manufacturing supply chains.
- The accelerated proliferation of electronic devices in our lives (including AI, big data, smart technology, AR/VR, and autonomous and electric vehicles), which run on semiconductors, drives high demand and investment.

Our response

We offer the broadest technology-leading range of standard products, which can easily be redesigned or 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 at pace provides significant value to our customers. Manufacturing equipment is becoming increasingly sophisticated with more demanding power needs. We act as an extension of our customer's product development team, delivering customised solutions quickly to accelerate their time-to-market, which is often critical to success in the industry.

Market dynamics

Power supply manufacturers	OEMs – Our customers	Our customers' customer
Small number of approved manufacturers	<ul style="list-style-type: none"> • Customised solutions to support process innovation • A limited number of OEMs • Tools cost >\$1m 	<p>Semiconductor manufacturers and OEMs work together to drive innovation</p> <p>Limited number of semiconductor manufacturing business globally</p>

End customer market: Healthcare

Market overview

Market size	\$0.5bn
Market share	15%
Annual market growth	5 - 7%
2025 revenue	£57.2m
% of revenue	25%
Number of customers	100s
Average best year value ¹	\$250k
Need for solutions	Medium/High

Typical applications

- Robotic surgery
- Pulse field ablation
- Minimally invasive surgery
- Imaging and diagnostics
- Home healthcare

¹ Average best year value is the average expected revenue per project in peak year of project lifecycle

Key trends

- Growth is driven by megatrends of an ageing global population, rising global medical standards, and the increasing need for medical technology to improve the efficacy and efficiency of medical interventions.
- Innovation and advancement in diagnostic technology and treatments drive demand for more sophisticated devices.
- Customers require complex power solutions with high safety standards to meet strict regulatory requirements.
- Customers prioritise quality, reliability and support.
- The sector demands more robust and scalable healthcare infrastructure to accelerate investment.

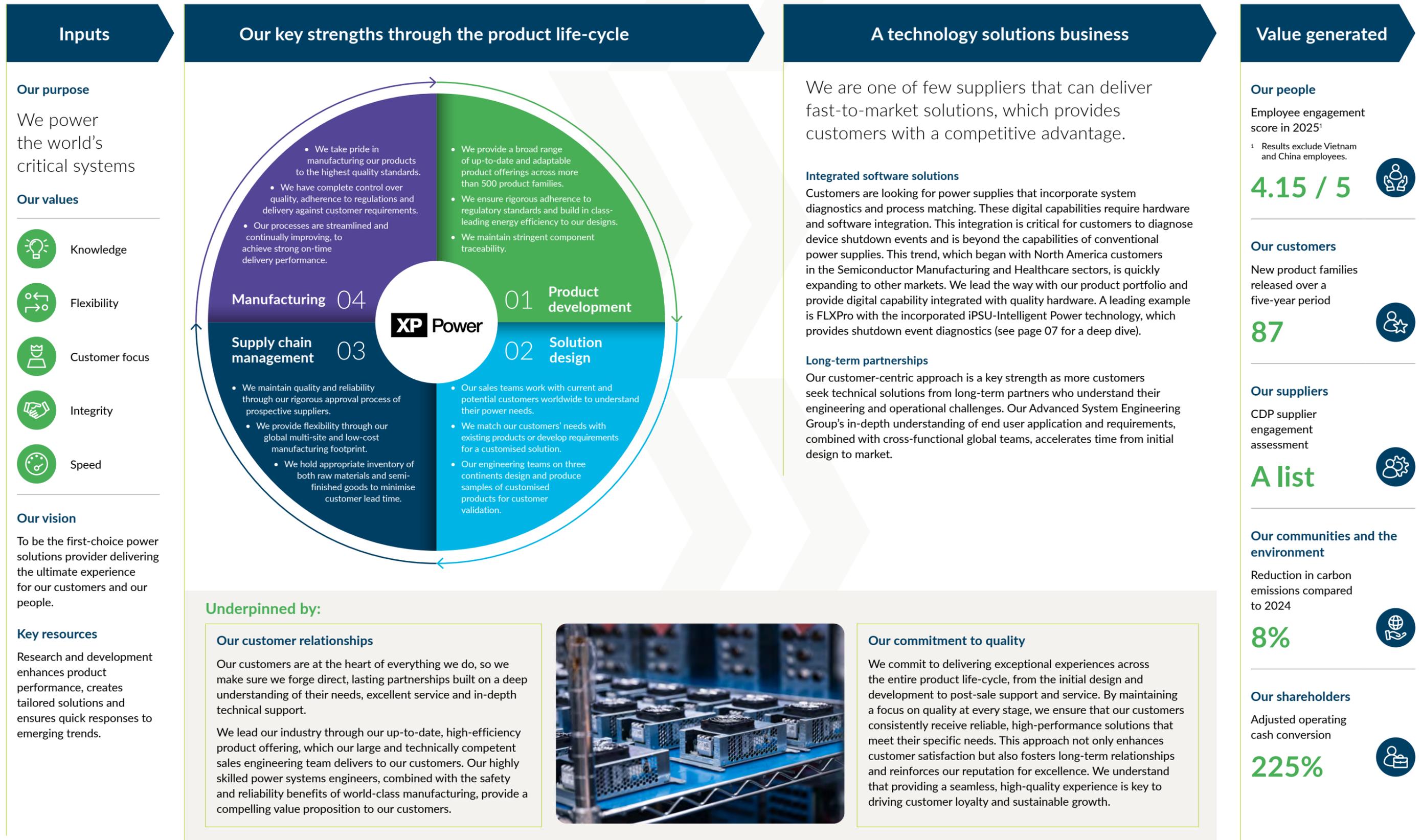
Our response

Our broadest, most up-to-date range of medically approved power supplies, combined with a high level of customer service, makes our value proposition 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 dynamics

Power supply manufacturers	OEMs – Our customers	Our customers' customer
Large number of manufacturers with standardised products. Medical technology products often require unique, modified and complex solutions.	<ul style="list-style-type: none"> • Standard and modified standard products • A large number of OEMs supply a wide array of equipment • Equipment costs \$10k to \$1m 	<ul style="list-style-type: none"> • A large number of hospitals and healthcare providers globally

OUR BUSINESS MODEL



CHIEF EXECUTIVE OFFICER'S REVIEW



Our strategy positions us for a bright future.”

GAVIN GRIGGS
CHIEF EXECUTIVE OFFICER



I am pleased with the way the business navigated a year of relatively slow market conditions and macroeconomic uncertainty, improving our financial performance as the year progressed. We took disciplined and proactive actions to deliver a much stronger second-half financial result, while also strengthening the foundations for longer-term success.

It was also encouraging to see order intake strengthen as the rate of customer destocking slowed, underpinning future revenue.

We continued to focus on innovation, with development of new products and technology solutions, and to invest in resilient, scalable infrastructure to deliver world-class, efficient customer service across our global supply chain.

With improved operations and enhanced strategic positioning, we are well placed to make healthy progress as markets recover.

Review of our year

Order intake totalled £225.9m (2024: £181.6m), up 28% in constant currency. As we entered the year, we saw a significant step-up in order intake that indicated customers intended to slow their rate of destocking as the year progressed. The strongest growth came from distribution customers, where orders increased 69% year-on-year as their inventory holding of our products normalised, a positive sign that this extended period of destocking is coming to an end.

Group revenue was £230.1m (2024: £247.3m), down 4% in constant currency. All of the revenue decline in constant currency arose in the first half of the year, as destocking by both Industrial Technology and Healthcare customers reached a peak. Destocking eased as the year progressed, resulting in a 7% uplift in second-half revenue compared with the first half.

The Healthcare sector delivered our strongest revenue performance in 2025, growing 2% in constant currency. This reflected slower destocking by our customers as the year progressed, alongside healthy demand for some key medical technology projects in the US. Revenue from the Industrial Technology sector reduced by 5% in constant currency, reflecting ongoing destocking amongst OEM customers but growth from distribution customers, particularly in the second half. Semiconductor Manufacturing Equipment revenue was 7% lower in constant currency, against a 2024 comparative that benefited unusually from backlog clearance within our High Voltage High Power (“HVHP”) business. The tough comparative for HVHP sales masked strong growth elsewhere in this sector which is encouraging for the Group’s long-term growth prospects.

By region, North America revenue was up by 1% in constant currency as the increased US tariff costs were successfully passed through to customers without any material impact on demand. Europe and Asia declined by 11% and 13% respectively as a result of weaker end-customer demand conditions.

In response to a slow start to the year and the prospect of a slower overall pace of market recovery, we acted early to improve profitability in the second half of the year. The efficiency actions taken focused on reducing overheads within our supply chain, particularly as production volumes slowed or shifted within our production network. Together with purchase price savings negotiated on certain direct material costs, our Adjusted Gross Margin improved from 41.0% in 2024 to 41.4% in the first half of 2025 and 43.9% in the second half of the year.

Cash generation remained strong at £38.9m, representing Adjusted Operating Cash Conversion of 225% in the year. Inventory reduced by 20% to £57.0m while at the same time improving customer service and reducing delivery lead times. A new inventory holding strategy was implemented at year end, which is expected to further improve customer service levels from 2026 onwards.

Self-help measures

Cost reduction actions:

We implemented targeted headcount reductions and other cost-saving measures to achieve significant annualised savings.

Working capital management:

We focused on releasing cash from working capital, primarily through inventory reduction, which helped lower borrowings and strengthen the balance sheet.

Lean manufacturing and operational efficiency:

We implemented additional lean manufacturing practices and drove input cost reductions through effective procurement activities.

Balance sheet deleveraging:

Through these actions and raising additional equity, we have improved our financial resilience and reduced external borrowing levels during an uncertain economic period.

New business wins grew by 12% and growth was strongest within our Technology Solutions offering, which is strategically important to our long-term success.

After a strategic review, we decided to exit the market for RF products. We held a minor c. 1% market share and this gave us fewer opportunities for differentiation than our other product categories. The lack of a clear strategic advantage resulted in the RF business generating margins and returns materially lower than the Group average in recent years. This decision allows us to focus our resources on our Low Voltage and High Voltage Divisions, which enjoy superior strategic positioning, higher gross margins and significant growth potential.

We will wind down the RF business over approximately three years in order to continue to support our customers through a supply chain transition. In 2025, the RF business generated revenue of £24.3m and was close to break even, including unusually buoyant sales to China Semiconductor customers prior to expiry of export licenses, which will not repeat beyond 2025. We anticipate that annual revenue in RF products will be similar to 2025 during the wind down period.

Construction of our new manufacturing facility in Malaysia is complete, with production set to commence later in 2026 following a period of commissioning. This has allowed us to close our manufacturing facility in China, consolidating our supply chain footprint into Vietnam and Malaysia. Both facilities will enable the Group to serve global customers efficiently. Production in Malaysia will be increased at a pace required by demand.

Global trading rules continue to evolve and become more complex, particularly regarding product exports. We take our responsibilities in this area very seriously and continually invest in our export control processes. In 2025, we implemented new software that automatically screens sales prospects for compliance with export rules throughout the sales life cycle. We tightened even further our terms and conditions of sale to ensure our customers understand our rules governing the use and re-sale of our products. We continue to train our global sales team on new rules as they were implemented.

Our appeal in respect of the Comet legal action was heard on 19 September 2025 in the US Court of Appeals for the Ninth Circuit. We await the judgement from the panel of appellate judges.

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED

Revenue by market sector

The breakdown of our revenue by sector was as follows:

Revenue	2025 £m	2024 £m	% change in constant currency
Semiconductor Manufacturing Equipment	85.6	94.8	(7)%
Industrial Technology	87.3	94.8	(5)%
Healthcare	57.2	57.7	2%
Total	230.1	247.3	(4)%

Semiconductor Manufacturing Equipment

We provide precision solutions, which are often tailored to specific end-customer requirements, to customers at the heart of the semiconductor fabrication process. The demand for semiconductor fabrication equipment continues to be driven by the rapid expansion of High Performance Computing to support Artificial Intelligence demand.

Revenue for 2025 was £85.6m, which was 7% lower than 2024 in constant currency. HVHP revenue within this sector reduced by £14.2m against a challenging comparative in 2024 which was boosted by a one-off clearance in order backlog. Revenue from all other product categories grew by £5.0m, or 8%, representing a good recovery in demand for those product lines, particularly from customers in North America.

Order intake for 2025 was £84.3m, 10% higher than 2024 in constant currency. The rate of order intake increased by 18% sequentially from the first half year to the second and we are well positioned to benefit as the Wafer Fabrication Equipment market enters its next upcycle.

Our book-to-bill ratio improved to 0.98x (2024: 0.83x). The ratio for 2025 was reduced by final shipments to semiconductor manufacturing equipment customers in China prior to the expiry of US export licences, with orders for these shipments received in prior years. Absent these shipments, sector book-to-bill was 1.05x, which is supportive of future growth.

Industrial Technology

We deliver power conversion products which meet a broad range of customer demands across a diverse range of industrial applications, with a focus on precision projects where we can shorten the time to market for our customers. We offer a variety of standardised, customisable and bespoke products to ensure that we can provide the right solution for our customers in a diverse market.

Revenue for 2025 was £87.3m, 5% lower than the prior year in constant currency. Sales to distributors grew as stock of our products at high service level distributors reached normal

levels. Sales to OEM customers declined as they continued to destock, albeit a Book to Bill of 1.0x indicates that the pace of destocking is slowing. We returned to revenue growth in the second half of the year.

Order intake for 2025 was £90.5m, 39% higher than the prior year in constant currency. Orders from high service level distribution customers, who represent around a quarter of this sector, grew by 78%. Orders from our "design in" distribution partner in Europe, Avnet, also increased materially with Avnet's sales pipeline continuing to build after the start of our relationship in 2023. Orders from Industrial OEM customers grew by 22%.

Our book-to-bill ratio was 1.03x (2024: 0.71x).

Healthcare

We work with major healthcare technology businesses in delivering tailored, compliant solutions in this fast-moving sector. Global megatrends of an ageing global population and advancements in healthcare technology underpin a long-term growth opportunity.

Revenue for 2025 was £57.2m, which was 2% higher than 2024 in constant currency. We saw healthy demand from US medical technology customers to whom we provide technology solutions in key areas such as Pulsed Field Ablation and Robotic Surgery tools.

Order intake for 2025 was £51.1m, 48% higher than the prior year in constant currency

Our book-to-bill ratio was 0.90x (2024: 0.61x), slightly lower than the other two sectors due to the timing of orders and shipments for larger US projects.

Revenue by region

The breakdown of our revenue by region was as follows:

Revenue	2025 £m	2024 £m	% change in constant currency
North America	142.0	144.2	1%
Europe	65.9	76.9	(11)%
Asia	22.2	26.2	(13)%
Total	230.1	247.3	(4)%

Our revenue in 2025 was reduced by the weaker US dollar, being the currency in which the majority of our revenues is transacted. The revenue decline in the year in constant currency was less than on a reported basis.

Sales to North America totalled £142.0m, up 1% in constant currency against a tough comparative that benefited from HVHP backlog clearance of £14.2m in 2024, as explained above. Underlying growth absent this backlog impact was therefore strong, driven largely by improved demand from US distributors, business wins with US medical technology customers and growing demand for our Technology Solutions offering, particularly from US Semiconductor Manufacturing Equipment customers.

Sales to Europe totalled £65.9m, down 11% in constant currency, as demand reflected continued destocking. However, the region delivered sequential quarterly growth throughout the year. This included progressively normalising sales to distributors and a growing pipeline with Avnet, our 'design-in' distributor.

Sales to Asia totalled £22.2m, down 13% in constant currency due to destocking and regional macroeconomic uncertainty as global trade rules evolved. The region benefited from the final purchase of RF products by China Semiconductor Manufacturing Equipment customers prior to the expiry of export licenses that prevent shipments beyond 2025. These shipments totalled £6.2m in 2025. Demand elsewhere in Asia was impacted by the knock-on impact of macroeconomic headwinds in China, the Region's dominant economy.

Delivery of our strategy in the year

Our vision is to be the first-choice power solutions provider and deliver a compelling experience for our customers and our people. We have made good progress in delivering against our strategic priorities during the year.

Products

During 2025 we launched 24 new innovative products spanning conduction-cooled, external, high power, high voltage, DC-DC converters and fully programmable units. Our product offering showcases innovation, with several products featuring fully digital architecture, giving customers complete programmability and control.

We focus our own internal engineering resources on the development of more technologically complex base products with significant long-term growth potential. This typically means high-voltage and/or high-power devices. These solutions are addressing many complex and novel applications, including ion implantation, mass spectrometry and pulsed electric field technology. The breadth of our existing product range is very competitive and our pipeline for future product development remains strong. This includes new product families and additions to existing product ranges like the CCR series and FLXPro.

Our Technology Solutions Group, primarily operating out of our new Silicon Valley Customer Innovation Centre, delivered 28 (2024: 19) new customised products to customers during the year. We worked closely with our customers to customise our base products to provide innovative, bespoke solutions to meet our customers' most complex needs. Approximately a third of our revenue is derived from Technology Solutions Group activities.

Customers

Improvements to our supply chain capabilities drove faster and more consistent product delivery to our customers in the year. We worked closely with US customers to navigate additional US tariffs, including shifting production from China to Vietnam, where the tariffs were lower, and shipping directly to their manufacturing plants outside of the US in order to reduce tariff costs.

We had open dialogue with our principal RF customers in determining the best approach to our exit from the RF market, resulting in significant final delivery requirement being secured.

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED

New business wins increased 12% on 2024. Sampling activity i.e. projects not yet won where we have provided one or more units of a product to allow the customer to complete internal evaluation, also increased by 21%. Historically, we have a healthy success rate in converting projects which reach sampling stage into new business wins.

We saw much increased interest from customers in new Technology Solutions projects, particularly in the US, demonstrating the strength of these key relationships and increasing investment in product development amongst our customers.

The Net Promoter Score (NPS) in our most recent survey rose significantly to 25, up from 8 in the prior year. This reflects stronger customer sentiment and engagement, with all three regions recording increases of at least 15 points year-on-year.

Supply Chain

We continued to strengthen our supply chain capabilities and efficiency during the year. Inventory reduced by a further £10.9m during the year as we reduced both the value of finished goods and raw materials. Additional buffer inventory built up in previous years to mitigate global supply chain disruption has now been removed. The remaining reduction in the year of £3.3m was due to the impairment of inventory following the decision to exit the RF market (£3.0m) and a small write-off of components that cannot be transferred from the China factory to Vietnam (£0.3m).

We developed a new approach to inventory management, with improved data-led methodologies employed to drive better customer service. This will require a modest investment in additional raw material inventory for high running products in early 2026 to deliver a significant reduction in lead times for our customers, as well as cost efficiencies.

We continued to improve our sourcing capabilities in Asia, resulting in c. £1m of annualised component cost savings secured during the year. Through identifying alternative suppliers and negotiations with existing key suppliers, we have made good progress in making our sourcing arrangements more flexible, agile and resilient to unexpected shortages of individual components.

Underlying manufacturing efficiency improved further through rationalisation of production overheads and adopting Lean techniques. The impact of these efforts on gross margin was somewhat masked by reduced utilisation of factory fixed costs as a consequence of revenue reduction, but we are confident that the steps we are taking now will support the Group's return to target margins in normal demand conditions.

The construction of the new Malaysia manufacturing facility is complete, with £20.3m of capex incurred to date (of which £7.0m remains to be paid in early 2026). Commissioning of the facility is underway and will be completed during 2026. The progress on the Malaysia facility allowed closure of our Kunshan manufacturing plant in China to streamline our manufacturing footprint and to ensure our operational capacity is aligned to current trade restrictions.

People

I have had the pleasure of visiting many of our teams around the world during 2025 and I hold regular open discussions with our senior leadership team to facilitate effective two-way communication. Our colleagues have consistently demonstrated our values in responding to the challenging environment we face and morale remains high. Despite the difficult external circumstances, our most recent Gallup employee survey showed improved engagement scores. We have also seen improved retention at our Vietnam plant, where a large proportion of our colleagues are based, following the introduction of new compensation arrangements and skills development.

During the year we made targeted headcount reductions to ensure that our resources were appropriately deployed in response to lower manufacturing output. The closure of our manufacturing plant in China directly impacted a number of colleagues. The decision to exit the RF market has not had a significant impact on headcount in our Gloucester, Massachusetts plant in the US because we will continue to serve existing customers in this market for approximately three years. We have supported the individuals affected by these changes through senior leadership engagement, transparent communications and appropriate outplacement services.

We have provided additional training and support for managers on people development, delivered an active engagement programme run by our People & Organisation team and strengthened our anti-fraud controls in response to the introduction of ECCTA legislation in the UK, with targeted training rolled out. We continued our focus on health and safety and saw tangible benefits from our 'Safety Begins with Me' programme implemented in 2024 with a 64% reduction in our Total Recordable Incident Rate (TRIR) and 79% in our Lost Time Injury Rate (LTIR) year-on-year. The achievement on TRIR is particularly notable as it was delivered during a period of re-emphasis on complete and accurate reporting, which often leads to an initial increase in reported incidents.

Sustainability

We continue to prioritise sustainability as a critical enabler of our strategy. We are leading the way in developing ever more energy efficient power conversion solutions to meet the current and future needs of our customers. As an example, our exciting new FLXPro range launched this year is more power efficient and uses more environmentally friendly packaging than previous generation models. Full digital control allows end users to monitor and optimise energy usage.

We have made further progress in dual sourcing for components to mitigate the risk of climate impacts on our supply chain. Our own manufacturing sites (including our new site in Malaysia where a physical climate risk assessment has just been completed) are not exposed to significant direct impact from climate risks, although we remain vigilant with appropriate disaster recovery plans in place. All electricity consumption across the Group is from renewable sources or is covered by the purchase of Energy Attribution Certificates.

Our latest external rating agency scores reflect the progress we continue to make in this area. Our Sustainability score for ESG Risk management improved by 11.7 points with an overall grading of 'strong management'. In recognition of the strength of our climate transparency and action, we improved from a B to an A in our CDP Climate Change 2025 disclosure, achieving the highest rating for climate performance, placing us in the top 4% of c.20,000 assessed companies. This recognition underscores XP Power's leadership in environmental sustainability, our strong commitment to transparent disclosure for stakeholders and ability to support our customers in their own climate journeys. There is still work to be done to deliver our Science Based Target Initiative approved net-zero plan, but we remained focused on ensuring that sustainability is embedded into everything that we do.

Financial position and funding

Following the share placing in March, we continued to reduce borrowings through strong operating cash conversion. As a result, we ended the year with net debt reduced to £41.5m (2024: £93.5m). Adjusted Operating Cash Flows for the year were £38.9m and in addition we received a one-off customer prepayment of £16.4m, primarily for planned 2026 deliveries. Year-end leverage (Net Debt: Adjusted EBITDA) was 1.2x (31 December 2024: 2.3x).

We have made excellent progress in strengthening our balance sheet which provides a stable foundation as we prepare for market recovery. We are confident of achieving a consistent leverage of less than 1x as market conditions return to normal.

Outlook

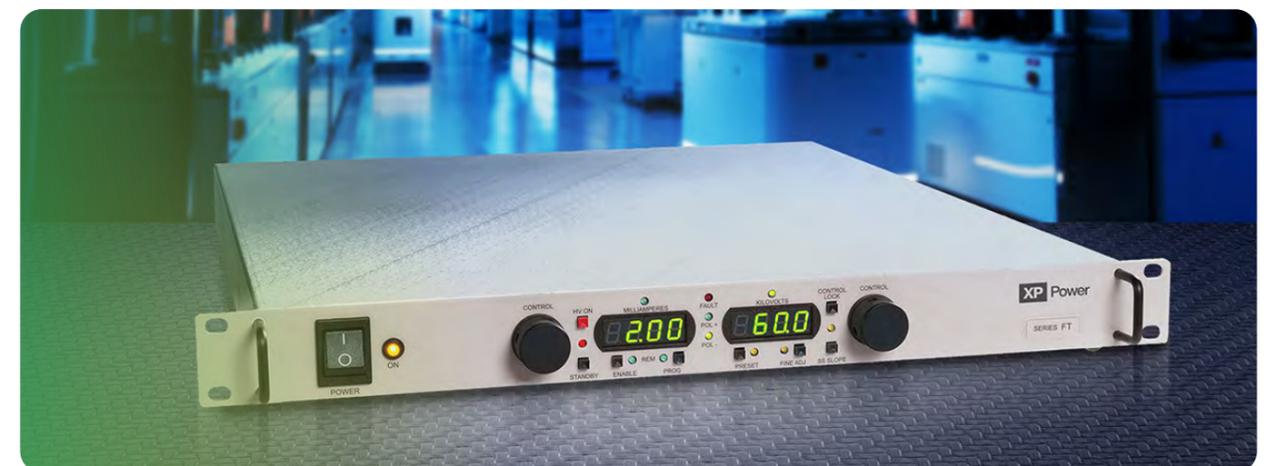
The proactive actions taken in the year have improved our financial performance baseline for 2026. While previously announced US export restrictions will reduce sales to China, we expect improved market demand to drive an improved financial performance as 2026 progresses.

Strategic Report

The Strategic Report, comprising the information on pages 10-80, was approved by the Board of Directors on 2 March 2026 and signed on its behalf by:

GAVIN GRIGGS
CHIEF EXECUTIVE OFFICER

2 March 2026



OUR STRATEGY

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

We have maintained a consistent strategy over recent years, which we are confident delivers for our customers, employees and shareholders.

We attract customers by offering market-leading technology solutions. We provide broad, diverse and high-performing solutions to meet the varied requirements of the markets we serve.

We are proud of the high level of service and support we provide for customers, particularly during the design-in stage, as this enables us to develop deep and enduring customer relationships. Our customers expect excellent quality and reliability to power their mission-critical equipment to meet

the demands of their end markets. We still have a relatively small share of the available business with some of our existing customers. We are working with them to identify more revenue-growing opportunities.

To deliver this growth, we must continually improve the service we provide to our customers, reduce our costs and minimise our environmental impact. Critical enhancements to our supply chain systems and processes will enable these improvements.

- Broaden the product portfolio**
- Target key accounts where XP can add value**
- Drive penetration to grow share of wallet**
- Continually enhance our global supply chain**
- Focus on people and talent development**
- Maintain leadership on environmental responsibility**

Underpinned by our sustainability strategy

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

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

Our employees drive success through their knowledge, insight and customer focus. We strive to make XP Power a workplace where our people can be at their best, ensuring a safe, diverse and inclusive environment that attracts and retains the best talent.

- Sustainable Products**
- Environmental Leadership**
- People and Workplace**
- Ethics and Compliance**

[→ READ MORE ABOUT OUR SUSTAINABILITY ON PAGES 46-81](#)



Broaden the product portfolio

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, releasing 24 products in the year. We have provided tailored solutions for our customers with more complex power requirements, including the new fully digital FLXPro range (page 07).

Planned future actions

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

Sustainability component

We develop products that meet the highest level of safety requirements.

Macro Growth drivers

- Legislation
- Energy efficiency and reliability

KPIs

- Gross R&D spend: £25.0m (2024: £25.4m)
- Revenue from new products (last three years): £5.9m (2024: £11.6m)
- Proportion of revenue from modified products: 18% (2024: 19%)

STRATEGY IN ACTION

Niche markets such as mass spectrometry, semiconductor inspection and analytical instrumentation continue to expand rapidly, driven by demand for higher resolution, faster throughput and improved measurement accuracy. At the same time, equipment manufacturers face rising challenges around noise performance, system stability, space constraints and digital control in increasingly compact platforms.

The new HRF15 sets a high standard within XP Power's high-precision, high-voltage DC-DC portfolio, reinforcing our market leadership and supporting share expansion across core analytical instrumentation markets.

This compact module delivers excellent load and line regulation, low ripple and long-term stability suited to critical noise-sensitive, load-dependent applications. Exceptional programmability enables easy integration across wide-ranging loads. Its digital interface with intuitive UI, advanced monitoring, data logging and multi-unit synchronisation enhances reliability, accelerates development timelines and supports scalable, high-performance system architectures.



Target key accounts where XP can add value

Target

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

Past performance

We continue to take pro-active action to target new customers using our direct sales team and online marketing strategy, enhanced by our website upgrade and new video content. Our network of distributors helps us to access a broader range of customers.

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

Sustainability component

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

Growth drivers

- Customer penetration
- Capital equipment

KPIs

- Proportion of revenue from new customers (last three years): 7.7% (2024: 2%)
- Proportion of project wins with new customers: 13.9% (6.4%)
- Average project value: £0.1m (2024: £0.1m)

STRATEGY IN ACTION

Our direct sales force is focused on working with customers where we can leverage our capacity to deliver complex solutions, while we utilise our network of distributors to reach a broader range of customers who have less complicated needs. As an example, one of our local sales managers has built a strong relationship with a large metrology institute where we were recently able to add value with a high-voltage power solution. This customer needed to power a measuring station for monitoring, detecting and quantifying ionising radiation. The reliability of the power solution was key in addressing the safety aspect of this application.

The process of defining the problem, determining the solution requirements and providing a solution took around a year. During this time, our sales and technical engineering teams were in regular contact with the customer. We demonstrated our ability to support the customer through technical issues and demonstrated our ability to deliver the required stability. We leveraged our track record of quality to secure the contract to manufacture and supply this bespoke solution.



OUR STRATEGY

CONTINUED



Drive penetration to grow share of wallet

Target

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

Past performance

During recent years, we have transitioned to a model where lower complexity accounts are served via distributors, while our sales and engineering teams focus on deepening relationships with major customers who have higher spending potential.

Planned future actions

Enhance customer awareness of XP's offering through digital marketing, thought leadership and targeted meetings with key customers to build credibility and trust and demonstrate our capabilities.

Sustainability component

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

Growth drivers

- Innovation
- Capital equipment

KPIs

- Revenue growth (constant currency): (4%) (2024: (20%))
- Revenue from the top 30 customers: £119m (2024: £114m)
- Average project value: £0.1m (2024: £0.1m)

STRATEGY IN ACTION

An existing customer was experiencing a problem with their current power unit where the cooling fan was pulling dust into the unit, causing high failure rates. The customer was investigating bringing in a separate enclosure around the power unit to solve this issue. Our Technology Services Group presented an alternative option, for a new-generation XP Power product which could be supplied with a bespoke casing, rather than using a separate enclosure.

The bespoke product not only improved reliability over the previous product for the customer, due to the lack of contamination in the power supply, but the new product we provided to the customer also delivered higher efficiency. By working hand-in-hand with this customer, we were able to provide a solution with no design compromises as the new product was manufactured to their exact specification. Easy integration freed up development resources for the customer, only one part was purchased instead of two and the risk of failure was reduced.



Focus on people and talent development

Target

To achieve a 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

We continue to evolve and improve the support and development opportunities that we give to our colleagues across the globe. Our "Safety Begins with Me" programme has already yielded significant reduction in lost time injury rates, thereby keeping our colleagues safer.

Planned future actions

Embed global systems and process to support our goals and strengthen organisational capability to deliver effectively into the future.

Sustainability component

We aim to improve the physical and mental health of our employees, provide a safe place to work and create an environment where our people can be at their best.

Growth drivers

- Innovation

KPIs

- Gender diversity: 51% male, 47% female, and 2% undisclosed (2024: 49% male, 49% female, and 2% undisclosed)
- Non-production employee turnover rate: 10.7% (2024: 12.2%)
- Average training time (in days) per employee: 1.5 days (2024: 1.2 days)

STRATEGY IN ACTION

In 2025, we launched a tailored Leadership Development programme in Germany. Building on previous employee feedback, the programme focused not only on traditional aspects of leadership such as delegation and organisational management, but also on the interpersonal core of leadership: trust, clear communication, emotional intelligence and coaching skills.

The challenges of day-to-day operations, cost pressures and varying leadership levels highlighted that traditional, time-intensive training would not be suitable for our local leadership group. We delivered an approach which combined neuroscience-based insights with practical, bite-sized learning impulses. Instead of lengthy seminars, leaders received regular compact inputs – exercises, reflection cards, videos and scientific articles – which could easily be applied in daily work. We followed this up with an in-person workshop to deepen key concepts, practice skills and consolidate learning.

Our leaders in Germany now have skills to provide vision, empowerment and effective communication to their teams.



Continually enhance our global supply chain

Target

To reduce manufacturing costs, freight and logistics, and consistently improve delivery performance

Past performance

Building on prior initiatives, we continued transferring production from the US to Vietnam to improve operational resilience and efficiency and completed the construction of our new facility in Malaysia.

Planned future actions

Adopt a new inventory holding strategy to improve customer service through shortened lead times for high running products. Improve operational efficiency from our facility in Vietnam and fully commission our new facility in Malaysia.

Sustainability component

We focus on minimising the impact that we, and our products, have on the environment and adopt responsible sourcing practices that consider social and environmental impacts.

Growth drivers

- Legislation

KPIs

- Average customer lead time: 3.2 months (2024: 3.2 months)
- Average inventory days: 178 days (2024: 205 days)
- Gross margin: 41.9% (2024: 39.2%)

STRATEGY IN ACTION

The introduction of "Liberation Day" tariffs in April 2025 introduced significant complexity for managing imports into the US, our largest single market by revenue. We took decisive action to maintain compliance, protect supply chain resilience and ensure continuity for our customers.

Throughout the year, we worked closely with customers to provide transparency around product origin and tariff implications, reinforcing trust and enabling informed decisions. We quickly adapted and strengthened our compliance processes to meet evolving regulations, and partnered with leading freight and logistics providers to access real-time tariff updates and guidance. We shifted manufacturing output from our China plant to our manufacturing facility in Vietnam, where US import tariffs were lower.

Where our customers used manufacturing sites outside of the US to integrate our power converters into their final products, we supported our customers through changing shipping routes to avoid the additional administration and negative cashflow consequences of import tariffs.



Maintain leadership on environmental responsibility

Target

To ensure excellent health and safety performance, consistently reduce our CO₂ 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 strive to achieve net zero by 2040.

Planned future actions

We will continue to deliver on our Net Zero Plan.

Sustainability component

We will lead our industry on environmental matters by minimising the impact of our operations and our products on the environment and upholding 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: (5%) (2024: 17%)
- % of Group revenue from Carbon Rated Products: 37% (2024: 32%)
- CDP climate score: A (2024: B)

STRATEGY IN ACTION

Ion implantation is among the most energy-intensive processes in semiconductor manufacturing, often consuming hundreds of kilowatts and operating continuously in high-throughput environments. As semiconductor manufacturing and research facilities prioritise sustainability, thermal management and system uptime have become critical design considerations.

The WBQ series is our first fully digital high-voltage AC-DC platform with a minimum efficiency of 90%, significantly reducing energy losses, and waste heat compared to earlier models. Also, the WBQ series is built in an industry-leading 3U form factor, compared to typical 5U alternatives and is less than half the size of prior designs, reducing material usage and system footprint. Its fully digital control loop, intuitive user interface and data logging enable real-time monitoring, predictive maintenance and fault analysis, improving uptime and extending equipment life. Together, these innovations lower energy consumption, reduce operating costs and support more sustainable high-power semiconductor manufacturing.



CHIEF FINANCIAL OFFICER'S REVIEW



The Group has remained profitable and cash generating in an unprecedented market.

MATT WEBB
CHIEF FINANCIAL OFFICER



Statutory Results

Revenue in the year of £230.1m represents a reduction of 7% from 2024, reflecting the impact of continued customer destocking, the clearance of higher order backlog in 2024 and headwinds from a weaker USD. Gross margin improved to 41.9% due to improved efficiency. There was a minor increase in operating expenses of £2.2m primarily due to unfavourable foreign exchange movements in the first half of the year, partially offset by cost saving actions. As a result, operating profit was £0.7m. Loss for the year was £11.3m, compared to £9.4m in 2024.

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 financial performance. Note 5 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 £17.3m and a profit before tax of £9.5m, compared to a profit before tax of £13.8m in 2024. 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 £96.3m on revenue of £230.1m for the year. This represents a gross margin of 41.9%, 270bps higher than 2024.

Adjusted Gross Margin of 42.7% was 170bps higher than 2024 and achieved despite the headwind of reduced factory utilisation. Gross margin expanded as the year progressed, with the first half of the year at 41.4% and the second half of the year at 43.9%.

The improvement arose from three main sources:

- Reduction of supply chain overheads, in response to production transfers to more cost-efficient plants and reduced activity levels generally. These actions were announced in our Interim Results and delivered as planned in the second half of the year. They largely impacted our facilities on the US East Coast and in China.
- Negotiated savings on raw materials purchased for our Asia manufacturing operations, totalling c. £1m for 2025.
- Manufacturing efficiency improvements, including from Lean manufacturing techniques in Asia.

This strong underlying progress, and the resulting improved margin baseline as we entered 2026, is encouraging and should improve further as market recovery drives higher factory utilisation.

We closely managed the increase to input costs arising from new US tariffs by shifting delivery to customer manufacturing sites outside of the US or fully passing through the costs where necessary. Nearly all of the cost increase is attributable to products made at our facility in Vietnam.

Reported gross margin increased by slightly more than Adjusted Gross Margin in the year due to the release in 2025 of one-off inventory provisions created in 2024 relating to our decision to exit the China semiconductor market, which proved to be partially surplus to requirements.

Operating Expenses

Operating Expenses in 2025 totalled £95.6m, of which £14.7m were Adjusting Items as explained more fully below. Excluding the impact of these Adjusting Items, Adjusted Operating Expenses for 2025 were £80.9m, a £4.7m (6%) increase from 2024.

The increase was largely driven by the following non-discretionary and accounting items totalling £3.6m:

- Amortisation of capitalised product development costs increased by £0.6m, as a number of significant products were brought to market.
- The capitalisation of product development costs reduced, increasing by £1.0m the amount of development spend

being charged to the income statement. Only project work at the development stage can be considered for capitalisation, but all of these activities are critical to the success of the business, including testing of existing products against new regulatory requirements.

- We recorded an impairment of £1.2m relating to capitalised product development costs for a customer project which was cancelled due to US export control restrictions (2024: £0.2m).
- Foreign exchange movements increased operating expenses by £0.6m. The weakening of the US dollar resulted in a large foreign exchange cost headwind in the first half of the year. This partly reversed in the second half of the year, benefiting from actions taken to reduce our foreign exchange exposure.
- Share based payment expenses increased by £0.4m from an unusually low base.

Other cost categories, consisting largely of discretionary items, therefore increased by £1.1m, or 1%, with cost saving actions helping to fund inflationary increases.

Operating Profit

Adjusted Operating Profit for 2025 was £17.3m compared to £25.1m in the prior year. The total reduction in Adjusted Operating Profit arose from:

- Revenue volume reduction of £7.0m
- Increase in gross margin % of £3.9m
- Increase in Adjusted Operating Expenses of £4.7m

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	2025			2024		
	Operating profit	Net finance expense	Profit before tax	Operating profit	Net finance expense	Profit before tax
£m						
Restructuring costs	(14)	-	(1.4)	(2.3)	-	(2.3)
Exit from China Semiconductor market	2.3	-	2.3	(6.7)	-	(6.7)
Supply chain transformation	-	-	-	(1.6)	-	(1.6)
Comet legal case	(2.6)	-	(2.6)	(7.6)	-	(7.6)
Amortisation of acquired intangibles	(2.6)	-	(2.6)	(3.1)	-	(3.1)
Bid defence costs	-	-	-	(0.2)	-	(0.2)
Costs relating to RF exit	(8.3)	(0.2)	(8.5)	-	-	-
Cost relating to China factory closure	(4.0)	-	(4.0)	-	-	-
Total	(16.6)	(0.2)	(16.8)	(21.5)	-	(21.5)

Restructuring costs incurred in the current year of £1.4m comprised of severance payments in respect of headcount reductions which arose primarily in our manufacturing sites in the first half of 2025 reflecting the lower levels of production output during the year.

CHIEF FINANCIAL OFFICER'S REVIEW

CONTINUED

In late 2024, changes to US trade rules restricted the export of our products to customers in China's Semiconductor Manufacturing Equipment sector which resulted in us deciding to exit this market once existing export licences had expired and led to a provision for all inventory which was solely for use in the China semiconductor market. During 2025, we have fulfilled some additional final orders under licence which had not been anticipated at the end of 2024. As a result, we have reversed the provision as inventory was consumed, with a net benefit of £2.3m.

In January 2025 the trial judge in the Comet case ruled that plaintiff's legal fees and pre-judgement interest were to be paid by the Group and, as a result, the Group was required to purchase an additional bond (£11.7m cash outflow) in respect of this judgement, pending the hearing of our appeal. In September 2025, our appeal was heard by the Ninth District Court. Legal costs for our preparation for the appeal totalled £0.7m. Over the year an additional £1.7m of interest was accrued on the judgements to date while the case awaits an appeal verdict, and we incurred bond management fees of £0.2m. Interest of £1.6m was earned by the Group in the year on cash deposited to collateralise the surety bond pledged in this case.

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. The effect of foreign currency on the change in our Adjusted Operating Profit is illustrated below:

Adjusted £m	2024	Currency impact	Constant Currency ¹	2025
Revenue	247.3	(6.9)	(10.3)	230.1
Revenue growth %		(3)%	(4)%	(7)%
Cost of sales	(146.0)	4.8	9.3	(131.9)
Gross Profit	101.3	(2.1)	(1.0)	98.2
Gross margin %	41.0%	0.3%	1.4%	42.7%
Operating expenses	(76.2)	(0.6)	(4.1)	(80.9)
Operating profit	25.1	(2.7)	(5.1)	17.3
Operating margin %	10.1%	(0.8)%	(1.8)%	7.5%

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

Adjusted Operating Profit decreased by 20% in constant currency, with a 11% impact from currency movements. Currency movements had an overall negative impact on revenue, gross profit and operating expenses, but a positive effect on cost of sales year-over-year.

Late in 2025 the Board took the decision to exit the RF market, with an approximately three-year run-off period to ensure that we support current customers as they transition to new supply arrangements. As a result, we recognised additional provisions against inventory which would not be required to fulfil anticipated final orders with an expense of £3.1m. We also impaired capitalised product development where the recoverable value was assessed as nil as the related designs would not be used in the run-off period with a total expense of £4.3m (of which £0.2m was capitalised finance costs). We also provided £1.0m for severance costs of current employees, which will be paid out on their leaving dates. Other related costs totalled £0.1m.

The closure of our manufacturing facility in China led to a one-off severance cost of £3.4m which was fully settled during the year. Much of the production fixed assets and inventory will be transferred to our Vietnam or Malaysia plant, with the remaining assets which were not suitable for transfer resulting in £0.4m expense as they were written down to nil. Other related costs incurred were £0.2m.

The total cash outflow for adjusting items in 2025 was £6.0m, the majority of which was severance costs. During 2024 the total cash outflow was £3.6m.

Net finance expense

Adjusted Net Finance Expense was £7.8m (2024: £11.3m).

During the year, we substantially reduced our net debt from £93.5m to £41.5m. This reduction in net debt, together with a reduction in applicable interest rates in the second half of the year resulted in a significant reduction in finance costs related to external borrowings of £3.6m. During the year we incurred additional costs in relation to renegotiating our bank facilities, which led to an increase in financing costs of £0.3m.

Taxation

Adjusted Tax Expense for the year was £3.3m, with an Adjusted Effective Tax Rate for 2025 of 34.7%. This rate was higher than 2024 largely due to the impact of foreign exchange losses on intercompany balances which were not tax deductible. We took action to settle these intercompany balances during the second half of the year which will resolve this tax inefficiency moving forwards. Our Adjusted Effective Tax Rate is expected to reduce to circa 25% with the return to normal market conditions, as the current low profitability causes unrelieved tax losses in some parts of the Group.

The reported tax expense of £4.0m includes an additional tax liability of £0.8m for an historical under provision of tax in respect of UK transfer pricing.

Profit after tax

The Group reported a loss after tax of £11.3m compared to a loss of £9.4m in 2024. Adjusted Profit for the Year was £6.2m compared to £10.4m in 2024. As a result of decisive actions taken during the year, we have been able to protect profitability despite the significant external headwinds explained in the Chief Executive Officer's Review.

The basic loss per share was 42.0p compared with a basic loss per share of 40.5p in 2024. Adjusted Diluted Earnings Per Share of 22.5p was compared with 42.9p in 2024. The decrease in Adjusted Diluted Earnings Per Share is primarily due to the reduction in Adjusted Profit After Tax and an increase in the number of shares in issue due to the share placement in March 2025.

