4 March 2025

XP Power Limited
(‘XP Power’ or ‘the Group’ or ‘the Company’)

2024 Full Year Results

Delivering progress in a challenging market, significant long-term potential
Share Placing launched to prudently strengthen capital structure prior to market recovery

XP Power, one of the world's leading developers and manufacturers of critical power control solutions for the Semiconductor Manufacturing Equipment, Industrial Technology and Healthcare sectors, announces its annual results for the year ended 31 December 2024 (“2024” or “the year”).

Year ended 31 December (£m unless otherwise stated)	2024	2023	Change: At actual exchange rates	Change: In constant currency
Order intake	**181.6**	208.8	(13)%	(10)%
Revenue	**247.3**	316.4	(22)%	(20)%
Book-to-bill	**0.73x**	0.66x	0.07x	
Order book	**122.3**	192.0		
Adjusted results[1]:				
Gross margin	**41.0%**	41.5%	(50)bps	
Operating profit	**25.1**	38.1	(34)%	(32)%
Profit before tax	**13.8**	26.6	(48)%	(46)%
Diluted earnings per share (pence)	**42.9p**	81.8p	(48)%	
Operating cash flow	**65.6**	66.1	(1)%	
Reported results:				
Gross margin	**39.2%**	41.5%	(230)bps	
Operating profit	**3.6**	24.5	(85)%	
(Loss) / profit before tax	**(7.7)**	11.2	(169)%	
Diluted loss per share (pence)	**(40.4)p**	(45.3)p	(10.8)%	
Net Debt[1]	**93.5**	112.7	(17)%	
Net Debt : Adjusted EBITDA[1]	**2.3x**	2.0x		

[1] *Details of the adjustments made and reconciliations to the reported results can be found in Note 2 of the consolidated financial statements*

Financial Highlights

- Order intake of £181.6m:
  - Encouraging growth in orders from the Semiconductor Manufacturing Equipment sector, up 37% on prior year in constant currency, with momentum building as the year progressed
  - Destocking continued in the Industrial Technology and Healthcare sectors but with channel inventory moving closer to equilibrium

- Revenue of £247.3m:
  - Year-on-year reduction due to destocking in the Industrial Technology and Healthcare sectors and the tail end of a market-wide downcycle within the Semiconductor Manufacturing Equipment sector
  - Record sales of High Voltage High Power (HVHP) products, supported by backlog clearance
  - Market position and share maintained

- Adjusted Operating Profit of £25.1m:
  - Significant management actions to protect profitability in challenging conditions

- Adjusted Gross Margin of 41.0%, improving during the year due to cost savings and other efficiency measures
- Adjusted Operating Expenses 18% lower than the comparative period, with sources of long-term competitive advantage preserved

- Adjusted Operating Cash Flow of £65.6m:
  - Cash generation maximised in challenging market conditions
  - Inventory reduced by a further £20.5m in the year to £71.1m
  - Net debt reduced by £19.2m in the year to £93.5m, equal to 2.3x Adjusted EBITDA

- Diluted loss per share of (40.4) pence and Adjusted Diluted Earnings Per Share of 42.9 pence.

Operational Highlights

- Robust response to the current market slowdown:
  - Rapidly right-sized the cost base to reflect market conditions
  - Ringfenced resources necessary for long-term growth
  - Inventory reduced and optimised, generating cash and shortening delivery lead times

- Well positioned for progress as the market recovers:
  - Healthy pipeline of new products, with 25 scheduled for launch in 2025
  - Record new business wins in the year, supporting medium-term growth
  - Improved customer service and satisfaction levels
  - Improved supply chain efficiency, supporting long-term gross margin recovery

Update on Comet Legal Action

- As announced in January 2025, the Group was recently found liable for plaintiff's legal fees and pre-judgement interest of c.$19m or £15.2m

- Provision for costs increased accordingly by £7.0m to £51.4m as at 31 December 2024

- Appeal likely to be heard in mid-2025

Share Placing / Funding Actions

- Wide range of full year outcomes at this early stage of 2025, with uncertainty as to the timing and scale of market recovery, resulting in significant H2 weighting

- £40m Share Placing (before costs) launched to proactively strengthen capital structure and prudently manage though current unprecedented market conditions and into the recovery. In the event of the expected market recovery, the Group will return any excess proceeds from the Placing to shareholders.

