XP Power

Q3 2022 Trading Update Investor Call

11th October 2022

Q3 and YTD Performance - FY Outlook unchanged

Q3 ORDERS
£101.1 million
-8% CER[1]

YTD ORDERS
£294.2 million
+8% CER[1]

Demand remains strong across each sectors

Q3 REVENUE
£79.4 million
+15% CER[1]
or 28% sequentially

YTD REVENUE
£203.0 million
+5% CER[1]

Much improved revenue delivery, a record, with September highest month in quarter

Q3 BOOK TO BILL
1.27x

YTD BOOK TO BILL
1.45x

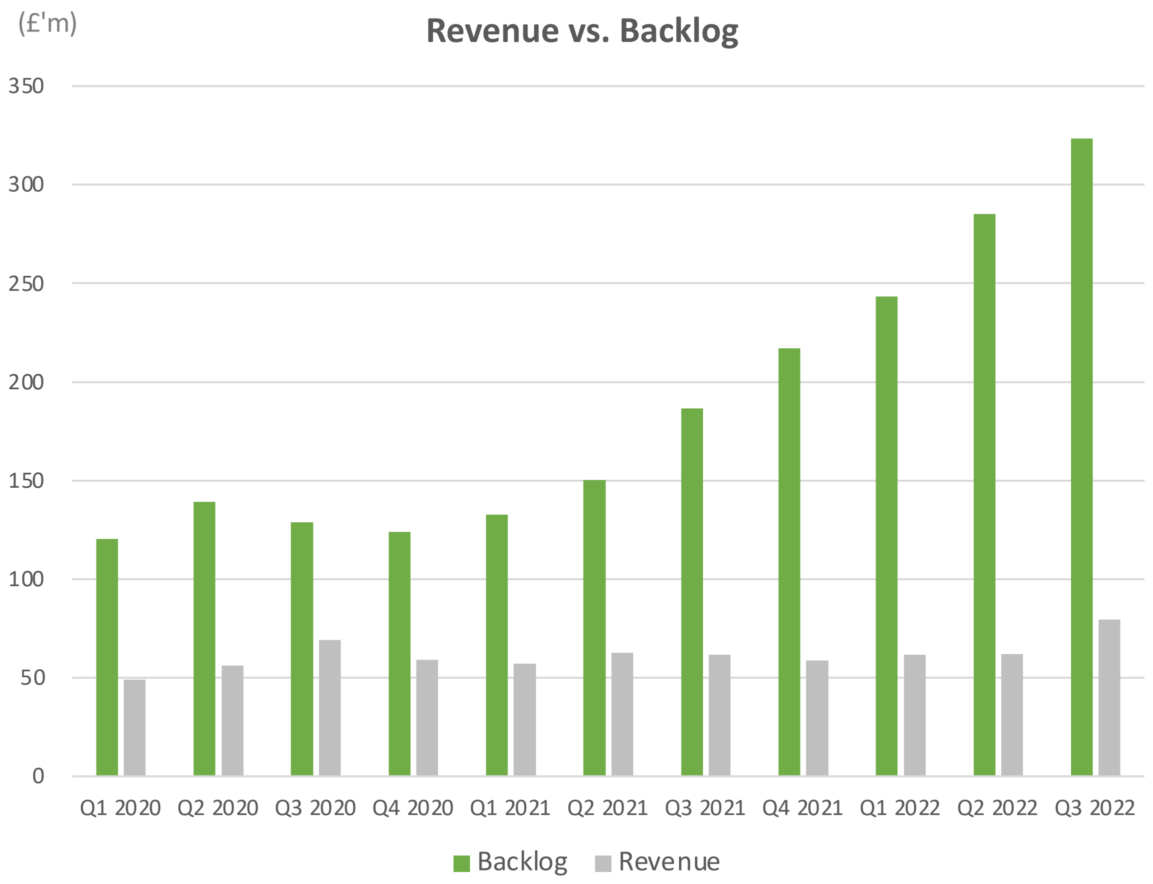
COMMITTED BACKLOG
c.£324m
Strong 12 months visibility