Cash flows

Adjusted £m	2025	2024
Operating profit	17.3	25.1
Depreciation, amortisation & impairment	17.4	15.8
EBITDA	34.7	40.9
Change in working capital	4.2	25.0
Other items	-	(0.3)
Operating cash flow	38.9	65.6
Net capital expenditure – Product development costs	(8.7)	(10.1)
Net capital expenditure – Other assets	(7.4)	(10.1)
Net capital expenditure – Government grant	1.5	-
Net interest paid	(8.1)	(12.1)
Tax paid	(3.2)	(6.6)
Other items	(1.9)	(1.5)
Free Cash Flow	11.1	25.2

CHIEF FINANCIAL OFFICER'S REVIEW

CONTINUED

Adjusted Free Cash Flow remained relatively healthy at £11.1m (2024: £25.2m). Adjusted Operating Cash Flow totalled £38.9m, meaning we converted 225% of Adjusted Operating Profit into cash through continued tight control of working capital, particularly inventory. £8.7m was spent on product development costs, £1.4m less than last year as a smaller proportion of our ongoing investment in new products met the accounting threshold for capitalisation. Spending on other fixed assets totalled £7.4m, £2.7m less than last year as we near the end of our recent cycle of investment in infrastructure. Spending in 2025 included £6.3m spent on construction of our new manufacturing facility in Malaysia, bringing cash spending on the project to date to £13.0m. While construction is complete, final stage payments of £7.0m are due in the first half of 2026. Spending is shown net of a £0.9m landlord contribution toward leasehold improvements in the US. A grant of £1.5m was received from the US government toward the construction cost of our Silicon Valley Customer Innovation Centre. The reduction in net finance costs also led to a reduction in net interest paid of £3.9m. The lower tax paid reflects the weaker underlying financial performance.

Adjusted Operating Cash Conversion of 225% excludes the effect a one-off customer prepayment of £16.4m for 2026 deliveries.

Funding position and capital structure

Our Net Debt reduced from £93.5m at 31 December 2024 to £41.5m at 31 December 2025. We continued to prioritise the strengthening of our balance sheet in the year. This included reducing working capital particularly inventory, which reduced by £14.1m from 2024, and a successful share placing in March which raised net proceeds of £39.6m.

Our gross cash balance at the end of 2025 was £33.8m (2024: £13.9m).

At the start of the year, our revolving credit facilities totalling \$210m matured in December 2026. By the end of the year, following a year of significant debt reduction, we were able to reduce the facility size to \$130m and extend the maturity materially, with approximately \$100m maturing in June 2028 and \$30m maturing in June 2030.

The reduced facility size continues to offer ample liquidity. At December 2025, total liquidity, combining undrawn headroom in borrowing facilities and cash on deposit, totalled £51.9m.

The covenants applicable to our borrowing facilities, which are tested at each calendar quarter end, are as follows until maturity of the facility:

- Leverage ratio: Not more than 3.0x (at 31 December 2025: 1.2x)
- Interest cover: Not less than 3.0x (at 31 December 2025: 5.2x)

The Board is 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.

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 2 of the Consolidated Financial Statements. The Viability Statement is set out on page 42.

At the end of 2025, net current assets stood at £66.9m compared to £62.8m at the end of 2024. The principal changes in our working capital were the inventory reduction of £14.1m from 2024 due to further efforts taken to lower on hand inventory levels and reduction in inventory following the China factory closure and exit of RF business and the increase in contract liabilities of £16.4m due to the receipt of a large customer prepayment.

Dividends

Dividend payments were suspended in 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 moves sustainably closer to our long-term leverage target range of 0-1x Adjusted EBITDA. As a result, no dividends have been declared or proposed during, or in respect of, the financial year ended 31 December 2025.

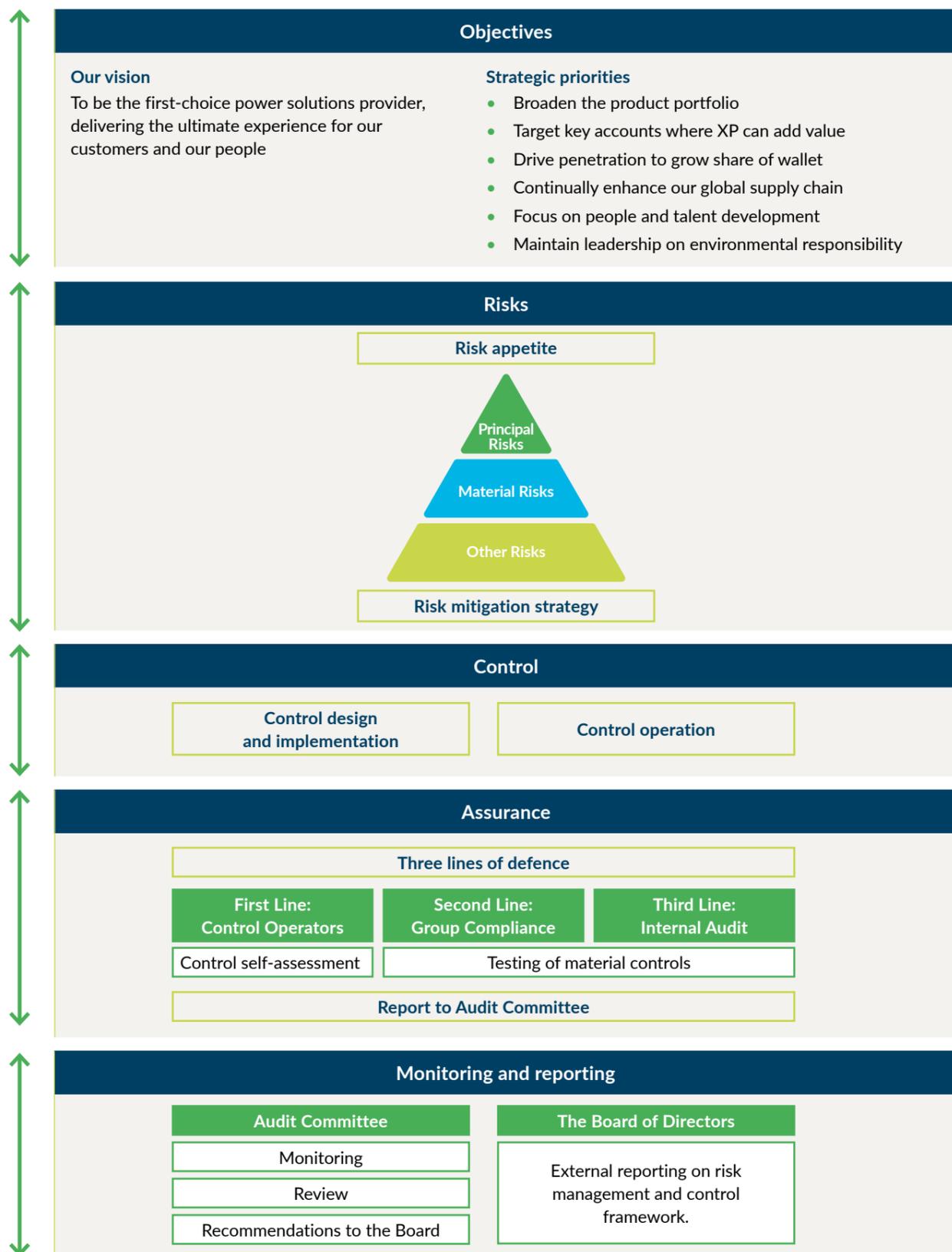
MATT WEBB
CHIEF FINANCIAL OFFICER

2 March 2026



Malaysia facility ready
for commissioning

RISK MANAGEMENT FRAMEWORK



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

The Board has carried out a robust risk assessment, with actions established to mitigate or reduce identified risks that could undermine the business model, affect performance, compromise solvency or liquidity, or hinder strategic objectives.

The Board identifies emerging risks through regular updates from senior management supported by monitoring of external developments. This includes reviewing publications from professional firms and industry bodies, including external risk surveys. These insights help the Board

proactively identify new or evolving risks and consider appropriate mitigating actions.

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

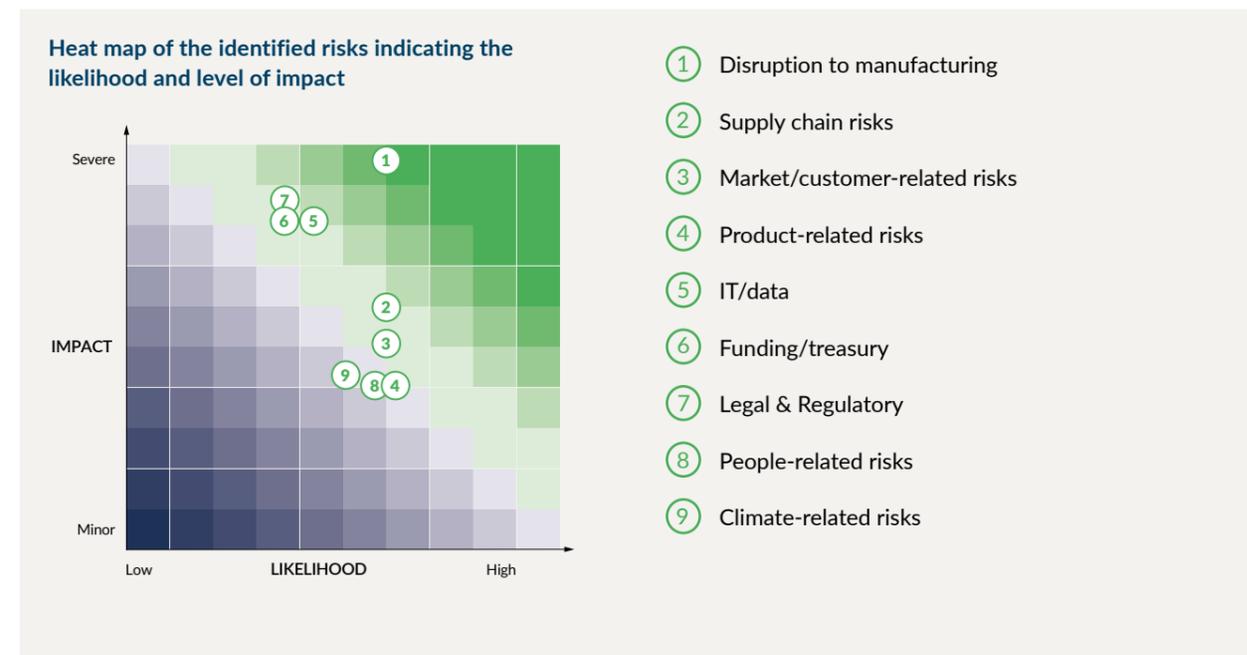
- the assessment of their impact level to the viability of the business if they occurred – ranging from minor to severe and the likelihood of a risk occurring – ranging from low to high; and
- the direction in which they are trending in (the Assessed Trend) – risks are classified according to whether 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 finds the methodology useful for determining the relative focus for each risk.

Whilst the risks included in this report do not constitute an exhaustive list, they do include all risks that the Board believes would have a severe or moderate impact on the business if they occurred.

Risk appetite

The Board determines the type and extent of risk that the Company is willing to take to achieve its strategic and



MANAGING OUR RISKS

CONTINUED

operational objectives, with a risk appetite rating applied to each risk.

The Board's key focus is to minimise the Group's risk exposure in relation to IT & Data, Funding and treasury and Legal & Regulatory matters, as the risk appetite of the Board in these areas is low.

The Board's risk appetite reflects the experiences and learnings from the pandemic, recent global supply chain disruptions and ongoing transformation initiatives, which strengthen our response to future disruptive events.

Risk management

The Group manages the principal and emerging risks identified 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's operational and finance teams, who are responsible for the day-to-day management of risks and the implementation of control procedures, 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 has not identified any new Principal Risks. The 'Business Transformation' risk has been

removed as a Principal Risk, as its components are now managed under other Principal Risks.

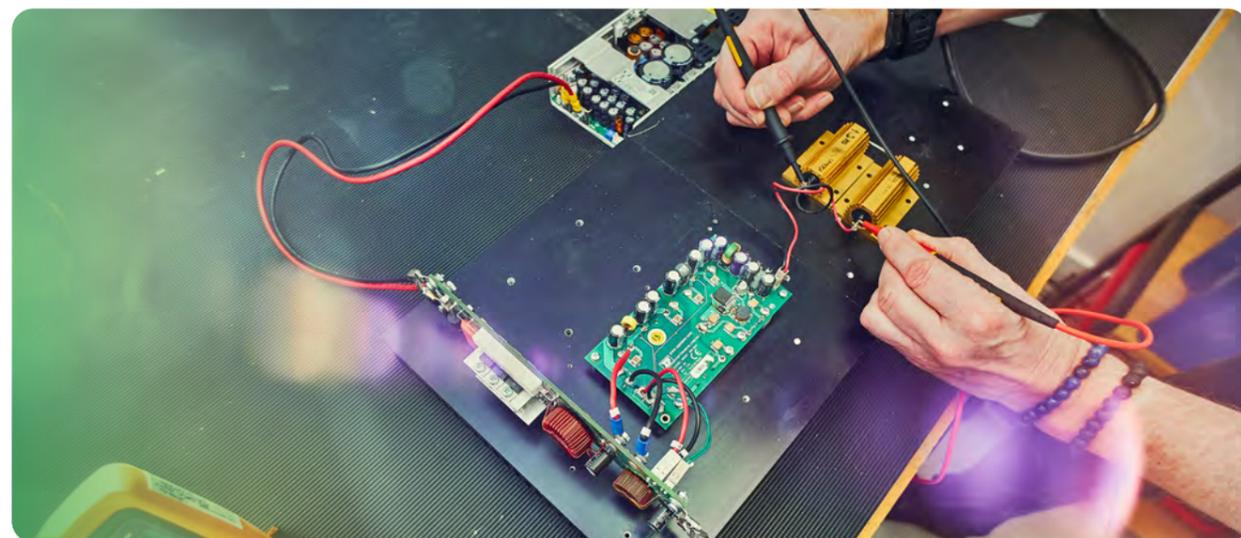
The assessed risk of disruption to manufacturing has temporarily increased as, following the closure of the Kunshan manufacturing facility, the Group will have a single full manufacturing location in Asia for a short period of time, while the commissioning at the Malaysia site is completed. The Board is satisfied that this risk can be adequately managed due to inventory build prior to the closure, spare capacity currently available in the Vietnam site and the ability to complete short production runs in other manufacturing locations.

The risk related to the use of AI (both inadvertently sharing proprietary data externally and not grasping the opportunities presented) has been added to the 'IT and data' Principal Risks. During the year, the Group has implemented a new enterprise-grade AI tool, which ensures that any uploaded data is not shared outside of the XP environment and which has been trained on Company-specific documents and standards.

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

Principal risks

The Board uses the risk management framework, detailed on page 34, 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.



- 1 Broaden the product portfolio
- 2 Target key accounts where XP can add value
- 3 Drive penetration to grow share of wallet

- 4 Continually enhance our global supply chain
- 5 Focus on people and talent development
- 6 Maintain leadership on environmental responsibility

- ↗ Increase to risk
- ↘ Decrease to risk
- ⊕ No change to risk

Disruption to manufacturing risks

Link to strategic pillar

Assessed trend

- 1
- 2
- 3
- 4
- 5
- 6



Explanation of risk

An event that causes the temporary or permanent loss of a manufacturing facility could restrict the Group's ability to sell products to customers.

This could include fire, flood, infectious disease or climate-related events.

Reliance on a single Asian manufacturing site in Vietnam following the closure of our manufacturing plant in China, combined with the commissioning of our new site in Malaysia, may lead to operational disruption, capacity constraints or delays.

Potential impact

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.

Mitigation

- We have disaster recovery plans in place.
- We hold inventory in sales markets to meet short-term demand in the event of disruption.
- We implement epidemic control and prevention measures 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.

Priorities in 2026

- We will establish a cross-functional commissioning team to ensure the controlled and effective commissioning of the Malaysia manufacturing site.
- We will review and update business continuity and disaster recovery plans to ensure they remain current and effective.
- We will review business interruption insurance annually to ensure cover adapts to evolving risks.

Supply chain risks

Link to strategic pillar

Assessed trend

- 1
- 2
- 3
- 4
- 6



Explanation of risk

The success of the Group depends on its ability to retain key suppliers, ensure on-time deliveries and maintain high-quality materials.

The Group's significant use of its Asian manufacturing footprint to supply US and European markets exposes it to global shipping-related risks.

Potential impact

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 require relatively long lead times, which increases the risk of shortages at the point of manufacture.

Poor supplier conduct or unsuitable contractual commitments could disrupt operations, impact quality, or create financial and reputational exposure.

Mitigation

- We dual source components wherever possible.
- We maintain an appropriate safety inventory of key components, with levels regularly reviewed against demand and lead times.
- We monitor risks to our transport routes, implement contingency plans, and keep customers informed of any issues and their potential impact.
- Our Code of Conduct is issued to our suppliers, who must agree to comply with it.
- Our delegation of authority ensures appropriate review and approval of purchasing decisions.

Priorities in 2026

- We will adopt a new inventory holding strategy in 2026 to increase component availability and fulfilment service levels.
- We will ensure that dual sourcing is built into new product designs.
- We will continue to monitor and review our demand planning processes and supply chain model.
- We will add to our inventory of critical components whose delivery lead times are known to increase as markets recover.

MANAGING OUR RISKS

CONTINUED

- 1 Broaden the product portfolio
- 2 Target key accounts where XP can add value
- 3 Drive penetration to grow share of wallet

- 4 Continually enhance our global supply chain
- 5 Focus on people and talent development
- 6 Maintain leadership on environmental responsibility

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

Market/customer-related risks

Link to strategic pillar 2 3 5 6 **Assessed trend**

Explanation of risk
The semiconductor market represents a significant percentage of Group revenue and is inherently cyclical.
The Group derives a material proportion of its revenue from its largest customers. Gains or losses of business with these customers may impact materially on demand for our products.

Potential impact
Inherent cycles in the Semiconductor Manufacturing Equipment market could significantly impact the Group's revenue, profitability and financial condition, both positively and negatively, leading to unexpected changes in performance.
Losing key customers could materially impact the Group's performance.

Mitigation

- We stay close to our key customers and monitor developments in our markets for early warning signs of changes in demand conditions.
- The Group maintains conservative leverage to accommodate any cyclical.
- We ensure the business is sufficiently diversified by sector to balance cyclical in any one sector.
- The Group has developed plans to rapidly add capacity to manufacturing sites if required.
- We focus on retaining key customers through providing excellent service. Members of the Executive Leadership Team conduct a monthly review of customer complaints and non-conformances.
- While customer inventory visibility is limited, our sales teams engage with customers and incorporate this insight into revenue projections.

Priorities in 2026

- We will continue to refine our forecasting processes at the appropriate level of market/customer detail to ensure the best possible view on future orders and revenue.
- Customer concentration remains a risk due to the Group's focus on key accounts; however, this risk is naturally mitigated through revenue being derived from multiple independent programmes within the same customer and as products are typically integrated for the full life-cycle of end products
- We will continue to deliver excellent service and ensure that our pricing remains competitive.

Product-related risks

Link to strategic pillar 1 2 3 6 **Assessed trend**

Explanation of risk
Products are recalled due to a quality or safety issue.
The Group may fail to develop new products or respond to new disruptive technologies.
Transferring facilities, equipment and processes between factories disrupts production, affects quality and impacts customer deliveries.

Potential impact
A major product recall could seriously impact the business, causing potential cost and reputation damage as a supplier to critical systems.
New products or technologies introduced by third parties could adversely impact the Group's revenue.

Mitigation

- The Group performs 100% functional testing on all its manufactured products and conducts 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.
- The Group implements standardised business processes to ensure consistency, efficiency and compliance across business units.

Priorities in 2026

- We will continue to enhance our product design processes.
- We will review and optimise our approach to appropriate investment in sustaining activities.
- We will expand supplier quality capabilities.
- We will implement a global quality engagement programme.

IT/data risks

Link to strategic pillar 4 **Assessed trend**

Explanation of risk
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.

Potential impact
Any failure or downtime of these systems, or any data theft or encryption, could significantly impact on the Group's reputation or ability to operate.
Incomplete or inaccurate data can lead to poor decision making.
Sub-optimal use of AI could lead to missed opportunities for efficiency and innovation, or introduce new risks, including data quality, bias and compliance issues.

Mitigation

- The Group's defined Business Impact Assessment 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.
- The Group uses internally produced training materials 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.
- The Group has cybersecurity insurance in place.
- The Group has established a Cybersecurity Steering Committee and a Cybersecurity Roadmap to continually strengthen governance and guide the implementation of additional security initiatives.

Priorities in 2026

- We will continue to enhance our cybersecurity tools and processes and promote heightened awareness to cybersecurity risks among our people.
- We will continue to improve quality and Group-wide consistency of Master Data.
- We will expand AI governance and broaden staff training to include advanced AI use cases and risk awareness.

Funding/treasury risks

Link to strategic pillar 1 4 **Assessed trend**

Explanation of risk
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, which creates a natural transactional hedge. However, a small number of sales and costs in other currencies expose the Group to transactional currency risks.
The Group faces translational currency risk from reporting in sterling.

Potential impact
The Group could breach banking covenants and lose access to its funding. The full viability statement can be found on page 42.
The Group is exposed to foreign currency fluctuations. This could lead to material adverse movements in reported earnings and cash flows.

Mitigation

- The Group sets a clear and conservative leverage policy and performs 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 restructures intercompany loans to eliminate translation currency risk.
- The Group manages interest costs using an interest rate hedging policy.

Priorities in 2026

- We will continue regular and detailed reviews of forecast and actual results to ensure maximum visibility of profit, interest, net debt and bank covenant performance, to identify any potential exposures and implement mitigating actions.
- We will continue to improve the funding position by seeking cost savings and maximising cash generation.
- We will continue to review the maturity of our debt facilities, extending as needed to ensure funding continuity.

MANAGING OUR RISKS

CONTINUED

Legal & regulatory risks

Link to strategic pillar	Assessed trend
1 2 3 4 5 6	🔑

Explanation of risk
 The Group operates in multiple jurisdictions with applicable trade, company law and tax regulations, which 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 the Group's ability to trade profitably in some locations. The Group must comply with export and import rules, which may change over time and could directly or indirectly impact its ability to sell.

Potential impact
 Failing to comply with local law and regulations could impact the profits and reputation of the Group and its ability to conduct business. The geographical location of the Group's profits impacts on its effective tax rate. The Group's effective tax rate could, therefore, fluctuate over time and impact on earnings and share price. If an efficient Group tax structure is not maintained, the effective tax rate could also fluctuate. 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. 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.

Mitigation

- The Group hires employees with relevant skills and uses external advisers to maintain regulatory compliance.
- The Group uses external specialists to manage tax risk and regulatory compliance. The Group uses global trade compliance software to monitor transactions.
- A co-sourced Internal Audit function provides risk assurance in targeted areas of the business and provides recommendations for improvement.
- The Group establishes a clear Health and Safety Policy and procedures.
- The Group carries out automated due diligence checks for new customers.

Priorities in 2026

- We will stay current with the latest legislation and ensure our policies and processes are updated to ensure we remain compliant.
- 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.
- We will continue to monitor global developments in trade policy.

People-related risks

Link to strategic pillar	Assessed trend
4 5	🔑

Explanation of risk
 The Group's future success depends 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.

Potential impact
 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. Organisational design may hinder clear ownership and effective decision making. Fraudulent and unethical behaviour could have negative reputational impact and cause financial loss to the Group.

Mitigation

- 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

Priorities in 2026

- We will continue to focus on people management and leadership development.
- We will roll out updated training for line managers.
- We will review the Group's organisational structure and associated incentive plans to ensure they continue to support the Group's long-term strategy

- 1 Broaden the product portfolio
- 2 Target key accounts where XP can add value
- 3 Drive penetration to grow share of wallet

- 4 Continually enhance our global supply chain
- 5 Focus on people and talent development
- 6 Maintain leadership on environmental responsibility

- ↗ Increase to risk
- ↘ Decrease to risk
- 🔑 No change to risk

Climate-related risks

Link to strategic pillar	Assessed trend
4 6	🔑

Explanation of risk
 The Group is exposed to climate-related risks that could have a negative impact on the business.

Potential impact
 Severe weather could affect the operations or our upstream supply chain. Failing to meet net zero targets and sustainability-related customer expectations could cause reputational damage, reduced revenue and significant environmental harm.

Mitigation

- The Group maintains a flexible manufacturing footprint to allow us to respond to single-site disruptions for many of our product lines.
- The Group has dual-sourced supplies for material purchases and conducts regular reviews of safety inventories to ensure there is sufficient stock.
- The Group's net zero transition plan includes relevant policies and KPIs to ensure environmental targets are delivered.
- The Group implements procedures to prevent environmental damage.

Priorities in 2026

- We will continue to review and respond to areas of single point exposure for manufacturing capability and material sourcing.
- We will engage the entire organisation to meet our net zero targets.



VIABILITY STATEMENT

In accordance with provision 31 of the 2024 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 16-17), and the principal risks and uncertainties (pages 35-41).

The Directors have determined the three-year period to December 2028 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 the latest available financial forecasts for the Group.

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 the principal risks of the Group.

It also considered them against the Group's current banking facilities, a Revolving Credit Facility (RCF) comprised of \$130m with approximately \$100m maturing in June 2028 and \$30m maturing in June 2030.

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.

In the event that multiple risks were to crystallise at the same time, then breaches of our banking covenants would occur, but in applying a "probability and impact" approach 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 2028.

HOW WE ENGAGE WITH OUR STAKEHOLDERS

In accordance with section 172 of the Companies Act 2006, Directors are required to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in so doing so, have regard to the interests of its wider stakeholders. The Company's statement demonstrating how s.172(1) factors informed Board discussion and decision-making can be found on pages 98-99 of the Governance Report.

Further information on where s.172(1) factors are discussed throughout the Annual Report are set out below.

S 172(1) factors	Further information	Page reference
a. The likely consequences of any decision in the long term	Chair's Statement	08-09
	Our Business model	16-17
	Chief Executive Officer Review	18-23
	Our Strategy	24-27
	Chief Financial Officer Review	28-32
	Managing Our Risks	35-41
b. The interests of the Company's employees	Our Sustainability Strategy	44
	People and workplace	66-71
	Board in action	96-97
	Culture and Employee Engagement	100-101
c. The need to foster the Company's business relationships with suppliers, customers and others	Remuneration Committee Report	117-140
	Our Markets	12-15
	Our Business model	16-17
	Chief Executive Officer Review	18-23
	Sustainability Report	46-80
d. The impact of the Company's operations on the community and the environment	Board in action	96-97
	Shareholder communication	103-104
	Chief Executive Officer Review	18-23
	Our Strategy	24-27
e. The Company's desire to maintain a reputation for high standards of business conduct	Our Sustainability Strategy and Our Strategy in action	44-45
	Our Sustainability Report and TCFD	46-80
	Our Business model	16-17
	Ethics and Compliance	72-73
	Introduction to Governance	86-87
f. The need to act fairly between members of the Company	Risk management and internal control	103
	Culture and Board oversight	100
	Corporate Governance Report	86-104
	Remuneration Committee Report	117-140
	Directors' Report	141-144

OUR SUSTAINABILITY STRATEGY

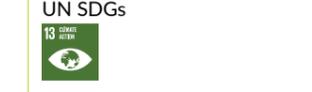
At XP Power, sustainability is a cornerstone of our strategy and driver of growth. It is central to our vision of being a trusted partner for our customers and a recognised leader in sustainability within our industry.

Sustainability guides our efforts to minimise negative impacts on stakeholders and the environment while creating value across our entire value chain. It also reinforces our “Powering Progress” initiatives as well as our Safety and Quality frameworks.

Our sustainability strategy addresses issues identified as material through our 2021 materiality assessment

(see page 54 of our 2021 Annual Report) and is reconfirmed through continued engagement with internal and external stakeholders.¹

We group our material issues under four areas: Sustainable Products, Environmental Leadership, People and Workplace, and Ethics and Compliance.

<p>1. Sustainable Products</p> <p>We produce quality products that are safe and solve our customers' power problems.</p> <p>Our power converters are safety critical elements of the end application and provide an isolation barrier between the end user and relatively high-voltage mains electricity.</p>	<p>2. Environmental Leadership</p> <p>We minimise the impact that we, and our products, have on the environment. We adopt responsible sourcing practices that consider social and environmental impacts.</p> <p>Our sustainable business goal is to lead our industry in environmental matters, and minimise the impact we, and our products, have on the environment.</p>	<p>3. People and Workplace</p> <p>We ensure that XP Power is a workplace in which our people can be at their best. We maintain a safe, diverse and inclusive environment, which attracts and retains the best talent.</p> <p>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.</p>	<p>4. Ethics and Compliance</p> <p>We uphold the highest standards of business ethics and integrity.</p> <p>Our sustainable business goal is to have zero breaches of our Code of Conduct and uphold the highest standard of ethics and integrity.</p>
<p>Link to Material issues</p> <p>01 03</p> <p>UN SDGs</p> 	<p>Link to Material issues</p> <p>01 03</p> <p>UN SDGs</p> 	<p>Link to Material issues</p> <p>04 05 06 08</p> <p>UN SDGs</p> 	<p>Link to Material issues</p> <p>02 07</p> <p>UN SDGs</p> 

Material issues key:

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

Our Sustainability Council delivers the XP Power sustainability action plan and, within this, the net zero action plan. The CEO chairs the Council and receives support from sustainability representatives within each business unit, who play an active part in reporting and leading site ESG initiatives. Full details of our sustainability governance model and its responsibilities are outlined in our Climate-Related Risk Report on pages 56-65.

¹ More information on our engagement with stakeholders can be found in our Section 172 statement (page 98).

OUR STRATEGY IN ACTION

What we've done this year

- We made significant improvements in our health and safety performance with a 64% reduction in Injury Rate (TRIR) and 79% reduction in Lost Time Injury Rate (LTIR) vs 2024.
- We transformed our Environmental, Health and Safety (EHS) training approach by establishing a global EHS programme that delivered universal standards across all locations, ensuring consistent practices, clear accountability and site-level compliance worldwide.
- In 2025, we reassessed our supplier engagement programme and enhanced it by expanding ESG surveys to manage risks. We launched the process in a pragmatic, value-driven way, with a view to expanding its scope over time.
- We continued to integrate the Product Carbon Rating system launched last year to influence our sales and bring more efficient products to market. In 2025, we launched 11 product families (2024: 6) in our highest efficiency ratings of Titanium, Platinum or Gold.
- In recognition of the strength of our climate transparency and action, we received an A in our CDP Climate Change 2025 disclosure, from a B in 2024, placing us in the top 4% of c.20,000 assessed companies.
- We received EcoVadis Bronze Medal status for our 2025 disclosure, which placed us in the top 30% of businesses assessed. Our overall score improved from 60/100 to 65/100, and we aim to improve further this year.
- We launched our “Powering Progress” initiative, based on the three pillars of Quality, Sustainability and Safety. The initiative provides a platform for team engagement and internal ambition in 2026.
- We developed a site-specific Sustainability Dashboard to better monitor site performance against our new KPIs: Energy Efficiency (energy/output); Waste Diversion;

Internal Audit Score; and Local Impact Programmes. Through the dashboard, we can further identify site-specific opportunities to improve our performance and work towards our Net Zero by 2040 target.

2026 plan

- We will develop and implement an action plan that will help us deliver improvements against key rating agencies such as MSCI and EcoVadis.
- We will continue to assess our sales and New Product Development (NPD) against our Carbon Rating Framework with further progression on higher efficiency open-frame products and expansion of framework coverage to include more products.
- We will strengthen sustainability culture by driving meaningful engagement, ensuring leaders and employees connect sustainability goals with their work, and building a culture of visibility and shared ownership.
- We will implement Responsible Business Alliance (RBA) standards by developing and deploying a scalable management system to meet customer expectations while navigating RBA protocols.
- We will continue our roll-out of solar installations across our estate, driving progress towards our 2040 Net Zero target, engaging employees and showcasing our sustainability leadership.
- We will enhance supplier engagement through expanded ESG surveys to manage risks, while selecting a practical tool and launching the process in a pragmatic, value-driven way.
- We will elevate electrical safety as a core risk-reduction focus by standardising practices across sites and engaging employees in hazard identification and elimination goals.

Our ESG indicators

Rating agency scores

We engage with the following rating agencies to assess our sustainability performance and delivery against our sustainability strategy:

<p>MSCI</p> <p>ESG Rating:</p> <p>AA</p>	<p>CDP Climate Change score</p> <p>Climate Change 2025:</p> <p>A (2024: B)</p>	<p>EcoVadis Sustainability Rating</p> <p>Overall score:</p> <p>65/100 'Bronze Medal'</p>
<p>Sustainalytics</p> <p>ESG risk rating:</p> <p>17.6 (Low Risk)</p> <p>Ranked 16th out of 303 within the Electrical Equipment Industry</p> <p>ESG Risk Management score:</p> <p>66.7 (Strong)</p>		<p>ISS Corporate Score</p> <p>Performance score:</p> <p>48.05</p> <p>Rating:</p> <p>C Non-Prime with a decile ranking of 3 (2024: C, Non-Prime with a decile ranking of 3)</p>

Sustainability Report

In the following chapters, we report on our performance in 2025 in line with our strategic pillars on sustainability.

SUSTAINABLE PRODUCTS	48
ENVIRONMENTAL LEADERSHIP	53
TCFD REPORT	56
PEOPLE AND WORKPLACE	66
ETHICS AND COMPLIANCE	72
KEY NON-FINANCIAL PERFORMANCE INDICATORS	74

SUSTAINABILITY REPORT

1. SUSTAINABLE PRODUCTS

How this strategic pillar links to the UN SDGs:

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.



Sustainable products

We produce quality products that are safe and solve our customers’ power problems.

Our power converters are safety-critical elements of the end application and provide an isolation barrier between the end user and relatively high-voltage mains electricity.

Link to



Our R&D investment drives our ambition to be an industry leader on sustainability. We have one of the broadest ranges of efficient products in our industry.

To maintain our leadership position, we recognise a continued need to develop low-carbon products that solve our customers’ power problems, optimise energy efficiencies and safety, and remain cost effective.

The carbon footprint of power conversion products is dominated by their lifetime conversion efficiency. By increasing energy efficiency, we can make a significant reduction to the lifetime environmental impact of a power system and the equipment into which it is installed, while supporting compliance with applicable downstream energy-efficiency criteria.

By developing smaller power conversion products, which consume less physical material and reduce component count, we can also further reduce our carbon footprint and help our customers limit their environmental impact.

CASE STUDY

FLXPro series

The FLXPro’s compact size, high power density and extensive range of user-defined performance parameters reduced application size, complexity and component count while enhancing end application efficiency, addressing application space constraints and the need for increased power. Designed with SiC/GaN technology and a fully digital architecture, the FLXPro achieves efficiencies up to 93%, which reduces system operating costs and cooling requirements. With these improvements in efficiency versus the fleXPower series, our initial calculations indicate ~20% reduction in carbon emissions.

Additionally, multiple internal temperature measurements enable fast status checks through extensive temperature diagnostics, which drive intelligent fan control and over temperature warnings and alarms.



CASE STUDY

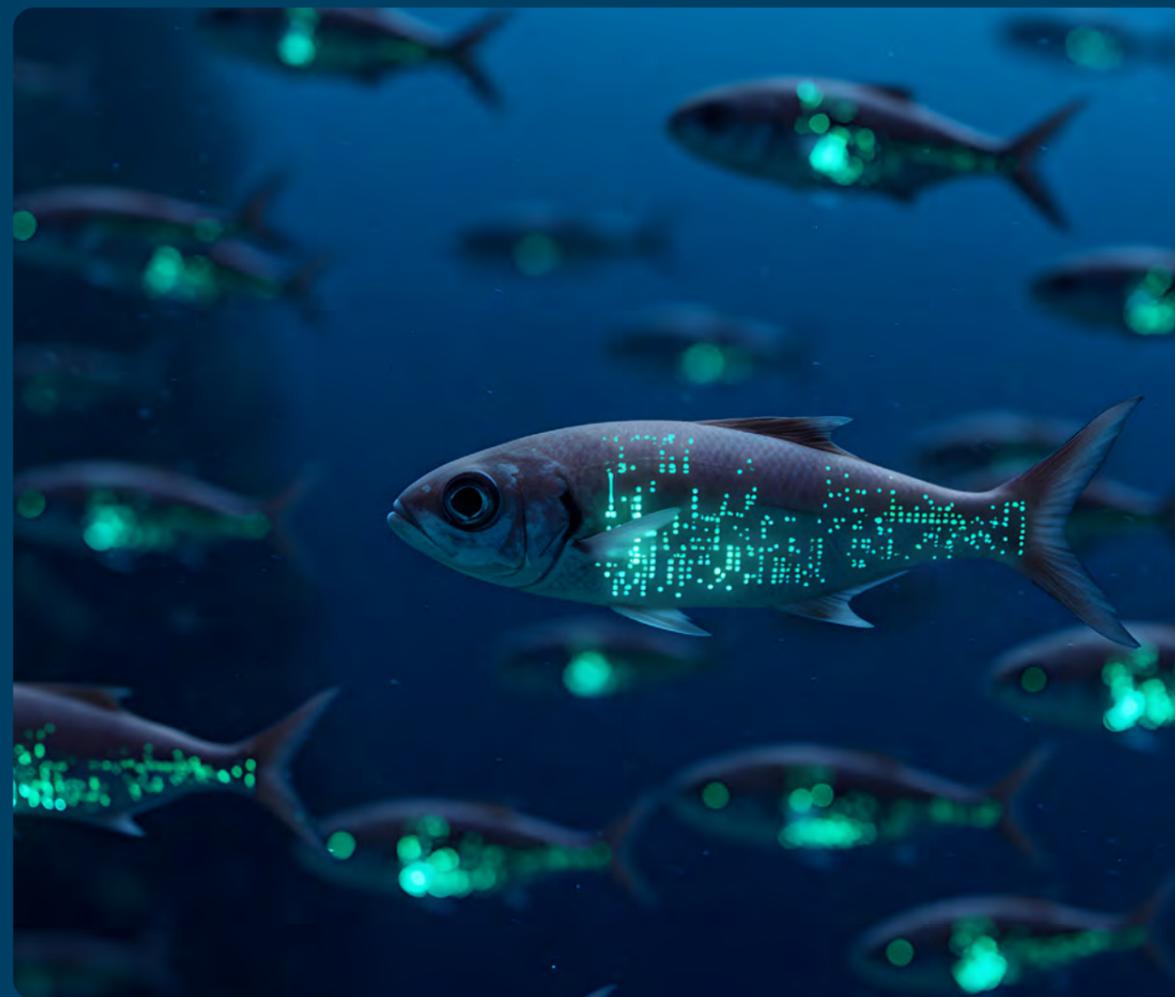
Sustainable aquaculture

Sea lice control is a major challenge in salmon and trout aquaculture. Traditional chemical and mechanical delousing methods can harm marine ecosystems, increase fish stress and contribute to parasite resistance. As the industry moves towards more sustainable practices, optical, laser-based delousing systems are emerging as a low-impact alternative.

XP Power’s CCR200, a 200W high-efficiency AC-DC power supply, was selected to power a low-energy laser delousing system deployed in commercial aquaculture. CCR200 delivers stable, efficient power to the system’s optical sensors, control electronics and precision laser modules, enabling continuous, unattended operation.

High conversion efficiency minimises energy losses and heat generation, reducing overall power consumption and life-cycle emissions. Reliable operation supports non-invasive, chemical-free lice removal, improving fish welfare while protecting surrounding marine environments.

By combining efficiency, reliability and compact design, the CCR200 series demonstrates how XP Power enables sustainable innovation, helping aquaculture operators reduce environmental impact while maintaining high system performance.



SUSTAINABILITY REPORT

1. SUSTAINABLE PRODUCTS CONTINUED

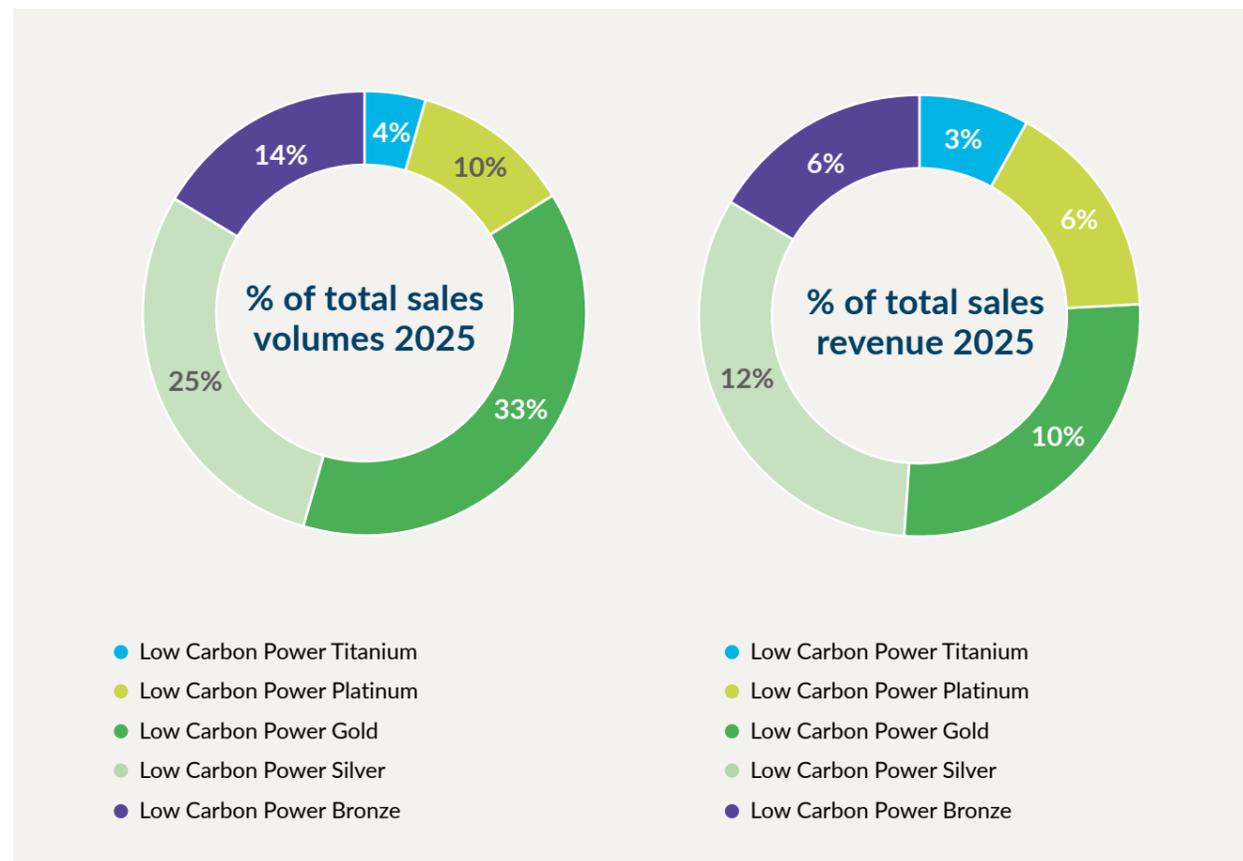
2025 Product Carbon Rating Framework results

During 2025, we revisited the carbon rating for our low voltage DC-DC portfolio and have increased the scope of the Product Carbon Rating Framework (PCRF) to include them, based on conversion efficiency, to identify products with the lowest operational losses. These products are now included in the overall sales data by carbon rating, allowing us to monitor performance across the entire low-voltage portfolio.

Our PCRF divides products into five groups reflecting various efficiency levels – Titanium, Platinum, Gold, Silver and Bronze. This creates an easy and transparent process for customers to identify external and component power supplies with the highest energy efficiency and lowest waste power.

In 2025, 53% of Group revenue (86% of sales volume) were included in the analysis boundary of our Product Carbon Rating Framework.

In 2025, 14% of sales by volume came from Titanium and Platinum products, 33% were Gold products and 25% Silver. From a revenue perspective the percentage of Group revenue from Carbon Rated Products increased from 32% in 2024, after adding the DC-DC portfolio into the 2024 base, to 37% in 2025.



Internally, we can better grade our products and manage our sales towards more efficient products to reduce our Scope 3 downstream emissions. We will not set any public sales targets on these criteria as we need to balance our customers' commercial considerations alongside improving efficiency.

2025 marked a significant improvement over 2024:

- Launched 20 carbon-rated product families, 17 of which were Titanium, Platinum or Gold, which have our highest efficiency ratings.
- Two of our introduced products were Titanium rated.

Carbon product rating	Number of products introduced
Titanium	2
Platinum	6
Gold	9
Silver	3

Boosting innovation

We embed environmental considerations in our product development process with "Design for Sustainability" serving as an important area of focus reviewed by our Sustainability Council. Our design process considers energy efficiencies in product manufacturing and in the product use-phase, in addition to products' various applications in the broader energy transition. Our New Product Development process is guided by a sustainability policy, which requires the development team, where economically feasible, to maximise product efficiency and reduce the component count.

Emerging indications suggest that customers focus more on in-use efficiency. Interest in our FLXPro power supply series is a good example of this, as it boasts a market-leading efficiency of 93%, which helps to reduce our customers' carbon footprints.