Gavin Griggs, Chief Executive Officer, commented:

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

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

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

Enquiries:

XP Power
Gavin Griggs, Chief Executive Officer +44 (0)118 976 5155
Matt Webb, Chief Financial Officer +44 (0)118 976 5155

CDR
Kevin Smith/Lucy Gibbs +44 (0)20 7638 9571

An analyst meeting will be held at 10:15am GMT on 4 March 2025 at the offices of CDR, with refreshments served from 10:00am. 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN. To register to attend please email jonah.boon@cdrconsultancy.com. A live audio stream of the meeting can be accessed via https://brrmedia.news/XPP_FY24.

XP Power designs and manufactures power controllers, essential hardware components in all electrical equipment that converts power from the electricity grid into the correct form for equipment to function. Power controllers are critical for optimal delivery in challenging environments but are a small part of the overall customer product cost.

XP Power designs power control solutions into the end products of major blue-chip OEMs, with a focus on the Semiconductor Manufacturing Equipment (circa 38% of sales), Industrial Technology (circa 38% of sales) and Healthcare (circa 24% sales) sectors. Once designed into a programme, XP Power has a revenue annuity over the life cycle of the customer's product which is typically five to seven years depending on the industry sector. XP Power has invested in research and development and its own manufacturing facilities in Vietnam, China, North America and Germany, to develop a range of tailored products based on its own intellectual property that provide its customers with significantly improved functionality and efficiency.

Headquartered in Singapore and listed on the Main Market of the London Stock Exchange since 2000, XP Power is a constituent of the FTSE SmallCap Index. XP Power serves a global blue-chip customer base from over 30 locations in Europe, North America, and Asia.

For further information, please visit www.xppowerplc.com

Forward-looking statements

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised.

The forward-looking statements reflect the knowledge and information available to management at the date of preparation of this announcement. XP Power and its Directors accept no responsibility to third parties and undertake no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Chair's Statement

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

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

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

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

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

Delivering our Strategy

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

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

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

Focus on our People

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

Governance

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

I would like to extend my gratitude to Polly Williams for her leadership as Audit Committee Chair since April 2022 and for starting a seamless handover of responsibilities to Daniel since his appointment. I am pleased Polly will continue

as a valued member of the Audit Committee and will remain in her role as Senior Independent Director, supporting the Board and providing continuity until her successor is appointed.

Sustainability

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

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

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

Looking to the future

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

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

Jamie Pike
Chair

Chief Executive Officer's Review

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

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

Review of our year

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

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

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

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

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

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

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

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

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

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

secured record amounts of new business. These improvements were recognised by our customers in our most recent customer survey.

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

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

Revenue by market sector

The breakdown of our revenue by sector was as follows:

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

Semiconductor Manufacturing Equipment

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

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

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

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

Industrial Technology

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

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

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

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

Healthcare

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

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

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

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

Revenue by region

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

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

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

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

Delivery of our strategy in the year

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

Products

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

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

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

Customers

We opened our Customer Innovation Centre in Silicon Valley in the year. The new 85,000 sq ft. facility underlines our commitment to the North American market and enhances our Engineering Services capabilities in the Region.

Engineering Services, in which we rapidly customise base power supplies to meet an individual customer's specification requirements, is a highly successful line of business for the Group. The facility offers a state-of-the-art reliability lab, an etch plasma chamber for system validation of semiconductor fabrication equipment and a three-metre EMC chamber for compliance testing.