NET DEBT[3]
£118.7 million
Increase of £16.7m

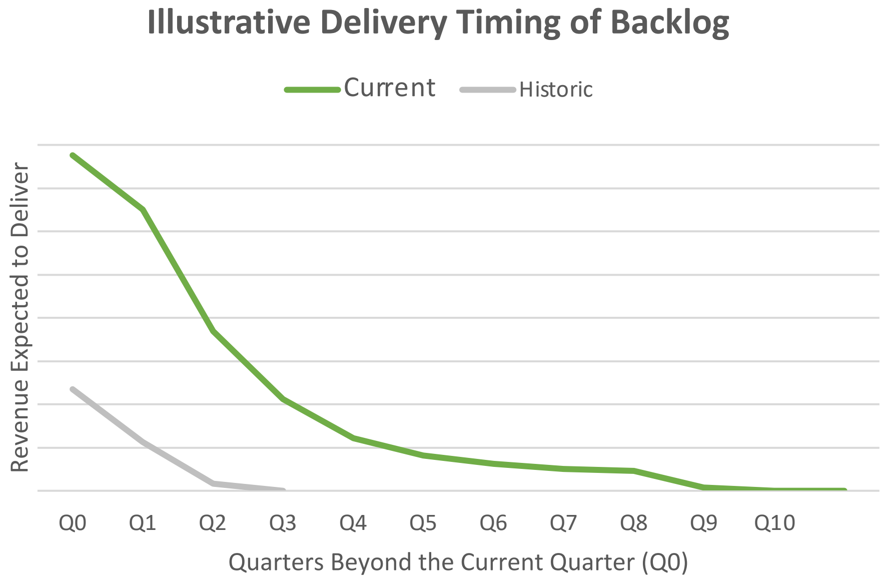
Net debt rise relates to FX impact on balance sheet, further working capital increase and one-off costs. Continue to expect leverage to improve as working capital unwinds

1: Constant Exchange Rate on a like for like basis excluding FUG and Guth acquisitions
3: Comparison period is June 2022

Our efforts combined with improving supply chain gives revenue confidence beyond 12 months



- Order book now c. £324m with 80%+ to be delivered in next 5 quarters
- Increased visibility of delivery profile will assist supply chain planning and inventory reduction
- Customer lead times will reduce in 2023



Q3 Progress Update

	Direction	Comment
Outlook	↔	- Revised expectations unchanged for full year - Q3 trading performance much improved, with further improvement in Q4 expected
Demand	↔	- Q3 book to bill of 1.27x, on larger absolute base, and committed backlog of c.£324m providing significant visibility into 2023 - Current outlook remains positive although expect book to bill to moderate as order fulfilment improves and lead times reduce
Supply Chain	↗	- Improved performance – increased visibility and control - Market challenges – logistics, components availability – easing but continue - New Malaysian plant land acquired and ground broken
Leverage	↘	- Plan to unwind excess working capital over 18 months as supply chains normalise with improvement in H2 2022 and H1 2023 - Currency impact of US$ debt – c.£8m in quarter - Refinancing of RCF provides significant headroom at long maturities - Group cash generative, leverage to reduce substantially through 2023
Legal Dispute	↔	- Judge ruled on the case, Group considering next steps. Expect further progress in Q4 - No impact on existing products or revenue

XP Power Investment Case – remains intact

Investing in Growing Markets
- Exposed to high growth markets
- Strong Customer relationships
- Balanced product portfolio
- Revenue annuity

Leadership and People
- Entrepreneurial culture
- Employee Engagement
- Able to attract and retain the best talent

Attractive Margins
- Seek to achieve gross margins in high 40s
- Aiming to deliver consistent >20% operating margins

Strong Supply Chain
- Global footprint
- Multi-site low-cost manufacturing
- Engineering close to customer
- Focused on increasing capacity

Strong Cash flows
- High operating cash conversion
- Low capital intensity
- Clear dividend policy – 21p for Q3 2022

Focus on ESG
- Aim to lead industry on sustainability
- Aspiration to be net zero by 2040
- “XP Green Power” products
- Clear ESG framework

Driving sustainable growth to create long-term value for all stakeholders

XP Power

POWERING THE WORLD'S CRITICAL SYSTEMS