Our product design process considers:

- **Energy efficiency** – We consistently lead the industry in developing high-efficiency XP Carbon Rated Products in the industrial and healthcare sectors, consuming less electricity in powering the application or on standby, resulting in significantly reduced CO₂ emissions over the lifetime of the customers' equipment (c.7–10 years).
- **Novel materials** – Where possible, we introduce novel materials into our higher-end products, such as ultra-efficient silicon carbide devices. Future developments in power transistor technology are expected to significantly reduce the size of power converters, which will increase their efficiency in some applications. We will continue to investigate opportunities to reduce this component count.
- **Product life-cycle management** – Our design process considers the complete product life-cycle of our power

conversion products from the outset, extending useful product life wherever possible. Characteristics that improve energy efficiency also increase reliability and useful lifetime, as highly efficient products run cooler, which reduces the impact on heat-sensitive components, such as electrolytic capacitors. This year, we started a cradle-to-grave product carbon footprint on two of our products in accordance with the GHG Protocol Product Standard. The goal was to compare carbon performance across the products' life-cycles and identify carbon hotspots. We are finalising the results of the product carbon footprint and will disclose further detail on the results in the coming months.

- **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** – We also consider energy use in the manufacturing process. Post-manufacturing, products traditionally undergo stress testing (burn-in) to eliminate early failures. We actively reduce burn-in where we can and we recycle burn-in power into the manufacturing facility to significantly reduce our carbon footprint.
- **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 potentially lethal high-voltage mains electricity. 74% of our sites in 2025 are certified to ISO 9001, and we carry out employee training to ensure product safety.
- **Packaging** – We need to improve our use of plastics within our product packaging. While most products are shipped using cardboard containers, many items are still packed in plastic or foam. We aim to optimise our packaging to become more sustainable and focus on more renewable materials.

CASE STUDY

Optimise packaging sustainability

During the year, our Vietnamese site led the development of a more sustainable packaging initiative. The site designed and tested alternative packaging solutions that reduce or eliminate foam and plastic, using recyclable and renewable materials. The team partnered with a supplier to develop a corrugated-based prototype. The initial prototype underwent drop testing but did not meet performance requirements, indicating that further design strengthening is needed. During the next phase, we will refine the packaging design with the supplier, develop a revised prototype and conduct a new round of performance testing. The goal remains to transition towards recyclable and renewable packaging materials while ensuring product protection and logistics integrity.

SUSTAINABILITY REPORT

1. SUSTAINABLE PRODUCTS CONTINUED

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, human trafficking, health and safety, business integrity and ethics, the environment and sustainability. It is vital that our suppliers apply the same principles of value, transparency and respect as we do.

Our supplier qualification and audit programme evaluates suppliers' adherence to our Code of Conduct and Supply Chain Policy and we disengage from those who fail to meet these standards. As part of our commitment to achieving net zero, we will further engage with suppliers and component distributors to address and reduce emissions across our upstream supply chain.

This year, we have reassessed our supplier management strategy, which will help improve information flow between XP and our suppliers, improve transparency and support our broader corporate objective for supply chain resilience. We are currently developing a new ESG Supplier questionnaire, risk assessments, supplier non-conformance procedures, training plans and a new supplier metrics scorecard to track progress. We plan to roll this out during 2026.

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

Conflict minerals

We support initiatives and regulations to avoid the use of any "conflict minerals", or 3TG, which originate from mining operations in the Democratic Republic of the Congo (DRC) and adjoining countries. We only purchase our electronic components 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, to assure our stakeholders that we do not knowingly use 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 is conducted within the bounds of international regulation and our Environmental Management System. We are governed by ROHS, REACH and Conflict minerals directives and our main production sites are ISO 14001 approved. With third-party-audited systems in place, we ensure we have appropriate controls in our operations for the management of substances of concern.

Product recall procedure

XP Power has an established product recall system, which assigns responsibilities for recalled products, enabling us to monitor product safety and performance. All customer complaints, field non-conformances and manufacturing defects related to the safety or quality performance of an XP Power product are investigated. The investigation and failure analysis is reviewed by our Quality and Engineering teams. If the return is a potential safety risk or abnormal field reliability issue, then we initiate and coordinate a Recall Committee team meeting. The CEO is informed 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. Product performance feedback and return data are monitored and documented, and appropriate corrective and preventive actions are implemented as needed.

SUSTAINABILITY REPORT

2. ENVIRONMENTAL LEADERSHIP

How this strategic pillar links to the UN SDGs:
UN SDG 13 "Climate action"



Environmental leadership

We minimise the impact that we, and our products, have on the environment. We adopt responsible sourcing practices that consider social and environmental impacts.

Our sustainable business goal is to lead our industry in environmental matters, and minimise the impact we, and our products, have on the environment.

Link to

Material issues
01 03



XP Power recognises the significance of climate change and aims to reduce its climate impact across all operations by managing and reducing carbon emissions.

Our near-term and long-term targets are approved by the SBTi, and our targets reaffirm our long-term goal of net zero across our value chain by 2040. 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 56), which includes details of our oversight, risk assessment and climate-related strategy.

Managing environmental performance

The Group's comprehensive environmental policy outlines our commitment to continuously improving our environmental performance. We communicate our environmental policy and objectives to our suppliers and employees and encourage their participation in environmental best practices. Our environmental policy is available at corporate.xppower.com/sustainability/policies-and-procedures.

As part of our environmental commitment and to monitor environmental performance, our main production centres, which account for around 72% of the Group's employees, have an internationally accredited Environmental Management System (ISO 14001). Our ISO 14001-certified management system includes our handling and auditing of waste and hazardous materials, among other issues. Compliance is ensured through our internal audit process together with external assessments by our registrar, the British Standards Institution (BSI). Our new Sustainability Scorecard ensures all sites are internally audited each year, including environmental audits. The Group has had no environmental fines in the last 12 months (2024: nil).

CASE STUDY

Sustainability training

In 2025, XP Power expanded its training framework to include sustainability education and launched a dedicated sustainability training video through the LMS as part of its Earth Day initiative. The course achieved 100% completion and significantly increased employee engagement and awareness of XP Power's net zero goals, reinforcing the connection between individual actions and environmental performance. The success of this initiative strengthened enterprise-wide sustainability awareness and positioned EHS leadership to take on ownership of XP Power's broader sustainability programme, further integrating safety, environmental responsibility and operational excellence across the business.



SUSTAINABILITY REPORT

2. ENVIRONMENTAL LEADERSHIP CONTINUED

Update on net zero

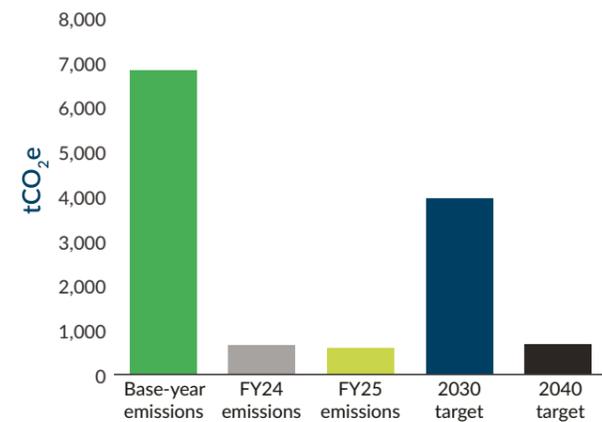
Our net zero targets were approved by the Science Based Target initiative (SBTi) in 2024. This year, we continue to report our progress against our net zero targets in line with the SBTi and Transition Plan Taskforce (TPT) criteria.

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

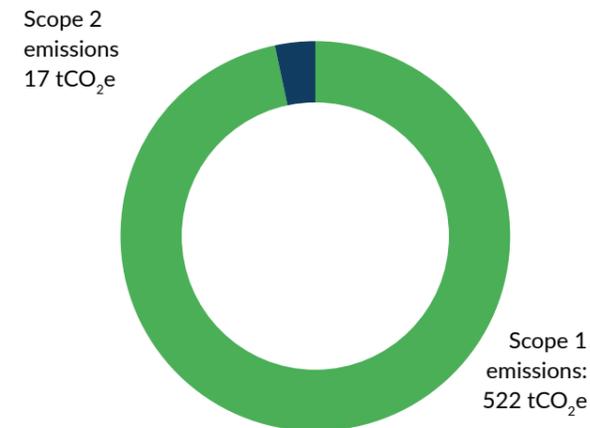
Scope 1 and 2 emissions

Our 2025 market-based operational emissions were 539 tCO₂e. This reflects a 92% reduction on our base-year emissions, which were 6,821 tCO₂e. We surpassed our near-term targets largely due to our purchase of Energy Attributable Certificates (EACs) as an interim measure to reduce Scope 2 emissions, which contribute the largest portion of our base-year emissions. During 2025, all electrical energy within German operations was procured from renewable sources. For our operations in the UK, USA, Singapore, Vietnam and China, we purchased EACs. This has resulted in the Group having no market-based Scope 2 electricity emissions for 2025. The purchase of EACs will continue to be a temporary strategy until we can purchase green energy directly from the energy provider or increase our own renewable energy generation via solar panels. Our remaining market-based Scope 2 emissions reflect the use of municipal heat in our German operations.

Scope 1 and 2 emissions (market-based)



FY 25 Scope 1 and 2 emissions (market-based)



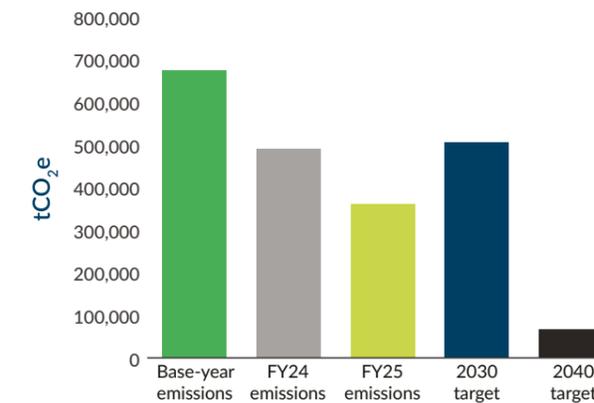
During 2025, absolute location-based Scope 1 and 2 emissions increased 5% year on year. This partly reflects an increase in natural gas combustion at the Group's Rosenheim and Gloucester facilities. An increase to location-based Scope 2 emissions also reflected the increased power usage at our Vietnam facility, reflecting less frequent power cuts in the year and consequently lower reliance on diesel fuel to power back-up generators.

We report our emissions and energy intensity as tonnes CO₂e/£m revenue and kWh/£m revenue. Our overall location-based Scope 1 and 2 emissions intensity increased by 9% this year, while our energy intensity increased by 7%. The general energy efficiency measures used to drive energy reductions are discussed in detail below.

Scope 3

Our 2025 Scope 3 emissions were 333,445 tCO₂e. This reflects a 51% decrease on our base year emissions of 674,968 tCO₂e. Our reductions in Scope 3 emissions to date have put us on track to achieve our interim target.

Scope 3 emissions



During 2025, our Scope 3 footprint reduced 8% year on year, with the categories "Use of Sold Products" and "Purchased Goods and Services" remaining the most material, representing 77% and 21% of the footprint, respectively, in 2025. Use of sold products decreased 12% compared to 2024, reflecting a modest decline in sales volumes, reductions in grid intensity in the Group's key markets, and an increase in the sales' higher-efficiency products. This counteracted increases to upstream Scope 3 emissions, in particular increases to Purchased Goods and Services emissions from increased output in China and Vietnam, helping to build product inventory.

Our full emissions data and tables can be found in our non-financial performance indicators section on page 74.

Energy efficiency initiatives

Energy efficiency initiatives are key to reducing our operational emissions. During 2025, a range of initiatives were implemented that reduced our energy consumption and carbon footprint. These included:

- the phasing out of fluorescent/compact lights and installation of energy-efficient LED lights on our premises and on neighbouring street lights;
- enhanced testing for air leakage and the installation of sensor door alarms to prevent loss of air conditioning and the replacement of inefficient air-conditioning units;
- modifications to chillers to set minimum temperatures; and
- relocation of operations in Silicon Valley and Orange County to new facilities that are compliant with the latest building regulations and feature energy-efficient technologies to reduce energy costs and consumption.

Energy consumption reduction activities

XP Power continued its programme of renewable energy installations in 2025, with the replacement of damaged or low-efficiency panels in Vietnam and further plans to extend the rooftop solar array and scoping of solar installations at other Group sites. In addition, the facility in Rosenheim, Germany benefitted from the installation of a heat pump powered by a solar PV system, which has a peak output of 170 kWh.

CASE STUDY

XP Power Malaysia

XP Power's new manufacturing facility in Perak, Malaysia demonstrates the Group's strong sustainability credentials and alignment with leading international building standards. Although located outside Singapore, the facility has been developed to align with the Singapore Green Building Index and targets BCA Green Mark Gold certification, reflecting XP Power's commitment to energy efficiency and best practice across its global estate.

The facility performs strongly on energy efficiency. High-performance walls and glazing reduce heat gain while maximising natural daylight, contributing to lower cooling demand. Overall heat transfer through the building envelope is approximately 10% better than Singapore's regulatory maximum. Cooling is provided by a highly efficient, water-cooled air-conditioning system, supported by smart controls that adjust ventilation based on occupancy and enable continuous performance monitoring.

Water efficiency measures are embedded across the site. The facility incorporates rainwater harvesting for landscape irrigation, alongside water-efficient fittings, sub-metering and leak-detection systems to support effective water management. Landscaping uses drought-tolerant planting to minimise ongoing water demand.

The facility also integrates measures to reduce wider environmental impacts. Lower-carbon materials have been used where feasible, including cement with reduced clinker content and masonry products containing recycled materials. Recycling facilities and electric vehicle charging points are provided for building users.

The building has been future-proofed, with a flat rooftop designed to accommodate solar photovoltaic panels in the future. Independent assessment by Singapore's Building and Construction Authority is planned.

TCFD

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 is consistent with the TCFD All Sector Guidance and the obligations under Listing Rule 6.6.6R(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 its 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 and is 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, and 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, supported the Board in this function throughout 2025. Through the risk function, the Audit Committee integrates climate-related issues into the Group's risk management process and is 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

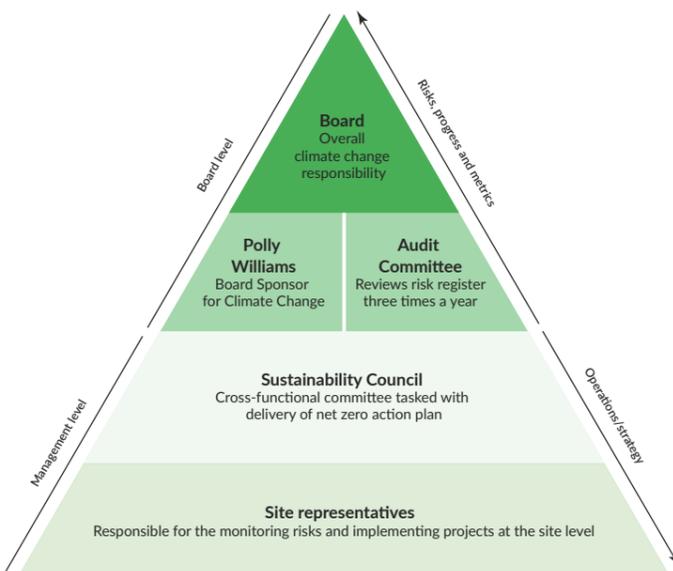
representatives. In relation to net zero, the sustainability scorecard tracks our Scope 1, 2 and 3 emissions, renewable electricity roll out, low-carbon product introduction, waste reduction and supply chain initiatives.

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.

Risk management

Our process for identifying and assessing climate-related risks

Our 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. Our stakeholder engagement and desktop review ensure we are aware of relevant or emerging risks. We assess risks 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 our global operations and, this year, no physical climate-related incidents impacted our operations.



Climate-related risk management 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 to assess climate-related opportunities. Climate-related risks are included in the risk register and reviewed by the Audit Committee to incorporate ongoing refinement and risk quantification, 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 the response and the variance of key risks regarding climate-related scenarios, are provided where possible. We combine this with the impact and likelihood assessment to determine the treatment of each risk (e.g. mitigation, acceptance or control) to help us prioritise resources to manage the most material climate-related impacts. Other risks that require further analysis are accepted within the Group's business-as-usual risk appetite. This year, we reviewed both our transition and physical risks and opportunities to ensure there was 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 climate-related risk assessment are as follows:

Time horizon		Rationale
2026-2028	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 use 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 58-62 for the implications of this scenario analysis.

¹ IEA (2025), World Energy Outlook 2025, IEA, Paris www.iea.org/reports/world-energy-outlook-2025, Licence: CC BY 4.0 (report); CC BY NC SA 4.0 (Annex A)

In aggregate, our risk assessment and scenario analysis shows that our overall climate risk exposure is moderate. The Group is financially resilient and strategically robust to climate change. We understand 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. No effects of climate-related matters reflected in judgements and estimates are applied in the Financial Statements.

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. We will continue to develop the opportunities identified 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. We used the following two International Energy Agency (IEA) scenarios to perform scenario analysis for our transition risks and opportunities.

Net Zero 2050 (NZE): a narrow but achievable pathway for the global energy sector to achieve net zero CO₂ 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)¹: 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 analyses specific factors and models them with fixed assumptions.
- Impacts will be considered in the context of current financial performance and prices.
- Net impacts are assumed to occur with assumptions and reduction initiatives from our Transition Plan 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 2025 report from the International Energy Agency (IEA).

Transition risks identified

Carbon price impacts in own operations

XP Power is exposed to potential carbon prices within its direct operations.

<p>Response/actions we're taking and how they are managed</p> <p>Low Scope 1 & 2 exposure, with a 42% reduction target by 2030; near-zero market-based Scope 2 emissions minimise carbon tax impact.</p>	<p>Scenario implications</p> <p>Carbon prices are expected to rise under NZE and STEPS, impacting operations and supply chain.</p>
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Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Policy and Legal	Higher cost of inputs	 Medium term	Medium	Moderate
KPIs				
Scope 1 and 2 emissions				

Carbon price impacts in the value chain

XP Power faces potential upstream carbon price impacts, increasing transportation and goods costs.

<p>Response/actions we're taking and how they are managed</p> <p>Targeting 25% Scope 3 reduction by 2030 and net zero by 2040; emissions reduced through product innovation, supplier engagement, logistics and global grid decarbonisation.</p>	<p>Scenario implications</p> <p>Carbon prices are expected to rise under NZE and STEPS, impacting operations and supply chain.</p>
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Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Policy and Legal	Higher cost of inputs	 Medium term	Medium	Moderate
KPIs				
Upstream Scope 3 emissions				

Risk of not meeting our net-zero target

Achieving net zero partly depends on emerging technologies and third parties; failure could raise costs, impact reputation and affect investor confidence.

<p>Response/actions we're taking and how they are managed</p> <p>Scope 2 emissions are cut via EACs, efficiency and onsite renewables; use-phase emissions improve through product design, and transportation emissions are reduced via freight, travel and commuting initiatives.</p>	<p>Scenario implications</p> <p>NZE accelerates policy and technology progress, while STEPS poses higher risk due to slower development.</p>
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Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Market and reputation	Lower profit margins through increased costs and lower revenue	 Long term	Low	Major
KPIs				
Scope 1, 2 and 3 emissions				

Transition opportunities identified

Solar power

The Group invests in solar where viable, reducing grid reliance, emissions, carbon tax exposure and operating costs.

<p>Response/actions we're taking and how they are managed</p> <p>Expanding global solar capacity lowers adoption costs, enabling greater renewable generation; planned Vietnam site installation will supply ~25% of electricity needs.</p>	<p>Scenario implications</p> <p>Global solar PV capacity is projected to double by 2030 under STEPS and quadruple under NZE.</p>
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Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Energy source and resilience	Reduced direct costs	 Short to medium term	Medium	Minor
KPIs				
Scope 2 emissions				
% of renewable from total electricity				

Purchased renewable energy

EACs reduce market-based Scope 2 emissions without capital investment

<p>Response/actions we're taking and how they are managed</p> <p>Non-European sites use EACs, while European sites are supplied via PPAs.</p>	<p>Scenario implications</p> <p>Global renewable energy investment is projected at \$2.5tn by 2030 under NZE versus \$1.7tn under STEPS.</p>
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Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Energy source	Reduced direct costs	 Short to medium term	High	Minor
KPIs				
Scope 2 emissions				
% of renewable from total electricity				

Reduction of air freight

Shifting from air to sea freight provides reductions in both costs and emissions for the Group.

<p>Response/actions we're taking and how they are managed</p> <p>Supply routes are assessed to manage transportation emissions</p>	<p>Scenario implications</p> <p>NZE offers greater opportunities than STEPS due to faster investment, electrification and freight decarbonisation.</p>
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Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Transportation	Reduced costs	 Short to medium term	Medium-high	High
KPIs				
Scope 3 emissions – upstream transportation and distribution				

TCFD CONTINUED

Innovation for lower carbon products

The Group's NPI process targets lower-carbon products by improving efficiency and reducing component count, also limiting upstream carbon pricing exposure.

Response/actions we're taking and how they are managed

Market and policy trends are expected to drive the adoption of our low-carbon innovations, e.g. power conversion efficiency legislation and future standards are anticipated to extend to healthcare and industrial applications.

Scenario implications

NZE expects stronger enforcement of energy standards and higher demand for efficient products, while STEPS anticipates slower developments.

Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Products and services, market	Higher revenue	Long term	High	Minor

KPIs

Scope 3 emissions – use of sold products, purchased goods and services

Electrification

Electrification is a global megatrend, creating opportunities and reducing reliance on fossil fuels in the transition to net zero.

Response/actions we're taking and how they are managed

Focus areas monitored to capitalise on opportunities include wind turbines, 5G infrastructure and mobile network densification

Scenario implications

Electrification drives growth in NZE and STEPS, fuelled by electric mobility, heating technologies and market confidence in new technologies.

Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Market	Higher revenue	Medium to long term	High	Major

KPIs

Revenue growth rate

Energy and waste savings

Energy efficiency and consumption reduction actions improve emissions at low or zero cost.

Response/actions we're taking and how they are managed

Site-specific and Group-wide initiatives, including packaging reductions and enhancing energy efficiency.

Scenario implications

NZE provides greater opportunities than STEPS due to increased investment and a focus on energy-efficiency measures.

Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Material efficiency	Reduced costs	Medium term	Medium-high	Minor

KPIs

Energy use Scope 1, Scope 2 emissions (location-based) waste generation

Supplier efficiencies

We are committed to high supplier standards to reduce environmental risks and costs, enhancing long-term efficiency and partnerships.

Response/actions we're taking and how they are managed

We engage with key suppliers to drive material and energy efficiencies, as well as collaboratively develop value-adding products.

Scenario implications

Under NZE, increased regulatory and market pressure is expected to encourage suppliers to engage and improve efficiencies.

Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Material efficiency and products and services	Reduced costs	Medium term	High	Minor

KPIs

Scope 3 emissions – Purchased goods and services



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. Our 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 as follows:

RCP 4.5¹: an intermediate scenario, more likely than not to result in global temperature rise between 2°C and 3°C, by 2100.

RCP 8.5¹: a bad case scenario where global temperatures rise between 4.1 and 4.8°C by 2100.

¹ www.ipcc.ch/report/ar5/syr/.

Flood risk				
Rosenheim (5% revenue) faces localised river flooding, which could disrupt operations and reduce output.				
Response/actions we're taking and how they are managed		Scenario implications		
Business interruption insurance, flexible production shifts, adjusted working patterns and a new Malaysia site enhance operational resilience.		Heavy rainfall is expected to be more frequent and intense under RCP 8.5, increasing flood risk.		
Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Acute	Lost production and revenue	Medium term	Medium	Moderate
KPIs				
Approximate revenue contribution				

Supply chain risks				
Physical climate impacts may disrupt supply chains via affected supplier sites, transport or energy; metals supply is flexible, but some specialised electronic components are less replaceable.				
Response/actions we're taking and how they are managed		Scenario implications		
Supplier exposure is mitigated through multiple sourcing, strategic reviews of critical suppliers, and engagement surveys assessing upstream emissions and risks.		RCP 8.5 projects more frequent extreme weather, increasing risk exposure in key supply chain regions.		
Risk type	Potential impact on the business	Time horizon	Likelihood	Magnitude of impact
Acute	Lost production and revenue	Medium term	Medium-high	Moderate
KPIs				
N/A				

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 CO₂, CH₄, N₂O 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 (99% of footprint) and, within that, our downstream Scope 3 emissions associated with the use phase of our products (77%). We calculated all applicable Scope 3 categories for our 2025 carbon footprint. Five Scope 3 categories of are not applicable to our business. Four Scope 3 categories (Capital goods, Waste are 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 74-75).

We monitor additional environmental metrics including emissions intensity, energy use, energy intensity, renewable solar energy generation, freshwater withdrawal and waste management, as reported on page 76. We report on our annual launch products under our Product Carbon-Rating system, 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 page 50.

Climate-related targets

Our science-based, net-zero targets ensure that we are aligned to the UK Government's Net Zero Strategy and set out our 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 the 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 use carbon credits. While we do not plan such action, we may consider using offsets to achieve 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.

ESG targets are embedded in our Executive Leadership Team's remuneration. Part of this includes climate action.

For more information on our performance against these targets, see Energy and Greenhouse Gas Emissions on pages 74-75.



TCFD CONTINUED

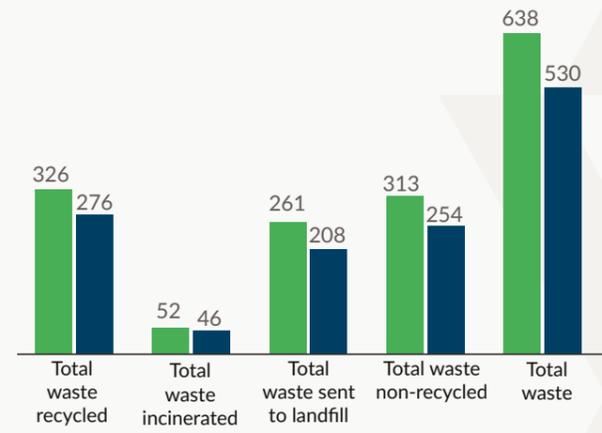
Waste management

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, which outlines our 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 People and Organisation (P&O) 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 approach, our facilities undergo internal assessments aligned with RBA requirements, applicable local regulations and XP Power standards. These assessments include environmental aspects such as waste management, 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 2025, we sent 9.8 tonnes of solder dross for recycling and received 8.2 tonnes of recycled solder back, which is an 83% 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 2025, we had no reportable spills.

Waste management data (tonnes)



● 2025 ● 2024

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 76. 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.

We aim to reduce our waste intensity (Tonnes/\$m) by 10% year on year. However, in 2025, both total absolute waste and total waste intensity increased from 2024 by 20% and 28%, respectively, primarily due to increase operation at our Vietnam site.

CASE STUDY

Vietnam waste and plastic reduction

XP Power implemented on-site segregation of hazardous, recyclable and non-recyclable waste, with all streams managed by licensed contractors. Employees were provided with clear waste classification guidance to support correct segregation at source. The Company also restricted the use of single-use plastics across operations, supporting responsible resource use and reduced environmental impact.



Water

We do not consider water to be a material topic for our business. We have a low water intensity in operations and, unlike some of our electronics industry peers, we do not use water in our products' design, manufacture or service. Our water use is almost entirely related to our employees (amenities, catering and personal consumption). Of our 11 facilities, our Southern California design centre is the only facility in an area of extremely high-water stress¹ as identified by the WRI Aqueduct Tool. As an R&D-focused facility, its water requirements are minimal. Our Group's 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 76.

	2025	2024
Freshwater withdrawal (m ³)	54,988	51,800
Freshwater withdrawal intensity (per employee)	24	23

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 where human demand for water exceeds 80% of resources.

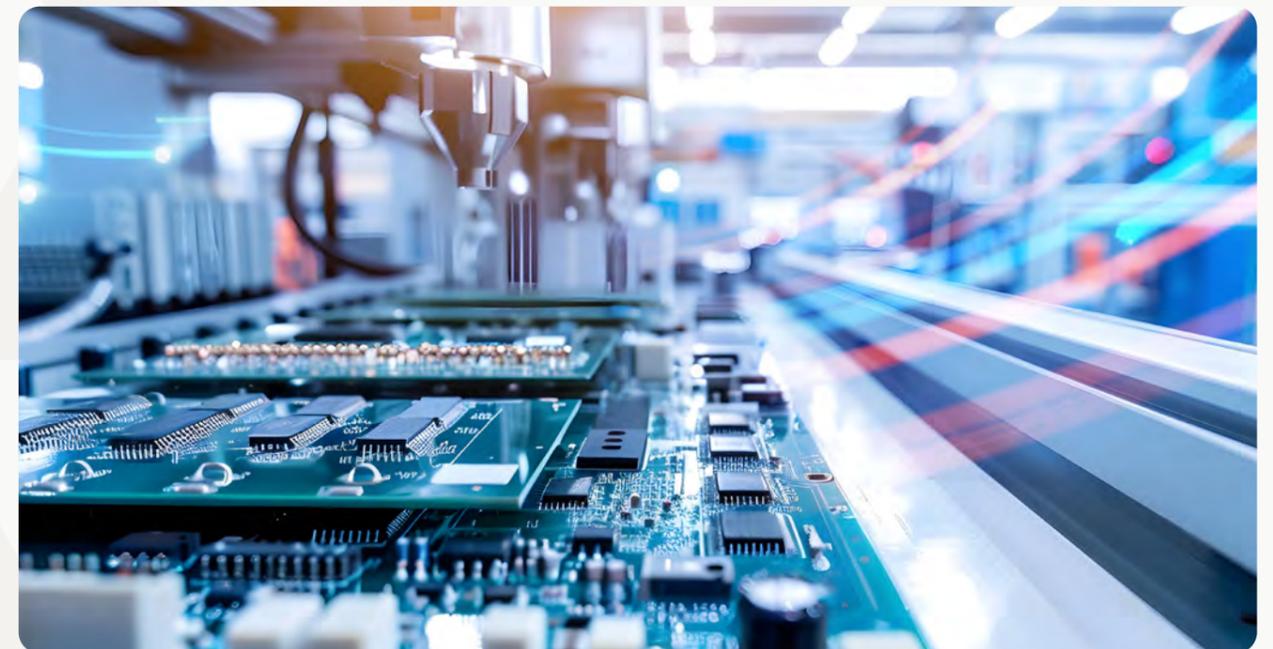
In 2025, our freshwater withdrawal increased by 7%. Water withdrawal per employee was 24.4 m³, slightly above the 2024 intensity.

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. In FY 25, these initiatives included the installation of new water dispensers with flow metres, the separation of deionised water from other wastewater to avoid unnecessary treatment, and the installation of low-flow faucets and other water-saving adaptations to employee amenities.

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 contribute to this. We do not consider biodiversity to be a material topic for our business. Our biodiversity policy is also available at corporate.xppower.com/sustainability/environment.



SUSTAINABILITY REPORT

3. PEOPLE AND WORKPLACE

How this strategic pillar links to the UN SDGs:

UN SDG 3 “Good health and wellbeing”, 5 “Gender equality”, 8 “Decent work and economic growth”, and 10 “Reduced inequalities”



People and Workplace

We ensure that XP Power is a workplace in which our people can be at their best. We maintain a safe, diverse and inclusive environment, which 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

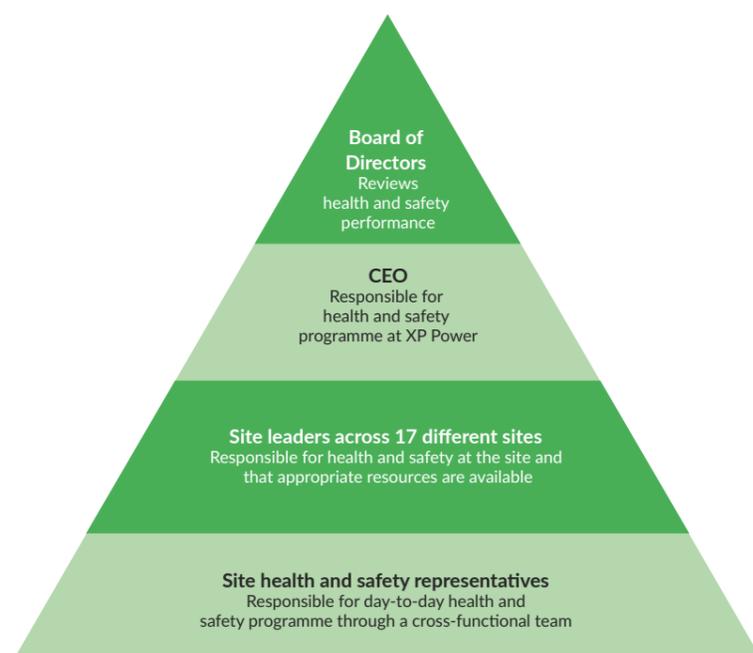
UN SDGs

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 ultimate responsibility sitting with the Board.

Our corporate health and safety framework defines those who are responsible and accountable at each of our key sites, while our Company procedures define 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 health and safety processes is conducted at each site to ensure they are in line with RBA requirements, applicable local regulations and XP Power standards.
- 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 related to walkthrough safety audits, fire drills and risk assessment updates are recorded and monitored.
- Consideration is given at each site to ergonomics, laboratory and electrical safety, legal requirements, 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 have enhanced health and safety at XP Power through improved product safety tracking, and the 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 2025 is 2,336 (2024: 2,465), which gives us a training completion rate of 99%.

Our full list of employee-related data can be found in our non-financial performance indicators section on pages 77-79.

Safety performance

We keep safety front of mind in everything we do and ensure that employees actively recognise and manage risks to keep everyone safe, with the ultimate aim of achieving no injuries across our operations.

The safety of XP Power employees is paramount, and we do everything we can to protect them. We have established safety policies to ensure hazard control systems are effective and to achieve our no injury goal. Our health and safety performance this year highlights how our “Safety Begins with Me” approach has strengthened engagement, empowered individuals at every level, and further embedded a proactive, people-focused safety culture across XP Power.

We ended 2025 with a global TRIR of 0.15, representing a 64% reduction compared to 2024 (0.42 to 0.15). This significant improvement reflects the continued maturation

of our EHS framework, stronger site-level engagement and increased focus on hazard identification, training and prevention. The sustained downward trend throughout the year demonstrates meaningful progress in reducing overall injury frequency. Our LTIR closed at 0.04, a 79% reduction from 2024 (0.19 to 0.04). This result highlights continued improvement in preventing more serious injuries and reinforces the effectiveness of our controls, training and leadership engagement across sites.

Absolute injury counts show a clear and sustained improvement over time, with the most significant reductions occurring in 2025. First Aid/Record Only cases declined sharply from 55 in 2024 to 18 in 2025, while Medical Treatment cases dropped from 11 to four. Lost Time injuries were reduced to a single case in 2025, compared to five in 2024 and nine in 2023. These improvements were achieved despite an increase in total hours worked compared to 2024, confirming that the reductions reflect meaningful improvements in safety performance.

This year, we will continue to strengthen governance and evolve our safety culture to ensure every employee goes home safe each day.

Our health and safety statistics are reported below. The figures cover all employees and contractors.

Health and safety LTIR¹ and TRIR² table

	2025	2024
LTIR	0.04	0.19
TRIR	0.15	0.42

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

Global EHS training programme

In 2025, XP Power transformed its Environmental, Health and Safety (EHS) training approach by establishing a Global EHS Programme that delivers universal standards across all locations, ensuring consistent practices, clear accountability and site-level compliance worldwide. Each site was audited to verify adherence to these standards, and detailed Standard Operating Procedures (SOPs) were developed for key EHS areas, providing clear guidance and a strong foundation for ongoing compliance and operational excellence. This effort addressed previous inconsistencies in site-specific training and created a unified framework aligned with XP Power’s Safety Begins with Me culture.

To support global deployment and accessibility, XP Power transitioned to a centralised Learning Management System (LMS), replacing fragmented local training methods with structured, video-based courses. The LMS leveraged AI-powered voice translation to support multiple languages and QR code access to ensure participation from employees without regular computer access. In 2025, ten custom EHS training courses were developed and deployed globally through the LMS, which achieved a 99% completion rate and ensured consistent EHS knowledge, expectations and accountability across the organisation.

SUSTAINABILITY REPORT

3. PEOPLE AND WORKPLACE CONTINUED

Health and wellbeing

We encourage our employees to have active lifestyles, and we 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). At XP Power, the wellbeing of our people is vital. Examples of initiatives run by our sites to promote health and wellbeing amongst our employees are set out below:

- Our comprehensive Employee Assistance Programme (EAP) provides confidential expert advice and compassionate guidance 24/7, online or by phone. The programme offers a complete support network, is delivered in the relevant languages, and covers a wide range of topics and resources for our employees and their families.
- Alongside the EAP, we offer a cycle-to-work scheme within the business, which is beneficial for both employees and employers through tax savings, health improvements and environmental contribution.
- We held our third European Fitness Challenge this year, which encouraged a significant increase in physical activity and the active collaboration of teams across the region.
- In Vietnam, all employees completed a medical check-up in Q4 2025.
- Throughout the year, we focused on facilitating access to mental health services and reducing the associated stigma, with the appointment of four mental health first aiders, flexible working arrangements for staff where required, and team-building activities around culture and staff wellbeing. At our German locations, we implemented wellness initiatives such as a wellness pass, which provides access to a wide range of fitness, health and relaxation offerings, a health day offering services such as health checks, ergonomic advice, and prevention workshops, and team activities to support social and mental health.

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.

Engagement

Our vision is to deliver the ultimate experience for our stakeholders. Through workforce engagement, our Board listens to employees' views and these are discussed when decisions are made. 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. We use the survey to drive further employee programmes and enhancements to our engagement and retention. Participation rates were excellent again in 2025, at 93% (2024: 92%). This year, our engagement score was 4.15 out of 5.00¹ (2024: 4.03), putting us at the 54th percentile in the Gallup database. We compare our year-on-year results to observe consistent significant improvements in the engagement levels of the people within our organisation. This improvement is driven by engagement initiatives such as the provision of monthly engagement calendars, opportunities to provide feedback on GALLUP, and virtual and in-person meet-ups to connect and check in with colleagues. Our goal is to offer a consistent employee experience globally and observe the current spread in results. We distribute newsletters, hold townhalls and update the intranet to further engage our employees and keep them informed of our progress and sustainability-related information, such as plastic reduction initiatives.

¹ Results exclude Vietnam and China employees.

Labour

We are committed to the fair treatment of our employees. We recognise the importance of work-life balance and offer flexible working arrangements to allow employees to balance their work and other priorities. The Group aims to eliminate excessive working hours and respect national legislation and industry-referenced maximum working hours standards.

Diversity and equality

Becoming a truly diverse and inclusive company is crucial to supporting business growth and innovation, attracting and retaining talent, and engaging customers. Different experiences and perspectives allow us to explore options and decisions more widely, which generates better outcomes for the business and its stakeholders. We recognise the cultural differences that exist in our global operations and acknowledge that a diverse workforce reflects our markets and will help us be successful.

We are committed to non-discrimination and offer equal opportunities in all our employment practices, procedures and policies. 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.

We support initiatives that promote inclusion, engagement and representation across the organisation. During 2025, foundational work was completed to design a Women Employee Resource Group (ERG), including defining its purpose and structure. The ERG will formally launch in North America in 2026 as a pilot programme and will provide a platform for connection, development and engagement aligned with business priorities.

In 2025, XP Power increased focus on International Women's Day through employee engagement activities across sites in North America. This included an internal leadership interview that highlighted the experiences of our North America Controller, employee-submitted stories celebrating inspirational women, and site-wide participation to raise visibility and foster connection. We shared activities, internally and externally, on social media to reinforce engagement. During a year focused primarily on restructuring rather than hiring, XP Power conducted appropriate reviews to ensure workforce actions did not disproportionately impact women or other underrepresented groups. These efforts reflect our continued commitment to fairness, equity and responsible people practices.

We have promoted inclusivity through initiatives such as structured mentorship programmes, which enable more experienced employees to share knowledge with junior employees, multilingual communications and town halls, cross-site workshops and visits, and flexible working arrangements.

Our employees receive annual training on diversity through our Code of Conduct training. Employees in the UK and Europe receive bi-annual training on Equality, Diversity and Inclusion. This course is CPD accredited and IIRSM and Citation approved. In 2025, 59 employees completed this training (2024: 57).

We will:

- create an environment in which 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. This commitment to flexible working ensures that we recruit from a wider pool of candidates with different personal circumstances. The Group employs contract and temporary workers across many locations to fill local requirements, sometimes for short periods. We do this, particularly, in our manufacturing facilities globally, to ensure we meet customer requirements. Many temporary staff choose to become permanent employees.

In the UK, we pay employees who have more than two years of service 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 undertook 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 2025, our mean gender pay gap is 43.8% and our median gender pay gap is 43.8% (2024 mean: 36.4%, median 38%).

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

CASE STUDY

Safety Begins with Me – Global Safety Day video contest

In 2025, XP Power built on the strong foundation established in 2024 to further advance our global Environmental, Health and Safety (EHS) programmes. Following the launch of the Safety Begins with Me programme, we implemented a unified global EHS standard, strengthened governance and continued evolving our safety culture to ensure every employee goes home safe each day. Throughout the year, initiatives were scaled, global processes were standardised and consistent safety best practices were reinforced across all regions.

To drive engagement and celebrate site-level success, XP Power launched its first-ever Global Safety Day video contest. The contest showcased creativity, collaboration and a proactive safety mindset across our global sites, bringing the Safety Begins with Me programme to life through real employee experiences. Teams demonstrated how safety ownership, leadership commitment, and employee involvement translated into meaningful actions on the shop floor and beyond.

The contest reinforced the impact of the Safety Begins with Me programme by highlighting shared accountability for safety and encouraging peer-to-peer learning across regions. In parallel, 2025 also marked the global rollout of the Safety Begins with Me observation programme and dashboards, which provided employees with practical tools to identify, report and address safety risks. Together with the Global Safety Day campaign, these initiatives strengthened engagement, empowered individuals at every level, and further embedded a proactive, people-focused safety culture across XP Power.

SUSTAINABILITY REPORT

3. PEOPLE AND WORKPLACE CONTINUED

Our workforce in numbers

This page provides a workforce summary. Full data can be found in our non-financial performance indicators on pages 77-79.

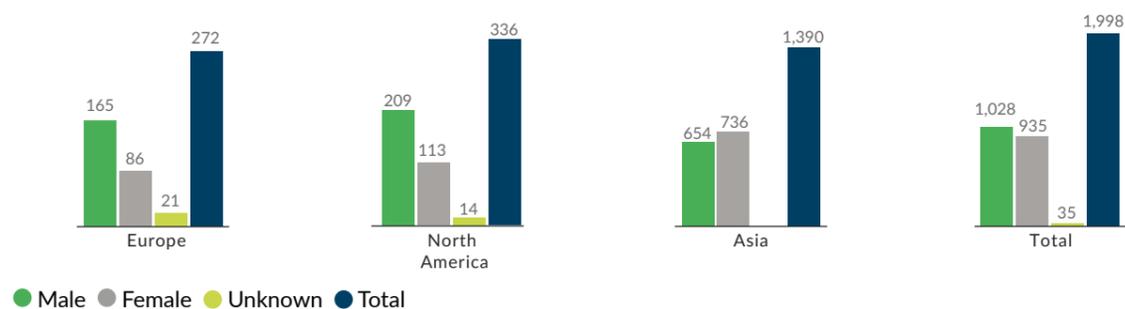
Number and percentage (%) of contract or temporary workers to total employees

	2025	2024
Average number of employees	2,062	2,303
Average number of temporary or contract employees	187	263
Percentage of temporary or contract employees to permanent	9%	11%

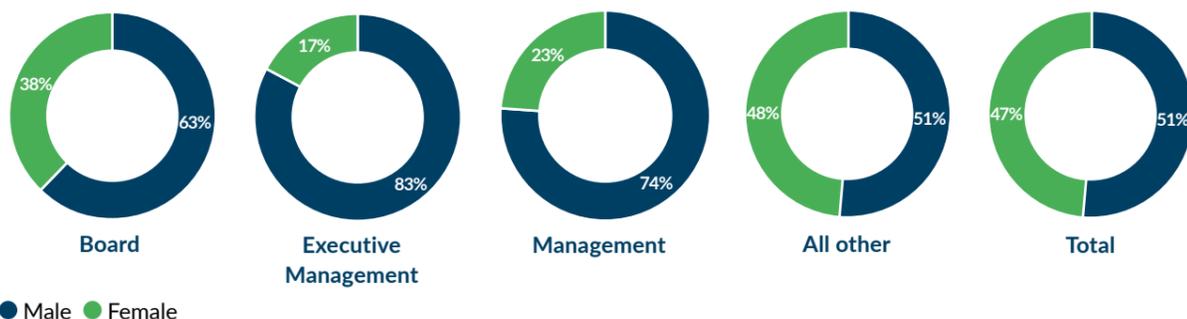
Full-time employee voluntary turnover percentage (%)

	2025	2024
Average number of employees	2062	2,303
Voluntary leavers	656	870
Voluntary turnover	32%	38%

Employees by gender and region as of 31 December 2025



Gender diversity statistics



Of the members of our Board, 38% are women, including in roles such as Chair of the Remuneration Committee, Senior Independent Director and Designated Director for Workforce Engagement.