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

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

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

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

Supply chain

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

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

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

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

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

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

People

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

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

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

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

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

Sustainability

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

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

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

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

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

Funding actions

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

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

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

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

Outlook

2024 was a mixed year. Importantly, our execution significantly improved, delivering greater operational efficiency, an upgraded supply chain capability, lower costs and substantial cash generation primarily driven by a reduction in

working capital. We also maintained our focus on delivering our long-term strategy which is underlined by our healthy pipeline of new products and record new business wins. Despite the internal progress, market conditions were more challenging than expected. We continued to experience industry-wide customer destocking in the Industrial Technology and Healthcare sectors and a slow Semiconductor Manufacturing Equipment sector, albeit with an improvement in the second half.

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

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

Gavin Griggs
Chief Executive Officer

Chief Financial Officer's Review

Statutory Results

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

Adjusted Results

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

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

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

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

Gross Profit

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

This underlying improvement was delivered through:

- negotiated raw material price reductions; these were worth c.5% of the value of our existing raw material spend in Asia, with an expected benefit of around £1m per annum. The benefit will arise gradually between 2024 and 2025 as the lower-priced raw materials pass through our supply chain;

- better supply chain planning and better component availability, which resulted in less need to pay extra for the expedited delivery of raw materials;

- continuous improvement initiatives, which optimised the efficiency of our manufacturing operations, particularly in our manufacturing facilities on the East Coast of the US;

- flexing our manufacturing overheads with volume wherever possible; and

- a reduction in our outbound logistics costs by addressing the balance of air versus sea deliveries (0.75% of revenue versus 1.02% in 2023).

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

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

Operating Profit

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

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

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

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

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

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

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

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

Adjusting Items

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

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

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

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

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

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

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

Currency

We report our results in sterling; however, most of our revenues and costs arise in other currencies. A large proportion of our revenue and costs are denominated in US dollars, so our results are impacted by relative movements in the currencies that the underlying transactions arise in compared to pounds sterling.

Adjusted Operating Profit reduced by £13.0m to £25.1m and is bridged as follows:

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

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

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

Net finance expense

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

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

Taxation

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

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

Profit after tax

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

Cash flows

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

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

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

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

Funding position and capital structure

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

Key financing ratios at 31 December 2024 were as follows:

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

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

Whist the Board is very confident in the Group's ability to de-lever the balance sheet in normal market conditions, in early 2025 we became aware of factors that would increase leverage in the short-term prior to market recovery. The award of plaintiff's legal fees and pre-judgement interest in respect of the Comet legal case was more costly than we

had expected and resulted in a cash payment in February 2025, increasing borrowing. Continued customer destocking, combined with headwinds in China following trade rule changes in December 2024, are likely to result in a weak first half of 2025, reducing Adjusted EBITDA. All other things being equal, these factors would bring leverage in close proximity to the normal covenant limit of 3.0x. While market conditions are expected to improve as the year progresses, which would lead to reduced leverage, we cannot be certain of the extent and timing. Therefore, the Board has decided to act now to prudently improve balance sheet resilience.