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 our structured onboarding process, during which 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. We agree personalised people and organisation plans, aligned with the attainment of the Group's strategy, with all our executive leaders.

We aspire to ensure that all XP Power employees receive regular performance feedback. We run this 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. Healthcare benefits and life assurance are provided according to the customs in the regions in which we operate.

During the year, we launched a Leadership Programme for Germany, which is designed to support our leaders and strengthen their leadership capabilities. The programme focuses on developing skills in areas such as people management, communication and change management, with the goal of enhancing team performance and overall engagement.

In 2025, we had 18 apprenticeships and 43 interns (2024: 18 apprenticeships and 31 interns), and ran programmes in areas such as finance, human resources, information technology and logistics.

Average training time (in days) per employee

	2025	2024
Average number of employees	2,062	2,303
Total hours	24,591	21,971
Hours per employee	12	10
Days per employee	1.5	1.2

Freedom of association

We allow our employees to freely associate with any relevant unions. The number and percentage of employees covered by collective agreements in 2025 was 923 and 44.8% (2024: 818 and 35.5%). See page 79 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. We encourage all employees to get involved in local environmental and community activities and we provide every employee with a day's paid leave so they can contribute to a charitable or worthy cause in the community.

In June and July, we encouraged our employees to use their volunteering day at a local charity called Greenshoots. The charity serves to provide rehabilitation and training for adults with recurring mental ill health or learning disabilities. We help on site with general maintenance, such as painting, weeding and building sheds.

Employees are encouraged to use their volunteering day to support other charities that are close to their hearts. During the year, XP Power supported Macmillan Cancer Support, Breast Cancer Awareness and Crisis, which the Group supported through coffee mornings, raffles, bake offs and "Wear it Pink" days.

The Group and its employees made donations to local charities totalling £8,860 in 2025 (2024: £4,003).

SUSTAINABILITY REPORT

4. ETHICS AND COMPLIANCE

How this strategic pillar links to the UN SDGs:

UN SDG 16 “Peace, justice and strong institutions” through internationally promoting the rule of law and reducing corruption and bribery in all forms



Ethics and compliance

We 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

It is Company policy to conduct all business in an honest and ethical manner. “Integrity” is the first of five core values embedded into our culture, as well as our Code of Conduct and the policies outlined in the following sub-sections.

To ensure our employees are aware of and understand the Code of Conduct, we use our learning management system (LMS) to monitor all employees on their annual Code of Conduct training. In 2025, employee compliance with the annual Code of Conduct training was 93% (2024: 96%).



Whistleblowing

We provide an environment in which open, honest communications are expected. Employees should feel comfortable bringing forward any concerns regarding violations of policies or standards and know that their concerns will be taken seriously. They should be aware that, when they have acted in good faith, we will protect them from adverse repercussions and/or detrimental treatment, as set out in our Code of Conduct. An independent whistleblowing service is available to employees who cannot raise issues of concern with their line manager or superior. Our confidential whistleblowing programme “Speak Up” is 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, are heard and acted upon quickly. Concerns can be raised anonymously online or by phone.

The Audit Committee is responsible for monitoring whistleblowing, and compliance matters are regularly reviewed by the Board. 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 takes appropriate action regarding all upheld qualifying disclosures. In 2025, there were two whistleblowing reports (2024: five), relating to discrimination. Both reports were investigated and closed. While the reports highlighted that effective processes for handling concerns were established, they indirectly led to the re-launch of the Ethics & Speak Up process, and updates to the formal reporting process through NAVEX to ensure that all employees had knowledge of the process. We provided counselling for managers to ensure that issues are raised promptly, with a review of expectations and training for line managers to manage issues quickly and sensitively.

Anti-bribery and corruption

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, which includes numerous examples to ensure employees understand what is and is not acceptable. Our Code of Conduct requirements are communicated to our

suppliers, who must comply with its provisions. In 2025, Executive Management and the Board were not aware of any instances of bribery and corruption.

Our UK and EU employees also conduct biennial training on anti-bribery, which is CPD accredited and IIRSM approved. In 2025, 49 employees conducted Anti-Bribery training (2024: 79), 64 conducted Insider Dealing training and 308 conducted Fraud training.

Modern slavery

The Board reviews and publishes 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

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 2025 (2024: 0). Our Human Rights Policy is available 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 2025, the Group experienced no cyber incidents (2024: 1).

Tax transparency

The Group is compliant 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 prohibit tax avoidance through transfer pricing. All intra-group transactions are 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 transferring value created to low tax jurisdictions and not use tax structures intended for tax avoidance.

Government contracts

The Group has no direct relationships with any government entity through which it sells products or services.

KEY NON-FINANCIAL PERFORMANCE INDICATORS

Environmental data

Emissions and energy

The Group has prepared this section for the reporting period 1 January 2025 to 31 December 2025. The Group defines 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 74-79 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 considering any changes in business structure, calculation methodology and the accuracy or availability of data. We have verified our Scope 1, 2 and 3 emissions for 2024 in accordance with the requirements of "Limited Assurance" procedures by Carbonology. The verifications were performed in accordance with ISO 14064-1: 2019 and may represent minor differences to those reported in the 2024 Annual Report. Please see www.xppower.com/company/certification for more information.

	2025			2024		
	UK	Global (excl UK)	Group Total	UK	Global (excl UK)	Group Total
Operational emissions						
Scope 1 fugitive emissions (tCO ₂ e)	2	87	89	9	188	197
Scope 1 combustion emissions (tCO ₂ e)	0	433	433	4	384	388
Total Scope 1 (tCO₂e)	2	520	522	13	572	585
Scope 2 market based (tCO ₂ e)	0	0	0	6	0	6
Scope 2 location based (tCO ₂ e)	17	5,482	5,499	18	5,139	5,157
Scope 2 purchased heat and steam (tCO ₂ e)	0	17	17	0	11	11
Total Scope 2 - Market based (tCO₂e)	0	17	17	6	11	17
Total Scope 2 - Location based (tCO₂e)	17	5,499	5,516	18	5,151	5,169
Total Scopes 1 & 2 - Market based (tCO₂e)	2	537	539	19	584	602
Total Scopes 1 & 2 - Location based (tCO₂e)	19	6,019	6,038	31	5,723	5,754
Scope 3 emissions (tCO₂e)						
1. Purchased goods and services			69,682			63,637
3. Fuel-and-energy-related activities (not included in Scope 1 or 2)			1,288			1,204
4. Upstream transportation and distribution			3,065			2,367
6. Business travel			284			441
7. Employee commuting			2,549			2,764
11. Use of sold products			256,577			290,817
Upstream Scope 3 (tCO ₂ e)			76,865			70,413
Downstream Scope 3 (tCO ₂ e)			256,577			290,817
Total Scope 3 (tCO₂e)			333,442			361,230
Total Scope 1, 2 & 3 - Market based (tCO₂e)			333,981			361,832
Total Scope 1, 2 & 3 - Location based (tCO₂e)			339,480			366,984
Scope 1 + 2 GHG Emissions Intensity ratio (location-based) (per Group turnover) £'m			25.6			23.3

Environmental data continued

	2025			2024		
	UK	Global (excl UK)	Group Total	UK	Global (excl UK)	Group Total
Energy consumption (kWh)						
Total renewable fuels consumption (kWh)	0	0	0	0	0	0
Diesel	0	3,702	3,702	0	5,603	5,603
Gas	0	1,796,071	1,796,071	21,929	1,640,772	1,622,701
Propane	0	481,796	481,796	0	381,448	381,448
Total non-renewable fuels consumption (kWh)	0	2,281,569	2,281,569	21,929	2,027,823	2,049,751
Total fuels consumption (kWh)	0	2,281,569	2,281,569	21,929	2,027,823	2,049,751
Consumption of purchased or acquired electricity renewable	0	475,885	475,885	0	489,045	489,045
Consumption of self-generated non-fuel renewable energy (solar)	26,829	33,514	60,343	27,887	28,606	56,493
Consumption of purchased or acquired electricity non-renewable	97,926	10,905,502	11,003,428	87,443	10,859,607	10,947,050
Total electricity consumption (kWh)	124,755	11,414,901	11,539,656	115,330	11,377,258	11,492,588
Consumption of purchased or acquired heating (kWh)	0	94,639	94,639	0	63,808	63,808
Total renewable energy consumption (kWh)	26,829	509,399	536,228	27,887	517,651	545,538
Total non-renewable energy consumption (kWh)	97,926	13,281,711	13,379,637	109,372	12,951,237	13,060,609
Total energy consumption (kWh)¹	124,755	13,791,110	13,915,865	137,259	13,468,888	13,606,147
% renewable electricity from total electricity	100%	100%	100%	24%	100%	96%
% On-site solar generation	22%	0.29%	1%	24%	0.25%	0%
% Renewable electricity purchased	0%	4%	4%	0%	4%	4%
% Electricity purchased covered by Energy Attribute Certificates (EACs)	78%	96%	95%	0%	95%	95%
% Grid electricity from total electricity	78%	96%	95%	76%	95%	95%
Energy intensity ratio (per Group turnover) £m			58,966			55,019

¹ All electricity consumed is either covered by EACs, generated by solar or purchased from renewable contracts

KEY NON-FINANCIAL PERFORMANCE INDICATORS CONTINUED

Environmental data continued

Freshwater withdrawal	2025	2024
UK	43	360
Germany	1,850	2,057
China	14,731	11,793
USA	5,058	8,539
Vietnam	30,832	26,193
Singapore	2,475	2,682
Global (excl UK)	54,946	51,265
Group Total	54,989	51,625
Water Intensity ratio (per Group turnover) £m	233.0	209.2
Water Intensity ratio (per employee)	24.4	22.4
Waste generation (tonnes)	2025	2024
Hazardous Waste	56	18
Non-Hazardous Waste	592	513
Total Waste	648	530
Hazardous Waste Intensity ratio (per Group turnover) £m	0.24	0.07
Waste Treatment/disposal (tonnes)	2025	2024
Hazardous Waste recycled	40	13
Hazardous Waste incinerated	5	3
Hazardous Waste sent to landfill	1	1
Non-Hazardous Waste recycled	249	263
Non-Hazardous Waste incinerated	46	43
Non-Hazardous Waste sent to landfill	250	207
Solder sent for internal recycling	10	8
Recycled waste (solder) received and used	8	5
Internal rate of recovery of solder (%)	83%	72%
Solder dross disposed ¹	2	2
Total Waste recycled	326	276
Total Waste incinerated	51	46
Total Waste sent to landfill	261	208
Total Waste non-recycled	313	254
Total Waste	638	530

¹ Transferred to treatment contractor for recycling.

Social data

Health and safety training	2025	2024	
Europe	284	233	
Asia	1,710	1,775	
US	342	457	
Global	2,336	2,465	
Full-time employee voluntary turnover percentage (%)	2025	2024	
Europe	Average number of employees	287	319
	Voluntary leavers	17	17
	Voluntary turnover	6%	5%
Asia	Average number of employees	1,396	1,522
	Voluntary leavers	603	793
	Voluntary turnover	43%	52%
US	Average number of employees	379	463
	Voluntary leavers	36	60
	Voluntary turnover	10%	13%
Global	Average number of employees	2,062	2,303
	Voluntary leavers	656	870
	Voluntary turnover	32%	38%
Number and percentage (%) of contract or temporary workers to total employees	2025	2024	
Europe	Average number of employees	287	319
	Average number of temporary or contract employees	18	17
	Percentage of temporary or contract employees to permanent	6%	5%
Asia	Average number of employees	1,396	1,522
	Average number of temporary or contract employees	161	226
	Percentage of temporary or contract employees to permanent	12%	15%
US	Average number of employees	379	463
	Average number of temporary or contract employees	8	21
	Percentage of temporary or contract employees to permanent	2%	5%
Global	Average number of employees	2,062	2,303
	Average number of temporary or contract employees	187	263
	Percentage of temporary or contract employees to permanent	9%	11%

KEY NON-FINANCIAL PERFORMANCE INDICATORS CONTINUED

Social data continued

UK gender pay gap – April 2025	Male (hourly pay)	Female (hourly pay)	Total	Male %	Female %
Lower quartile pay band	11	14	25	44%	56%
Lower-middle quartile pay band	10	15	25	40%	60%
Upper-middle quartile pay band	17	8	25	68%	32%
Upper quartile pay band	20	5	25	80%	20%
Total	58	42	100	58%	42%

Employees by gender and region	2025			2024		
	Male	Female	Total	Male	Female	Total
Europe	165	86	272	180	98	303
North America	209	113	336	264	139	420
Asia	654	736	1,390	613	802	1,415
Total	1,028	935	1,998	1,057	1,039	2,138

Gender diversity statistics ¹	2025			2024		
	Male	Female	Total	Male	Female	Total
Board	5	3	8	4	4	8
Executive Management	5	1	6	5	1	6
Management	48	15	65	69	19	91
All other	972	919	1,924	980	1,019	2,038
Total	1,030	938	2,003	1,058	1,043	2,143
Board	63%	38%		50%	50%	
Executive Management	83%	17%		83%	17%	
Management	74%	23%		76%	21%	
All other	51%	48%		48%	50%	
Total	51%	47%		49%	49%	

¹ There are a total of 35 undisclosed employees, 2 of whom are in the management layer and the remaining 33 are in 'All other' layer.

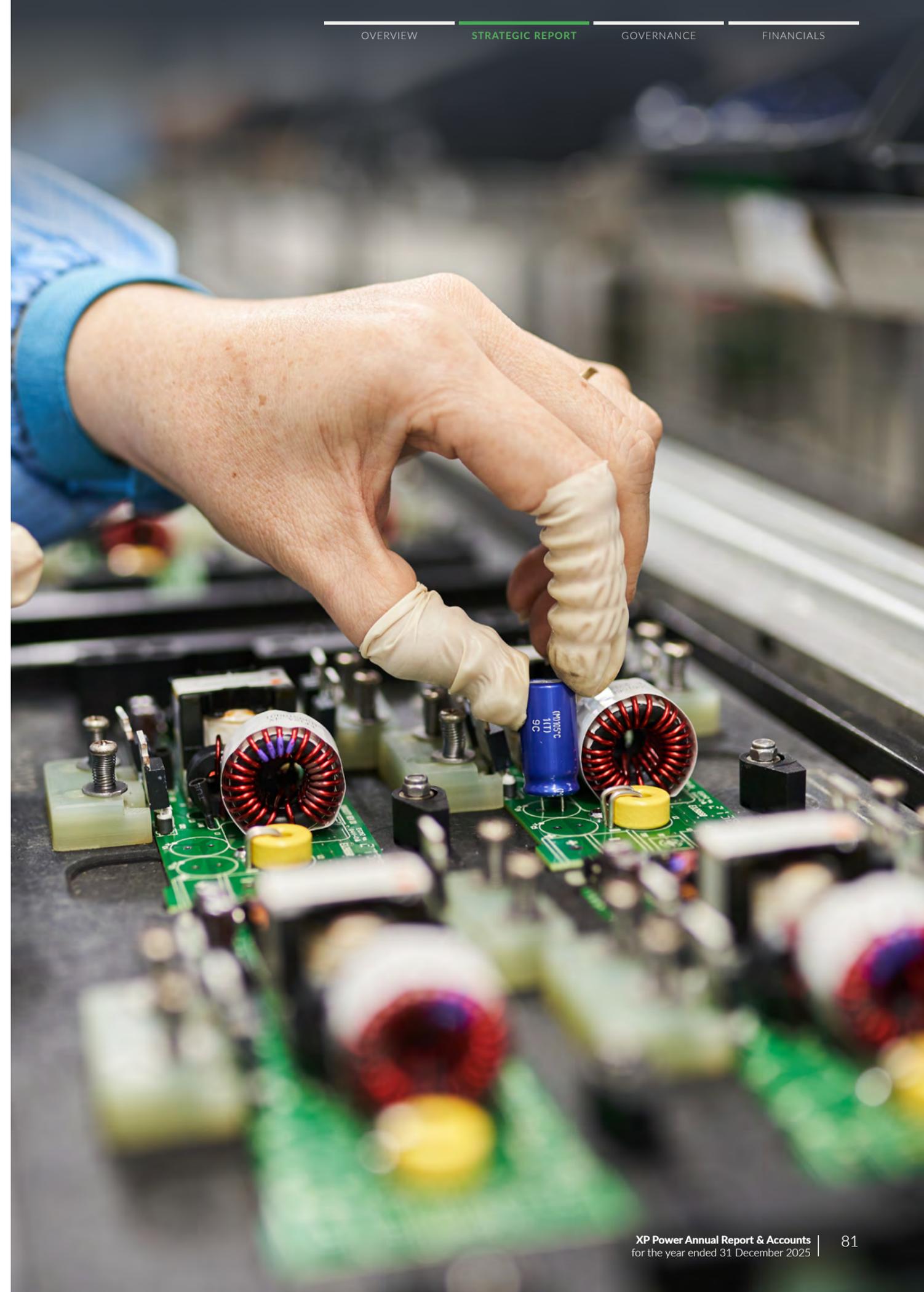
Social data continued

Average training time per employee		2025	2024
Europe	Average number of employees	287	319
	Total hours	2,730	2,476
	Hours per employee	10	8
	Days per employee	1.2	1.0
Asia	Average number of employees	1,396	1,522
	Total hours	11,273	15,411
	Hours per employee	8	10
	Days per employee	1.0	1.3
US	Average number of employees	379	463
	Total hours	10,588	4,085
	Hours per employee	28	9
	Days per employee	3.5	1.1
Global	Average number of employees	2,062	2,303
	Total hours	24,591	21,971
	Hours per employee	12	10
	Days per employee	1.5	1.2

Freedom of Association		2025	2024
Europe	Average number of employees	287	319
	Average number of employees covered by collective agreements	0	0
	Percentage of employees covered by collective agreements	0%	0%
Asia	Average number of employees	1,396	1,522
	Average number of employees covered by collective agreement	923	818
	Percentage of employees covered by collective agreements	66%	54%
US	Average number of employees	379	463
	Average number of employees covered by collective agreement	0	0
	Percentage of employees	0%	0%
Global	Average number of employees	2,062	2,303
	Average number of employees covered by collective agreement	923	818
	Percentage of employees	45%	36%

SASB INDEX

Topic	Metric	Category	Unit of measure	Code	2025 response
Energy Management	(1) Total energy consumed	Quantitative	Gigajoules (GJ), Percentage (%)	RT-EE-130a.1	Page 75
	(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	Page 76
	(2) Percentage recycled waste				
	(1) Number and aggregate quantity of reportable spills	Quantitative	Percentage (%)	RT-EE-150a.2	Page 64
	(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		
Product Life-cycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	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	Page 50
	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	Page 52
Business Ethics	Description of policies and practices for the prevention of: (1) corruption and bribery and (2) anti-competitive behaviour	Discussion and analysis	n/a	RT-EE-510a.1	Page 72
	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



Governance Report

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GOVERNANCE AT A GLANCE

Our Board

The Board and its Committees comprise a diverse and highly experienced membership, providing valuable external perspectives and enabling strategic challenge and oversight.

Board member skills

	Gavin Griggs	Matt Webb	Andy Sng	Jamie Pike	Pauline Lafferty	Sandra Breene	Daniel Shook	Charlotta Ginman	Total
Power electronics	●	●	●						3
Industrial tech	●	●	●	●	●		●		6
Risk management	●	●		●	●	●	●	●	7
Strategic human resource management	●	●	●	●	●	●	●		7
Business development and managing growth	●	●	●	●	●	●	●	●	8
Prior public company experience	●	●		●	●		●	●	6
Investor relations	●	●		●			●	●	5
Financial	●	●					●	●	4
ESG and climate experience	●	●		●	●	●	●	●	7

Chair and non-executive directors' tenure

as at 2 March 2026

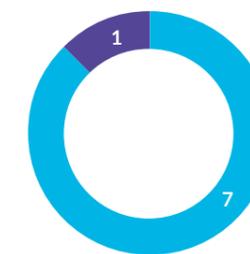
	2019	2020	2021	2022	2023	2024	2025
Pauline Lafferty (December 2019)		■	■	■	■	■	■
Jamie Pike (March 2022)				■	■	■	■
Sandra Breene (October 2022)					■	■	■
Daniel Shook (January 2025)							■
Charlotta Ginman (January 2026)							

Board gender profile



● Male
● Female

Ethnicity



● White
● Asian

Board age profile



● 51-55
● 56+

Data as at 2 March 2026.

2025 Board and Committee attendance

The attendance at each Board and Committee meeting for the year ended 31 December 2025 is set out in the table below. Beyond formal meetings, the Board also received presentations from the wider business and external advisers.

Key areas and activities covered by the Board to support our strategy during the year are detailed on pages 94-97.

Member	Board	Audit Committee	Remuneration Committee	Nomination Committee
Jamie Pike	4/4			3/3
Gavin Griggs	4/4			
Matt Webb	4/4			
Andy Sng	4/4			
Pauline Lafferty	4/4	4/4	5/5	3/3
Polly Williams	4/4	3/4	4/5	2/3
Sandra Breene	4/4	4/4		3/3
Amina Hamidi ¹	3/3		4/4	2/2
Daniel Shook	4/4	4/4	5/5	3/3

¹ Stepped down from the Board on 2 October 2025.

INTRODUCTION TO GOVERNANCE



“
During challenging conditions,
we maintained disciplined focus
on strategy and governance,
positioning XP Power for growth.”

JAMIE PIKE
CHAIR

I am pleased to present our Governance Report for the financial year-ended 31 December 2025. This report describes how the Group is managed and outlines our approach to governance and culture, together with the framework that supports XP's operations.

The Board remains firmly committed to maintaining high standards of governance across the Group. Together with the Strategic and Committee Reports, this report explains how the Company has applied the principles and provisions of the UK Corporate Governance Code 2024 (the Code) issued by the Financial Reporting Council. I am pleased to confirm that the Company maintained full compliance with the Code throughout 2025. As part of this assessment, the Board considered the Code's guidance on independence and concluded that all its Non-Executive Directors were independent. For further information, please see page 103.

Positioning for growth

In my opening statement on pages 8 to 9, I provide an overview of business in 2025. The Board has addressed several key decisions in response to the challenging market conditions over the last two-to-three years. These have included the exit from the RF market, restructuring of our supply chain through completing the construction of our new production facility in Malaysia and the closure of our facility in China. Alongside these decisions, the Board and senior management have maintained their focus on controllable elements of the business, which places XP in a strong position as we begin to see signs of improvement in our end markets. Appropriate corporate governance and effective Board leadership have empowered the Executive Leadership Team to execute the key strategic decisions made, supporting the implementation of operational changes.

Purpose and culture

The Board is responsible for promoting the Company's long-term sustainable success, creating value while having regard to the interests 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".

The defined core values that shape our culture are Integrity, Knowledge, Speed, Flexibility and Customer Focus. The Board and senior management monitor our culture alongside workforce policies and practices and are satisfied that they consistently align with the Company's purpose, strategy and values.

Board composition

Throughout 2025, the Board's skills and experience were assessed to ensure we have the right balance and composition with succession plans in place. In October 2025, Amina Hamidi stepped down as a Non-Executive Director after serving three years, following a promotion to a new role with her current employer.

As part of succession plans for the role of Senior Independent Director, Polly Williams retired from the Board in February 2026 after over nine years with the Group.

I would like to express my thanks to Amina and Polly for their service, support and contribution over the years.

The appointment of a new Senior Independent Director followed a thorough search process, at the conclusion of which the Board was pleased to appoint Charlotta Ginman as a Non-Executive Director and SID designate. Charlotta joined as a member of the Audit, Remuneration and Nomination Committees from 1 January 2026 and succeeded Polly Williams as Senior Independent Director from 26 February 2026. Polly supported Charlotta during her transition to this important role. Charlotta is an experienced Non-Executive Director with a strong financial background. She has held Non-Executive roles with a broad range of international companies across several sectors, including technology, healthcare and financial services. Prior to that, she worked in investment banking and held senior finance

and management roles within the telecommunications industry. Full details of the recruitment process, succession and transition planning, and our commitment to diversity are outlined in the Nomination Committee Report on pages 105-109.

Board effectiveness

Considering changes to the Board's composition during the year, the Board agreed to conduct an internal review of its performance and effectiveness in 2025. Further information and an explanation of the process and findings are outlined in the Nomination Committee Report on page 109. The review confirmed that we continue to operate effectively as a Board in accordance with good corporate governance principles. As Chair, I am pleased to see a culture of open dialogue and supportive relationships with Executive management.

Looking ahead, our clear strategy, continued progress in new product development, and culture and governance, which underpin the business, position us well for the next phase of the business's development and to take advantage as market conditions recover.

JAMIE PIKE
CHAIR

2 March 2026

Culture and Board oversight

Through active oversight, the Board ensures that our culture reflects our values and supports long-term sustainable performance.



READ MORE ABOUT THIS ON PAGE 100

Our Board in action

The Board demonstrated decisive leadership to support proactive action in response to continuing challenging market conditions, maintaining focus on the delivery of the Group's strategy, and positioning the business for market recovery.



READ MORE ABOUT THIS ON PAGES 96-97

Engaging with our stakeholders

The Board actively engages with stakeholders to understand their perspectives and inform decision making in line with our strategy.



READ MORE ABOUT THIS ON PAGES 103-104

Board changes: our new SID

Charlotta Ginman joined the Board on 1 January 2026 and in line with succession plans, succeeded Polly Williams as Senior Independent Director on 26 February 2026 when Polly retired from the Board.



READ MORE ABOUT THIS ON PAGE 108

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 Alternative Networks, Daisy, 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.



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, Remuneration, Nomination, 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 and ClearBank Group Holdings Limited, Senior Independent Director and Audit Committee Chair at The Rugby Football Union 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.



Charlotta Ginman

Independent Non-Executive Director

Appointment date:
1 January 2026

Executive/Non-Executive:
Non-Executive

Committee membership:
Audit, Remuneration, Nomination

Skills and experience:

- Charlotta is an experienced Non-Executive Director and Chartered Accountant.
- She has held Non-Executive roles with a broad range of international companies across several sectors, including technology, healthcare and financial services.
- Previously, Charlotta worked in investment banking and held senior finance and management roles at Nokia and Vertu.

External appointments:

Charlotta is currently a Non-Executive Director of BOKU Inc, JPMorgan India Growth & Income plc, Gamma Communications plc and VinaCapital Vietnam Opportunity Fund Ltd.

While Charlotta currently serves on five boards, two of these appointments are with investment trusts that typically hold no more than four to five board meetings a year and, accordingly, she has sufficient capacity to devote appropriate time and attention to each role.

Board changes

Amina Hamidi stepped down from the Board on 2 October 2025.

Charlotta Ginman was appointed to the Board on 1 January 2026 and succeeded Polly Williams as Senior Independent Director on 26 February 2026.

Polly Williams retired from the Board on 26 February 2026.

BOARD OF DIRECTORS CONTINUED

**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, where she is the designated NED for Employee Engagement.

**Daniel Shook****Independent Non-Executive Director**

Appointment date:
1 January 2025

Executive/Non-Executive:
Non-Executive

Committee membership:
Audit (Chair), Remuneration, Nomination

Skills and experience:

- Daniel was previously Chief Financial Officer at IMI plc, the FTSE 100 international engineering group, a position he held between 2015 and 1 August 2025. He has extensive financial management experience and knowledge of complex manufacturing processes across a range of global industrial sectors.
- 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:

None.

**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.

CORPORATE GOVERNANCE REPORT

Corporate Governance Statement 2025

The primary remit of the Board of Directors is to provide direction to shape the Group's strategy and to ensure this is executed effectively within a structure that is well controlled, mitigates risk and upholds corporate and social responsibility. Good corporate governance emanates from the top and 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 2024 (the Code).

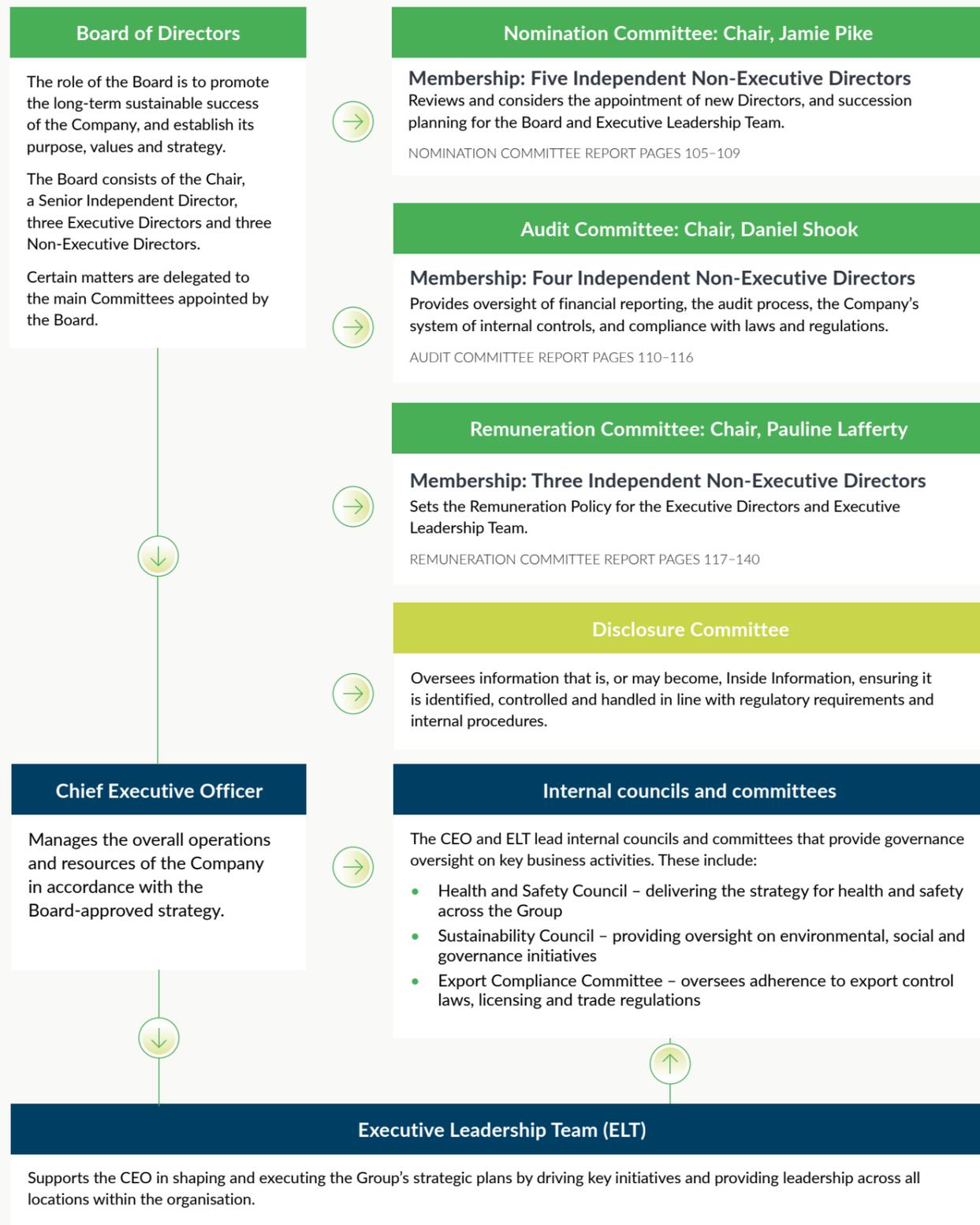
We have clearly laid out how the principles of the Code have been applied under the areas of:

Areas	Heading	Page number
1 Board leadership and Company purpose	Effective Board	Pages 88–90
	Purposes, values and culture	Page 100
	Key matters considered by the Board and Board outcomes in 2025	Pages 94–97
	Stakeholder engagement	Pages 101 and 103–104
	Workforce policies and practices	Page 101
2 Division of responsibilities	Board roles	Page 93
	Independence	Page 103
	External commitments and conflicts of interest	Pages 88–90 and 102
	Governance framework and Board resources	Pages 92–93
3 Composition, succession and evaluation	Appointments to the Board	Page 108
	Board skills, experience and knowledge	Pages 84 and 88–90
	Board performance review	Page 109
4 Audit, risk and internal control	Financial reporting	Pages 111–114
	External Audit and Internal Audit	Pages 115–116
	Review of the 2025 Annual Report	Pages 111–114
	Internal financial controls	Pages 114–115
5 Remuneration	Linking remuneration with purpose and strategy	Pages 117–119
	Remuneration Policy	Pages 134–140
	Performance outcomes in 2025 and strategic targets	Pages 124–127

CORPORATE GOVERNANCE REPORT

CONTINUED

Our governance structure



Committee membership numbers as at 2 March 2026

Our approach to governance

Our governance structure supports the promotion of good governance practices across the Group.

The Board delegates certain of its responsibilities to its Nomination, Remuneration and Audit Committees, whose work, roles, responsibilities and composition are detailed in separate reports on pages 105, 117 and 110. Each Committee operates under Terms of Reference, which were reviewed by the Committees and the Board during the year, and their performance is assessed annually as part of the annual performance review process.

Board and Committee meetings are scheduled to align with key decision-making points 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 from the Company Secretary, proposes agendas that align with the agreed annual schedule of Board items and incorporate feedback from the Non-Executive Directors. Board materials are distributed through a secure portal, highlighting action points for each agenda item, as required. Meeting minutes are prepared and shared with attendees, and action lists are monitored and updated to ensure the timely completion of key tasks.

Operational matters are delegated to the Executive Directors, except for those specifically reserved for the Board. The schedule of matters reserved for the Board is reviewed annually and is available on the Company website at corporate.xppower.com. Further details on the matters reserved can be found on page 102.

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 leads the Board and ensures its overall effectiveness in directing the Company. The Senior Independent Director provides support for the role of Chair and leads the succession process for the Chair's appointment. The CEO is responsible for the day-to-day operation of the Company and execution of our strategy. The CEO and CFO ensure that Directors receive accurate, timely and clear information to allow them to discharge their duties.

To ensure the Board is effective, we review and monitor the Directors' skill sets.

Responsibilities of the Board

Chair	The Chair is responsible for setting the Board's calendar and agenda and for guiding discussions to ensure they are focused, effective and aligned with strategic priorities. The Chair also leads and co-ordinates the processes that assess the performance and effectiveness of the Board as a whole, and the contribution of individual Directors.
	How our Chair promotes a culture of openness The Chair demonstrates objective judgement and conducts Board meetings in a way that encourages openness and debate. By ensuring all views are heard and considered, the Chair fosters a culture where all Non-Executive Directors can contribute effectively and challenge constructively.
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 review of the Chair and is available to shareholders if they have concerns that have not been resolved through contact with the Chair, CEO or CFO.
	Throughout 2025, Polly Williams was the Senior Independent Director. Charlotta Ginman succeeded Polly in this role from 26 February 2026 when Polly retired from the Board.
Non-Executive Directors	The Non-Executive Directors challenge and support the Executive Directors and act in the best interests of the Company's stakeholders and actively participate in the review and determination of the Company's strategy.
Designated Non-Executive Director	The designated Non-Executive Director engages with the workforce and ensures 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 was the Board representative for ESG matters until she retired from the Board.

CORPORATE GOVERNANCE REPORT

CONTINUED

Key matters considered by the Board

Strategy and operations

- Reviewed business performance and strategic priorities at each Board meeting, including consideration of trading updates made to the market
- Approved supply chain restructuring plans, completed the construction of the Malaysia manufacturing facility and closed the China facility, providing greater flexibility for end markets
- Approved structured exit from the RF market, allowing the Group to maximise investment and returns from other parts of the product portfolio
- Reviewed new product developments
- Received updates on European and Asia sales strategies
- Received presentation on the opportunities and risks of artificial intelligence on business operations
- Received a presentation from the Company's brokers, providing an external perspective on XP's positioning, valuation and shareholder feedback

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 2025
- Approved extensions to the Group's finance facilities
- Approved share Placing
- 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 our cybersecurity roadmap
- Approved proposals to restructure intercompany loans to manage USD exchange rate exposure
- Reviewed approach to insurance programme renewal
- Approved the Internal Audit plan and Charter

Leadership and people

- Assessed Board and Senior Leadership succession plan
- Recruited a new NED and SID designate, appointing Charlotta Ginman from 1 January 2026
- Monitored the Group's culture, and site Employee Engagement plans
- Reviewed diversity and inclusion initiatives, including Board-level policy
- Reviewed the results of the 2025 Employee Engagement survey and resulting actions

Stakeholder engagement

- Received analysis of shareholder feedback following investor roadshows
- Continued to consult with shareholders on remuneration matters, in particular the 2026 Remuneration Policy review
- Received feedback from Employee Engagement sessions held by NED, Pauline Lafferty
- Communicated and engaged with stakeholders on the Placing
- Discussed our net promoter scores and feedback from customers
- Held an Investor Seminar covering "why we win", our market position, product development and portfolio, technology, sustainability and financial framework
- Monitored actions taken to support the delivery of the supply chain restructuring and exit from the RF market

Governance and reporting

- Assessed the financial performance of the Group, approved the Half- and Full-Year Financial Statements and the Annual Report and Accounts
- Approved updates to Matters reserved for the Board and committee Terms of Reference
- Reviewed and discussed outcomes from the internal Board performance review, including committee reviews
- Reviewed and updated the composition of Board Committees, considering tenure, skills, experience and diversity characteristics to inform succession planning
- Approved AGM Notice and discussed reports on AGM voting and proxy agency feedback
- Approved Anti-Fraud Policy as part of procedures in place to support compliance with the Economic Crime and Corporate Transparency Act 2023

Sustainability

- Maintained oversight of the sustainability strategy and progress against our SBTi-registered targets
- Received an update on TCFD risks, opportunities and annual reporting
- Monitored global health and safety reporting dashboards and received updates on key initiatives, including "Safety Begins with Me", seeing reductions in TRIR and LTIR rates
- Reviewed and approved annual Modern Slavery Statement

CORPORATE GOVERNANCE REPORT

CONTINUED

At each meeting, the Board receives a business update and outlook, Global Health and Safety report, an update on governance matters and a summary of Board Committee activity. Other key activities covered by the Board during 2025 are shown below.

Board in action

Balance sheet resilience

In March 2025, the Board approved a Placing to raise funds from shareholders to strengthen the Group's capital structure, enhance cash generation and reduce leverage. In May and December 2025, the Board considered key decisions relating to the Group's financing facilities, including the extension of existing arrangements to ensure they remained appropriate to support the Group's strategic direction.

In its deliberations, the Board carefully considered the interests of shareholders, lenders and other key stakeholders, recognising the wide range of potential Full-Year outcomes and the uncertainty surrounding the timing and scale of market recovery. The Board determined that it was in shareholders' long-term interest to prioritise net debt reduction until leverage moves closer to its long-term target of 0-1x Adjusted EBITDA.

These actions were taken to proactively manage the business through relatively challenging market conditions, while ensuring appropriate financing is in place to support the Group's long-term growth potential and position it for recovery.

Link to stakeholders



Outcomes

- March share Placing reduced net debt by £39.6m
- Committed borrowing facilities reduced by \$80m to \$130m as part of amendments signed during 2025, following deleveraging delivered in the year
- December amendment extended borrowing facilities to give sufficient maturity for going concern purposes when signing 2025 and 2026 accounts

Supply chain restructuring

The Board approved the recommencement of construction work in Malaysia in early 2025, following a short period during which the development of the project was put on hold while the business navigated market pressures and ongoing destocking by customers.

Available capacity at the Group's manufacturing facility in Vietnam, together with progress made on the Malaysian site, enabled the Board to review its global manufacturing presence. The Board acknowledged the geopolitical challenges and considered the interests of customers based in the US, being the largest geographical market by revenue. The Board decided to close our manufacturing facility in China at the end of December 2025.

Link to stakeholders



Outcomes

- Consolidated our supply chain footprint into Vietnam and Malaysia
- Secured future flexible supply chain to serve our US markets, without trade or tariff barriers
- Coordinated the closure of the Kunshan facility



Board activities timeline

Link to stakeholders

- Our people
- Customers and strategic partners
- Suppliers
- Communities and our environment
- Shareholders



CORPORATE GOVERNANCE REPORT

CONTINUED

SECTION 172(1)
STATEMENT

Engaging with our stakeholders is fundamental, so we focus on what matters

Throughout the year, when making key decisions, careful consideration was given to the likely impacted stakeholders. The Board and management acted in good faith to ensure their actions aligned with our strategic aims, to best position XP for long-term success and in so doing they have regard to:

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

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

A table setting out further information on where s.172(1) factors are discussed throughout the Annual Report can be found on page 43.



Our people

Why we engage

Our workforce is key to our long-term success. 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

Regular town halls are held with senior management and 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 three virtual Employee Engagement sessions across Europe, the US and Asia.

Key topics discussed

- Global Health and safety and a refocus on quality in everything we do
- Embedding culture and inclusion across the business
- Annual engagement survey results
- Workforce retention at the Vietnam manufacturing facility
- A people plan to support the closure of Kunshan manufacturing facility

How we responded

- Built on our "Safety Begins with Me" campaign and held a quality awareness day
- Interaction with the Executive Team was enhanced through local site visits, and open communication was improved with senior leaders
- Introduced people development training, cascaded engagement survey results and facilitated response plans
- Supported our inclusivity initiatives through structured mentorship programmes
- Improved compensation arrangements and skills development to support retention in Vietnam
- Supported those employees impacted by the closure of our Kunshan facility through transparent communication and appropriate outplacement services



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 our customers' technology roadmaps to partner effectively.

Strong customer relationships are formed through regular sales team interactions 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

- Exit from the RF market
- Improving customer experience
- Product innovation and development
- Sustainability

How we responded

- Worked with principal customers to map out a mutually agreeable exit from the RF market, taking final orders
- Worked closely with US customers to reduce impact from US tariffs by shifting production to lower-tariff countries or drop-shipping directly to their manufacturing plants outside of the US
- Opened a new global design and services centre in the Philippines and reviewed our annual customer satisfaction survey results
- Launched 24 new innovative products in 2025
- Led the way by creating more power-efficient products, with FLXPro being digitally enable to allow customers to monitor and optimise energy usage



Suppliers

Why we engage

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

We recognise our suppliers as vital partners in our supply chain and 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 and enhanced our supplier engagement programme to include ESG surveys to better manage risk
- Engaged with suppliers to monitor their supply chains to understand their progress and challenges in improving sustainability
- Continued to improve sourcing capabilities in Asia and deliver annualised component cost savings by identifying alternative suppliers and negotiating with key suppliers, which resulted in more flexible and resilient arrangements



Communities and our environment

Why we engage

We engage with the communities in which we operate to develop trust and understand important local issues.

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

How we engage

Our key focus areas include how we can support local causes and issues, develop local talent and protect the environment. We consider local and national environmental impact when we make decisions.

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

Key topics discussed

- Progress against the ESG strategy, impact from the Group's electricity usage alongside the build and future operations at the new Malaysian manufacturing facility
- Engaging employees in identifying local charities and causes that will be most impacted by their support

How we responded

- Developed a site-specific sustainability dashboard to monitor against Energy Efficiency, Waste Diversion, Internal Audit Score and Local Impact Programme KPIs
- Conducted a climate assessment for the new Malaysian manufacturing facility
- Fostered a culture that encourages our people to get involved in charity fundraising activities. Employees are offered one volunteering day to participate in an environmental or community project



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 ongoing challenging market conditions, including short-term mitigating actions
- Capital management to support long-term growth ambitions and supply chain flexibility from our new Malaysian manufacturing facility
- Renewal of Directors' Remuneration Policy and understanding 2025 AGM voting outcomes
- The Group's long-term growth potential, including the structural drivers of long-term growth and growth strategy

How we responded

- Controlled costs to position the Group to take advantage of market recovery
- Completed share Placing and the amendment and extension of the Group's RCF to materially improve balance sheet resilience
- Conducted shareholder consultation on the Directors' Remuneration Policy renewal and the 2025 AGM voting outcome
- Held our first Investor Seminar on our long-term growth strategy, including "Why We Win" and progress made on new product development

CORPORATE GOVERNANCE REPORT

CONTINUED

Culture and Board oversight

The Board has overall responsibility for establishing and maintaining the Company's culture, which is underpinned by its values of Integrity, Knowledge, Speed, Flexibility and Customer Focus. The Board continues to influence and oversee culture across the Group, ensuring that the desired beliefs and behaviours are consistently demonstrated both within, and beyond, the Boardroom, as outlined below.

Action	Description
Monitoring	Throughout 2025, the Board continued to oversee the Company's culture and reviewed results of cultural and employee engagement surveys, KPIs and Net Promoter scores. Trends were monitored to assess how effectively the Company's core values are embedded across the organisation and to inform Board discussions on culture, behaviours and workforce practices.
Engagement surveys	Gallup engagement surveys continue to inform the Board on Employee Engagement and sentiment, supporting the Board in monitoring alignment with the Company's values and in identifying areas to enhance engagement. Further information on the survey results can be found on page 68.
Code of Conduct	Our values drive all our business decisions and are underpinned by our Code of Conduct, which is reviewed annually. All employees undertake mandatory training to ensure a clear understanding of governance requirements and to reinforce the Company's core values.
Direct Engagement	Workforce engagement by the designated Non-Executive Director provides the Board with feedback from a broad range of employees ensuring our group-wide culture is aligned to our purpose, values and strategy.
Communication	Through regular global updates, the Executive Leadership Team communicates strategic direction and upcoming priorities. Attendees then share the key themes from these sessions with their teams to ensure alignment across the organisation.
Sustainability	The Board and its committees receive reports on whistleblowing, talent and retention, health and safety matters, and diversity and inclusion metrics. The senior management presentation to the Board on Health and Safety initiatives provide insights into employee sentiment and organisational culture.
Speak Up	The Company operates a whistleblowing hotline that enables employees to raise concerns in confidence. Any potential misalignments to our desired culture are investigated to determine appropriate actions. More details on our Whistleblowing programme can be found on page 72.

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 Power is sponsored by the Executive Leadership Team, who ensures all employees have the necessary resources and support 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. Our safety governance structure is strong, which ensures safety is prioritised and continuously improved. For further information and associated case studies, please see pages 66-68.

How we ensured employees' voices were heard by the Board in 2025

During the year, I held three virtual employee engagement sessions across all our regions. I had the opportunity to hear directly from employees with differing tenures, at various levels of the organisation, and welcomed their constructive engagement. The sessions were structured to promote open and transparent communication, enabling employees to share views on their working environment and raise questions on any topic, including Executive remuneration and the wider pay policy.

A wide range of topics were explored during these sessions, including Company culture, communication, operational initiatives, and opportunities to enhance the employee experience at XP Power. These sessions raised several discussion points, including supporting cooperation across teams and ensuring alignment on strategy deployment.

The outcome and key observations from these sessions, together with feedback from the anonymous employee surveys and internal communications, were reported to and discussed by the Board.

How we uphold culture across our workforce and encourage engagement

Our processes enable us to request and consider the views of our employees. The annual employee survey, which is benchmarked against a broad range of companies, provides the Board with insight on how effectively our culture and employee engagement supports our strategic growth plans.

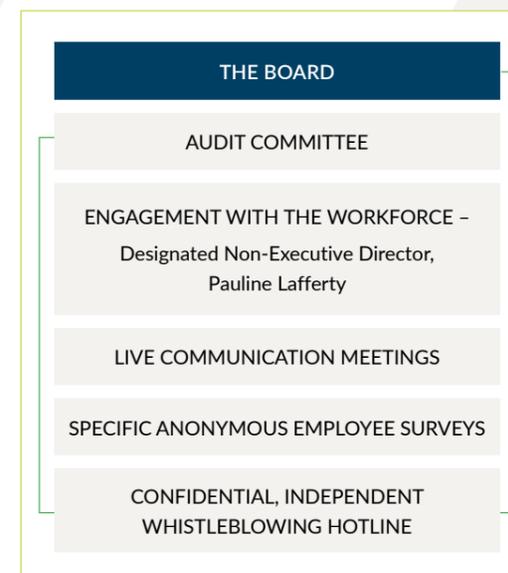
Following a strong focus on team-level accountability and action planning, we saw a significant improvement in employees' views on the delivery of the business's commitments. For instances where the response to the employee survey results needed a more tailored approach, supportive coaching was provided by the People and Organisation team, with leadership determining the appropriate course of action.

Ongoing engagement throughout the year was facilitated by global initiatives, regular site and regional engagement activities, and clear ownership within local teams. Momentum was driven through the global "Safety Begins With Me" campaign, which helped embed a much stronger culture of ownership and communication across the business. This campaign resulted in a notable reduction in workplace accidents and increased cross-region collaboration on safety. An active campaign for Executive Leadership to visit, and be visible on individual sites globally, allowed for greater transparency and communication.

The Board fully supports a range of employee initiatives to support health, wellbeing, diversity and equality, such as the Women Employee Resource Group. Please see pages 68 and 69 for further information.



PAULINE LAFFERTY
DESIGNATED NON-EXECUTIVE DIRECTOR
FOR WORKFORCE ENGAGEMENT



4.15/5¹
2025 Employee Engagement score.
(2024: 4.03)

¹ Results exclude Vietnam and China employees.

CORPORATE GOVERNANCE REPORT

CONTINUED

Matters reserved for the Board

The Board has a formal schedule of matters reserved to it, including:

- the assessment of the Group's long-term viability and going concern status;
- the approval of the Group's strategy, long-term objectives, 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;
- the approval of the Group's risk appetite, principal and emerging risks and oversight of the effectiveness of the Group's risk management framework and internal control systems;
- the approval of changes to the structure, size and composition of the Board, ensuring adequate succession planning;
- consideration of the independence of Non-Executive Directors;
- oversight of the Group's Remuneration Policy, with the support of the Remuneration Committee;
- final approval of Interim and Annual Financial Statements and significant accounting policies;
- the approval of the Dividend Policy;
- the approval of significant acquisitions disposals investments and major capital projects; and
- the delegation of the Board's authorities, including the division of responsibilities between the Chair, Chief Executive Officer and other Executive Directors.

Change in Directors' responsibilities

Amina Hamidi and Polly Williams stepped down from the Board on 2 October 2025 and 26 February 2026, respectively.

Charlotta Ginman joined the Board as a Non-Executive Director on 1 January 2026, and became a member of the Audit, Remuneration and Nomination Committees from the same date. She became Senior Independent Director on 26 February 2026 when Polly Williams retired from this role.

Conflicts of interest and time commitment

Directors are required to disclose any actual or potential conflicts of interest prior to their appointment and on an ongoing basis. A register of Directors' interests and conflicts is maintained by the Company Secretary and is regularly reviewed. The Board considers its Directors' interests and any conflicts that these may present at each Board and Committee meeting.

The Board recognises the importance of ensuring that Non-Executive Directors have sufficient time to discharge their responsibilities effectively. Any proposed new appointments are reviewed and approved in advance by the Chair of the Board. During 2025, the Non-Executive Directors provided constructive challenge, strategic oversight and specialist insight and held management to account. There were no material changes to Directors' external commitments during 2025. Each Director devoted significant time to their XP Power Board responsibilities, and all Directors attended all Board meetings during the year.

The Board notes that Charlotta Ginman serves on five boards, two of which are with investment trusts that typically convene four to five board meetings annually. The Board is satisfied that she has sufficient capacity to devote appropriate time and attention to each role.

Following the Chair's review of individual Director performance and time commitment, the Board is satisfied that all Directors remain fully engaged and continue to devote the appropriate amount of time and attention to their duties.

Board independence

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

In assessing the independence of its Non-Executive Directors in line with Provision 10 of the Code, the Board recognises that, during 2025, there were certain circumstances that may appear to impair Directors' independence. Polly Williams had served on the Board for over nine years from January 2025. However, the Board considered that she retained her independence and that, in part, her valuable expertise was informed by her long service.

Jamie Pike and Daniel Shook held a common external Board role at IMI plc until August 2025, while Daniel transitioned his responsibilities as CFO prior to stepping down from the Board. The Board was satisfied that this relationship did not compromise their ability to exercise independent judgement and concluded that all Non-Executive Directors remained independent during 2025 and up to the date of this report.

Details of the beneficially owned ordinary shares in the Company held by the Non-Executive Directors are included in the Remuneration Committee Report on page 128.

Risk management and internal control

The Board is responsible for the Company's overall approach to risk management and internal control. 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 35–41. The 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. Managers across the business are responsible for the effective operation of key controls and established processes. Examples of these key controls are as follows:

- Authority matrices to clearly define who can authorise transactions, transfer funds, commit Group resources and enter into agreements.
- Quality control checks are conducted throughout our manufacturing process, burn-in and electrical testing to detect early failures, as well as 100% functional testing and quality inspection.

- Disaster recovery and business continuity plans are maintained at all key facilities.

The Group has established robust financial reporting procedures and controls, including monthly management accounts and key metrics reviewed by senior management, with performance monitored against budget and material variances reported to the Board. Key judgements and estimates are subject to regular review. Standardised accounting policies and reporting formats are applied across the Group to ensure consistency and transparency. Financial systems incorporate appropriate access and segregation controls to mitigate the risk of unauthorised transactions.

Financial reporting risks are identified and managed as part of the Group's wider risk management framework and are subject to regular review by management and the Audit Committee. The Audit Committee oversees the integrity of financial reporting and reviews the effectiveness of internal control and risk management systems, supported by internal audit and external audit where appropriate.

Details of the Company's internal controls, and how the Board and 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 in the Audit Committee Report on pages 114–115. During the year, no significant internal control issues were identified.

Shareholder communication

The Company maintains effective engagement with shareholders and other stakeholders through a range of channels. The Group seeks to maintain an open and constructive dialogue with both institutional and private investors and responds promptly to investor enquires. In November 2025, the Company held its first Investor Seminar, which provided an opportunity to set out our investment case. The CEO and CFO, along with senior leaders from the business, covered "why we win", our market position, product development and portfolio, technology, sustainability and financial framework.

The Group uses its website (corporate.xppower.com) to ensure that private investors can access the same information as institutional investors, including investor presentations and video interviews with the CEO and CFO, which are published when the interim and annual results are released. The corporate website provides information on the Group's products, markets, strategy, business model, growth drivers and its investment proposition. Interested parties may register for the Group's email alert service via the website to receive timely announcements and other published information.

CORPORATE GOVERNANCE REPORT

CONTINUED

The Chair and Senior Independent Director are available to meet shareholders to understand their views on the Company's governance and performance. To ensure the Board remains informed on shareholder perspectives, Directors receive regular feedback from the Company's brokers and financial PR advisers following investor meetings.

The Remuneration Committee Chair consults with major shareholders about significant decisions related to Executive remuneration. In the current Directors' Remuneration Policy review year, the Chair engaged with several major shareholders to understand their views on remuneration structure and its alignment with the business strategy and shareholder interests. Shareholders' feedback was communicated with the Board and the Remuneration Committee and informed the policy review process ahead of the Directors' Remuneration Policy being presented at the 2026 AGM.

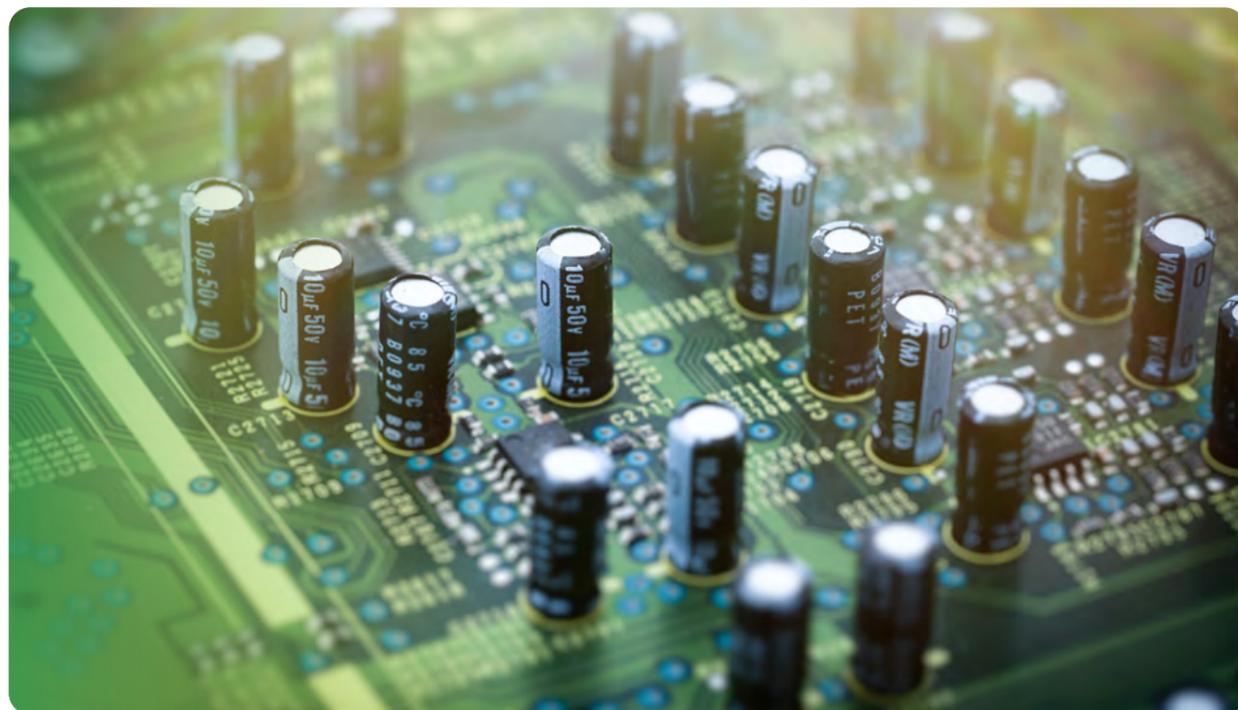
At the Annual General Meeting in April 2025, Resolution 2, to re-elect Jamie Pike as a Director and Resolution 15, to authorise the Directors to allot shares up to two-thirds of the Company's issued share capital, were approved by 77.80% and 74.85% of the votes cast, respectively. Resolution 13, the advisory vote on the Directors' Remuneration Report was not passed by the requisite majority. Please refer to the Remuneration Committee Report on page 117 for an update on shareholders' views on this resolution.

The voting outcomes for Resolutions 2 and 15 were primarily driven by two significant shareholders who voted against the Resolutions. Feedback indicated that opposition to the re-election of Jamie Pike reflected, in part, shareholder dissatisfaction with the Company's recent performance. In relation to Resolution 15, the Board had previously engaged with the relevant shareholders to understand their positions, and their votes were consistent with established internal investment policies. The Board concluded that no further consultation was required and that the feedback received would not change its approach.

The Company remains committed to maintaining open and transparent communication with shareholders and values any feedback received.

Constructive use of the AGM

Certain Directors are available at the Annual General Meeting (AGM) to answer any questions from shareholders. As the Group's Parent Company is based in Singapore, we recognise that attendance at the AGM may not be practical for our UK-based investors. The CEO and CFO maintain regular engagement with shareholders throughout the year and are available to respond to questions and feedback.



NOMINATION COMMITTEE REPORT



Dear shareholder,

This report sets out the activities of the Nomination Committee during the year-ended 31 December 2025. It describes the Committee's responsibilities and the key matters considered in relation to governance, Board composition and succession planning.

Membership and responsibilities

The Nomination Committee members are all independent Non-Executive Directors. Amina Hamidi and Polly Williams served on the Committee until they stepped down from the Board on 2 October 2025 and 26 February 2026, respectively, and Charlotta Ginman was appointed to the Committee on 1 January 2026. The Committee met on three occasions during the reporting period, with the CEO invited to attend as appropriate. See page 85 for details of meeting attendance.

The Committee's main responsibilities include reviewing the Board's structure, size and composition, with particular focus on the balance of skills, knowledge, capabilities, experience and diversity required to support the Company's strategy and long-term success.

The Committee also oversees succession planning for Directors and other senior Executives, considering the future skills and expertise needed on the Board. In this context, the Committee is responsible for identifying and nominating suitable candidates to fill Board vacancies as they arise. New Director appointments are assessed by the Committee, and all Non-Executive Directors are involved in the selection process. Final approval of new Director appointments is made by the full Board.

In addition, the Committee reviews the organisation's leadership needs at both Executive and Non-Executive level to ensure the Company continues to have effective leadership and remains well positioned to compete in the marketplace. The Committee also considers the outcomes of the Board performance review process insofar as they 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.

Activities and future areas of focus

The Committee's key areas of focus during the year included:

- the search for a new Senior Independent Director in line with the Board's succession plans, culminating in the recommendation to the Board for Charlotta Ginman to succeed Polly Williams in this role;
- the continuation of an induction programme for Daniel Shook and planning for Charlotta Ginman's induction;
- a review of the composition of the Board's Committees, considering members' skills and expertise;

“ The Committee oversees Board succession, ensuring the right mix of skills and expertise aligned with our strategy. ”

JAMIE PIKE
NOMINATION COMMITTEE CHAIR

Committee membership

 Jamie Pike Chair	 Polly Williams ¹
 Pauline Lafferty	 Sandra Breene
 Daniel Shook	 Charlotta Ginman ²

¹ Until 26 February 2026.
² From 1 January 2026.

NOMINATION COMMITTEE REPORT

CONTINUED

- a recommendation to the Board for the re-election of Directors standing at the Annual General Meeting, taking account of the performance review process conducted for all Directors;
- a review of the Board Diversity and Inclusion Policy and targets, monitoring the Listing Rules requirements pertaining to diversity and assessing the Board skills matrix; and
- ongoing discussions regarding Board and senior leadership succession and reviewing the senior management leadership needs.

Looking ahead, the Committee will consider whether an additional Non-Executive Director is required and will maintain its focus on succession planning by assessing the skills, experience and depth of talent across the Board and senior management. This approach will ensure that the Company continues to attract, retain and develop the capabilities required to support the business and deliver its strategic objectives.

Diversity and inclusion

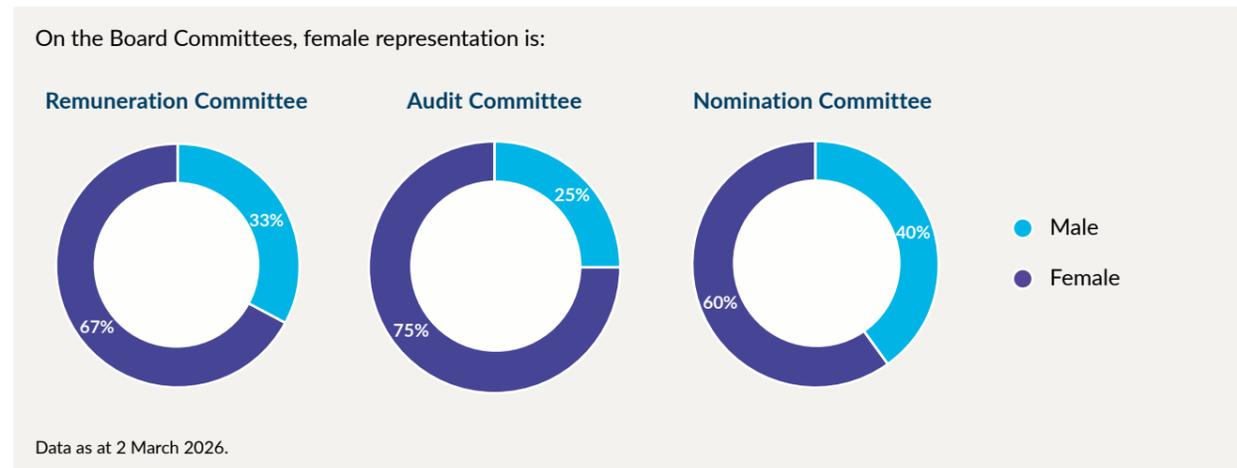
The Committee regards diversity and inclusion as integral to XP's success, driving growth, innovation, talent attraction and retention, and customer engagement. Operating globally, we value cultural differences, aim for a workforce that reflects our markets and recognise that diversity strengthens our ability to succeed in them. Similarly, a diverse Board contributes a range of viewpoints and supports effective decision making. We maintain zero tolerance for discrimination and commit to equal opportunities across our employment policies and practices. Appointments and promotions are made 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 trade union membership. These principles apply equally to Board and Committee appointments and to the selection of business partners.

During the year, we reviewed the Board Diversity and Inclusion Policy and concluded that it reaffirms our commitment to diversity, inclusion and equal opportunity, with measurable objectives aligned to the UK Listing Rules. These objectives were monitored throughout the year. The Policy also reflects our commitment to open advertising and to partnering with executive search firms that are signatories to the Voluntary Code of Conduct for Executive Search Firms, ensuring balanced and inclusive shortlists.

The Committee acknowledges that, following recent changes, the Board does not currently meet the UK Listing Rules target of at least 40% female representation. The Board meets all other UK Listing Rules diversity targets. The Board aspires to meet these targets, and the Committee will continue to consider these in its approach to succession planning and future appointments. The Board currently comprises eight members, three of whom are women (37.5%), and one of whom is ethnically diverse, according to the definition in the UK Listing Rules. Our Senior Independent Director is female. The composition of nationalities within the Board includes five British individuals, one with dual British and American nationality, one with dual British and Finnish nationality and one Singaporean.

The Board Committees' gender representation is shown below:



As an international business, XP Power understands and meets its aspiration for a diverse leadership group. Further details of diversity beyond the Board can be found on pages 69–70. Details of gender and ethnic representation, as prescribed by UK Listing Rule 6.6.6R, 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.

Gender representation as at 31 December 2025

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in Executive management ¹	% of Executive management
Men	5	62.5%	3	8	80%
Women	3	37.5%	1	2	20%
Not specified/prefer not to say	-	-	-	-	-

Ethnic representation as at 31 December 2025

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in Executive management ¹	% of Executive management
White British or other White (including minority-white groups)	7	87.5%	4	8	80%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	1	12.5%	-	2	20%
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

¹ Executive members of the Board are included in both the Board and Executive management figures.

Our Board Diversity and Inclusion Policy is available on our website at corporate.xppower.com.

Board skills, experience and composition

The Committee regularly reviews the Board's size, structure and composition to ensure an appropriate balance of skills, expertise, experience and time commitment. This enables the Board to meet both current and future strategic challenges and supports the Company's long-term objectives. The appointment of our new Non-Executive Director, Charlotta Ginman, refreshed the Board's composition and its committees, providing an opportunity to target, and benefit from, additional skills, expertise and experience aligned with the Company's strategic priorities.

Board capabilities are assessed using a skills matrix, which captures the relevant skills and experience of our individual Directors. The matrix is reviewed regularly to identify any gaps, which are addressed through future appointments or ongoing Board development, education and updates. Skills considered include industry-specific expertise and broader competencies, such as strategic human resource management, business development and growth, and ESG and climate experience.

The Committee considers that the Board's overall structure, balance of skills and diversity is appropriate. This is illustrated in the charts and matrix on pages 84–85. Further details of each Director's skills and experience are set out in their biographies on pages 88–90.

Appointments to the Board and Director re-election

Charlotta Ginman was appointed to the Board on 1 January 2026 and will offer herself 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.

NOMINATION COMMITTEE REPORT

CONTINUED

Appointing our new Non-Executive Director and Senior Independent Director

Candidate specification and search criteria

During 2025, the Committee continued its search for a new Non-Executive Director with the skills and experience to act as the Senior Independent Director. The executive search firm Russell Reynolds led the search. Russell Reynolds is independent of, and has no other connection with, the Company and its Directors.

The position specification set out the role's responsibilities, and the candidate profile defined the required experience, leadership and cultural alignment. From a long list, two

candidates were shortlisted and interviewed by the Chair, CEO, CFO and all Non-Executive Directors. In mid-2025, the Board paused the recruitment process for a period while it assessed its needs in light of evolving macroeconomic conditions. In December 2025, the Committee recommended the appointment of Charlotta Ginman to the Board, and the Nomination, Audit and Remuneration Committees with effect from 1 January 2026, and as Senior Independent Director with effect from 26 February 2026. Charlotta brings a wealth of experience from Non-Executive roles with a broad range of international companies across several sectors. She is a chartered accountant and has experience in investment banking as well as senior finance and management roles.



Director induction and development

All new Directors receive a tailored induction programme, which typically includes reading material, and dedicated time with each Non-Executive and Executive Board member and the Company Secretary. The induction programme develops a thorough understanding of the business, strategy, operations, products and markets, and establishes relationships with the management team and external advisers. Directors are invited to provide feedback on any further development areas to support their induction.

Daniel Shook joined the Board in January 2025; he is an experienced listed company Board member and was CFO of a FTSE-listed company until mid-2025. To support his induction, Daniel visited the Company's offices in the UK where he met with the CEO and CFO and members of the Group finance teams and the Internal Audit partner. The sessions covered market and strategy overview, our stakeholders and operations, financial performance and risk management. Daniel also visited XP Power locations in the US and Singapore, where he met with members of the sales and finance teams and the external audit partner.

Charlotta Ginman joined the Board in January 2026; she has a wide breadth of experience as a Non-Executive Director.

To commence her induction, Charlotta received a Group and market overview from the CEO. This included information on our customers, people and investors as well as operations, including health and safety, quality and cybersecurity. Charlotta also met with the CFO and Company Secretary. The CFO updated Charlotta on finance performance, systems and teams, and the Company Secretary provided an overview of the structure and history of the Company, listing requirements, and Board and governance procedures.

Non-Executive Directors are primarily responsible for their own continuing professional development, supported by internal and external speakers who provide updates on strategic and operational topics at the Board Strategy Day and throughout the year. Directors' training and development needs are reviewed at least annually. In 2025, the Board received in-depth presentations on European and Asia sales strategies, supply chain improvements, product development and marketing. An update on our health and safety programme highlighted a developing culture of continuous improvement with measurable results. The Board also heard from the Company's brokers, providing an external perspective on XP's positioning, valuation and shareholder feedback.

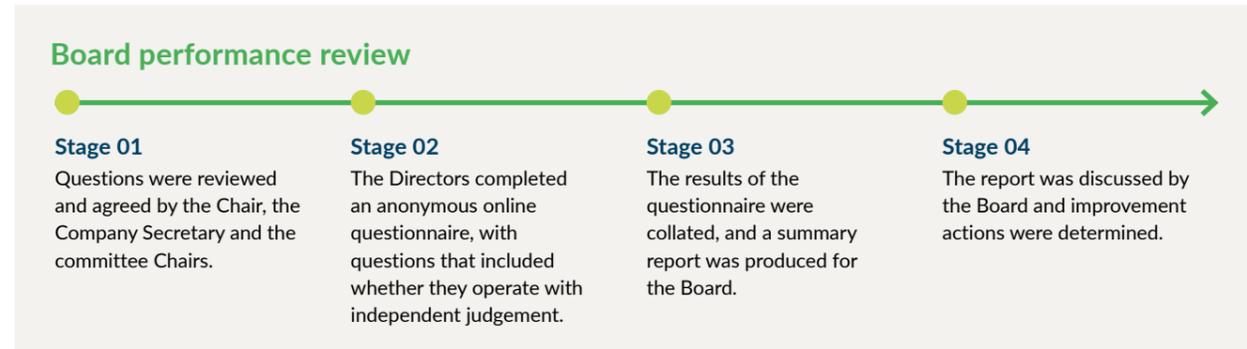
Board and Committee performance review

Each year, the Board conducts a review of its own performance and effectiveness, and that of its committees. The Chair and Non-Executive Directors regularly meet without the Executive Directors present, to allow the discussion of potentially sensitive matters. At least annually, the Senior Independent Director meets with the Non-Executive Directors, excluding the Chair, to evaluate the Chair's performance.

The findings and proposed actions from the Board and committee reviews are presented to the Board and at relevant committee meetings. The Company Secretary

monitors progress against agreed actions throughout the year, with a formal review undertaken prior to the next review cycle to ensure actions are appropriately closed.

The Board discussed the process for the 2025 review, noting that the best practice recommendation for an externally facilitated performance review was every third year, and recognising that, for XP Power, this would typically have been in 2025. Considering changes to the Board's composition during the year, the Board agreed to conduct the 2025 review process internally. The timing of the subsequent externally facilitated review will be determined once the refreshed Board composition has had time to embed; this is anticipated in 2026.



2025 Board performance review

The Company conducted the internal review using an 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.

Overall, the Company maintained a high favourable average score across all areas and acknowledged that the Board is operating effectively and in accordance with good corporate governance principles. The review highlighted that the Board holds open and robust discussions and maintains a frank and open relationship with Executive Management.

The Board identified several actions to support its continuous improvement. These included greater focus on assessing the culture of the business against management's longer-term aspirations and medium- and long-term priorities, with more debate on key topics that may drive future growth. The Board also recognised the value in inviting guest speakers to present at Board meetings, including members of the XP Power team and external advisers and of further refining the Board's papers to be more concise and focused on key topics for deeper discussion.

2024 Board performance review progress

Following the 2024 Board performance review, the Board's agendas included items to help focus dialogue and discussion on strategic topics, including new product development and product growth plans. A strategy day held during the year provided an opportunity for members of the Executive Leadership Team to present updates and continue discussion with the Board during an informal dinner. In response to feedback from the review, Board papers continue to be refined to improve clarity and focus. In addition, the Company's broker presented to the Board, which provided an external perspective on investor sentiment.

Committee review

As part of the Board's annual review process, the Committee assessed its performance for the year, supported by an internal anonymous online survey. The results were positive, and the Committee concluded that it was operating effectively overall, with members bringing an appropriate balance of knowledge and expertise to make informed recommendations on Board changes. It was noted that Committee meetings were conducted in a manner that fostered open and constructive challenge.

JAMIE PIKE
NOMINATION COMMITTEE CHAIR

2 March 2026

AUDIT COMMITTEE REPORT



“
In presenting my first report, I reflect the Committee’s continued work to enhance oversight and internal controls.

DANIEL SHOOK
AUDIT COMMITTEE CHAIR

Committee membership



Daniel Shook
Chair



Polly Williams²



Pauline Lafferty



Sandra Breene



Charlotta Ginman¹

¹ From 1 January 2026.
² Until 26 February 2026.

Dear shareholder,

I am pleased to present my first Audit Committee report following joining the Committee in January 2025 and my appointment as Committee Chair in April. This report will provide you with an insight on the matters overseen in 2025 and the Committee’s future areas of focus.

I would like to thank my predecessor, Polly Williams, for her support and guidance throughout the handover period, which enabled a structured transfer of responsibilities following the conclusion of the 2024 year-end process. As part of my transition into the role of Committee Chair, I visited a number of XP locations during 2025, and I met with key individuals across the business as well as the internal and external audit partners.

Membership and responsibilities

The Audit Committee members are all independent Non-Executive Directors with financial and/or related business experience from senior positions in other diverse organisations. The Committee met on five occasions during the year, with each session including a private discussion with the external and internal Auditors without management present. Additional discussions were also held with management only at each meeting. See page 85 for details of attendance at meetings during the year.

The Committee assists 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. It also oversees ethics and compliance matters, including responses to regulatory and governance developments.

In carrying out its role, the Committee is responsible for ensuring the financial performance of the Group is properly reported and monitored and for advising the Board on whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. The Committee oversees compliance with legal requirements, including the FCA’s UK Listing regime, and the adoption and correct implementation of accounting standards. It also assesses the Group’s internal control processes and assurance framework and assists the Board in reviewing the appropriateness of the Group’s tax and treasury policies, and the analysis supporting the going concern and viability statements.

The Committee further oversees the relationship of the External and Internal Auditors, supervises their performance and assesses the effectiveness and quality of the external Audit. The Committee reviews the nature and extent of audit and non-audit services provided to the Group by the External Auditor to safeguard independence and objectivity and thoroughly reviews any allegations of fraud or whistleblowing.

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 2025, the Audit Committee’s activities included:

Financial reporting and disclosures

- receiving reports from management and the External Auditor on key accounting issues, areas of significant judgement and disclosure levels, which are reviewed and challenged by the Committee (see “Consideration of significant financial reporting matters” for key items);
- examining the Half-Year results and Annual Report;
- reviewing the balance sheet of the Company, Consolidated Financial Statements of the Group and the independent Auditor’s Report;
- assessing the accounting principles to be adopted in the preparation of the statutory accounts;
- reviewing any dividend flows across Group entities;
- reviewing and approving the use of alternative performance measures (APMs); and
- recommending the Annual Report to the Board after concluding that, taken as a whole, it was fair, balanced and understandable.

Internal controls and governance

- approving the process to identify and classify material financial and non-financial risks and controls, including operational, compliance and reporting risks, to support changes arising from the 2024 UK Corporate Governance Code;
- reviewing the effectiveness of the Group’s internal control environment;
- assessing disclosures made in the Annual Report and Financial Statements; and
- oversight of the Group’s tax and treasury structure and intercompany arrangements, including reviewing proposals to restructure intercompany loans to manage USD exchange rate exposure.

External Audit

- reviewing the external audit plan and delivery updates;
- reviewing how management supported the External Auditor;
- reviewing reports from the External Auditor on the Group’s financial reporting and their observations on the internal financial control environment; and
- assessing the quality and effectiveness of the external audit process.

Going concern and viability

- challenging management’s assumptions and analysis underpinning:
 - the Group’s going concern basis of preparation;
 - the long-term viability statement and associated risk assumptions;
 - accounting policies and disclosures; and
 - key financial reporting judgements and adjustments, including those related to goodwill and capitalised product development.
- placing appropriate emphasis on a detailed review of severe but plausible downside modelling to ensure:
 - the Group’s capital structure can withstand unforeseen changes in circumstances; and
 - the current and forecast headroom under banking covenant limits is adequate.
- recommending the viability statement and going concern statement to the Board.

Risk, Assurance and Internal Audit

- reviewing the assurance map, which describes all assurance activities over a multi-year cycle;
- approving the internal audit plan;
- overseeing the Group’s risk and compliance framework;
- directing the work of Internal Audit;
- reviewing internal audit findings and follow-up actions;
- assessing delivery methods for the future internal audit activity; and
- evaluating the effectiveness of the Internal Audit service partner.

Sustainability, ethics and compliance

- reviewing the Group’s approach to the Task Force on Climate-related Financial Disclosures (TCFD); and
- considering any material matters relating to fraud, whistleblowing and litigation, including reviewing the plans, policies and procedures in place to support compliance with the Economic Crime and Corporate Transparency Act 2023 (ECCTA).

AUDIT COMMITTEE REPORT

CONTINUED

Composition

As a former CFO with extensive financial management and manufacturing processes experience, I assumed the role of Audit Committee Chair following the conclusion of the Annual General Meeting on 24 April 2025, succeeding Polly Williams, who remained on the Committee until 26 February 2026, when she retired from the Board.

On 1 January 2026, Charlotta Ginman, a qualified chartered accountant, former investment banker and CFO, joined the Board and the Audit Committee. The Board is satisfied that Charlotta and I bring recent and relevant financial experience, representing 50% of the current Committee, and that, supported by our Internal Audit co-source provider and our External Auditor, the Audit Committee has the necessary collective expertise and financial understanding to fulfil its responsibilities and support ongoing initiatives.

Regular attendees at Committee meetings included the CEO, CFO, Group Financial Controller, Company Secretary, and representatives from our External Auditor and Internal Audit co-source provider.

Committee review

As part of the Board's annual review process, the Committee assessed its performance during the year. This review was supported by an anonymous, internal online survey. The review indicated an open environment that encouraged curiosity and constructive challenge, together with well-chaired meetings facilitating clearly framed discussions. Actions arising from this review agreed by the Committee included enhancing value as part of the external audit tender process. The review also highlighted that, in 2026, the Committee will continue to consider how risk matters are managed under the Board's oversight. In addition, further building a relationship with the Internal Audit co-source partner, BDO LLP, to ensure alignment with the business and delivery against objectives was agreed as an action for 2026.

Overall, the Committee concluded that the review demonstrated that it was operating effectively in 2025, fulfilling its role in accordance with its Terms of Reference.

Fair, balanced and understandable

At its February 2026 meeting, at the Board's request, the Committee reviewed the content of the 2025 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 2025 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 throughout 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 provided by management around the content and process for preparing the 2025 Annual Report and Accounts;
- reviews of the Annual Report undertaken at different Group levels, with confirmation provided to the Committee that the reporting meets the required standards; and
- reviews of the narrative reporting by all Directors prior to the Board's formal consideration of the draft Annual Report.

Consideration of significant financial reporting matters

Regarding the 31 December 2025 Financial Statements (pages 153–210), the Audit Committee considered the following topics, which, due to the level of materiality and degree of judgement exercised by management, are considered significant. 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 2025	How the Audit Committee addressed these matters	Conclusion
<p>Valuation of goodwill</p> <p>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.</p>	<p>The Committee reviews the impairment assessments performed by management at least annually (discounted cash flow forecast for each cash-generating unit (CGU)) to provide comfort over the balance sheet value.</p> <p>The Committee challenges the appropriateness of judgements and forecasts used in management's impairment assessment, including the calculation of WACC rates and forecast growth rates.</p>	<p>The Committee concurred with management's conclusion that, for the 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.</p>
<p>Capitalised product development</p> <p>As part of the Group's product development process, direct costs associated with new products are capitalised and amortised over their expected useful life.</p> <p>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.</p>	<p>The Committee reviewed three key aspects of this accounting: appropriateness of capitalisation, timing and quantum of amortisation, and recoverability of the capitalised amount.</p> <p>Capitalisation</p> <p>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.</p> <p>Amortisation</p> <p>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.</p> <p>Recoverability</p> <p>The Committee reviewed revenue streams for capitalised products that have been released for sale, as presented by management.</p> <p>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.</p>	<p>The Committee was satisfied with the judgements used and the carrying value of capitalised product development at year-end including the decision to impair certain values due to changes in future revenue estimates.</p>

AUDIT COMMITTEE REPORT

CONTINUED

Significant matters for the year-ended 31 December 2025		How the Audit Committee addressed these matters	Conclusion
Inventory	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 the 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 the treatment of the reversal of provisions in respect of inventory in Asia that was specific to the China semiconductor market, where this was sold through on final customer orders.	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 42.
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 are 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 157. 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 34.

In 2025, on behalf of the Board and with the assistance of a risk assurance map and internal audit function, the Committee maintained strong oversight of the Group's internal controls, risk management framework and principal financial risks throughout the year, ensuring these critical areas operated effectively. The Committee reviewed the outcome of the key financial controls audits and non-financial audits included in the internal audit programme. Management provides the Committee with timely updates on key accounting issues and financial controls.

To ensure readiness for compliance with Provision 29 of the UK Corporate Governance Code 2024, which came into effect on 1 January 2026, the Committee actively engaged with management throughout the year and received regular updates on progress. Material financial and non-financial risk and controls, covering operational, compliance and reporting risks, were reviewed and approved by the Committee. A structured programme of dry-run controls testing, within the scope of the Board's internal controls attestation commenced during the year. Testing was performed by the second line of defence, with internal audit commencing selective validation, which will continue into 2026.

The Committee is pleased with the progress made in 2025 to strengthen the control environment. No material control weaknesses were identified. Areas for further enhancement identified through dry-run testing will be addressed through agreed management actions and the Committee will continue to monitor this in 2026.

Overall, the Committee is satisfied with the Company's risk management and internal controls through the year, and the adequacy of the planned and resourced internal audit programme.

Internal audit

The 2025 internal audit plan was delivered in partnership with BDO LLP (BDO), who were appointed as the Internal Audit co-source provider from the beginning of 2025. Alongside our team, BDO delivered 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. They conducted financial and non-financial internal audits as part of the 2025 internal audit plan.

Key activities included:

- an evaluation of XP's processes and key financial controls at the Company's Singapore site;
- a review of the design and implementation of key controls over cybersecurity risks;
- a review of XP's fraud risk management framework and a readiness assessment against ECCTA; and
- an assessment of the Group's approach, methodology, scoping and planned future work to meet the requirement of Provision 29 of the UK Corporate Governance Code, alongside the Group's controls self-assessment programme covering all sites.

The reviews' findings, recommendations and controls observations were rated and presented to the Committee for feedback or further action. Management assessed the recommendations and implemented agreed actions within specified timelines. The Internal Auditor regularly tracked progress and provided the Committee with status updates.

The quality, experience and expertise of our internal audit service partner is assessed annually through an internal survey and the results of the 2025 review confirmed the Committee's satisfaction. These findings also contributed to discussions regarding the presentation of internal audit reports.

Given the scale and complexity of the Group, the Committee remains confident that a co-sourced 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, and access to subject matter expertise linked to our risk profile. The Committee agreed updates to the delivery of the internal audit plan throughout the year to ensure the framework and audit timings remained appropriate.

The Committee further reviewed the scope and planned activity of internal audit, as part of finalising the internal audit plan for the year ahead. 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 and was informed by the Board's most recent annual risk assessment. The Committee agreed that controls testing for medium-risk locations would continue to be performed internally, enabling BDO to focus on higher-risk locations and other non-financial internal audits that required their specific expertise.

AUDIT COMMITTEE REPORT

CONTINUED

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 its key audit risks, 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 alongside 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 remained effective and that the audit teams provided appropriate challenge. On this basis, the Committee has recommended to the Board that the reappointment of PricewaterhouseCoopers LLP (PwC) as External Auditor will be proposed at the forthcoming AGM.

The last tender for the External Auditor was conducted in 2023 when the Board approved the reappointment of PwC. In line with UK domestic law as reflected in the Audit Committee and External Audit Minimum Standard, which includes the requirement 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. Planning for the tender process continued throughout 2025, during which the business has managed relationships with its advisers to ensure that the considered audit firms are able to be independent. It is expected that the tender process will be conducted and concluded during 2026, with the new Auditor to be appointed for the 2027 Audit. In accordance with best practice, the audit partner rotated off after five years in 2024, when the current audit partner, Lee Chian Yorn, took over the engagement.

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.

The policy on the engagement of the External Auditor for non-audit work reflects regulatory requirements. It requires approval by the Committee Chair for any non-audit engagement where the estimated fees are below £10,000, and approval by the full Committee when the fees exceed £10,000. The Chief Financial Officer monitors any proposed non-audit engagements of PwC and refers them to the Chair for approval as appropriate. The policy does not permit work to be placed with the Auditor if it could compromise auditor independence, such as functioning in the role of management. Non-audit fees paid to the Auditor were £0.03m (2024: £0.05m), which represents 3.5% of the audit fee. The only non-audit engagement during the year was in respect of the interim results review, which is technically not statutory audit work but is typically assigned to the audit firm and was approved by the Committee. The Committee considers the level and nature of non-audit work to be modest and not to compromise the independence of the External Auditor.

DANIEL SHOOK
AUDIT COMMITTEE CHAIR

2 March 2026

REMUNERATION COMMITTEE REPORT

Dear shareholder,

This report sets out details of the Directors' remuneration in 2025 and how the Remuneration Committee anticipates operating the Directors' Remuneration Policy in 2026.

The current Remuneration Committee members are all independent Non-Executive Directors. Amina Hamidi and Polly Williams served on the Committee until they stepped down from the Board on 2 October 2025 and 26 February 2026, respectively, and Charlotta Ginman was appointed to the Committee on 1 January 2026. The Committee met on five occasions during the reporting period, with the CEO invited to attend as appropriate. See page 85 for details of meeting attendance.

2025 AGM result

The Committee carefully considered the results of the shareholder vote on the resolution to approve last year's Remuneration Report, which received support by only 48% of votes cast at the 2025 AGM, significantly below the percentage of votes for our remuneration reports in previous years. Ahead of the AGM, the Remuneration Committee Chair wrote to the Company's top 20 shareholders and engaged with its key investors. During that process, shareholders indicated strong support for the Executive Leadership Team overall, but some challenged the level of bonus payout against the Adjusted Profit Before Tax metric (of 13% of the bonus opportunity for the CEO and CFO) in a year where wider performance was not robust. This view was reflected in commentary by certain proxy voting advisers, who recommended voting against this resolution.

Following our engagement, we are comfortable that those shareholders who voted against the Remuneration Report did not have ongoing concerns with the overall remuneration structure at XP Power, only around its implementation in 2024. The Committee has taken this feedback on board in the implementation of the Policy for the 2025 financial year and in its review of the Remuneration Policy for 2026.

Key remuneration decisions for 2025

2025 brought slower market conditions due to customer destocking, while macroeconomic and geopolitical uncertainty inevitably delayed the expected market recovery. The Executive Directors closely monitored and responded to the conditions, with mitigating actions put in place early in the year. The Group lowered costs, maximised cash and improved balance sheet resilience via a prudent share Placing, which led to a significantly improved and increasingly resilient financial performance as the year progressed.

Our long-term progress was supported by numerous new product launches, strong growth in new business wins and important strategic decisions, such as the exit of the RF Division and the relocation of manufacturing from China to Malaysia. As a result, the Group ended the year with renewed momentum and is ready to maximise the benefits as market conditions improve.



“
The Committee's focus remains on ensuring reward programmes incentivise employees to deliver XP Power's strategy.”

PAULINE LAFFERTY
REMUNERATION COMMITTEE CHAIR

Committee membership

 Pauline Lafferty Chair	 Polly Williams ¹
 Daniel Shook	 Charlotta Ginman ²

¹ Until 26 February 2026.
² From 1 January 2026.