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

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

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

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

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

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

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

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

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

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

Dividends

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

Matt Webb
Chief Financial Officer

XP Power Limited

Consolidated Income Statement

for the year ended 31 December 2024

£m	Note	Adjusted	Adjustments	2024	Adjusted	Adjustments	2023
Revenue	2	**247.3**	**-**	**247.3**	316.4	-	316.4
Cost of sales		**(146.0)**	**(4.3)**	**(150.3)**	(185.1)	-	(185.1)
Gross profit		**101.3**	**(4.3)**	**97.0**	131.3	-	131.3
Operating expenses							
Distribution and marketing		**(52.1)**	**(6.6)**	**(58.7)**	(63.5)	(6.1)	(69.6)
Administrative		**(4.2)**	**(10.6)**	**(14.8)**	(3.3)	(7.4)	(10.7)
Research and development		**(19.9)**	**-**	**(19.9)**	(26.4)	(0.1)	(26.5)
Operating profit		**25.1**	**(21.5)**	**3.6**	38.1	(13.6)	24.5
Net finance expense		**(11.3)**	**-**	**(11.3)**	(11.5)	(1.8)	(13.3)
Profit/(loss) before tax		**13.8**	**(21.5)**	**(7.7)**	26.6	(15.4)	11.2
Tax (expense) /credit	3	**(3.4)**	**1.7**	**(1.7)**	(9.8)	(10.4)	(20.2)
Profit/(loss) for the year		**10.4**	**(19.8)**	**(9.4)**	16.8	(25.8)	(9.0)
Attributable to:							
Equity shareholders				**(9.6)**			(9.2)
Non-controlling interests				**0.2**			0.2
Loss for the year				**(9.4)**			(9.0)
Earnings per share:							
Basic earnings/(loss) per share	5	**43.0**	**(83.5)**	**(40.5)**	81.9	(127.3)	(45.4)
Diluted earnings/(loss) per share	5	**42.9**	**(83.3)**	**(40.4)**	81.8	(127.1)	(45.3)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	2024	2023
Loss for the year	**(9.4)**	(9.0)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(1.8)**	(5.3)
Other comprehensive loss for the year, net of tax	**(1.8)**	(5.3)
Total comprehensive loss for the year	**(11.2)**	(14.3)
Attributable to:		
Equity shareholders	**(11.3)**	(14.4)
Non-controlling interests	**0.1**	0.1
Total comprehensive loss for the year	**(11.2)**	(14.3)

The accompanying notes form an integral part of these financial statements.

XP Power Limited

Consolidated Balance Sheet

As at 31 December 2024

£m	Note	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents		**13.9**	12.0
Inventories		**71.1**	91.6
Trade receivables		**30.2**	43.1
Bond receivable		**39.2**	36.7
Other current assets		**5.6**	8.1
Current income tax recoverable		**0.7**	0.5
Total current assets		**160.7**	192.0
Non-current assets			
Cash and bank balances		**1.5**	1.4
Goodwill		**73.2**	75.6
Intangible assets		**63.5**	63.1
Property, plant and equipment		**64.4**	59.5
Right-of-use assets		**51.8**	54.0
Deferred income tax assets		**1.0**	0.7
ESOP loan to employees		**0.1**	-
Total non-current assets		**255.5**	254.3
Total assets		**416.2**	446.3
LIABILITIES			
Current liabilities			
Accrued consideration		**0.8**	-
Current income tax liabilities		**0.4**	5.0
Trade and other payables		**40.8**	48.3
Lease liabilities		**1.6**	1.4
Provisions		**54.0**	44.9
Borrowings	6	**0.3**	0.4
Total current liabilities		**97.9**	100.0
Non-current liabilities			
Accrued consideration		**0.7**	1.7
Borrowings	6	**108.6**	125.7
Deferred income tax liabilities		**9.1**	9.3
Provisions		**1.3**	1.0
Lease liabilities		**52.7**	53.3
Total non-current liabilities		**172.4**	191.0
Total liabilities		**270.3**	291.0
NET ASSETS		**145.9**	155.3
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**71.2**	71.2
Merger reserve		**0.2**	0.2
Share option reserve		**3.1**	2.1
Translation reserve		**(2.6)**	(0.9)
Other reserve		**8.6**	7.6
Retained earnings		**64.8**	74.4
		145.3	154.6
Non-controlling interests		**0.6**	0.7
TOTAL EQUITY		**145.9**	155.3

The accompanying notes form an integral part of these financial statements.