REMUNERATION COMMITTEE REPORT

CONTINUED

Annual bonus

The 2025 annual bonus was based 80% on financial performance and 20% on the attainment of strategic goals, as it was in the prior year. The financial component was most heavily weighted on Adjusted Profit Before Tax (50%) to ensure a focus on top-line performance and efficient operations, with a 30% weighting on Adjusted Operating Cash Conversion to reward balance sheet strength.

The on-target performance level for Adjusted Profit Before Tax was set to outperform the budget and market consensus at the time the bonus targets were set. While the Adjusted Profit Before Tax threshold was missed due to market conditions not improving to the extent envisaged at the time we set the budget, cash conversion performance materially exceeded the stretch level following strong underlying cash generation (noting that the performance excluded any impact of the Placing).

The Executive Directors performed well against the strategic objectives set for 2025. These were selected primarily to reinforce operational efficiencies and financial resilience, and to ensure a pathway to future growth when our end markets improve. 2025 has seen a significant increase in our new product development pipeline and strong levels of engagement with key customers, creating significant new product opportunities. Stretching working capital reduction targets have been met, with the priority now shifting from reduction to optimisation of inventory to support future volume growth. Product-cost reductions were also achieved. Reflecting on the significant achievements made in 2025, including the strength of the outcome against Health and Safety performance metrics, the Committee determined that the strategic objectives element of the bonus will pay-out, as a percentage of maximum at 86%, 86% and 60% for Gavin Griggs, Matt Webb and Andy Sng, respectively.

In its deliberations around the bonus outcome, the Committee reviewed the low vote at the 2025 AGM and the feedback it received during the 2026 Policy renewal consultation. The Committee considered whether a discretionary reduction to the formulaic bonus outcome should be applied to reflect the reduction in Adjusted Profit Before Tax year-on-year and the Placing in March. However, we are mindful that market conditions remained very challenging during 2025 and that those targets which were achieved are essential in securing XP Power's future growth.

Our Executives remain fully committed to the business; applying downward discretion would harm our ability to retain and motivate our talent, at Executive level and across the wider workforce, just as they should be focused on maximising opportunities from the upturn in market confidence we have recently observed. As a result, no discretion has been applied. The Committee believes this outcome is proportionate, balanced and a fair recognition of the significant contribution to the improving underlying operational performance of the business. In reaching this conclusion, the Committee is mindful that there continues to be strong ongoing alignment of Executive pay outcomes to

the shareholder experience, through the significant weighting in the package to share-based remuneration, and the linkage of the LTIP to stretching EPS and TSR outcomes.

In summary, bonus payments for 2025, as a percentage of maximum, were 47.2%, 47.2% and 42% 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 2023 LTIP award

We assessed the Long-Term Incentive Plan (LTIP) awards granted in 2023 based on three-year performance through to the end of 2025, with vesting based on cumulative adjusted EPS growth (for 67% of the award) and relative Total Shareholder Return (33%).

- The EPS target range was 480p to 602p, with an actual EPS outcome of 147.2p, 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 that neither performance condition was achieved, the award will lapse in full.

In the year-ending 31 December 2025, no malus and/or clawback provisions were applied to prior awards.

How we ensured employees' voices were heard at Board level in 2025

In my role as Chair of the Remuneration Committee and as the Board's designated Non-Executive Director for Employee Engagement, over the course of the year, I held three virtual engagement meetings with a broad cross-section of employees. Sessions were held across each geographic region in which we operate, which enabled employees across the Group, at various levels and with different tenures, to share their views on the working environment, ways of working and agility in decision making, including efficiencies and any required improvements.

Insights from discussions on cross-team co-operation and alignment on strategy deployment will inform future communication planning and operational initiatives. This feedback, together with findings from the Company's anonymous employee surveys, was subsequently reviewed at Board meetings, with progress subject to ongoing Board oversight.

The interactive focus groups provided employees with the opportunity to raise questions and share their views on remuneration. While no specific comments on Executive pay were received in 2025, the Remuneration Committee will give due consideration to any such feedback in the future as part of its deliberations.

The 2026 Directors' Remuneration Policy

In line with the normal three-year cycle, we will seek shareholder approval for a new Directors' Remuneration Policy at the 2026 AGM. In advance of this, the Committee undertook a comprehensive review, considering the incentive structure, award opportunities and measures that govern the vesting of awards. We engaged with major shareholders to ensure a range of perspectives informed this process. In summary, we do not propose any changes to the existing executive remuneration framework, which has been in place since 2020, and which received a strong vote (of 93%) when it was last submitted for approval at the 2023 AGM. The Committee believes the current structure continues to provide the appropriate framework with which to secure Executive talent, reward performance and our strategy's delivery, and align with the interests of our shareholders.

The combination of performance shares and restricted shares, which we have used for several years, continues to support XP Power's ability to recruit, motivate and retain key talent in markets in which such practices are common, including growing prevalence across the FTSE landscape. The 2026 Policy, if supported by shareholders at the 2026 AGM, will cover the next three years. During this period, the Committee will continue to monitor trading conditions, market practices and investor guidance to ensure its implementation supports XP Power's ambition and aligns with shareholder interests.

Remuneration in 2026

Throughout 2025, the Committee reviewed pay trends and inflationary pressures across all regions in which the Group operates. These findings shaped the approach to the annual pay review, which will be effective from April 2026. As a result, a total average salary increase of 3.5% was approved, with scope to prioritise larger adjustments for employees whose pay had fallen behind market rates and for business-critical or high-potential individuals.

When assessing fixed pay for Executive Directors and other senior Executives, the Committee considered a broad range of factors. These included prevailing pay inflation, delivery against strategic financial objectives, leadership actions taken to continue to manage controllable factors, progress made in positioning the Company for a market recovery, and the need to maintain an appropriate balance between market competitiveness and wider stakeholder expectations. Having weighed these factors, the Committee determined that senior Executives, including the CEO and CFO, would receive a 3.5% salary increase in 2026, with some variation to reflect local-country general inflation. Consistent with this approach, the EVP Asia will receive an increase of 3.9% in 2026.

The structure of the bonus scorecard for Executive Directors in 2026 remains unchanged from 2025 and aligns with our short-term strategic and financial priorities to comprise: Adjusted Profit Before Tax (weighted 50%),

Adjusted Operating Cash Conversion (30%) and strategic objectives (20%).

In 2026, the Committee plans to grant performance shares with face values of 120% of salary to Gavin Griggs and Matt Webb and 75% of salary to Andy Sng. Vesting will remain dependent on equally weighted, appropriately stretching EPS and relative TSR performance conditions. The Committee has approved a TSR range consistent with prior-year awards, and a FY28 EPS performance range of between 52.0p and 65.1p. This EPS range resulted from detailed consideration of market conditions (which are expected to improve) and appropriate longer-term growth rates (informed by historical EPS growth delivered by XP). The Committee is satisfied that the range is appropriately stretching given the Board's view, at the time the targets were set (and when no market consensus for FY28 was published), of how market conditions might improve over the next three years. The 2026 performance share grant will be within the limits of the Policy but higher, by 20% of salary, for the CEO and CFO than has been granted in recent years, as the Committee is keen to ensure the award opportunity reflects the quality of our CEO and CFO and their ongoing contribution to delivering XP Power's strategy. The Committee intends to grant awards of up to 100% of salary in March to the CEO and CFO (and 75% of salary to Andy Sng) following announcement of full-year results, consistent with our historical practice, with the additional 20% of salary to the CEO and CFO being granted following the shareholder vote on the 2026 Remuneration Policy at the AGM, consistent with the views of some shareholders expressed during our consultation.

Restricted shares will be granted with face values of 15% of salary for all Executive Directors. In setting these award levels, the Committee considered the resulting number of shares and determined that it was appropriate to make a marginal increase to the face value (for the CEO and CFO, who were granted 12.5% under previous cycles) as permitted in the Policy. As for the performance share awards, the additional 2.5% of salary for the CEO and CFO will be granted following the shareholder vote at the 2026 AGM. At vesting, the Committee will assess whether the outcome gives rise to any windfall gains and will exercise discretion to adjust the result if necessary.

Our proposed Remuneration Policy and the Directors' Remuneration Report will be put to shareholders for approval at the 2026 AGM. We value the views of our shareholders and hope you will support these resolutions. If you have any questions or wish to share feedback, I would be pleased to hear from you at remcomchair@xppower.com.

PAULINE LAFFERTY
REMUNERATION COMMITTEE CHAIR

2 March 2026

REMUNERATION COMMITTEE REPORT

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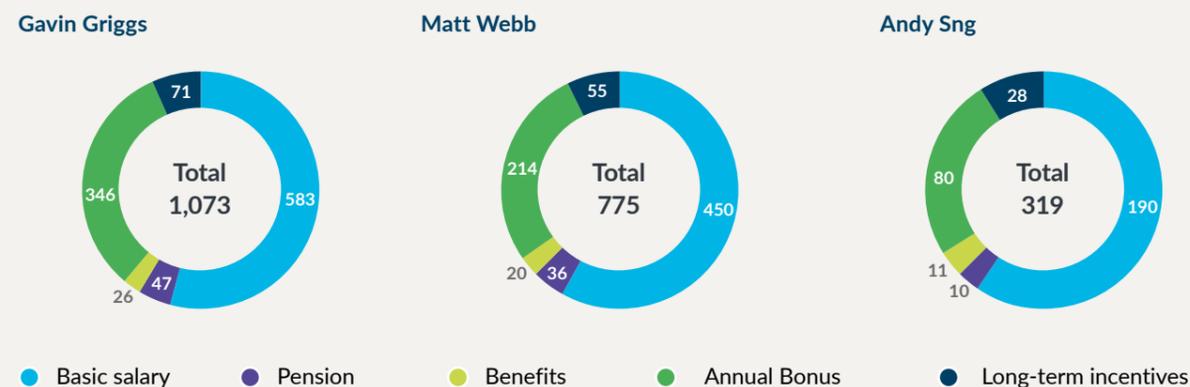
Remuneration at a glance

Context to major decisions	Achievements during the year	Key remuneration decisions for 2025 and 2026
<ul style="list-style-type: none"> Rapidly evolving macroeconomic and geopolitical environment, with consequential impact on market conditions requiring close monitoring and proactive action Delayed market recovery required improvement of financial performance through appropriate self-help measures Need for further improvement in balance sheet resilience, building on the progress made in 2024 Need to continue to execute long-term strategy to position the Group for long-term success <p>→ SEE PAGE 117 FOR MORE INFORMATION</p>	<ul style="list-style-type: none"> Actions were taken proactively in H1 to reduce cost and materially improve financial performance in H2 Continued strong operating cash generation and a proactive share Placing delivered significant balance sheet deleveraging Strong progress across all six key strategic objectives, including increased new business wins and a robust pipeline of new products, supporting long-term growth <p>→ SEE PAGE 118 FOR MORE INFORMATION</p>	<ul style="list-style-type: none"> 2025 bonus outcomes of 47.2%, 47.2% and 42% of maximum for the CEO, CFO and EVP Asia Zero vesting under the 2023 LTIP 3.5% increase to the base salaries for the CEO and CFO and 3.9% for the EVP Asia in 2026 <p>→ SEE PAGES 118-119 FOR MORE INFORMATION</p>

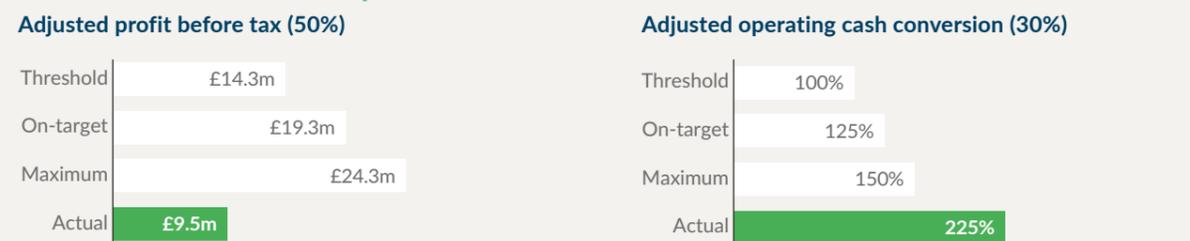
This table summarises the key components of the Directors' Remuneration Policy (the "Policy") set out on pages 134-140, which is subject to approval by shareholders at the AGM on 23 April 2026, and how the Committee intends to implement the Policy in 2026.

Component	Summary of policy	Operation in 2026
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 from 1 April 2026 by 3.5% for the CEO and CFO, in line with salary increases for the UK workforce, and by 3.9% for the EVP Asia, in line with salary increases for the Singapore workforce.
Benefits	Benefits are set by the Remuneration Committee and are reviewed annually.	Benefits include life insurance, private medical cover and car allowance.
Pensions	Executive Directors' pension contributions are in line with the 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: <ul style="list-style-type: none"> financial performance; and the attainment of personal and strategic objectives. 	For 2026, 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: <ul style="list-style-type: none"> 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.

Total remuneration receivable for Executive Directors (£'000)



Achievement of financial performance conditions under the 2025 annual bonus



→ SEE PAGE 124 FOR MORE INFORMATION

REMUNERATION COMMITTEE REPORT

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Component	Summary of policy	Operation in 2026																										
Share-based incentives	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.	<p>The Remuneration Committee anticipates that it will grant the following awards in 2026:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>LTIP award (% of salary)</th> <th>RSP award (% of salary)</th> </tr> </thead> <tbody> <tr> <td>Gavin Griggs</td> <td>120</td> <td>15</td> </tr> <tr> <td>Matt Webb</td> <td>120</td> <td>15</td> </tr> <tr> <td>Andy Sng</td> <td>75</td> <td>15</td> </tr> </tbody> </table> <p>LTIP awards will vest based 50% on 2028 Adjusted EPS and 50% on TSR versus the FTSE 250 (excluding investment trusts) measured over three financial years. The targets for each element are:</p> <table border="1"> <thead> <tr> <th>2028 Adjusted EPS (50% of maximum)</th> <th>Vesting</th> </tr> </thead> <tbody> <tr> <td>65.1 pence per share or above</td> <td>Maximum (100%)</td> </tr> <tr> <td>At or below 52.0 pence per share</td> <td>Threshold (0%)</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>TSR vs FTSE 250 excl. investment trusts (50% of maximum)</th> <th>Vesting</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>Vesting between threshold and maximum will be measured on a straight-line basis.</p>	Name	LTIP award (% of salary)	RSP award (% of salary)	Gavin Griggs	120	15	Matt Webb	120	15	Andy Sng	75	15	2028 Adjusted EPS (50% of maximum)	Vesting	65.1 pence per share or above	Maximum (100%)	At or below 52.0 pence per share	Threshold (0%)	TSR vs FTSE 250 excl. investment trusts (50% of maximum)	Vesting	Upper quintile (80th percentile) or above	Maximum (100%)	Median (50th percentile)	Threshold (25%)	Below median	No vesting
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Below median	No vesting																											
Non-Executive Directors' fees	Fees are set at a level 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.	<p>Non-Executive Director fees were reviewed by the Board Chair and the Executive Directors in February 2026 and it was determined, with effect from 1 April 2026, 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 3.5% (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 3.5% will be made for 2026. In accordance with the Singapore Companies Act 1967, a total capped fee amount for Non-Executive Directors will be proposed at the forthcoming AGM.</p> <table border="1"> <thead> <tr> <th></th> <th>Fee from 1 April 2025</th> <th>Fee from 1 April 2026</th> </tr> </thead> <tbody> <tr> <td>Chair's fee</td> <td>£226,000</td> <td>£234,600</td> </tr> <tr> <td>Base fee</td> <td>£54,600</td> <td>£56,600</td> </tr> <tr> <td>Additional fee for Audit or Remuneration Committee Chair</td> <td>£10,300</td> <td>£10,700</td> </tr> <tr> <td>Additional fee for acting as Senior Independent Director</td> <td>£10,300</td> <td>£10,700</td> </tr> <tr> <td>Additional fee for extra responsibility¹</td> <td>£5,200</td> <td>£5,400</td> </tr> </tbody> </table> <p>¹ Extra responsibilities include acting as designated NED for workforce engagement or as a Board representative on an Executive Committee.</p>		Fee from 1 April 2025	Fee from 1 April 2026	Chair's fee	£226,000	£234,600	Base fee	£54,600	£56,600	Additional fee for Audit or Remuneration Committee Chair	£10,300	£10,700	Additional fee for acting as Senior Independent Director	£10,300	£10,700	Additional fee for extra responsibility ¹	£5,200	£5,400								
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Additional fee for extra responsibility ¹	£5,200	£5,400																										

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 2025 and 2024, respectively.

£'000		Salary/fees	Benefits ¹	Pension ²	Total fixed pay	Annual bonus ³	Share-based incentives ⁴	Total variable pay	Total
Executive Directors									
Gavin Griggs	2025	583	26	47	656	346	71	417	1,073
	2024	570	23	46	639	420	71	491	1,130
Matt Webb	2025	450	20	36	506	214	55	269	775
	2024	440	20	35	495	268	55	323	818
Andy Sng	2025	190	11	10	211	80	28	108	319
	2024	187	10	10	207	113	28	141	348
Chair and Non-Executive Directors									
Jamie Pike	2025	225	-	-	225	-	-	-	225
	2024	220	-	-	220	-	-	-	220
Pauline Lafferty	2025	70	-	-	70	-	-	-	70
	2024	66	-	-	66	-	-	-	66
Polly Williams	2025	68	-	-	68	-	-	-	68
	2024	70	-	-	70	-	-	-	70
Sandra Breene	2025	54	-	-	54	-	-	-	54
	2024	52	-	-	52	-	-	-	52
Daniel Shook ⁵	2025	61	-	-	61	-	-	-	61
	2024	-	-	-	-	-	-	-	-
Amina Hamidi ⁶	2025	41	-	-	41	-	-	-	41
	2024	52	-	-	52	-	-	-	52

¹ Benefits include life insurance, private medical cover and car allowance.

² The pension allowance for Gavin Griggs combines pension contributions and cash in lieu of pension for contributions in excess of £10,000.

³ The annual bonus value represents performance over the relevant financial year: 50% of the pay-out values shown above is deferred into shares. Further 2025 annual bonus details, including performance measures, actual performance and bonus payouts, can be found on pages 124-126.

⁴ The value of share-based incentives for 2025 represents:

- For Gavin Griggs, Matt Webb and Andy Sng, the value at grant of the restricted share awards granted on 5 March 2025 based on a £9.70 share price.
- For Gavin Griggs, Matt Webb and Andy Sng, no value is recorded for the vesting of 2023 LTIP awards as the performance conditions were not achieved and these awards will lapse in full.
- Further LTIP details, including performance measures, actual performance and vesting can be found on page 127. Further details of the 2025 RSP can be found on page 127.

⁵ Daniel Shook joined the Board on 1 January 2025.

⁶ Amina Hamidi stepped down from the Board with effect from 2 October 2025. 2025 remuneration reflects the portion of the year that she was a Non-Executive Director.

REMUNERATION COMMITTEE REPORT

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Notes to the single total figure table

Base salary in the year-ended 31 December 2025

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 2024	Base salary from 1 April 2025	Increase
Gavin Griggs	£570,000	£587,100	3%
Matt Webb	£440,000	£453,200	3%
Andy Sng	S\$320,000	S\$329,600	3%

Pensions in the year-ended 31 December 2025 (audited)

Executive Directors' pension contributions are aligned to those offered to all employees in their respective countries of employment. They 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 2025 (audited)

The maximum annual bonus opportunity in 2025 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. For the 2025 financial year, the Committee made a one-off adjustment to the payout curve for the financial metrics such that achieving threshold performance would deliver 10% of max, down from 25% used by XP Power in recent years.

	Weighting	Threshold (10%)	On-target (50%)	Maximum (100%)	Actual	% achieved
Adjusted profit before tax	50%	£14.3m	£19.3m	£24.3m	£9.5m	0%
Adjusted operating cash conversion ¹	30%	100%	125%	150%	225%	100%
Strategic objectives	20%		See below			See below

¹ For Gavin Griggs, Matt Webb and Andy Sng, calculated as Adjusted cash generated from operations as a percentage of Adjusted operating profit for the full year.

The Committee assessed the Executive Director strategic objectives against the targets set at the start of the year. These are 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 objectives are not disclosed in detail in the following table as the Board consider them to be highly commercially sensitive which, if disclosed, could reduce our ability to operate competitively.

	Performance assessment in 2025	Overall Delivery ¹
Strategic objectives 2025		
Strategic progress – reset group for future growth and ensure delivery of the plan 'the right way'	Record levels of sampling, up 21% on 2024 and new business wins, up 12% on 2024, both above target levels. Reset product portfolio for future growth by negotiating exit from the RF market while maintaining support for key customers. Launched 24 new products to the market (the highest level for more than eight years) with a clear pipeline for 2026. Exit from the Kunshan manufacturing facility and completion of the Malaysia build.	100%
Customer	Target for 2025 was to improve weighted average NPS score of 25 for 2024. This target was exceeded with a weighted NPS score of 29. Even though the target was achieved, the achievement of this objective was determined as 70%, in recognition that the NPS score remains below the highest levels observed externally. Supply chain reset in 2025 to improve overall customer experience in 2026. The operational performance and customer experience will improve with respect to lead times and product availability.	70%
Employee Engagement and Experience	Employee Engagement results at 4.15 out of 5.00 ² (2024: 4.03), the highest result for four years. Significant progress engaging all employees in the Health and Safety agenda following the launch of the "Safety Begins with Me" programme in 2024. The following metrics evidence the progress made. <ul style="list-style-type: none"> Total Recordable Injury Rate (TRIR): 0.15. This is a 64% reduction from 2024 (0.42 → 0.15) and the lowest level since we started tracking this measure, reflecting stronger site-level engagement and enhanced focus on hazard identification, training and prevention. Lost Time Injury Rate (LTIR): 0.04, a 79% reduction from 2024 (0.19 → 0.04) and the lowest level since we started tracking this measure, Absolute injury counts: First Aid/Record Only cases declined from 55 to 18; Medical Treatment cases decreased from 11 to 4; Lost Time injuries reduced to 1. 	100%

REMUNERATION COMMITTEE REPORT

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Performance assessment in 2025

Overall Delivery¹

Sustainability 2040 target		
Aim to lead our market in sustainability	Graded 'A' by Carbon Disclosure Project (CDP) ~ top 4% of rated companies, up from 'B' in 2024.	75%
	Rated number one by Sustainalytics and MSCI versus their defined peer group.	
	Considerable progress was made against SBTi targets. Renewable energy reached 53% of both on-site renewable generation and renewable electricity purchased from the grid, providing a more complete and accurate view of progress toward our Net Zero by 2040 commitment.	
	XP regularly benchmarks its sustainability performance against close peers. Its sustainability ratings and initiatives are at the top of the peer group across most metrics or high and on an improving trend.	

¹ All categories carry equal weighting and contribute proportionally to the overall result.

² Results exclude Vietnam and China employees.

As summarised above, the Committee assessed the performance against each objective set at the start of the year. We reviewed the resulting payout warranted under this element by considering the additional context of the business and sector headwinds, which persisted throughout the year. This resulted in an overall payment of 86% of the maximum opportunity for the strategic element of the bonus for the CEO and CFO. The Committee concluded that this outcome appropriately balances the recognition of the Executive Directors' leadership and contribution to managing the significant challenges of 2025 with the stakeholder experience.

Taking into account financial performance and achievement of the strategic objectives, the overall bonus outcome for 2025 was approved at 47.2% of the maximum opportunity for the CEO and CFO.

Andy Sng's strategic performance objectives are partially set with reference to the performance of our Asia operations. While these remain 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 challenging year, particularly his focus on Customer and Employee Engagement and his strategic agility 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 2025 of 42% 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 2025 formulaic outputs. Half of the 2025 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 2025

2023 LTIP awards (audited)

LTIP awards were granted on 17 March 2023 (and on 14 September 2023 to Matt Webb on his joining), the vesting of which was based 67% on cumulative EPS and 33% on TSR versus the FTSE 250 index excluding investment trusts over the three financial years ended 31 December 2025. The table below summarises performance against the targets.

	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Actual	% achieved
Cumulative EPS	67%	480.0p	602.0p	147.2p	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 2025, 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 to vest	Value of shares vested or due to vest
Gavin Griggs	17 March 2023	Nominal-cost options	26,536	0%	-	-	-
Matt Webb	14 September 2023	Nominal-cost options	20,027	0%	-	-	-
Andy Sng	17 March 2023	Nominal-cost options	6,845	0%	-	-	-

Scheme interests awarded in the year-ended 31 December 2025 (audited)

LTIP and RSP awards were granted to Executive Directors in 2025 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	5 March 2025	LTIP 2017	Nominal-cost options	£569,991	58,762	31/12/2027
	5 March 2025	RSP 2020	Nominal-cost options	£71,247	7,345	n/a
	5 March 2025	DBP 2017	Nil-cost options	£210,170	21,667	n/a
Matt Webb	5 March 2025	LTIP 2017	Nominal-cost options	£439,992	45,360	31/12/2027
	5 March 2025	RSP 2020	Nominal-cost options	£55,000	5,670	n/a
	5 March 2025	DBP 2017	Nil-cost options	£134,190	13,834	n/a
Andy Sng	5 March 2025	LTIP 2017	Nominal-cost options	£140,155	14,449	31/12/2027
	5 March 2025	RSP 2020	Nominal-cost options	£28,023	2,889	n/a
	5 March 2025	DBP 2017	Nil-cost options	£56,134	5,787	n/a

¹ Awards granted on 5 March 2025 were based on the mid-market share price on the day prior to the grant date, being £9.70.

REMUNERATION COMMITTEE REPORT

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Long-term incentive measures and targets (audited)

The performance targets for the 2025 LTIP awards are:

2025 award (50% EPS and 50% TSR)		
Earnings per share	Basis	2027 Adjusted EPS
	Threshold (0% vest)	At or below 44.5 pence
	Maximum (100% vest)	61.4 pence or above
Total shareholder return	Basis	Three-year 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 2025 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 2024	Beneficially owned shares at 31 December 2025	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	16,904	23,350	36,593	20,411	111,834	4,015	200%	Building
Matt Webb	12,173	16,312	17,182	13,294	86,328	-	200%	Building
Andy Sng	34,323	34,323	9,496	7,892	27,540	1,304	200%	Met
Chair and Non-Executive Directors								
Jamie Pike	12,533	17,661	-	-	-	-	n/a	n/a
Polly Williams	4,347	4,999	-	-	-	-	n/a	n/a
Pauline Lafferty	1,739	2,000	-	-	-	-	n/a	n/a
Sandra Breene	2,391	3,548	-	-	-	-	n/a	n/a
Daniel Shook ¹	-	4,948	-	-	-	-	n/a	n/a
Amina Hamidi ²	-	2,051	-	-	-	-	n/a	n/a

¹ Daniel Shook joined the Board on 1 January 2025.

² Amina Hamidi stepped down from the Board with effect from 2 October 2025. The beneficially owned shares shown for Amina represent her shareholding at 2 October 2025.

The table below summarises Gavin Griggs' outstanding share awards:

Date of grant	Exercise price	Interest as at 31 December 2024	Granted in the year	Forfeited in the year	Exercised in the year ¹	Interest as at 31 December 2025	Vesting date	Expiry date
2017 LTIP								
22/04/2020	£0.01	2,708	-	-	-	2,708	22/04/2025	22/04/2026
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
05/03/2025	-	-	58,762	-	-	58,762	05/03/2030	05/03/2031
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
05/03/2025	£0.01	-	7,345	-	-	7,345	05/03/2030	05/03/2031
Deferred Bonus								
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
05/03/2025	-	-	21,667	-	-	21,667	05/03/2027	05/03/2029

¹ On 16 December 2025, awards over 6,371 shares were exercised at a market price of £9.04.

Matt Webb's outstanding share awards are:

Date of grant	Exercise price	Interest as at 31 December 2024	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31 December 2025	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
05/03/2025	£0.01	-	45,360	-	-	45,360	05/03/2030	05/03/2031
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
05/03/2025	£0.01	-	5,670	-	-	5,670	05/03/2030	05/03/2031
Deferred Bonus								
12/03/2024	-	3,348	-	-	-	3,348	06/03/2026	06/03/2028
05/03/2025	-	-	13,834	-	-	13,834	05/03/2027	05/03/2029

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Andy Sng's outstanding share awards are:

Date of grant	Exercise price	Interest as at 31 December 2024	Granted in the year	Forfeited in the year	Exercised in the year	Interest as at 31 December 2025	Vesting date	Expiry date
2012 Share Options								
23/02/2016	£15.43	60	-	-	-	60	23/02/2020	23/02/2026
2017 LTIP								
22/04/2020	£0.01	839	-	-	-	839	22/04/2025	22/04/2026
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
05/03/2025	£0.01	-	14,449	-	-	14,449	05/03/2030	05/03/2031
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
05/03/2025	£0.01	-	2,889	-	-	2,889	05/03/2020	05/03/2031
Deferred Bonus								
12/03/2024	-	3,709	-	-	-	3,709	06/03/2026	06/03/2028
05/03/2025	-	-	5,787	-	-	5,787	05/03/2027	05/03/2029

The closing share price of the Company's shares at 31 December 2025 was £9.00 (31 December 2024: £13.06) and the price range fluctuated between £6.21 and £13.14 over the financial year.

Payments for past Directors (audited)

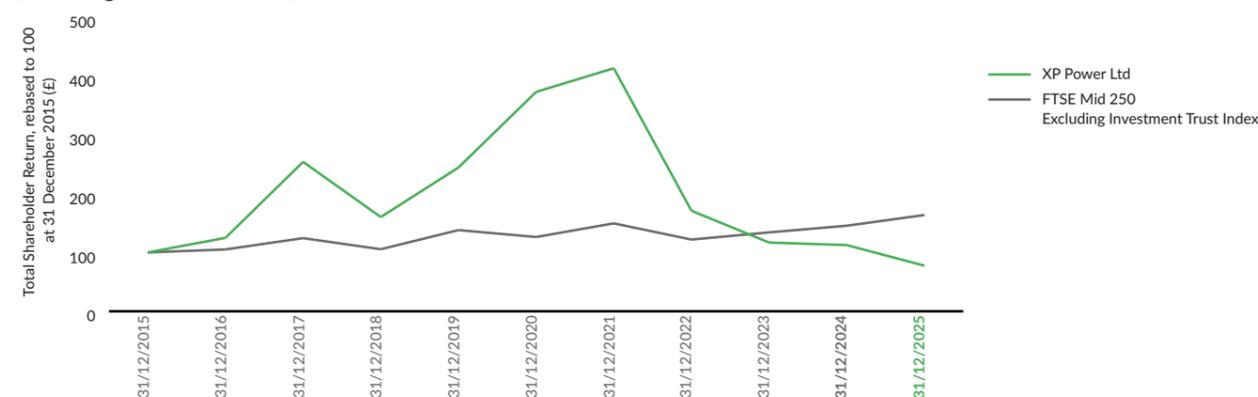
No payments were made to former Directors in the year.

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 2015 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.

	2016	2017	2018	2019	2020	2021 ¹	2022	2023	2024	2025
CEO total remuneration (£'000)	£800	£531	£684	£562	£1,357	£1,211	£730	£1,026	£1,130	£1,073
Annual bonus (% of maximum)	27%	100%	71%	11%	98%	73%	0%	45%	59%	47.2%
Long-term incentives (% of maximum)	81%	n/a	n/a	80%	81%	33%	26%	0%	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 101). 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 2025, 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 2020 and 2021			Percentage change between 2021 and 2022			Percentage change between 2022 and 2023			Percentage change between 2023 and 2024			Percentage change between 2024 and 2025		
	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus	Base salary	Taxable benefits	Annual bonus
Average employee	8%	139%	(33%)	41%	19%	(69%)	5%	5%	270%	(4)%	(13)%	(24)%	(2)%	15%	23%
Executive Directors															
Gavin Griggs ¹	57%	(22%)	43%	9%	22%	(100%)	5%	6%	n/a	1%	(1)%	31%	2%	11%	(18)%
Matt Webb ²	-	-	-	-	-	-	-	-	-	0%	0%	22%	2%	0%	(20)%
Andy Sng	6%	(24%)	(23%)	13%	(66%)	(100%)	6%	7%	n/a	1%	(1)%	41%	2%	12%	(28)%
Non-Executive Directors															
Jamie Pike ³	-	-	-	-	-	-	239%	-	-	0%	-	-	2%	-	-
Polly Williams ⁴	(2)%	-	-	14%	-	-	6%	-	-	16%	-	-	(3)%	-	-
Pauline Lafferty	15%	-	-	7%	-	-	2%	-	-	10%	-	-	5%	-	-
Sandra Breene ⁵	-	-	-	-	-	-	0%	-	-	5%	-	-	4%	-	-
Daniel Shook ⁶	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amina Hamidi ⁷	-	-	-	-	-	-	0%	-	-	5%	-	-	4%	-	-

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 Polly Williams stepped down from her role as Audit Chair on 24 April 2025, reducing her total fees in 2025.

⁵ 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.

⁶ Daniel Shook joined the Board on 1 January 2025, no comparative data is available for 2024.

⁷ Amina Hamidi joined the Board on 11 October 2022 and stepped down from the Board on 2 October 2025. The percentage change between 2022 and 2023 is based on a full-time equivalent for 2022 and the percentage change between 2024 and 2025 is based on a full-time equivalent for 2025.

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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
2025	Option A	31:1	18:1	11:1
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 2025. 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 towards fixed pay and are, 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, and notes that it 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.

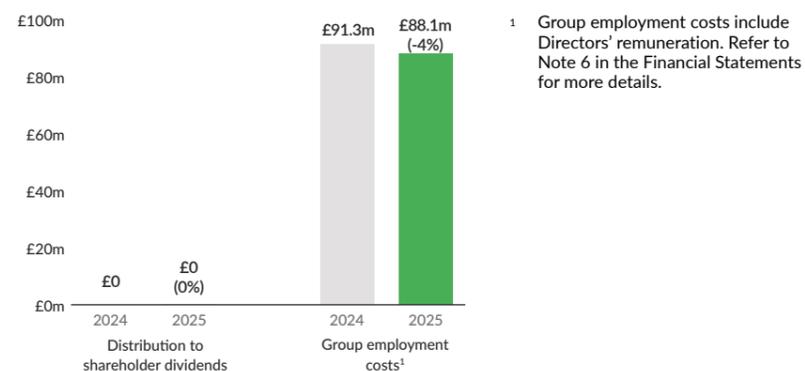
The table below shows the total pay and benefits, and the salary component, for employees at each of the three quartiles in 2025.

Year	Total pay and benefits	Salary component of total pay
25th percentile	£34,305	£32,527
50th percentile	£60,570	£54,075
75th percentile	£97,395	£85,750
Chief Executive	£1,073,000	£582,825

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, its 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.



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 the 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 review

During the year, the Remuneration Committee assessed its performance, facilitated through an internally managed anonymous online survey. The results were positive, and the Committee concluded that its performance was effective in 2025 and that it had fulfilled its role in accordance with its Terms of Reference. A key strength identified was that members individually assimilated the key issues in advance of meetings, enabling informed debate and effective decision making.

Advice received in the year

During the year, 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 was satisfied that Ellason's advice was objective and independent. Fees of £69,100 excluding VAT were paid to Ellason in the year, based on agreed hourly rates and time spent.

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 24 April 2025 AGM.

	Meeting	Votes for	% of votes for	Votes against	% of votes against	Votes withheld
Approval of the Directors' Remuneration Policy	18 April 2023	14,041,945	92.61%	1,120,232	7.39%	1,501
Approval of the Directors' Remuneration Report	24 April 2025	9,751,317	48.38%	10,404,802	51.62%	1,533,151

We continue to engage on Executive remuneration, seeking to strike the right balance of interest among all shareholders.

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Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a binding vote at the AGM on 23 April 2026 and, if approved, will apply from this date. The intention is that the Policy will apply for a period of at least three years.

During 2025, the Committee reviewed the existing Policy from the perspectives of its suitability to the Company, its compliance with investor and governance guidelines, and its competitiveness against relevant markets for talent. As part of the review process, the Committee sought the views of other Board members, Executives and external advisers, as well as our larger shareholders and shareholder advisory bodies. The Committee is satisfied that the Policy continues to be appropriate for the Company and no changes are proposed.

The information in this section is not subject to audit. A copy of the Policy is available in the Corporate Governance section of the Company's investor relations website corporate.xppower.com.

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 following Directors' Remuneration Policy table provides a summary of the key components of the remuneration package proposed for approval at the 2026 AGM. Other than a minor clarification to explain the operation of our incentives, no changes were made to the prior policy table.

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: <ul style="list-style-type: none"> • 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

Purpose	Operation	Opportunity	Applicable performance measures
Annual bonuses Align the 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: <ul style="list-style-type: none"> • financial performance; • the attainment of personal, operational, and strategic objectives; and • weighting which will focus on Group financial performance.
Pensions Provide a basic pension benefit that would be expected for the position.	A percentage of base salary is 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
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), and a Restricted Share Plan (RSP). 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.	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. 25% of a LTIP award will vest for threshold performance.	n/a Specific targets and weightings may vary according to strategic priorities at the start of each performance period and may include: <ul style="list-style-type: none"> • financial performance (such as EPS); • value creation (such as TSR); and • 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

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Purpose	Operation	Opportunity	Applicable performance measures
<p>Share-based incentives</p> <p>Align the interests of Executive Directors and shareholders in the long term.</p> <p>Incentivise long-term value creation.</p>	<p>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.</p> <p>Amounts equivalent to any dividends or shareholder distributions made in respect of awards at vesting, are paid at the discretion of the Remuneration Committee.</p>	n/a	n/a
<p>Shareholding (minimum)</p> <p>Align the interests of Executive Directors and shareholders in the long term.</p>	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
<p>Post-employment shareholding</p> <p>Align the interests of Executive Directors and shareholders in the long term.</p>	<p>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.</p> <p>Shares that have been, or are, in future, purchased by Executives, will not be subject to restrictions on sale.</p> <p>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.</p>	n/a	n/a
<p>Non-Executive Directors' fees</p> <p>Fees are set at a level that is sufficient to attract, motivate and retain quality Non-Executive Directors.</p>	<p>Fees are reviewed periodically. The Board (excluding the Non-Executive Directors) are responsible for setting Non-Executive Directors' fees.</p> <p>Non-Executive Directors are not entitled to participate in the Group's incentive plans.</p>	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 and acquisitions etc.).

Annual bonus documentation and the LTIP rules 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 the shareholder experience, and in response to exceptional negative events.

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 rules, 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 when payment back of some, or all, of an award is required after vesting. The Committee considers a period not exceeding three years from the determination of an award to be sufficient for the Group's processes and systems to identify the occurrence of any relevant trigger event. Where the Committee acts fairly and reasonably within a period not exceeding three years to determine 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 considers the structure and levels of the remuneration for existing Directors and prevailing market practice, together with the skills and value it believes the new Director will bring to the Company. It is, therefore, expected that a new Director's package will include the same elements as those of existing Directors, and the maximum level of variable remuneration for annual bonus and LTIP will 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 they are in the best interests of shareholders. In addition, the Remuneration Committee will have discretion to make payments or awards to buy out incentive

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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. 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, the likelihood of those conditions being met and the 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, and the Company can 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 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 in which they cease to be an employee, if the Committee decides that good leaver terms should apply. Any such bonus will be determined by the Committee considering the leaver's 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 commencement of the performance period and the end of the calendar month in which the date of cessation occurs, 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 end of the calendar month in which the date of cessation occurs, unless the Remuneration Committee determines that 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.

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 date of cessation. The Committee retains discretion to override this rule in whole or in part, except 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 a participant ceases 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 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 a participant ceases 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 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 relevant factors.

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, and the Company can 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 do not typically 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

The Committee considers pay and conditions throughout the Group when setting the Remuneration Policy. The Committee is regularly informed of remuneration trends and issues throughout the workforce and considers these 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 varies across the business and any performance measures used will reflect the nature of the specific role and its location.

REMUNERATION COMMITTEE REPORT

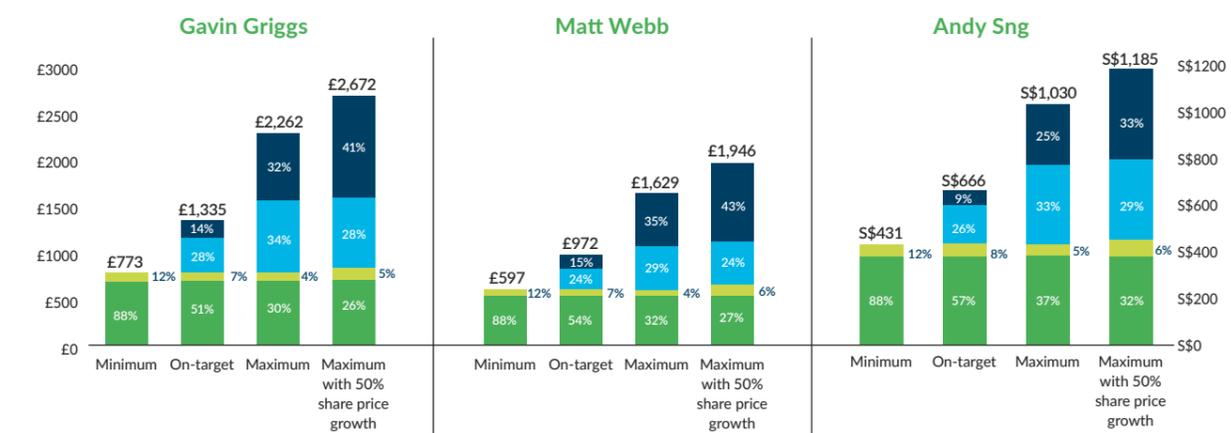
CONTINUED

The Remuneration Committee does not consult directly with other employees when setting Executive Director remuneration. However, the Remuneration Committee Chair is 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 indicate 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.



● Fixed ● RSP ● Annual bonus ● LTIP

The charts above illustrate the value of the remuneration package for each Executive in 2026, 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 (12.5% 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 2026)	Benefits (as per FY25)	Pension	Total fixed pay
Chief Executive Officer	Gavin Griggs	£607,600	£26,000	£48,600	£682,200
Chief Financial Officer	Matt Webb	£469,100	£20,000	£37,500	£526,600
Executive Vice President, Asia	Andy Sng	S\$342,500	S\$19,800	S\$17,300	S\$379,600

DIRECTORS' REPORT

The Directors present their report and audited Financial Statements for the year-ended 31 December 2025 (Directors' Report). The Directors have incorporated certain disclosure requirements for inclusion in the Directors' Report by cross-referencing content elsewhere in the Annual Report, which are referenced below. This report should be read in conjunction with the following:

- Greenhouse gas emissions reported information – Sustainability Report, pages 53–55
- Energy consumption information – Sustainability Report, page 75
- Gas emissions, energy consumption and energy efficiency (other disclosures) – Sustainability Report, pages 53–55 and 74–75
- 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 56–65
- Further details of the actions that the Group takes to reduce emissions – Sustainability Report, pages 44–45
- Reported information about Group employees – Sustainability Report, pages 66–71
- Information concerning employee share schemes – Note 30, pages 192–205

- The Corporate Governance Report – pages 91–104
- The Group's key activity in Research and Development – Chief Executive Officer's Review, page 21

The Strategic Report presents the Company's business activities, together with factors that potentially affect its future development, performance or position, on pages 11–80.

The Chief Financial Officer's Review outlines details of the Company's financial position and its cash flows on pages 28–32.

The Long-term Viability Statement includes information on the appropriateness of adopting the going concern basis of the accounts on page 42.

Our approach to risk management is outlined from page 34.

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 is located in the Annual Report locations as follows:

Listing Rule Section	Topic	Location and page
(1)	Capitalised interest	Note 7 to the Group's Consolidated Financial Statements on page 175. 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	Note 27 to the Group's Consolidated Financial statements on pages 189–190 and Note 48 to the Company balance sheet on page 216. Other disclosures on page 32 and 143.
(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 142

DIRECTORS' REPORT

CONTINUED

Other statutory disclosures

Areas for disclosure	Location of details in the Annual Report and Accounts
(1) Directors	Director biographies on pages 88–90 Nomination Committee Report on pages 105–109
(2) Employee engagement and business relationships	Pages 66–71 and 101
(3) Financial risks	Note 31, pages 205–210
(4) Future developments	Strategic Report on pages 11–80
(5) Greenhouse gas emissions	Pages 53–55 and 74–75
(6) Post-balance sheet events	Note 32, page 210, no disclosure
(7) Reporting under Section 172 Companies Act and engagement with stakeholders	Pages 43 and 98–99
(8) Viability statement	Page 42

Dividends

XP Power's policy is to declare quarterly dividends. Dividend payments were suspended in late 2023 and no dividends were declared for the 2025 financial year. While Dividends remain an important element of the Group's long-term capital allocation strategy, the Board believes it is in the shareholders' long-term interests to prioritise debt reduction over distributions until net debt is closer to our long-term leverage target.