XP Power Limited

Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

£m	Share capital	Share option reserve	Merger reserve	Translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023	**27.2**	**2.5**	**0.2**	**4.2**	**6.1**	**98.4**	**138.6**	**0.9**	**139.5**
Exercise of share-based payment awards	-	(1.2)	-	-	1.6	-	**0.4**	-	**0.4**
Share-based payment expenses	-	1.1	-	-	-	-	**1.1**	-	**1.1**
Tax on share-based payment expenses	-	(0.2)	-	-	-	-	**(0.2)**	-	**(0.2)**
Issuance of shares	44.0	-	-	-	-	-	**44.0**	-	**44.0**
Dividends paid	-	-	-	-	-	(14.8)	**(14.8)**	(0.3)	**(15.1)**
Future acquisition of non-controlling interest	-	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Exchange differences on translation of financial statements of foreign operations	-	(0.1)	-	(5.1)	-	-	**(5.2)**	(0.1)	**(5.3)**
(Loss)/profit for the year	-	-	-	-	-	(9.2)	**(9.2)**	0.2	**(9.0)**
Total comprehensive (loss)/income for the year	-	(0.1)	-	(5.1)	-	(9.2)	**(14.4)**	0.1	**(14.3)**
Balance at 31 December 2023	**71.2**	**2.1**	**0.2**	**(0.9)**	**7.6**	**74.4**	**154.6**	**0.7**	**155.3**
Exercise of share-based payment awards	-	(0.9)	-	-	0.9	-	**-**	-	**-**
Share-based payment expenses	-	1.6	-	-	-	-	**1.6**	-	**1.6**
Tax on share-based payment expenses	-	0.3	-	-	-	-	**0.3**	-	**0.3**
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**	**3.1**	**0.2**	**(2.6)**	**8.6**	**64.8**	**145.3**	**0.6**	**145.9**

The accompanying notes form an integral part of these financial statements.

XP Power Limited

Consolidated Statement of Cash Flows

for the year ended 31 December 2024

£m	Note	2024	2023
Cash flows from operating activities			
Loss for the year		**(9.4)**	(9.0)
Adjustments for:			
- Income tax expense	3	**1.7**	20.2
- Amortisation and depreciation		**18.7**	20.1
- Net finance expense		**11.3**	13.3
- Share-based payment expenses		**1.6**	1.1
- Fair value gain on derivative financial instruments		**-**	(0.1)
- Loss on disposal of property, plant and equipment		**0.1**	-
- Impairment loss on goodwill		**1.4**	-
- Impairment loss on intangible assets		**0.2**	2.5
- Impairment loss on right-of-use of assets		**0.3**	-
- Gain on disposal on right-of-use of assets		**-**	(0.1)
- Property, plant and equipment written off		**0.2**	-
- Unrealised currency translation (gain)/loss		**(1.0)**	0.3
- Provision for doubtful debts		**-**	0.1
Change in working capital:			
- Inventories		**21.2**	17.4
- Trade and other receivables and other current assets		**15.4**	(3.1)
- Trade and other payables		**(8.0)**	(1.8)
- Provision for liabilities and other charges		**8.3**	1.5
Cash generated from operations		**62.0**	62.4
Income tax paid, net of refund		**(6.6)**	(4.9)
Net cash provided by operating activities		**55.4**	57.5
Cash flows from investing activities			
Purchases and construction of property, plant and equipment		**(9.8)**	(30.6)
Additions of development costs		**(10.0)**	(9.5)
Additions of software and software under development		**(0.3)**	-
Proceeds from disposal of property, plant and equipment		**-**	0.1
Interest received		**0.1**	0.1
Net cash used in investing activities		**(20.0)**	(39.9)
Cash flows from financing activities			
Proceeds from issuance of new ordinary shares		**-**	44.0
Proceeds from borrowings		**3.8**	14.5
Repayment of borrowings		**(23.4)**	(55.7)
Principal payment of lease liabilities		**(1.6)**	(2.7)
Proceeds from exercise of share-based payment awards		**-**	0.4
Interest paid		**(12.1)**	(12.0)
Dividend paid to equity holders of the Company		**-**	(14.8)
Dividend paid to non-controlling interests		**(0.2)**	(0.3)
Bank deposit pledged		**-**	(0.4)
Net cash used in financing activities		**(33.5)**	(27.0)
Net increase/(decrease) in cash and cash equivalents		**1.9**	(9.4)
Cash and cash equivalents at beginning of financial year		**12.0**	22.1
Effects of currency translation on cash and cash equivalents		**-**	(0.7)
Cash and cash equivalents at end of year		**13.9**	12.0