The trustee of the Employee Benefit Trust waives 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 any total dividend payable on the Company's ordinary shares.

Directors and Directors' interests

Under the Company's Articles of Association (the Articles), Directors have the 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 2025, and at the date of this report, together with their biographical details, are presented on pages 88–90. Polly Williams retired from the Board on 26 February 2026 and Charlotta Ginman was appointed on 1 January 2026. In addition, Amina Hamidi served as a Non-Executive Director until 2 October 2025.

The Directors' Remuneration Report presents details of the Directors' service contracts on pages 138 and 139 and

their interests in the shares of the Company on page 128. No Director had any dealings in the shares of the Company between 31 December 2025 and the date of this report.

In line with the 2024 UK Corporate Governance Code, each Director will stand for re-election at the forthcoming AGM.

The Company business, including 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. The Corporate Governance Report provides a summary of Matters reserved for the Board on page 102.

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 28,039,678 ordinary shares, of which 7,500 were held in treasury. Therefore, the total voting rights in the Company are 28,032,178. 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 and no other classes of share capital exist.

There are no restrictions on the voting rights attached to the Company's ordinary shares or on the transfer of shares in the Company, other than certain restrictions which may from time to time be imposed by laws and regulations (for example insider trading laws). 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 shareholders that may restrict the transfer of shares or voting rights.

Power to issue and allot

At the AGM, held on 24 April 2025, 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 74.85% of the votes cast. Please see page 104 for an update on shareholders' views on this resolution.

Directors were granted additional powers at the 2025 AGM to allot new shares in the Company for cash: (i) up to an aggregate number of 2,793,217 (being approximately 10% of the Company's then issued ordinary share capital) and an additional 558,643 new shares (being approximately 20% of any allotment under (i)); and (ii) up to a further aggregate number of 2,793,217, and an additional 558,643 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. No allotments were made under this authority.

These authorities expire on the date of the 2026 AGM, during which the Directors propose to renew them for a further year. The Directors do not intend to exercise authorities, if granted, other than to satisfy the exercise of options or vesting of awards under the Company's employee share schemes.

Using authority granted at the 2024 AGM, on 4 March 2025, the Company announced a non-pre-emptive placing ("the Placing") and a separate retail offer ("the Retail Offer") (together "the Fundraise") at a fixed price of 975p ("the Offer Price") per new ordinary share, which represented a discount of, approximately, 5.2% to the closing middle market price on 3 March 2025, being the last practicable date prior to the publication of the announcement of the Fundraise. The results of the Fundraise were also announced on 4 March 2025, and the Company issued and allotted a total of 4,200,424 ordinary shares, comprising 4,102,564

new ordinary shares as part of the Placing and 97,860 new ordinary shares as part of the Retail Offer (together "the Offer Shares"), which represented, approximately, 17.7% of the Company's issued ordinary share capital. Settlement for the Offer Shares and Admission to trading on the main market for listed securities of the London Stock Exchange took place on 6 March 2025. In aggregate, the Fundraise raised gross proceeds of £41 million and net proceeds of, approximately, £39.6 million.

Soft pre-emption (which seeks, where possible, to replicate the existing shareholder base) was adhered to in the allocations process for the Placing. Management was involved in the allocations process, which was carried out in compliance with the MiFID II Allocation requirements. Allocations made outside of soft pre-emption were preferentially directed towards existing shareholders in excess of their pro rata interests and wall-crossed accounts. The Fundraise included the Retail Offer, for a total of 97,860 Retail Offer Shares, via the RetailBook platform, alongside the Placing. Retail investors, who participated in the Retail Offer, could do so at the same Offer Price as all other investors participating in the Fundraise. The Retail Offer was made available to existing shareholders and new retail investors in the UK. Investors could participate through the RetailBook platform. Allocations in the Retail Offer were preferentially directed towards existing shareholders in keeping with the principle of soft pre-emption.

Authority to purchase own shares

At the 2025 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 were made under this authority. The Directors propose to seek an equivalent authority at the 2026 AGM, but, if granted, do not intend to use 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.

DIRECTORS' REPORT

CONTINUED

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 has no contractual or other arrangements that are essential to the Group's business.

Political and charitable donations

The Group did not make any political donations or incur any political expenditure during the year. See page 71 for information on charitable donations.

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 on page 205.

Substantial shareholders

We have safeguards to monitor transactions by major Company shareholders, 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 2025, in accordance with DTR 5.1.2 (as applicable to non-UK issuers), the Company had received notifications of the following interests in voting rights exceeding 5%, attached to ordinary shares and financial instruments relating to the Company's share capital:

	Number of voting rights	% of voting rights
Odyssean Investment Trust PLC	2,950,000	10.56
Aberforth Partners LLP	2,814,839	10.08
Van Lanschot Kempen Investment Management NV	2,653,905	9.50
Steel Connect Sub LLC	2,114,957	7.57
The Wellcome Trust Limited as trustee of The Wellcome Trust	1,796,317	6.43

As at 27 February 2026, no further notifications have been received by the Company in accordance with DTR5.

Post-balance sheet events

No material post-balance sheet events were required to be disclosed.

Signed on behalf of the Board by:

GAVIN GRIGGS
CHIEF EXECUTIVE OFFICER

2 March 2026

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 adhered to SFRS(I)s 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 maintaining 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, to 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, which 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. Details of the process followed to enable the Board to make this statement are provided in the Audit Committee Report on page 112.

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 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 211 and 153–156, 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 2025;
- 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 11–80, 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 2 March 2026 and is signed on its behalf by:

JAMIE PIKE
CHAIR

GAVIN GRIGGS
CHIEF EXECUTIVE OFFICER

2 March 2026

Financial Report

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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 2025, 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 2025;
- The consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2025;
- The consolidated balance sheet of the Group as at 31 December 2025;
- The balance sheet of the Company as at 31 December 2025;
- 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"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also 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 £0.3m. The overall materiality applied to the audit of the Company balance sheet amounted to £0.3m.

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 91% of Group revenues and 94% 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 £0.3m. 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 2025. 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

Goodwill

Refer to page 110 (Audit Committee Report), page 169 (Critical accounting estimates, assumptions and judgements – Recoverable amount of cash-generating units for goodwill impairment) and page 170 (Note 11 – Goodwill).

The Group has goodwill of £72.8m at 31 December 2025 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 17% 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 11 to the financial statements.

Capitalised product development costs

Refer to page 110 (Audit Committee Report), page 169 (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 pages 169–170 (Note 12 – Intangible assets).

Part of the Group's strategy is to invest in research and development to create new products. As at 31 December 2025, the carrying amount of capitalised product development costs is £32.1m, of which £8.7m 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 8% 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.

How did our audit address these

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.

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 145, 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 2–9, "Strategic Report" section set out on pages 10–80, "Governance" section set out on pages 82–145, and the "Financials" section on page 223 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, 3 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

£m	Note	Adjusted	Adjustments	2025	Adjusted	Adjustments	2024
Revenue	4	230.1	-	230.1	247.3	-	247.3
Cost of sales	8	(131.9)	(1.9)	(133.8)	(146.0)	(4.3)	(150.3)
Gross profit		98.2	(1.9)	96.3	101.3	(4.3)	97.0
Operating expenses							
Distribution and marketing	8	(55.3)	(11.0)	(66.3)	(52.1)	(6.6)	(58.7)
Administrative	8	(4.1)	(3.7)	(7.8)	(4.2)	(10.6)	(14.8)
Research and development	8	(21.5)	-	(21.5)	(19.9)	-	(19.9)
Operating profit		17.3	(16.6)	0.7	25.1	(21.5)	3.6
Net finance expense	7	(7.8)	(0.2)	(8.0)	(11.3)	-	(11.3)
Profit/(loss) before tax		9.5	(16.8)	(7.3)	13.8	(21.5)	(7.7)
Tax (expense) / credit	9	(3.3)	(0.7)	(4.0)	(3.4)	1.7	(1.7)
Profit/(loss) for the year		6.2	(17.5)	(11.3)	10.4	(19.8)	(9.4)
Attributable to:							
Equity shareholders				(11.4)			(9.6)
Non-controlling interests				0.1			0.2
Loss for the year				(11.3)			(9.4)
Earnings per share:							
Basic earnings/(loss) per share	10	22.5	(64.5)	(42.0)	43.0	(83.5)	(40.5)
Diluted earnings/(loss) per share	10	22.5	(64.5)	(42.0)	42.9	(83.3)	(40.4)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	2025	2024
Loss for the year	(11.3)	(9.4)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(2.3)	(1.8)
Exchange differences reclassified to profit or loss on disposal of foreign operation	(0.7)	-
Other comprehensive loss for the year, net of tax	(3.0)	(1.8)
Total comprehensive loss for the year	(14.3)	(11.2)
Attributable to:		
Equity shareholders	(14.4)	(11.3)
Non-controlling interests	0.1	0.1
Total comprehensive loss for the year	(14.3)	(11.2)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2025

£m	Note	2025	2024
ASSETS			
Current assets			
Cash and bank balances	16	33.8	13.9
Inventories	18	57.0	71.1
Trade receivables	19	34.2	30.2
Bond receivable	25	48.8	39.2
Other current assets	20	5.9	5.6
Current income tax receivable		1.2	0.7
Total current assets		180.9	160.7
Non-current assets			
Goodwill	11	72.8	73.2
Intangible assets	12	54.2	63.5
Property, plant and equipment	13	65.6	64.4
Right-of-use assets	14	47.8	51.8
Cash collateral	17	1.7	1.5
Deferred income tax assets	26	0.7	1.0
ESOP loan to employees		-	0.1
Total non-current assets		242.8	255.5
Total assets		423.7	416.2
LIABILITIES			
Current liabilities			
Accrued consideration	22	-	0.8
Current income tax liabilities		2.6	0.4
Trade and other payables	21	59.2	40.8
Lease liabilities	23	1.8	1.6
Provisions	24	50.1	54.0
Borrowings	23	0.3	0.3
Total current liabilities		114.0	97.9
Non-current liabilities			
Accrued consideration	22	1.7	0.7
Borrowings	23	76.7	108.6
Deferred income tax liabilities	26	7.9	9.1
Provisions	24	1.2	1.3
Lease liabilities	23	49.6	52.7
Total non-current liabilities		137.1	172.4
Total liabilities		251.1	270.3
NET ASSETS		172.6	145.9
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	27	110.8	71.2
Merger reserve	27	0.2	0.2
Share-based payments reserve	27	3.3	3.1
Translation reserve	27	(5.6)	(2.6)
Other reserve	27	10.1	8.6
Retained earnings		53.3	64.8
		172.1	145.3
Non-controlling interests		0.5	0.6
TOTAL EQUITY		172.6	145.9

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

£m	Note	Attributable to equity holders of the Company								
		Share capital	Merger reserve	Share-based payments reserve	Translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2024		71.2	0.2	2.1	(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, net of tax	30	-	-	1.9	-	-	-	1.9	-	1.9
Dividends paid		-	-	-	-	-	-	-	(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	0.2	3.1	(2.6)	8.6	64.8	145.3	0.6	145.9
Exercise of share-based payment awards		-	-	(1.7)	-	1.7	-	-	-	-
Share-based payment expenses, net of tax	30	-	-	1.9	-	-	-	1.9	-	1.9
Issuance of shares		39.6	-	-	-	-	-	39.6	-	39.6
Dividends paid		-	-	-	-	-	(0.1)	(0.1)	(0.2)	(0.3)
Future acquisition of non-controlling interest		-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Exchange differences on translation of financial statements of foreign operations		-	-	-	(2.3)	-	-	(2.3)	-	(2.3)
Realisation of translation reserve upon liquidation of subsidiary		-	-	-	(0.7)	-	-	(0.7)	-	(0.7)
(Loss)/profit for the year		-	-	-	-	-	(11.4)	(11.4)	0.1	(11.3)
Total comprehensive (loss)/income for the year		-	-	-	(3.0)	-	(11.4)	(14.4)	0.1	(14.3)
Balance at 31 December 2025		110.8	0.2	3.3	(5.6)	10.1	53.3	172.1	0.5	172.6

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

£m	Note	2025	2024
Cash flows from operating activities			
Loss for the year		(11.3)	(9.4)
Adjustments for:			
– Income tax expense	9	4.0	1.7
– Amortisation and depreciation	8	18.8	18.7
– Net finance expense	7	8.0	11.3
– Share-based payment expenses	6	2.1	1.6
– Loss on disposal of property, plant, and equipment		0.4	0.1
– Impairment loss on goodwill	11	–	1.4
– Impairment loss on intangible assets		5.3	0.2
– Impairment loss on right-of-use of assets		–	0.3
– Realisation of translation reserve upon liquidation of subsidiary	15	(0.7)	–
– Property, plant and equipment written off		–	0.2
– Unrealised currency translation loss/(gain)		2.5	(1.0)
– Provision for doubtful debts	31(d)	0.1	–
Change in working capital:			
– Inventories	28	9.9	21.2
– Trade receivables and other current assets	28	(4.2)	15.4
– Trade and other payables	28	14.6	(8.0)
– Provision	28	(0.2)	8.3
Cash generated from operations		49.3	62.0
Income tax paid, net of refund		(3.2)	(6.6)
Net cash provided by operating activities		46.1	55.4
Cash flows from investing activities			
Government grant relating to the purchase of property, plant and equipment	13	1.5	–
Purchases and construction of property, plant and equipment	13	(7.1)	(9.8)
Additions of product development costs	12	(8.7)	(10.0)
Additions of software and software under development	12	(0.3)	(0.3)
Purchase of bond receivables	25	(11.7)	–
Bond premium paid	25	(0.7)	–
Proceeds from repayment of ESOP loans		0.1	–
Interest received		0.2	0.1
Net cash used in investing activities		(26.7)	(20.0)
Cash flows from financing activities			
Proceeds from issuance of new ordinary shares		39.6	–
Proceeds from borrowings	23	40.0	3.8
Repayment of borrowings	23	(67.3)	(23.4)
Principal payment of lease liabilities	23	(1.8)	(1.6)
Interest paid	23	(8.3)	(12.1)
Dividend paid to equity holders of the Company		(0.1)	–
Dividend paid to non-controlling interests		(0.2)	(0.2)
Bank deposit pledged		(0.3)	–
Net cash provided by/(used in) financing activities		1.6	(33.5)
Net increase in cash and cash equivalents		21.0	1.9
Cash and cash equivalents at beginning of financial year		13.9	12.0
Effects of currency translation on cash and cash equivalents		(1.1)	–
Cash and cash equivalents at end of financial year	16	33.8	13.9

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 16-17.

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.

a. 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 (“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 18-23. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 28-32. The principal risks of the Group are set out on pages 35-41. 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 Revolving Credit Facility (RCF) of \$130m with approximately \$100m maturing in June 2028 and \$30m maturing in June 2030 and therefore the whole facility is committed throughout the minimum period for which going concern is assessed, which is 12 months from the date of signing these financial statements.

At 31 December 2025, the Group had drawn down \$106m (£79m) from the RCF, leaving undrawn facility headroom of \$24m (£18m). The Group has been in compliance with the associated covenants, which are leverage ratio (Net Debt to Adjusted EBITDA) of not more than 3:00 and interest cover (Adjusted EBITDA to Adjusted Net Finance Expense) of not less than 3.00. Each covenant is tested quarterly.

Approach to going concern review

As part of its going concern review, the Group has developed both base case and downside case financial scenarios, with the latter representing a severe but plausible downside scenario, assessing forecast liquidity and covenant compliance in each case.

The key assumption in these scenarios was revenue, particularly revenue beyond the initial circa six-month period for which the business already has visibility via existing sales orders. Revenue beyond this initial period will be determined by, amongst other things, the timing of the semiconductor upcycle and general global macroeconomic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information continued

The Group remains fully compliant with its financial covenants and maintains adequate liquidity in both Base and Downside Case under those scenarios.

Outcome of downside scenario

The downside case assumes a 2% decline in revenue between 2025 and 2026 due largely to reduced sales to China following the expiry of available export licences. The downside case assumes no broader market recovery to compensate for this, which is expected in the base case.

The lowest point of headroom in the Leverage Ratio covenant in this scenario was at 31 March 2026. EBITDA would need to fall c. 51% short of expectations in the period 1 January to 31 March 2026 for a breach to occur. The lowest point of headroom in the Interest Cover covenant was at 31 December 2026. EBITDA would need to fall c. 46% short of expectations in the period 1 January to 31 December 2026 for a breach to occur. c. 51% of 2026 Downside Case revenue is now covered by firm orders in hand.

Conclusions

The Directors are confident that the base case and downside case provide an appropriate basis for the going concern assumption to be applied in preparing the financial statements, while recognising more modest headroom in the severe but plausible case. In both cases, the Group remains in full compliance with its financial covenants and with ample liquidity throughout the going concern assessment period.

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 2025, 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, specifically the amendments to IAS 21, 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 2025 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 except for SFRS(I) 18 Presentation and Disclosure in Financial Statements as its impacts on presentation and disclosure are expected to be pervasive, in particular, those related to the consolidated statement of comprehensive income and providing management-defined performance measures within the financial statements. The Group is currently assessing the detailed implication of applying the new standard on the Group's consolidated financial statements.

b. 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 the 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.

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.

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.

The Group operates sales commission plans for direct sales teams. The related costs are incremental costs of obtaining a contract. No asset is recognised in respect of these costs as the commissions are earned at the same point that the revenue is recognised.

The Group does not recognise an asset in relation to costs to fulfil a contract, aside from Inventory which is measured as in Note 2.5. Other costs to fulfil a contract comprises delivery costs, which are recognised when incurred.

b. Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest rate method.

c. Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. The Group receives government grants relating to the construction of property, plant and equipment. These grants are deducted directly from the carrying amount of the related asset. This reduces the depreciable amount of the asset and therefore lowers the depreciation expense recognised in profit or loss over the asset's useful life.

c. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information continued

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.

d. 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:

- Assets and liabilities are translated at the closing exchange rates at the reporting date;
- 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
- 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.

e. 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.

The Group applies provisions based on product shelf-life and inventory aging to ensure adequate coverage. Finished goods with defined shelf-life are provisioned at 50% when 12–24 months from expiry and 100% within 12 months of expiry. For finished goods without shelf-life, provisions are 50% after two years and 100% after three years. Raw materials are written down by 100% if the last goods received date and last sales date are both more than 12 months, and by 50% if the last goods received date is more than 12 months and last sales date is between 7–12 months. Provisions are reviewed periodically, and reversals are made if net realizable value improves.

f. 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.

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	Over the remaining lease term or shorter

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information continued

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.

g. 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.

h. Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method. Borrowing costs that are directly attributable to the development of internally generated intangible assets and property, plant and equipment 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.

i. 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.

j. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information continued

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.

k. 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.

l. 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.

m. 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.

Provisions for asset dismantlement, removal or restoration are 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 amounts have been reliably estimated.

This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the right-of-use asset, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

n. 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.

o. 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. The cost of the right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information continued

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.

p. 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.

q. 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:

- 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
- 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.

r. 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.

s. 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 both equity-settled and cash-settled share-based compensation plan.

i. Equity-settled plans

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. Market vesting conditions are taken into account in determining the fair value. Non-market vesting conditions are not taken into account in determining the fair value but are taken into account by adjusting 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information continued

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.

The Group’s equity-settled plan includes the Directors’ deferred bonus plan, under which 50% of Directors’ annual bonuses is delivered in shares that vest over two years. The number of shares is determined based on the grant date fair value, and the value of employee services received in exchange for the grant of the share-based payment awards is recognised over the vesting period.

ii. Cash-settled plans

The fair value of the employee services for the grant of cash-settled share-based payment awards is recognised as an expense with the recognition of a corresponding liability over the vesting period. Until the liability is settled, it is re-measured at each reporting date with changes in fair value recognised in profit or loss.

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 liability over the remaining vesting period.

When the share-based payment awards are exercised, cash payment of an amount equal to the Market Value of a Share on the exercise date less the Option Price and accumulated dividends from the grant date to the exercise date will be paid to the participant and the related balance previously recognised in the liability will be reverse out accordingly.

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.

t. 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.

u. 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.

v. 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

a. Capitalisation of product development costs

During the year, £8.7m (2024: £10.2m) 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.

b. 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 35-41. This assessment is considered to be a critical accounting judgement. In performing this assessment, the Directors prepared two scenarios. The key variables and sensitivities in these scenarios are the timing of the recovery of revenue, particularly revenue beyond the first half of 2026 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 downturn 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.

b. Critical accounting estimates and assumptions

a. Recoverable amount of capitalised product development costs

As at 31 December 2025, the net book value of capitalised product development costs amounts to £32.1m (2024: £36.5m). 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.

b. 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

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3. Critical accounting estimates, assumptions and judgements continued

capitalised product development costs based on the expected life cycle of these products, taking into consideration expected customer demand and technological innovation.

The Group determines the timing for amortisation to commence based on the date a product is considered capable of being used in the manner intended by management. Significant judgement is required in determining this date, particularly for projects following an iterative design process where the transition from development to commercial sale is not clearly defined.

c. 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 2025 was £72.8m (2024: £73.2m).

Management has performed sensitivity analysis testing on the key assumptions and the impact of climate-related risks for the North America and Europe CGUs. The recoverable amounts remain higher than the carrying amounts as at 31 December 2025 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 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 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 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 the physical location for delivery of the goods. 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.

a. 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:

£m	Year to 31 December 2025				Year to 31 December 2024			
	Europe	North America	Asia	Total	Europe	North America	Asia	Total
Semiconductor Manufacturing Equipment	6.0	69.3	10.3	85.6	4.1	79.0	11.7	94.8
Industrial Technology	43.4	35.8	8.1	87.3	52.2	32.8	9.8	94.8
Healthcare	16.5	36.9	3.8	57.2	20.6	32.4	4.7	57.7
Total	65.9	142.0	22.2	230.1	76.9	144.2	26.2	247.3

Revenues of £48.6m (2024: £59.0m) 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 based on the location of the design win is as follows:

£m	2025	2024
North America	136.9	143.8
United Kingdom	14.8	17.1
Singapore	29.4	30.0
Germany	37.6	43.4
Denmark	1.8	2.3
Italy	3.4	3.6
France	2.3	3.4
Other countries	3.9	3.7
Total revenue	230.1	247.3

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.

b. Segment

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2025 and prior year comparatives is as follows:

Reconciliation of segment results to loss after tax:

£m	2025	2024
Europe	14.9	18.7
North America	41.3	40.7
Asia	8.4	10.3
Segment results	64.6	69.7
Research and development	(17.3)	(16.5)
Manufacturing	(14.0)	(12.4)
Corporate cost	(16.0)	(15.7)
Adjusted Operating Profit	17.3	25.1
Net finance expense	(8.0)	(11.3)
Adjusting items (see Note 5)	(16.6)	(21.5)
Loss before tax	(7.3)	(7.7)
Income tax expense	(4.0)	(1.7)
Loss after tax	(11.3)	(9.4)

The segment results include noncash items as follows. For Europe £1.5m of depreciation and amortisation (2024: £1.7m), for North America £2.5m of depreciation and amortisation (2024: £4.4m) and £1.2m of impairment (2024: £nil) and for Asia £0.3m of depreciation and amortisation (2024: £0.4m).

Non-current assets, other than deferred income tax assets, by region or country:

£m	2025	2024
North America	118.0	135.3
United Kingdom	10.6	10.9
Singapore	36.6	43.3
Germany	42.3	41.1
Malaysia	24.8	12.4
Vietnam	7.6	8.3
Other countries	2.2	3.2
Total non-current assets	242.1	254.5

The majority of North America's non-current assets are located in the United States of America.

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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 business combinations, gains and losses on the disposal of businesses, fair value movements, restructuring charges, acquisition related costs and amortisation of intangible assets arising from business combinations. 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.

In order to assist shareholders in understanding year-on-year trading performance excluding the translational effect of foreign currencies, we present certain performance measures in constant currency. Constant currency performance measures are calculated by translating results which were recorded in a foreign currency into the reporting currency at the actual foreign exchange rates from the comparative period.

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

£m	2025						
	Gross profit	Operating expenses	Operating profit	Net finance expense	(Loss)/profit before tax	Tax (expense)/credit	(Loss)/profit for the year
Statutory result	96.3	(95.6)	0.7	(8.0)	(7.3)	(4.0)	(11.3)
Adjusted for:							
Restructuring costs	-	1.4	1.4	-	1.4	(0.1)	1.3
Exit from China semiconductor market	(1.4)	(0.9)	(2.3)	-	(2.3)	0.4	(1.9)
Costs relating to legal dispute	-	2.6	2.6	-	2.6	-	2.6
Amortisation of intangible assets acquired from business combinations	-	2.6	2.6	-	2.6	(0.3)	2.3
Costs relating to RF exit	3.0	5.3	8.3	0.2	8.5	(0.1)	8.4
Costs relating to China factory closure	0.3	3.7	4.0	-	4.0	-	4.0
Historical under provision of tax	-	-	-	-	-	0.8	0.8
Total adjustments	1.9	14.7	16.6	0.2	16.8	0.7	17.5
Adjusted result	98.2	(80.9)	17.3	(7.8)	9.5	(3.3)	6.2

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.

The historical under provision of tax relates to additional tax potentially due in the UK relating to prior years, following a transfer pricing change. The current year impact of the correction is reflected in the underlying results for 2025.

£m	2024						
	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	(0.5)	1.8
Exit from China semiconductor market	4.3	2.4	6.7	-	6.7	(0.8)	5.9
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	(0.4)	2.7
Global supply chain transformation	-	1.6	1.6	-	1.6	-	1.6
Bid defence costs	-	0.2	0.2	-	0.2	-	0.2
Total adjustments	4.3	17.2	21.5	-	21.5	(1.7)	19.8
Adjusted result	101.3	(76.2)	25.1	(11.3)	13.8	(3.4)	10.4

b. Adjusted Operating Cash Flow and Conversion %

£m	2025	2024
Cash generated from operations	49.3	62.0
Adjusted for cash flows in respect of:		
Restructuring costs	0.9	1.1
Costs relating to legal dispute	0.5	1.6
Global supply chain information	-	0.9
Costs relating to RF exit	1.3	-
Costs relating to China factory closure	3.3	-
Prepayment from an RF customer	(16.4)	-
Adjusted Operating Cash Flow	38.9	65.6
Adjusted Operating Profit	17.3	25.1
Adjusted Operating Cash Conversion	225%	261%

c. Adjusted EBITDA

£m	2025	2024
Operating profit	0.7	3.6
Adjusted for:		
Depreciation	8.8	8.8
Amortisation	10.0	9.9
Impairment	5.3	1.9
EBITDA	24.8	24.2
Adjusted for:		
Restructuring costs ¹	1.4	2.0
Exit from China Semiconductor market ²	(2.3)	5.3
Costs relating to legal dispute	2.6	7.6
Global supply chain transformation	-	1.6
Costs relating to RF exit ³	4.2	-
Costs relating to China factory closure	4.0	-
Bid defence costs	-	0.2
Adjusted EBITDA	34.7	40.9

¹ Restructuring costs for 2024 does not include £0.3m of impairment loss on Rights-of-used assets which has already been adjusted as part of the impairment adjustment above.

² Exit from China Semiconductor market for 2024 does not include £1.4m of impairment loss on goodwill which has already been adjusted as part of the impairment adjustment above.

³ Costs relating to RF exit does not include £4.1m of impairment loss on intangible assets which has already been adjusted as part of the impairment adjustment above.

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5. Reconciliation of non-statutory measures continued

d. Net Debt

£m	2025	2024
Borrowings		
Current	0.3	0.3
Non-current	76.7	108.6
Total borrowings	77.0	108.9
Cash and cash collateral		
Cash at bank and on hand	33.6	13.8
Short-term bank deposits	0.2	0.1
Cash collateral	1.7	1.5
Total cash and cash collateral	35.5	15.4
Net Debt	41.5	93.5

e. Leverage ratio (Net Debt: Adjusted EBITDA)

£m	2025	2024
Net Debt (Note 5 (d))	41.5	93.5
Adjusted EBITDA (Note 5(c))	34.7	40.9
Leverage Ratio (Net Debt : Adjusted EBITDA)	1.2x	2.3x

f. Interest Cover (Adjusted EBITDA: Adjusted Net Finance Expense)

£m	2025	2024
Adjusted EBITDA (Note 5(c))	34.7	40.9
Net finance expense	8.0	11.3
Adjusted for:		
Amortisation of financing costs	(1.1)	-
Costs relating to RF exit ¹	(0.2)	-
Conformed Net Finance Expense	6.7	11.3
Interest Cover (Adjusted EBITDA: Adjusted Net Finance Expense)	5.2x	3.6x

¹ Costs relating to RF exit consists of the impairment of capitalised borrowing costs previously recognised.

Conformed Net Finance Expense reflects the definition of interest used to calculate Interest Cover for our borrowing facility covenants.

6. Employee compensation (including Directors)

£m	2025	2024
Wages and salaries	77.3	80.7
Employers' contribution to defined contribution plans	8.7	9.0
Share-based payment expenses (see Note 30 (h))	2.1	1.6
	88.1	91.3
Less: amount capitalised in intangible assets and property, plant and equipment	(7.4)	(8.5)
Total	80.7	82.8

7. Net finance expense

£m	2025	2024
Interest income		
Bond receivables	(1.9)	(2.0)
Others	(0.2)	(0.1)
	(2.1)	(2.1)
Interest expense		
Amortisation of bond premium	0.5	0.4
Bank borrowings and overdrafts	7.3	10.6
Lease liabilities	3.2	3.3
	11.0	14.3
Unwinding of discount for accrued consideration	0.1	0.1
	9.0	12.3
Less: amount capitalised in Intangible assets and Property, plant and equipment	(1.0)	(1.0)
Amount recognised in profit or loss	8.0	11.3

Finance expenses on general financing were capitalised at a rate of 6.6% per annum (2024: 7.5% per annum).

Of the amount capitalised, £0.2m (2024: £0.7m) was capitalised to Product Development costs and £0.8m (2024: £0.3m) to Buildings costs.

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8. Expenses by nature

£m	2025	2024
Loss after tax is after charging:		
Cost of sales	131.9	146.0
Depreciation of property, plant & equipment (Note 13)	2.6	2.7
Depreciation of right-of-use assets (Note 14)	0.2	0.2
Employee compensation (Note 6)	31.6	35.5
Purchases of inventories	83.4	87.1
Changes in inventories	14.1	20.5
Distribution and Marketing	55.3	52.1
Amortisation of intangible assets (Note 12)	2.5	2.4
Employee compensation (Note 6)	38.3	36.7
Impairment of intangible assets (Note 12)	-	0.1
Fees payable to the Group's Auditor for the audit of the Group's accounts	0.9	0.8
Fees payable for audit-related services	0.1	-
Other charges	13.5	12.1
Administrative	4.1	4.2
Depreciation of property, plant & equipment (Note 13)	1.9	1.9
Depreciation of right-of-use assets (Note 14)	2.2	2.3
Research and development	21.5	19.9
Amortisation of intangible assets (Note 12)	4.9	4.4
Depreciation of property, plant & equipment (Note 13)	1.1	1.0
Depreciation of right-of-use assets (Note 14)	0.8	0.7
Employee compensation (Note 6)	10.8	10.6
Impairment of intangible assets (Note 12)	1.2	0.1
Other charges	2.7	3.1
Adjusting items (Note 5)	16.6	21.5
Amortisation of intangible assets acquired from business combinations (Note 12)	2.6	3.1
Impairment of intangible assets (included within costs relating to RF exit) (Note 12)	4.1	-
Impairment of goodwill (Note 11)	-	1.4
Impairment of right-of-use assets (Note 14)	-	0.3
Other charges	9.9	16.7
Total cost of sales, distribution and marketing, administrative and research and development expenses	229.4	243.7

9. Income taxes

£m	2025	2024
Tax expense attributable to profit is made up of:		
Profit for the financial year		
- Singapore	1.5	(0.3)
- Foreign	3.3	2.2
Current income tax	4.8	1.9
Deferred income tax	(0.9)	(0.2)
	3.9	1.7
Over provision in prior financial years		
- Foreign	-	(0.1)
Current income tax	-	(0.1)
Deferred income tax	-	-
	-	(0.1)
Withholding tax	0.1	0.1
Income tax expense	4.0	1.7

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	2025	2024
Loss before tax	(7.3)	(7.7)
Tax on profit at standard Singapore tax rate of 17% (2024: 17%)	(1.2)	(1.3)
Tax incentives	(0.5)	(0.3)
Higher rates of overseas corporation tax	(2.2)	(0.3)
Expenses not deductible for tax purposes	1.9	1.4
Income not subject to tax	(0.3)	(0.3)
Deferred tax effect of change in tax rate	0.1	(0.1)
Deferred tax asset on tax losses and wear and tear allowances not provided for	5.3	2.6
Under / (over) provision of tax in prior financial years	0.8	(0.1)
Withholding tax	0.1	0.1
Income tax expense	4.0	1.7

Aggregate deferred tax asset arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly charged/(credited) to equity:

£m	2025	2024
Deferred tax asset/(liabilities) - share-based payments	0.1	(0.3)
Total	0.1	(0.3)

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.

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10. 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	2025	2024
Loss		
Loss after tax attributable to equity holders of the Company	(11.4)	(9.6)
Loss for losses per share	(11.4)	(9.6)
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share (thousands)	27,122	23,720
Effect of dilutive potential share awards (thousands)	4	60
Weighted average number of shares for diluted earnings per share (thousands)	27,126	23,780
Earnings/(loss) per share		
Basic	(42.0)p	(40.5)p
Basic Adjusted¹	22.5p	43.0p
Diluted	(42.0)p	(40.4)p
Diluted Adjusted¹	22.5p	42.9p

¹ Reconciliation to compute the Adjusted Earnings is as per below:

£m	2025	2024
Loss after tax attributable to equity holders of the Company	(11.4)	(9.6)
Restructuring costs	1.3	1.8
Exit from China semiconductor market	(1.9)	5.9
Costs relating to legal dispute	2.6	7.6
Amortisation of intangible assets acquired from business combination	2.3	2.7
Costs relating to RF exit	8.4	-
Costs relating to China factory closure	4.0	-
Global supply chain transformation	-	1.6
Bid defence cost	-	0.2
Under provision of tax in prior financial years	0.8	-
Adjusted Earnings	6.1	10.2

11. Goodwill

£m	2025	2024
Cost		
At 1 January	74.6	75.6
Accrued consideration (Note 22)	-	(0.2)
Currency translation differences	(0.4)	(0.8)
At 31 December	74.2	74.6
Accumulated impairment		
At 1 January	(1.4)	-
Impairment charge	-	(1.4)
At 31 December	(1.4)	(1.4)
Net book value	72.8	73.2

Goodwill arises on the consolidation of subsidiary undertakings.

For the purpose of impairment tests for goodwill, goodwill is allocated to the cash-generating units ("CGUs") which are aligned to the operating segments identified in Note 4.

A segment-level summary of the goodwill allocation is as follows:

£m	2025	2024
North America	41.4	43.0
Europe	31.4	30.2
Asia	-	-
At 31 December	72.8	73.2

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. The goodwill for the Asia CGU has been fully impaired.

Key assumptions used for value-in-use calculations:

	31 December 2025			31 December 2024		
	Growth rate ¹	Discount rate ²	Terminal growth rate	Growth rate ¹	Discount rate ²	Terminal growth rate
North America	5.0%	9.9%	2.0%	5.0%	10.0%	2.0%
Europe	5.0%	11.5%	2.0%	5.0%	11.5%	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.

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 was performed for the Asia CGU as the goodwill balance is fully impaired.

The impairment test carried out at 31 December 2025 for the North America CGU, which includes 57% of the goodwill recognised on the balance sheet, calculated a recoverable amount of the CGU of £145.3m. An absolute increase in the discount rate by 280bps or a decrease in growth rate by 180bps 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 2025 for the Europe CGU, which includes 43% of the goodwill recognised on the balance sheet, calculated a recoverable amount of the CGU of £51.0m. An absolute increase in the discount rate by 110bps or a decrease in growth rate by 300bps 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 from climate change. A sensitivity analysis was performed for each CGU 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. 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 5-11% reduction of revenue and 5-10% increase in operating costs for one year. They are considered to be reasonable tests as they reflect the expectation that financial impacts would be time-bound and most likely to impact the organisation's ability to meet demand for a limited period due to mitigating actions available. The maximum impact to headroom based on the sensitivities tested for North America and Europe is a reduction of £0.8m and £1.1m, respectively. These impacts would still leave significant headroom and as a result no potential indicator of impairment was identified.

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12. Intangible assets

£m	Product Development costs		Brand	Trademarks	Technology	Customer relationships	Customer contracts	Software	Assets under development ¹	Total
	Development costs	Brand								
Cost										
At 1 January 2024	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	
Additions	-	-	-	-	-	-	0.1	8.9	9.0	
Disposals	-	-	-	-	-	-	(0.6)	-	(0.6)	
Transfers	5.2	-	-	-	-	-	0.3	(5.5)	-	
Currency translation differences	(3.2)	(0.1)	-	(0.2)	(0.9)	-	(1.6)	(1.9)	(7.9)	
At 31 December 2025	62.2	1.6	1.1	7.7	23.9	2.6	22.7	28.2	150.0	
Accumulated amortisation and impairment losses										
At 1 January 2024	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	
Amortisation charge	5.2	0.1	-	0.5	1.9	0.1	2.2	-	10.0	
Impairment charge	1.5	-	-	-	-	-	-	3.8	5.3	
Disposals	-	-	-	-	-	-	(0.6)	-	(0.6)	
Currency translation differences	(1.9)	-	-	(0.3)	(1.1)	(0.1)	(0.7)	(0.8)	(4.9)	
At 31 December 2025	44.8	1.0	1.0	5.4	16.2	2.6	11.4	13.4	95.8	
Net book value										
At 31 December 2025	17.4	0.6	0.1	2.3	7.7	-	11.3	14.8	54.2	
At 31 December 2024	20.2	0.8	0.1	2.7	9.4	-	14.0	16.3	63.5	

¹ Assets under development pertains to cost incurred for software development of £0.1m and product development costs of £16.4m.

The remaining amortisation period for customer relationships ranges from two to seven years.

The Group's trademarks used to identify and distinguish the Group's name and logo have a carrying amount of £0.1m (2024: £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.

13. Property, plant and equipment

£m	Freehold land	Buildings	Plant and equipment	Motor vehicles	Building improvements	Assets under construction ¹	Total
Cost							
At 1 January 2024	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
Additions	-	0.7	1.4	-	0.2	11.1	13.4
Cost adjustments ²	-	-	-	-	(3.6)	-	(3.6)
Disposals	-	-	(3.6)	-	(0.1)	-	(3.7)
Transfers	-	-	0.8	-	0.1	(0.9)	-
Currency translation differences	-	(1.1)	(2.3)	-	(1.7)	0.4	(4.7)
At 31 December 2025	1.5	18.3	38.6	0.1	23.7	20.3	102.5
Accumulated depreciation							
At 1 January 2024	-	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
Depreciation charge	-	0.5	3.9	-	1.2	-	5.6
Disposals	-	-	(3.2)	-	(0.1)	-	(3.3)
Currency translation differences	-	(0.3)	(1.6)	-	(0.2)	-	(2.1)
At 31 December 2025	-	6.1	25.9	0.1	4.8	-	36.9
Net book value							
At 31 December 2025	1.5	12.2	12.7	-	18.9	20.3	65.6
At 31 December 2024	1.5	12.8	15.5	-	24.9	9.7	64.4

¹ Assets under construction pertains to cost incurred for the building of Malaysia factory of £20.2m and testing equipment of £0.1m in North America.

² The cost adjustment of £3.6m recognised within property, plant and equipment comprises £0.9m received as reimbursement from the landlord in respect of building improvement works and £2.7m relating to a government grant for the purchase of property, plant and equipment under Section 48D of the Advanced Manufacturing Investment Tax Credit. Of the £2.7m government grant, £1.5m was received in cash during the year ended 31 December 2025, with the remaining £1.2m received subsequent to the reporting date in January 2026.

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14. Leases

a. Nature of the Group's leasing activities

a. 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.

b. Equipment and motor vehicles

The Group leases vehicles to render logistic services, and leases copier machines for back-office use.

b. 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 2024	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
Additions	0.8	0.4	1.2
Disposal	(0.2)	-	(0.2)
Depreciation charge	(2.9)	(0.3)	(3.2)
Currency translation differences	(1.8)	-	(1.8)
At 31 December 2025	46.9	0.9	47.8

a. Lease expense not capitalised in lease liabilities

£m	2025	2024
Lease expense – short-term leases	0.1	0.1
Lease expense – low-value leases	-	-
Total	0.1	0.1

See Note 23 for details of lease liabilities.

b. Total cash outflow in current year

Total cash outflow for all leases in 2025 was £5.1m (2024: £4.8m).

c. 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.

15. Subsidiaries

The Group has the following principal subsidiaries (excludes dormant subsidiaries) as at 31 December 2025 and 2024:

Name of subsidiary	Country of business/ incorporation	Ownership interest 2025 (%)	Ownership interest 2024 (%)
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 ²	Switzerland	-	100
Powersolve Electronics Limited ¹	UK	91	91
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 ¹	South Korea	66	66
XP Power (India) Pte. Ltd.	India	100	100

¹ XP Power AG was dissolved on 17 April 2025. Following the liquidation during the year, cumulative foreign exchange translation differences previously recorded in other comprehensive income were released to profit or loss, resulting in a realisation of £0.7 million.

² Refer to Note 22.

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16. Cash and bank balances

£m	2025	2024
Cash at bank and on hand	33.6	13.8
Short-term bank deposits	0.2	0.1
Total	33.8	13.9

17. Cash collateral

£m	2025	2024
Cash collateral	1.7	1.5

Cash collateral represents bank deposits 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	2025	2024
Finished goods	21.3	24.1
Raw materials	26.0	31.2
Work in progress	9.7	15.8
Total	57.0	71.1

The cost of inventories recognised as an expense and included in "cost of sales" amounts to £97.5m (2024: £107.6m) as disclosed in note 8.

19. Trade receivables

£m	2025	2024
Trade receivables	34.3	30.2
Less: Loss allowance (Note 31(d))	(0.1)	-
Total	34.2	30.2

The average credit period taken on sales of goods is 54 days (2024: 45 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	2025	2024
Prepayments	2.5	3.2
Deposits	0.6	0.5
VAT receivables	1.2	1.4
Withholding tax	0.1	-
Rights to returned goods	0.2	0.1
Government grant relating to purchase of property, plant and equipment	1.2	-
Other receivables	0.1	0.4
Total	5.9	5.6

Other current assets are not impaired as at 31 December 2025 and 31 December 2024.

21. Trade and other payables

£m	2025	2024
Trade payables	17.8	17.9
VAT payables	1.3	1.8
Withholding tax	0.4	0.2
Accruals for operating expenses	21.4	19.2
Contract liabilities	17.8	1.4
Refund liabilities	0.5	0.3
Total	59.2	40.8

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 £1.3m (2024: £2.8m).

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	2025	2024
At 1 January	1.5	1.7
Provision made/(reversed)	0.2	(0.2)
At 31 December	1.7	1.5

£m	2025	2024
Current	-	0.8
Non-current	1.7	0.7
At 31 December	1.7	1.5

As at 31 December 2025, the Group owns 90.6% (2024: 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 between 1 January 2025 and 1 January 2027. Management does not intend to exercise this option prior to the end of 2026; therefore, it remains classified as non-current.

As at 31 December 2025, the Group owns 66% (2024: 66%) of the shares of Hanpower Co Ltd ("Hanpower"). On 21 April 2025, the Group entered into an amended agreement to purchase the remaining 34% of the shares in Hanpower in May 2030 with an option to defer the purchase of 15% of the shares until May 2035.

For the purchase of Hanpower, 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. For Powersolve, the accrued consideration is similarly recognised, but the expected payment is calculated using a predefined multiple of the average earnings for the fiscal years 2022 to 2024.

The future payment is discounted to the present value, with the discount amortised to interest expense each period as the payment draws nearer. 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 2030 with the assumption that management has no intention to extend the purchase of 15% shares until 2035.