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

1. Basis of preparation

This financial information is presented in Pounds Sterling and has been prepared in accordance with the provisions of the Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 December 2023 or 2024. The financial information for the year ended 31 December 2023 is derived from the XP Power Limited statutory accounts for the year ended 31 December 2023, which have been delivered to the Accounting and Corporate Regulatory Authority in Singapore. The auditors reported on those accounts; their report was unqualified. The statutory accounts for the year ended 31 December 2024 will be finalised based on the financial information presented by the Directors in this earnings announcement and will be delivered to the Accounting and Corporate Regulatory Authority in Singapore following the Company's Annual General Meeting.

While the financial information included in this earnings announcement has been computed in accordance with SFRS(I) and IFRS as issued by the IASB, this announcement does not itself contain sufficient information to comply with SFRS(I) and IFRS as issued by the IASB. The Company expects to publish full financial statements that comply with SFRS(I) and IFRS as issued by the IASB.

Going concern

Overview of liquidity

The Group has available to it a US $ denominated Revolving Credit Facility (RCF) of $190m (£152m). The facility matures in December 2026 and therefore is committed throughout the minimum period for which going concern is assessed, which is 12 months from the date of signing these financial statements.

Liquidity available to the Group at 31 December 2024 consisted of £15.4m of cash on deposit and £57.6m of undrawn committed borrowing facility.

Assuming the successful completion of the current share placing, we would expect to increase liquidity by c.£39m after fees.

Financial covenants within the RCF agreement are as follows:

- Leverage ratio: Net Debt : Adjusted EBITDA as follows:

Leverage ratio	Not more than
Q1 2025	3.10
Q2 2025	3.35
Q3 2025	3.60
Q4 2025	3.75
Q1 2026	3.55
Q2 2026	3.25
Q3 2026	3.00
Q4 2026	3.00

- Interest cover: Adjusted EBITDA : Adjusted Net Finance Expense as follows:

Interest Cover	Not less than
Q1 2025	2.75
Q2 2025	2.50

Q3 2025	2.75
Q4 2025	2.35
Q1 2026	2.45
Q2 2026	2.55
Q3 2026	2.70
Q4 2026	2.75

Each covenant is tested quarterly.

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

Approach to going concern review

The Group has developed a range of scenarios for financial performance over the going concern assessment period, including a severe but plausible downside scenario, assessing estimated liquidity and covenant compliance in each case. The assessment period applied in this review was the period to 31 March 2026.

The key assumption in these forecasts was revenue, particularly revenue beyond the first half of 2025 for which the business already has reasonable visibility via existing sales orders. The revenue beyond this initial period, of which the Group has limited visibility currently, will depend on various factors including the impact of stock movements within the sales channel on future orders and changes in underlying market demand, particularly within the Semiconductor Manufacturing Equipment sector which has seen a cyclical downcycle recently. Profit beyond this initial period will also be dependent on actions taken in response to the revenue achieved.

Given that the Group's borrowings are US $ denominated, net debt and therefore the leverage ratio can be impacted by future movements in the US $ exchange rate. In all scenarios, the US $ exchange rate is assumed to be $1.25.

None of these scenarios included the positive effect on liquidity and covenant ratios of the share placing launched today.

Summary of assessed scenarios

The first scenario assumes a 1% overall increase in revenue between 2024 and 2025 in total. This is assumed to arise from an end to channel destocking at the end of the first half of 2025, followed by a period of channel restocking in the second half of 2025 as end markets prepare for recovery. The restocking benefit is assumed to not continue into subsequent years as it would be a one-off revenue uplift.

The second scenario assumes a 3% decrease in revenue between 2024 and 2025. This is assumed to arise from an end to channel destocking at the end of the first half of 2025 without any restocking in the second half of 2025.

The third scenario is a severe but plausible downside scenario which results in a 9% decline in revenue between 2024 and 2025 in total. This is assumed to arise from continued channel destocking at current rates until 31 December 2025.

All scenarios assume that our future interest costs are calculated with reference to the current Secured Overnight Financing Rate (SOFR) of 4.3%.

In all scenarios, the Group remains in full compliance with its financial covenants and with adequate liquidity throughout the going concern assessment period.

Conclusions

Without adjusting for the impact of the Share Placing, in the case of the severe but plausible downside scenario, the lowest point of headroom in the Leverage Ratio covenant is at 30 June 2025. Adjusted EBITDA would need to fall c.7% short of expectations in the period 1 January to 30 June 2025 for a breach to occur. The lowest point of headroom in the Interest Cover covenant is at 30 September 2025. Adjusted EBITDA would need to fall c.5% short of expectations in the period 1 January to 30 September 2025 for a breach to occur.

This headroom significantly improves on completion of the Share Placing launched today. The lowest point of headroom in the Leverage Ratio covenant would be 31 March 2025 at 1.80 compared to a covenant limit of 3.10. The lowest point of headroom in the Interest Cover covenant would be 31 March 2025 at 3.52 compared to a covenant

threshold of 2.75. In both cases the covenant would not be breached even in the very unlikely event that the Group did not generate any Adjusted EBITDA in the first quarter of 2025.

The Directors are confident that the scenarios considered provide an appropriate basis for the going concern assumption to be applied in preparing the financial statements, while recognising modest headroom in the severe but plausible case without the benefits of the share placing.

Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its consolidated financial statements.

2. Segmental reporting

The Group is organised on a geographic basis. The Group's products are a single class of business; however, the Group is also providing information in respect of sales by end market to assist the readers of this report.

The revenue by class of customer and location of the design win is as follows:

£m	Europe	North America	Asia	2024 Total	Europe	North America	Asia	2023 Total
Semiconductor Manufacturing Equipment	**4.1**	**79.0**	**11.7**	**94.8**	3.4	86.0	12.8	102.2
Industrial Technology	**52.2**	**32.8**	**9.8**	**94.8**	67.6	54.0	14.7	136.3
Healthcare	**20.6**	**32.4**	**4.7**	**57.7**	26.8	44.5	6.6	77.9
Total	**76.9**	**144.2**	**26.2**	**247.3**	97.8	184.5	34.1	316.4

Revenue of £59.0m (2023: £56.6m) is derived from a single external customer. This is attributable to the semiconductor manufacturing equipment sector across all geographical regions.

Reconciliation of segment results to loss for the year:

£m	2024	2023
Europe	**18.7**	24.2
North America	**40.7**	55.1
Asia	**10.3**	11.9
Segment results	**69.7**	91.2
Research and development	**(16.5)**	(21.9)
Manufacturing	**(12.4)**	(11.5)
Corporate cost from operating segment	**(15.7)**	(19.7)
Adjusted Operating Profit	**25.1**	38.1
Net finance expense	**(11.3)**	(13.3)
Adjustments – as set out below	**(21.5)**	(13.6)
(Loss)/profit before tax	**(7.7)**	11.2
Taxation	**(1.7)**	(20.2)
Loss for the year	**(9.4)**	(9.0)

3. Reconciliation of non-statutory measures

The Group presents Adjusted Gross Profit, Adjusted Operating Expenses and Adjusted Operating Profit by adjusting 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 not 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 and Adjusted Operating Profit. This includes Adjusted Gross Margin %, Adjusted Profit Before Tax, Adjusted Profit For The Year, Adjusted Diluted Earnings Per Share, Adjusted Operating Cashflow and Cash Conversion %.

The Group uses these Adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting.

The Group also reports key financing measures which are relevant to shareholders as they are used in determining covenant compliance. These include Leverage, Interest Cover, Net Debt, Adjusted Net Finance Expense and Adjusted EBITDA.