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23. Borrowings and lease liabilities

£m	2025	2024
Current		
Bank borrowings	0.3	0.3
Lease liabilities	1.8	1.6
Total	2.1	1.9
Non-current		
Bank borrowings	76.7	108.6
Lease liabilities	49.6	52.7
Total	126.3	161.3

a. Undrawn borrowing facilities

£m	2025	2024
Expiring beyond one year	18.1	57.5
Total	18.1	57.5

The revolving credit facility was renegotiated in December 2025 to introduce a new lender and as result the loan was split into two facilities: Facility A and Facility B. The total facility reduced to \$130m with Facility A having a committed facility of \$100.7m and Facility B of £22.2m. The facility has no fixed repayments until maturity which is June 2028 for Facility A and June 2030 for Facility B. Interest on Facility A accrues at SOFR for US dollar borrowings and SONIA for sterling borrowings, plus a margin of 1.95%-3.2% depending on Leverage. Interest on Facility B accrues at SONIA plus a margin of 4.75%. Both facilities incur a fee 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.

b. Reconciliation of liabilities arising from financing activities

£m	1 January 2025	Proceeds from borrowings	Principal, interest and fee payments	Non-cash changes				31 December 2025
				Addition during the year	Disposal during the year	Net interest expense	Foreign exchange movement	
Bank borrowings	108.9	40.0	(72.4)	-	-	6.3	(5.8)	77.0
Lease liabilities	54.3	-	(5.0)	1.2	(0.2)	3.2	(2.1)	51.4

£m	1 January 2024	Proceeds from borrowings	Principal, interest and fee payments	Non-cash changes				31 December 2024
				Addition during the year	Disposal during the year	Net interest expense	Foreign exchange movement	
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

24. Provisions

£m	2025	2024
Current		
Legal dispute (Note (a) below)	49.6	51.4
Onerous contract	0.1	0.9
Prolongation costs	-	1.4
Warranty	0.2	-
Others	0.2	0.3
Total	50.1	54.0
Non-current		
Warranty	0.3	0.2
Asset Retirement Obligation	0.7	0.7
Others	0.2	0.4
Total	1.2	1.3

a. Legal dispute

£m	2025	2024
At 1 January	51.4	43.6
Provision made	1.8	7.0
Currency translation differences	(3.6)	0.8
At 31 December 2025	49.6	51.4

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. Our appeal against these judgements was heard in September 2025. During the year we accrued for additional post-judgement interest on the outstanding judgements. The settlement amounts will not be finalised until the conclusion of the appeals process, which is expected within 12 months of the balance sheet date.

25. Bond receivable

The Group has purchased appeal bonds from an insurance company as required for our appeal to be lodged with the Appellate Court. Interest is accrued on the bonds 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 bonds is calculated on an annualised basis and payable to the issuer of the bond. The bond receivable is restricted until the conclusion of the appeal. As at 31 December 2025, the carrying amount of bond receivable amounts to £48.8m (2024: £39.2m) which comprises the initial bond value of £32.7m (2024: £35.1m), new purchase of bond during the year of £10.8m (2024: £nil) plus bond premium of £1.4m (2024: £1.2m), interest receivable of £4.3m (2024: £3.2m) less the management fees paid of £0.4m (2024: £0.3m). The bond receivable is denominated in USD and is revalued at each reporting date. During 2025, the increase in the bond to £48.8m from £39.2m at the end of the preceding year is comprised of new bond purchase of £11.7m, plus bond premium of £0.3m, interest income of £1.4m less the management fee paid of £0.2m and currency translation loss of £3.6m.

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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	2025	2024
Deferred income tax assets	0.7	1.0
Deferred income tax liabilities	(7.9)	(9.1)
Net deferred tax liabilities	(7.2)	(8.1)

The movement in the net deferred income tax account is as follows:

£m	2025	2024
Beginning of financial year	(8.1)	(8.6)
Currency translation differences	0.1	-
Tax (charged)/credited to:		
- Profit or loss (Note 9)	0.9	0.2
- Equity (Note 9)	(0.1)	0.3
End of financial year	(7.2)	(8.1)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

a. Deferred income tax assets

£m	Provision for legal dispute	Share-based payments	Tax losses	Lease liabilities	Others	Total
At 1 January 2024	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
(Charged)/credited to profit or loss	-	(0.1)	(0.1)	(0.2)	0.4	-
Debited to equity	-	(0.1)	-	-	-	(0.1)
At 31 December 2025	0.1	0.8	0.1	3.8	0.4	5.2

At 31 December 2025, the Group has unutilised tax losses and other credits of £31.8m (2024: £39.8m) 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 £4.8m (2024: £1.3m) can be carried forward indefinitely, losses amounting to £22.8m (2024: £35.0m) begin to expire in 2029 and losses amounting to £4.2m (2024: £3.5m) begin to expire in 2034.

b. Deferred income tax liabilities

£m	Accelerated tax depreciation	Intangible assets amortisation	Lease assets	Others	Total
At 1 January 2024	(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)
Credited/(charged) to profit or loss	0.1	0.8	0.2	(0.2)	0.9
Currency translation differences	0.1	0.2	(0.1)	(0.1)	0.1
At 31 December 2025	(0.6)	(7.0)	(3.9)	(0.9)	(12.4)

27. Share capital and reserves

a. Share capital

	No. of ordinary shares		Amount £m	
	Issued share capital	Treasury shares	Issued share capital	Treasury shares
2025				
Beginning of financial year	23,689,254	(20,582)	71.2	-
Shares issued	4,350,424	-	39.6	-
Treasury shares purchased	-	(150,000)	-	-
Treasury shares re-issued	-	64,779	-	-
End of financial year	28,039,678	(105,803)	110.8	-
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	-

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.

In 2025, the Company issued 4,350,424 ordinary shares for a net consideration of £39.6 million. The newly issued shares rank pari passu in all aspects with the previously issued shares.

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 64,779 (2024: 28,301) treasury shares during the financial year pursuant to the Company's ESOP at the exercise price of £nil to £0.01 (2024: £nil to £0.01). The cost of the treasury shares re-issued amounted to £5,000 (2024: £13,000). The total consideration (net of expense) for the treasury shares issued is as follows:

£m	2025	2024
Value of employee services	1.7	0.9
Total net consideration	1.7	0.9

Accordingly, a gain on re-issue of treasury shares of £1.7m (2024: £0.9m) is recognised in other reserve.

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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 a remaining 34.0% of the shares in 2030. 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.

2025 £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) (Note 24)
At 31 December 2025	57.0	34.2	5.9	59.2	1.7	51.3
At 31 December 2024	71.1	30.2	5.6	40.8	1.5	55.3
Balance sheet movement	14.1	(4.0)	(0.3)	18.4	0.2	(4.0)
Accrued consideration provision	-	-	-	-	(0.2)	-
Withholding tax payable	-	-	0.1	(0.2)	-	-
Interest accrual movement	-	0.2	-	-	(0.1)	-
Malaysia construction	-	-	-	(5.5)	-	-
Accrual of government grant relating to the purchase of property, plant and equipment	-	-	1.2	-	-	-
Bond premium accruals	-	-	-	0.3	-	-
Reclassification	-	-	-	(0.2)	-	0.2
Currency translation differences	(4.2)	(1.2)	(0.2)	1.8	0.1	3.6
	9.9	(5.0)	0.8	14.6	-	(0.2)

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) (Note 24)
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

29. Related-party transactions

Key management personnel compensation

Key management personnel are the Directors of the Group.

£m	2025	2024
Short-term employee benefits	2.5	2.5
Post-employment benefits	0.1	0.1
Share-based payment expenses	0.7	0.3
Total	3.3	2.9

Fees payable to non-executive Directors totalled £0.5m (2024: £0.5m).

Further information about the remuneration of the individual Directors is provided in the Directors' Remuneration Report on pages 117-141.

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30. Share-based payments

The Group operates several equity-settled and cash-settled share-based payment plans.

a. Legacy Share Option plan

a. XP Power Share Option Plan (the "SOP")

Established in 2012 and amended in 2016. Options over ordinary shares in the Company granted under the SOP 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 options are equity settled, ordinary shares in the Company are issued to the participant. All options under the SOP are fully vested as at 31 December 2025.

Set out below are summaries of outstanding options granted under the plan:

	2025		2024	
	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	31,692	£15.43	38,677	£15.43
Forfeited during the year	(410)	£15.43	(6,985)	£15.43
At 31 December	31,282	£15.43	31,692	£15.43
Exercisable at 31 December	31,282	£15.43	31,692	£15.43

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 2025	Share options 31 December 2024
23 February 2016	23 February 2026	£15.43	31,282	31,692
Total			31,282	31,692
Weighted average remaining contractual life of options outstanding at end of period			0.4 year	1.1 year

b. Executive Director plans

The only participants under plans a, b and c below are the Executive Directors. Awards are granted in the form of share options over ordinary shares in the Company priced at £0.01 each, with the exception of the Deferred Bonus Plan which are nil-cost options. The maximum life of awards granted under the plans is six years, and for the Deferred Bonus Plan is four years. Share awards are equity settled on exercise with ordinary shares in the Company 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 across these plans.

a. XP Power Limited Long-Term Incentive Plan 2017 (the "XP LTIP 2017")

Established in 2017 and amended in 2020. 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.

Set out below are summaries of outstanding Awards granted under the plan:

	2025		2024 ¹	
	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	186,041	£0.01	93,583	£0.01
Granted during the year	118,571	£0.01	107,131	£0.01
Forfeited during the year	(18,916)	£0.01	(11,582)	£0.01
Exercised during the year ²	(3,039)	£0.01	(3,091)	£0.01
At 31 December	282,657	£0.01	186,041	£0.01
Exercisable at 31 December	3,547	£0.01	-	-

¹ Except where awards have been forfeited due to the award holder ceasing to be an employee of the Group, forfeitures are now disclosed in the year in which the vesting period concludes. Previously, there was a difference between this disclosure and the Remuneration Committee Report in this regard, however, these two disclosures now align for both financial years presented. The corresponding difference on financial results as a result of this change was not material.

² The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2025 was £7.00 (2024: £10.31).

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 2025	Outstanding shares under award 31 December 2024
22 April 2020	22 April 2026	£0.01	3,547	6,586
8 March 2022	8 March 2028	£0.01	-	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	107,131
5 March 2025	5 March 2031	£0.01	118,571	-
Total			282,657	186,041

b. XP Power Limited Restricted Share Plan 2020 (the "XP RSP 2020")

Established in 2020. Awards 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.

Set out below are summaries of outstanding Restricted Shares granted under the plan:

	2025		2024	
	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	28,668	£0.01	14,295	£0.01
Granted during the year	15,904	£0.01	14,373	£0.01
Exercised during the year ¹	(1,263)	£0.01	-	-
At 31 December	43,309	£0.01	28,668	£0.01
Exercisable at 31 December	1,712	£0.01	-	-

¹ The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2025 was £7.00 (2024: £nil).

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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 2025	Outstanding shares under award 31 December 2024
22 April 2020	22 October 2025	£0.01	-	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	14,373
5 March 2025	5 March 2031	£0.01	15,904	-
Total			43,309	28,668

Fair value of awards

The fair values at grant date of awards granted during the year under the XP LTIP 2017 and XP RSP 2020 are determined using the valuation models below. For the XP LTIP 2017 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:

	XP LTIP 2017	XP RSP 2020
Options granted	118,571	15,904
Fair value at grant date	£7.36 to £9.70	£9.70
Model used	Monte Carlo and Black-Scholes models	Black-Scholes models
Assumptions used:		
Share price	£9.70	£9.70
Exercise price	£0.01	£0.01
Expected volatility ¹	61.36%	61.32%
Expected option life ²	5 years	5 years
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	4.34%	4.34%

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 Deferred Bonus Plan 2017 (the "XP DBP 2017")

Established in 2017 and amended in 2020. The Executive Directors bonus award is equally split between cash and a nil-cost share option award, which normally vests after two years from the date of the bonus statement, subject to continued employment or good leaver status.

Set out below are summaries of outstanding Deferred Bonus Shares granted under the plan:

	2025		2024	
	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	28,354	-	12,259	-
Granted during the year	41,288	-	21,983	-
Exercised during the year ¹	(6,371)	-	(5,888)	-
At 31 December	63,271	-	28,354	-
Exercisable at 31 December	-	-	6,371	-

¹ The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2025 was £9.05 (2024: £11.50).

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 2025	Outstanding shares under award 31 December 2024
8 March 2022	28 February 2026	-	-	6,371
12 March 2024	6 March 2028	-	21,983	21,983
5 March 2025	5 March 2029	-	41,288	-
Total			63,271	28,354

c. Equity settled Senior Manager Plans

The participants under plans a and b below, are the senior management of companies under the Group. The XP Power Limited Senior Managers Long-Term Incentive Plan 2017 (the "XP Senior Managers LTIP 2017") was established in 2017 and amended in 2020 and the XP Power Limited Senior Managers Long-Term Incentive Plan 2023 (the "XP Senior Managers LTIP 2023") was established in 2023.

Four different types of awards are granted under the plans:

- 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.
- 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.
- 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.
- 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.

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30. Share-based payments continued

These 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 under the XP Power Senior Managers LTIP 2017 normally vest three years from the grant date, and under the XP Senior Manager LTIP 2023 vest evenly in three tranches over a three-year period. All awards are 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 Power Senior Managers LTIP 2017 is four years and ten years under the XP Senior Managers LTIP 2023. On the exercise of share options or the settlement of Performance RSUs and RSUs following each vesting date, awards are equity settled with ordinary shares in the Company 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.

a. XP Senior Managers LTIP 2017

i. Performance Share Awards

Set out below are summaries of outstanding Performance Share Awards granted under the plan:

	2025		2024 ¹	
	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	18,102	£0.01	38,718	£0.01
Forfeited during the year	(18,102)	£0.01	(14,743)	£0.01
Cancelled during the year	-	-	(831)	£0.01
Exercised during the year ²	-	-	(5,042)	£0.01
At 31 December	-	-	18,102	£0.01
Exercisable at 31 December	-	-	-	-

¹ Except where awards have been forfeited due to the award holder ceasing to be an employee of the Group, forfeitures are now disclosed in the year in which the vesting period concludes. Previously, there was a difference between this disclosure and the Remuneration Committee Report in this regard, however, these two disclosures now align for both financial years presented. The corresponding difference on financial results as a result of this change was not material.

² The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2025 was £nil (2024: £10.47).

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 2025	Outstanding shares under award 31 December 2024
8 March 2022	8 March 2026	£0.01	-	18,102
Total			-	18,102

ii. Performance RSUs

Set out below are summaries of outstanding Performance RSUs granted under the plan:

	2025		2024 ¹	
	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	10,357	-	19,719	-
Forfeited during the year	(10,357)	-	(9,362)	-
At 31 December	-	-	10,357	-
Exercisable at 31 December	-	-	-	-

¹ Except where awards have been forfeited due to the award holder ceasing to be an employee of the Group, forfeitures are now disclosed in the year in which the vesting period concludes. Previously, there was a difference between this disclosure and the Remuneration Committee Report in this regard, however, these two disclosures now align for both financial years presented. The corresponding difference on financial results as a result of this change was not material.

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 2025	Outstanding shares under award 31 December 2024
8 March 2022	-	-	-	9,391
17 August 2022	-	-	-	966
Total			-	10,357

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30. Share-based payments continued

iii. Restricted Share Awards

Set out below are summaries of outstanding Restricted Share Awards granted under the plan:

	2025		2024	
	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	4,146	£0.01	8,678	£0.01
Forfeited during the year	-	-	(1,857)	£0.01
Exercised during the year ¹	(3,171)	£0.01	(2,675)	£0.01
At 31 December	975	£0.01	4,146	£0.01
Exercisable at 31 December	975	£0.01	-	-

¹ The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2025 was £8.63 (2024: £11.30).

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 2025	31 December 2024
8 March 2022 ¹	8 March 2026	£0.01	975	4,146
Total			975	4,146

¹ These awards are fully vested.

iv. RSUs

Set out below are summaries of outstanding RSUs granted under the plan:

	2025		2024	
	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	18,202	-	21,234	-
Forfeited during the year	-	-	(1,288)	-
Exercised during the year ¹	(18,202)	-	(1,744)	-
At 31 December	-	-	18,202	-
Exercisable at 31 December	-	-	-	-

¹ The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2025 was £9.04 (2024: £11.20).

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 2025	31 December 2024
8 March 2022	-	-	-	10,046
17 August 2022	-	-	-	483
26 August 2022	-	-	-	2,116
12 September 2022	-	-	-	1,041
21 November 2022	-	-	-	4,516
Total			-	18,202

b. XP Senior Managers LTIP 2023

i. Performance Share Awards

Set out below are summaries of outstanding Performance Share Awards granted under the plan:

	2025		2024	
	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	131,519	£0.01	52,907	£0.01
Granted during the year	85,703	£0.01	101,273	£0.01
Forfeited during the year	(18,997)	£0.01	(20,837)	£0.01
Cancelled during the year	-	-	(1,824)	£0.01
At 31 December	198,225	£0.01	131,519	£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 2025	31 December 2024
13 June 2023	13 June 2033	£0.01	36,953	37,409
14 September 2023	14 September 2033	£0.01	-	5,689
21 March 2024	21 March 2034	£0.01	75,569	88,421
6 March 2025	6 March 2035	£0.01	85,703	-
Total			198,225	131,519

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30. Share-based payments continued

ii. Performance RSUs

Set out below are summaries of outstanding Performance RSUs granted under the plan:

	2025		2024	
	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	72,556	-	24,544	-
Granted during the year	56,460	-	50,828	-
Forfeited during the year	(5,850)	-	(2,816)	-
At 31 December	123,166	-	72,556	-
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 2025	Outstanding shares under award 31 December 2024
13 June 2023	-	-	21,517	22,429
14 September 2023	-	-	1,203	1,203
21 March 2024	-	-	46,068	48,924
6 March 2025	-	-	54,378	-
Total			123,166	72,556

iii. Restricted Share Awards

Set out below are summaries of outstanding Restricted Share Awards granted under the plan:

	2025		2024	
	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	57,917	£0.01	23,185	£0.01
Granted during the year	38,013	£0.01	45,108	£0.01
Forfeited during the year	(11,862)	£0.01	(8,360)	£0.01
Cancelled during the year	-	-	(912)	£0.01
Exercised during the year ¹	(4,708)	£0.01	(1,104)	£0.01
At 31 December	79,360	£0.01	57,917	£0.01
Exercisable at 31 December	15,888	£0.01	5,315	£0.01

¹ The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2025 was £7.89 (2024: £13.06).

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 2025	Outstanding shares under award 31 December 2024
13 June 2023 ¹	13 June 2033	£0.01	13,199	14,201
14 September 2023	14 September 2033	£0.01	-	2,844
21 March 2024 ²	21 March 2034	£0.01	28,148	37,326
12 November 2024	21 March 2034	£0.01	-	3,546
6 March 2025	6 March 2035	£0.01	38,013	-
Total			79,360	57,917

¹ Two-third of these awards are vested and the remaining awards will vest in 2026.

² One-third of these awards are vested, one-third of the awards will vest in 2026 and the remaining awards will vest in 2027.

iv. RSUs

Set out below are summaries of outstanding RSUs granted under the plan:

	2025		2024	
	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	76,597	-	26,273	-
Granted during the year	75,609	-	60,611	-
Forfeited during the year	(2,456)	-	(1,530)	-
Exercised during the year ¹	(28,025)	-	(8,757)	-
At 31 December	121,725	-	76,597	-
Exercisable at 31 December	-	-	-	-

¹ The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2025 was £8.31 (2024: £15.72).

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 2025	Outstanding shares under award 31 December 2024
13 June 2023 ¹	-	-	8,111	16,525
14 September 2023 ¹	-	-	207	413
21 March 2024 ²	-	-	38,838	59,659
6 March 2025	-	-	65,389	-
30 September 2025	-	-	9,180	-
Total			121,725	76,597

¹ Two-third of these awards are vested and the remaining awards will vest in 2026.

² One-third of these awards are vested, one-third will vest in 2026, and the remaining awards will vest in 2027.

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30. Share-based payments continued

v. 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	85,703	56,460	38,013	75,609
Fair value at grant date	£6.90 to £9.60	£6.90 to £9.60	£9.60	£9.60 to £9.67
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	£9.60	£9.60	£9.60	£9.60
Exercise price	£0.01	-	£0.01	-
Expected volatility ¹	71.33%	71.33%	55.80% to 80.18%	47.20% to 80.18%
Expected option life ²	3 years	3 years	1 to 3 years	1 to 3 years
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	4.21%	4.21%	3.97% to 4.22%	3.90% to 4.22%

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.

d. Cash settled Senior Manager plan

a. 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:

- Phantom Performance Share Awards.
- 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.

i. Phantom Performance Share Awards

Set out below are summaries of outstanding Phantom Performance Share Awards granted under the plan:

	2025		2024	
	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	8,367	£0.01	-	-
Granted during the year	6,246	£0.01	8,367	£0.01
Forfeited during the year	(831)	£0.01	-	-
At 31 December	13,782	£0.01	8,367	£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 2025	Outstanding shares under award 31 December 2024
21 March 2024	21 March 2034	£0.01	5,712	5,712
6 August 2024	6 August 2034	£0.01	1,824	2,655
6 March 2025	6 March 2035	£0.01	6,246	-
Total			13,782	8,367

ii. Phantom Restricted Share Awards

Set out below are summaries of outstanding Phantom Restricted Share Awards granted under the plan:

	2025		2024	
	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	3,768	£0.01	-	-
Granted during the year	7,984	£0.01	3,768	£0.01
Exercised during the year ¹	(158)	£0.01	-	-
At 31 December	11,594	£0.01	3,768	£0.01
Exercisable at 31 December	1,398	£0.01	304	£0.01

¹ The weighted average share price at the date of exercise of awards exercised during the year ended 31 December 2025 was £9.10 (2024: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 2025	Outstanding shares under award 31 December 2024
21 March 2024 ¹	21 March 2034	£0.01	2,698	2,856
6 August 2024 ²	6 August 2034	£0.01	912	912
6 March 2025	6 March 2035	£0.01	3,120	-
25 June 2025	25 June 2035	£0.01	4,864	-
Total			11,594	3,768

¹ One-third of these awards are vested, one-third will vest in 2026, and the remaining awards will vest in 2027.

² Two-third of these awards are vested, and the remaining awards will vest in 2026.

iii. 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 6 March 2025		At grant date 25 June 2025	At measurement date 31 December 2025		
	Phantom Performance Share Award	Phantom Restricted Share Award	Phantom Restricted Share Award	Phantom Performance Share Award	Phantom Restricted Share Award	Phantom Restricted Share Award
Options granted	6,246	3,120	4,864	6,246	3,120	4,864
Fair value	£6.90 to £9.60	£9.60	£9.25	£5.89 to £9.00	£9.00	£9.00
Model used	Monte Carlo model and Black-Scholes model	Black-Scholes model	Black-Scholes model	Monte Carlo model and Black-Scholes model	Black-Scholes model	Black-Scholes model
Assumptions used:						
Share price	£9.60	£9.60	£9.25	£9.00	£9.00	£9.00
Exercise price	£0.01	£0.01	£0.01	£0.01	£0.01	£0.01
Expected volatility ¹	71.22%	55.80% to 80.18%	49.77% to 73.80%	60.9%	29.50% to 62.70%	29.50% to 62.70%
Expected option life ²	3 years	1 to 3 years	1 to 3 years	2.2 years	0.2 to 2.2 years	0.2 to 2.2 years
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	4.21%	3.97% to 4.22%	3.74% to 3.81%	3.76%	3.61% to 3.76%	3.61% to 3.76%

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.

b. 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 2025	31 December 2024
Share awards issued under the XP LTIP 2017	0.2	0.1
Share awards issued under the XP RSP 2020	0.1	0.1
Share awards issued under the XP DBP 2017	0.2	0.1
Share awards issued under the XP Senior Managers LTIP 2017	0.1	0.3
Share awards issued under the XP Senior Managers LTIP 2023	1.4	1.0
Share awards issued under Phantom Share Plan 2024	0.1	-
Total	2.1	1.6

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 2.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. Financial risk management continued

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 2025						
Financial assets						
Cash and cash equivalents	0.8	2.1	29.5	0.2	1.2	33.8
Cash collateral	-	-	1.7	-	-	1.7
Trade receivables	1.5	5.0	27.6	-	0.1	34.2
Bond receivables	-	-	48.8	-	-	48.8
Other current assets	-	0.3	1.3	-	0.3	1.9
Subtotal	2.3	7.4	108.9	0.2	1.6	120.4
Financial liabilities						
Borrowings	(20.4)	-	(56.6)	-	-	(77.0)
Trade and other payables	(3.1)	(1.6)	(25.8)	(0.1)	(9.1)	(39.7)
Lease liabilities	(0.4)	(12.3)	(35.6)	(2.8)	(0.3)	(51.4)
Provisions	(0.3)	(0.2)	(50.7)	(0.1)	-	(51.3)
Accrued consideration	(0.8)	-	(0.9)	-	-	(1.7)
Subtotal	(25.0)	(14.1)	(169.6)	(3.0)	(9.4)	(221.1)
Net financial liabilities	(22.7)	(6.7)	(60.7)	(2.8)	(7.8)	(100.7)
Currency profile	(22.7)	(6.7)	(60.7)	(2.8)	(7.8)	(100.7)
Financial liabilities denominated in the respective entities' functional currencies	22.2	7.5	70.2	-	6.4	106.3
Currency exposure of financial (liabilities)/ assets	(0.5)	0.8	9.5	(2.8)	(1.4)	5.6

£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)

Within the Group, the Company has USD as its functional currency and is therefore exposed to currency risk with respect to financial assets and liabilities denominated in GBP and SGD. During the year, the change in average exchange rates between GBP and SGD against USD was 2.8% and 0.0% respectively (2024: GBP 2.8%, SGD 0.5%). The impact of this change in average exchange rates, with all other variables, including tax rates, being held constant, on the net financial asset/(liability) that is exposed to currency risk from these currency pairs as at 31 December 2025 would be as follows:

	2025 Loss after tax	2024 Loss after tax
GBP against USD		
- Strengthened	-	2.1
- Weakened	-	(2.1)
SGD against USD		
- Strengthened	-	-
- Weakened	-	-

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/USD1.3156, £1/€1.1717, £1/SGD1.7215) and are the closing rate for Balance Sheet items (including £1/USD1.3445, £1/€1.1454, £1/SGD1.7290 at 31 December 2025).

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 with £56.6m denominated in USD and £20.4m denominated in GBP. As at 31 December 2025, SOFR and SONIA were 3.9% and 3.7%, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED
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31. Financial risk management continued

If the USD interest rates on the year end borrowings increased/decreased by 1.1% (2024: 1.1%) with all other variables, including tax rates, being held constant, the profit after tax for the year will be lower/higher by £1.2m (2024: £0.5m) 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.

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					Total
		1-30 days	31-60 days	61-90 days	91-120 days	>120 days	
At 31 December 2025							
North America region							
Expected loss rate	0.0%	0.1%	0.2%	0.2%	0.3%	4.3%	
Trade receivables	14.9	2.1	0.5	0.2	-	0.4	18.1
Loss allowance	-	-	-	-	-	(0.1)	(0.1)
Europe region							
Expected loss rate	0.0%	0.1%	0.2%	0.2%	0.3%	21.4%	
Trade receivables	9.6	0.7	0.3	-	-	-	10.6
Loss allowance	-	-	-	-	-	-	-
Asia region							
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade receivables	4.6	0.8	0.1	-	0.1	-	5.6
Loss allowance	-	-	-	-	-	-	-

£m	Current	Past due					Total
		1-30 days	31-60 days	61-90 days	91-120 days	>120 days	
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	-	-	-	-	-	-	-

The movement in the allowance for impairment of trade receivables is as follows:

£m	2025	2024
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.

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 16.

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 December 2025, there is an amendment to our revolving credit facility, which including introduction an additional lender. This allowed the current lenders to reduce their commitment under Facility A with the new lender providing additional commitment under Facility B. Facility A matures on 30 June 2028 and Facility B matures on 30 June 2030. The facility has no fixed repayment until maturity. Both facilities incur a fee of 40% of the margin for the unutilised facility.

The main features of the RCF are as follows:

- Interest accrues for amounts drawn down on Facility A at SOFR for US dollar borrowings and SONIA for sterling borrowings, plus a margin of 1.95%-3.2% depending on Leverage. For Facility B interest accrues at SONIA plus a margin of 4.75%.
- Financial covenants of the facility, a leverage ratio (Net Debt to Adjusted EBITDA) of not more than 3:00 and interest cover (Adjusted EBITDA to Adjusted Net Finance Expense) of not less than 3:00. Each covenant is tested quarterly. 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 2025 both of these covenants were met.
- Commitments of USD \$100.7m under Facility A and £22.2m under Facility B.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. Financial risk management continued

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 2025					
Trade and other payables	39.6	0.1	-	-	39.7
Lease liabilities	4.6	5.0	13.1	70.6	93.3
Accrued consideration	-	0.8	0.9	-	1.7
Borrowings, including interest	6.1	63.9	23.3	-	93.3
Total	50.3	69.8	37.3	70.6	228.0
At 31 December 2024					
Trade and other payables	37.2	0.1	0.1	-	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

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	2025	2024
Financial assets, at FVPL	-	-
Financial liabilities, at FVPL	(1.7)	(1.5)
Financial assets, at amortised cost	120.4	85.8
Financial liabilities, at amortised cost	(219.4)	(255.9)

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

The Group is not aware of any events post year end which impact the accounts.

33. Information

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of XP Power Limited on 3 March 2026.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2025

£m	Note	2025	2024
ASSETS			
Current assets			
Cash and bank balances	37	8.5	7.1
Inventories	40	7.5	9.3
Trade and other receivables	38	97.0	91.0
Other current assets	39	2.0	1.5
Total current assets		115.0	108.9
Non-current assets			
Investment in subsidiaries	36	58.9	47.4
Intangible assets	43	28.3	33.2
Property, plant and equipment	41	1.9	2.2
Right-of-use assets	42	2.4	2.9
Long-term receivable	46	6.7	7.2
Total non-current assets		98.2	92.9
Total assets		213.2	201.8
LIABILITIES			
Current liabilities			
Current income tax liabilities	47	0.7	0.3
Trade and other payables	45	38.1	53.0
Lease liabilities		0.4	0.4
Total current liabilities		39.2	53.7
Non-current liabilities			
Deferred income tax liabilities	44	5.5	6.2
Provisions		0.1	0.3
Lease liabilities		2.4	2.8
Total non-current liabilities		8.0	9.3
Total liabilities		47.2	63.0
NET ASSETS		166.0	138.8
EQUITY			
Share capital	48	113.4	73.8
Share-based payments reserve	48	0.4	0.3
Translation reserve	48	8.5	20.4
Other reserve		1.4	1.2
Retained earnings	48	42.3	43.1
TOTAL EQUITY		166.0	138.8

NOTES TO THE COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2025

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:

a. 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.

b. 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:

- premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of IFRS 15; and
- 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 2025 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 except for SFRS (I) 18 Presentation and Disclosure in Financial Statements as its impacts on presentation and disclosure are expected to be pervasive, in particular, those related to the statement of comprehensive income and providing management-defined performance measures within the financial statements. The Company is currently assessing the detailed implication of applying the new standard on the Company's financial statements.

36. Investment in subsidiaries

£m	2025	2024
Cost at carrying value		
At 1 January	47.4	46.6
Addition	14.6	-
Currency translation differences	(3.1)	0.8
At 31 December	58.9	47.4

Name of Subsidiary	Places of business / country of incorporation	Ownership interest 2025 %	Ownership interest 2024 %
XP Power Plc	UK	100	100
XP Power Singapore Holdings Pte Limited	Singapore	100	100

During the year, the Company increased its investment in its 100% owned subsidiary, XP Power PLC, in order to restructure intercompany loan balances, which were denominated in GBP. The Company was exposed to foreign exchange losses on these intercompany loan balances during 2025 due to the weakening of the US dollar, which is the functional currency of the Company.

37. Cash and bank balances

£m	2025	2024
Cash at bank	8.5	7.1
Total	8.5	7.1

The Company's cash at bank is denominated in the following currencies:

	GBP £m	USD £m	EUR £m	SGD £m	TOTAL £m
At 31 December 2025	0.3	7.4	0.6	0.2	8.5
At 31 December 2024	0.1	6.4	0.4	0.2	7.1

38. Trade and other receivables

£m	2025	2024
Trade receivables	5.5	2.9
Trade receivables from subsidiaries	15.1	12.1
Other receivables from subsidiaries	12.3	16.0
Loan receivables from subsidiaries	64.1	60.0
Total	97.0	91.0

The average credit period taken on sales of goods to third party is 69 days (2024: 35 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 subsidiaries are unsecured and bear interest at SOFR plus 1.7% per annum.

Trade and other receivables from subsidiaries are interest free.

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

AS AT 31 DECEMBER 2025

39. Other current assets

£m	2025	2024
Prepayments	0.4	0.3
VAT receivables	1.6	1.2
Total	2.0	1.5

40. Inventories

£m	2025	2024
Finished goods	7.5	9.3

41. Property, plant and equipment

£m	Freehold land	Building	Plant and equipment	Building improvements	Total
Cost					
At 1 January 2024	0.2	1.8	2.3	1.0	5.3
Additions	-	-	0.2	-	0.2
Currency translation differences	-	0.1	-	-	0.1
At 31 December 2024	0.2	1.9	2.5	1.0	5.6
Additions	-	-	0.1	-	0.1
Currency translation differences	-	(0.1)	(0.2)	(0.1)	(0.4)
At 31 December 2025	0.2	1.8	2.4	0.9	5.3
Accumulated depreciation					
At 1 January 2024	-	0.8	1.8	0.4	3.0
Depreciation charge	-	0.1	0.1	0.1	0.3
Currency translation differences	-	-	0.1	-	0.1
At 31 December 2024	-	0.9	2.0	0.5	3.4
Depreciation charge	-	0.1	0.2	0.1	0.4
Currency translation differences	-	(0.1)	(0.2)	(0.1)	(0.4)
At 31 December 2025	-	0.9	2.0	0.5	3.4
Net book value					
At 31 December 2025	0.2	0.9	0.4	0.4	1.9
At 31 December 2024	0.2	1.0	0.5	0.5	2.2

42. Right-of-use assets

£m	Leasehold land and buildings
At 1 January 2024	3.2
Depreciation charge	(0.4)
Addition	0.1
At 31 December 2024	2.9
Depreciation charge	(0.4)
Currency translation differences	(0.1)
At 31 December 2025	2.4

43. Intangible assets

£m	Product development costs	Trademarks	Intangible software	Assets under development	Total
Cost					
At 1 January 2024	25.8	0.1	20.8	11.7	58.4
Additions	-	-	-	4.3	4.3
Transfer	6.6	-	-	(6.6)	-
Reclassification	-	-	-	(0.9)	(0.9)
Currency translation differences	0.5	-	0.3	0.1	0.9
At 31 December 2024	32.9	0.1	21.1	8.6	62.7
Additions	(0.1)	-	-	3.9	3.8
Transfer	1.6	-	0.3	(1.9)	-
Currency translation differences	(2.3)	-	(1.4)	(0.6)	(4.3)
At 31 December 2025	32.1	0.1	20.0	10.0	62.2
Accumulated amortisation and impairment losses					
At 1 January 2024	18.1	-	5.1	2.0	25.2
Amortisation charge	2.5	-	2.1	-	4.6
Impairment charge	-	-	-	0.2	0.2
Reclassification	(0.9)	-	-	-	(0.9)
Currency translation differences	0.3	-	0.1	-	0.4
At 31 December 2024	20.0	-	7.3	2.2	29.5
Amortisation charge	3.2	-	2.1	-	5.3
Impairment charge	1.1	-	-	0.1	1.2
Currency translation differences	(1.4)	-	(0.5)	(0.2)	(2.1)
At 31 December 2025	22.9	-	8.9	2.1	33.9
Net book value					
At 31 December 2025	9.2	0.1	11.1	7.9	28.3
At 31 December 2024	12.9	0.1	13.8	6.4	33.2

The Company's trademarks used to identify and distinguish the Company's name and logo have a carrying amount of £0.1m (2024: £0.1m). 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.

44. Deferred income tax liabilities

The movement in deferred income tax liabilities during the financial year is as follows:

£m	Accelerated tax depreciation	Intangible assets amortisation	Others	Total
At 1 January 2024	(0.2)	(5.4)	(0.2)	(5.8)
Charged to profit or loss	-	(0.1)	(0.2)	(0.3)
Currency translation differences	-	(0.1)	-	(0.1)
At 31 December 2024	(0.2)	(5.6)	(0.4)	(6.2)
Credited/(charged) to profit or loss	-	0.4	(0.3)	0.1
Currency translation differences	-	0.5	0.1	0.6
At 31 December 2025	(0.2)	(4.7)	(0.6)	(5.5)

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

AS AT 31 DECEMBER 2025

45. Trade and other payables

£m	2025	2024
Trade payables	1.8	2.3
VAT payables	0.6	1.0
Withholding tax	0.1	-
Accruals for operating expenses	3.5	3.9
Contract liabilities	0.4	0.8
Amount payable to subsidiaries	31.7	45.0
Total	38.1	53.0

Amount payable to subsidiaries includes advances from subsidiaries amounting to £7.8m (2024: £7.1m), 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 1.7% above ESTR. The borrowing is repayable on demand. The outstanding amount as at year end is £5.8m (2024: £5.8m).

46. Long-term receivable

£m	2025	2024
Loans to subsidiaries	6.7	7.2
Total	6.7	7.2

Loans to subsidiaries are unsecured and denominated in the USD. The loans are repayable on demand and bear interest at SOFR plus 1.7% per annum.

47. Current income tax liabilities

Movement in current income tax liabilities:

£m	2025	2024
At 1 January	0.3	3.5
Income tax paid (net of refund)	(0.2)	(3.5)
Tax expense	0.6	0.3
At 31 December	0.7	0.3

48. Share capital and reserves**a. Share capital**

	No of ordinary shares	Amount £m
2025		
Beginning of financial year	23,689,254	73.8
Shares issued	4,350,424	39.6
End of financial year	28,039,678	113.4
2024		
Beginning of financial year	23,689,254	73.8
End of financial year	23,689,254	73.8

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.

In 2025, the Company issued 4,350,424 ordinary shares for a net consideration of £39.6mil. The newly issued shares rank pari passu in all aspects with the previously issued shares.

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.

£m	2025	2024
Balance at 1 January	0.3	0.5
Share-based payment expenses	0.3	0.1
Share options exercised	(0.2)	(0.3)
Balance at 31 December	0.4	0.3

c. Translation reserve

Translation reserve represents exchange differences arising from the translation of these financial statements from the Company's functional currency to its presentation currency.

£'m	2025	2024
Balance at 1 January	20.4	17.9
Currency translation differences	(11.9)	2.5
Balance at 31 December	8.5	20.4

d. Retained earnings

The movement in retained earnings during the financial year is as follows:

£m	2025	2024
Balance at 1 January	43.1	39.8
Dividends paid	(0.1)	(0.1)
(Loss)/profit for the year	(0.7)	3.4
Balance at 31 December	42.3	43.1

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

AS AT 31 DECEMBER 2025

49. 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 48.

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 2025							
£m	GBP	EUR	USD	SGD	MYR	Others	Total
Financial assets							
Cash and cash equivalents	0.3	0.6	7.4	0.2	-	-	8.5
Trade and other receivables	0.6	1.9	90.2	0.1	4.0	0.2	97.0
Long-term receivables	-	-	6.7	-	-	-	6.7
Subtotal	0.9	2.5	104.3	0.3	4.0	0.2	112.2
Financial liabilities							
Trade and other payables	(5.7)	(6.8)	(23.1)	(1.2)	(0.2)	-	(37.0)
Lease liabilities	-	-	-	(2.8)	-	-	(2.8)
Provisions	-	-	-	(0.1)	-	-	(0.1)
Subtotal	(5.7)	(6.8)	(23.1)	(4.1)	(0.2)	-	(39.9)
Net financial (liabilities)/assets	(4.8)	(4.3)	81.2	(3.8)	3.8	0.2	72.3
Currency profile excluding non-financial assets and liabilities							
	(4.8)	(4.3)	81.2	(3.8)	3.8	0.2	72.3
Less: Financial assets denominated in the entity's functional currency	-	-	89.2	-	-	-	89.2
Currency exposure of financial (liabilities)/assets	(4.8)	(4.3)	(8.0)	(3.8)	3.8	0.2	(16.9)

At 31 December 2024

£m	GBP	EUR	USD	SGD	MYR	Others	Total
Financial assets							
Cash and cash equivalents	0.1	0.4	6.3	0.3	-	-	7.1
Trade and other receivables	0.3	1.4	85.0	0.1	3.9	0.3	91.0
Long-term receivables	-	-	7.2	-	-	-	7.2
Subtotal	0.4	1.8	98.5	0.4	3.9	0.3	105.3
Financial liabilities							
Trade and other payables	(23.2)	(6.2)	(19.9)	(1.7)	(0.1)	(0.1)	(51.2)
Lease liabilities	-	-	-	(3.2)	-	-	(3.2)
Provisions	-	-	(0.2)	(0.1)	-	-	(0.3)
Subtotal	(23.2)	(6.2)	(20.1)	(5.0)	(0.1)	(0.1)	(54.7)
Net financial (liabilities)/assets	(22.8)	(4.4)	78.4	(4.6)	3.8	0.2	50.6
Currency profile excluding non-financial assets and liabilities							
	(22.8)	(4.4)	78.4	(4.6)	3.8	0.2	50.6
Less: Financial assets denominated in the entity's functional currency	-	-	78.4	-	-	-	78.4
Currency exposure of financial assets/(liabilities)	(22.8)	(4.4)	-	(4.6)	3.8	0.2	(27.8)

If the SGD and MYR change against USD by 2.0% and 6.3% respectively (2024: SGD 0.5% and 1.2%) 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:

	2025 Profit after tax	2024 Profit after tax
SGD against USD		
- Strengthened	(0.2)	-
- Weakened	0.2	-
MYR against USD		
- Strengthened	0.7	-
- Weakened	(0.7)	-

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 2025 was 3.9%.

The Company borrows from subsidiaries at an interest rate of 1.7% above ESTR for loan. If the average interest rates on these borrowings increased/decreased by 1.50% (2024: 0.65%) with all other variables, including tax rates, being held constant, the profit after tax will be lower/higher by £0.1m (2024: £0.1m) 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 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.

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

AS AT 31 DECEMBER 2025

49. Financial risk management continued

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:

£m	Past due						Total
	Current	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	
At 31 December 2025							
Expected loss rate	0%	0%	0%	0%	0%	0%	
Trade receivables	5.4	3.7	3.0	2.8	3.3	2.4	20.6
Loss allowance	-	-	-	-	-	-	-

£m	Past due						Total
	Current	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	
At 31 December 2024							
Expected loss rate	0%	0%	0%	0%	0%	0%	
Trade receivables	2.5	3.4	2.5	2.1	2.5	2.0	15.0
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 £6.7m (2024: £7.2m) 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.

£m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2025					
Trade and other payables	37.0	-	-	-	37.0
Lease liabilities	0.4	0.4	1.4	0.6	2.8
Total	37.4	0.4	1.4	0.6	39.8

£m	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	51.2	-	-	-	51.2
Lease liabilities	0.5	0.6	1.6	1.2	3.9
Total	51.7	0.6	1.6	1.2	55.1

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 2025

49. Financial risk management continued**f. Financial instruments by category**

The carrying amount of the different categories of financial instruments is as follows:

£'m	2025	2024
Financial assets, at amortised cost	112.2	105.4
Financial liabilities, at amortised cost	(39.9)	(54.7)

g. Offsetting financial assets and financial liabilities

The Company has no financial instruments subject to enforceable master netting arrangements.

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	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Results					
Revenue	230.1	247.3	316.4	290.4	240.3
Adjusted Operating Profit	17.3	25.1	38.1	42.9	45.1
Operating profit	0.7	3.6	24.5	(24.1)	29.7
(Loss)/profit before tax	(7.3)	(7.7)	11.2	(30.2)	28.4
Assets employed					
Non-current assets	242.8	255.5	254.3	255.1	150.5
Current assets	180.9	160.7	192.0	226.6	121.7
Current liabilities	(114.0)	(97.9)	(100.0)	(106.2)	(49.0)
Non-current liabilities	(137.1)	(172.4)	(191.0)	(236.0)	(50.8)
Net assets	172.6	145.9	155.3	139.5	172.4
Financed by					
Equity	172.1	145.3	154.6	138.6	171.5
Non-controlling interests	0.5	0.6	0.7	0.9	0.9
	172.6	145.9	155.3	139.5	172.4
Key statistics (pence)					
(Loss)/earnings per share	(42.0)	(40.5)	(45.4)	(102.0)	115.8
Adjusted Earnings Per Share	22.5	43.0	81.9	160.6	179.4
Diluted (loss)/earnings per share	(42.0)	(40.4)	(45.3)	(101.6)	113.8
Diluted Adjusted Earnings Per Share	22.5	42.9	81.8	160.1	176.3
Share price in the year (pence)					
High	1,314.0	1,720.0	2,680.0	5,250.0	5,700.0
Low	621.0	968.0	776.0	1,464.0	4,630.0
Dividends per share (pence)	-	-	18.0	94.0	94.0

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