See below for a reconciliation of all non-statutory measures to the closest statutory measure included in these financial statements.

(i) Adjusted Gross Profit, Operating Expenses Operating Profit, Net Finance Expense, Profit Before Tax, Tax Expense and Profit

2024 £m	Gross profit	Operating expenses	Operating profit	Net finance expense	Loss before tax	Tax expense	Profit for the year
Statutory result	**97.0**	**(93.4)**	**3.6**	**(11.3)**	**(7.7)**	**(1.7)**	**(9.4)**
Adjusted for:							
Restructuring costs	**-**	**2.3**	**2.3**	**-**	**2.3**	**-**	**2.3**
Exit China Semiconductor market	**4.3**	**2.4**	**6.7**	**-**	**6.7**	**-**	**6.7**
Costs relating to legal dispute	**-**	**7.6**	**7.6**	**-**	**7.6**	**-**	**7.6**
Amortisation of intangible assets acquired from business combinations	**-**	**3.1**	**3.1**	**-**	**3.1**	**-**	**3.1**
Global supply chain transformation	**-**	**1.6**	**1.6**	**-**	**1.6**	**-**	**1.6**
Bid defence costs	**-**	**0.2**	**0.2**	**-**	**0.2**	**-**	**0.2**
Tax effects of Adjusting items[1]	**-**	**-**	**-**	**-**	**-**	**(1.7)**	**(1.7)**
Adjusted result	**101.3**	**(76.2)**	**25.1**	**(11.3)**	**13.8**	**(3.4)**	**10.4**

Adjusted Gross Margin is the Adjusted Gross Profit expressed as a percentage of revenue. Adjusted Operating Margin is the Adjusted Operating Profit expressed as a percentage of revenue.

2023 £m	Gross profit	Operating expenses	Operating profit	Net finance expense	Profit before tax	Tax expense	Profit for the year
Statutory result	131.3	(106.8)	24.5	(13.3)	11.2	(20.2)	(9.0)
Adjusted for:							
Restructuring costs	-	5.3	5.3	2.4	7.7	-	7.7
Costs relating to legal dispute	-	2.1	2.1	-	2.1	-	2.1
Amortisation of intangible assets acquired from business combinations	-	3.2	3.2	-	3.2	-	3.2
Global supply chain transformation	-	2.7	2.7	-	2.7	-	2.7
Costs related to Enterprise Resource Planning system implementation	-	0.3	0.3	-	0.3	-	0.3
Acquisition costs	-	0.1	0.1	-	0.1	-	0.1
Fair value gain on derivative financial instruments	-	(0.1)	(0.1)	-	(0.1)	-	(0.1)
Gain on modifications of revolving credit facility	-	-	-	(0.6)	(0.6)	-	(0.6)
Tax effects of Adjusting items[1]	-	-	-	-	-	10.4	10.4
Adjusted result	**131.3**	**(93.2)**	**38.1**	**(11.5)**	**26.6**	**(9.8)**	**16.8**

[1] Adjusted for tax on Adjusting items relating to costs to amortisation of Intangible assets acquired from business combinations of £0.4m (2023: £nil), legal dispute of £nil (2023: £0.5m), gain on modification of revolving credit facility of £nil (2023: £ 0.1m), restructuring cost of £0.5m (2023: £1.9m), exit from China Semiconductor market of £0.8m (2023: £nil), global supply chain transformation £nil (2023: £0.7m) and tax loss relating to legal claim £nil (2023: £13.4m).

(ii) Adjusted Operating Cash Flow and Conversion %

£m	2024	2023
Cash generated from operations	**62.0**	62.4
Adjusted for cash flows in respect of:		
Restructuring costs	**1.1**	1.2
Global supply chain transformation	**0.9**	-
Costs relating to legal dispute	**1.6**	1.9
Costs related to Enterprise Resource Planning system implementation	**-**	0.4
Adjusted Operating Cash Flow	**65.6**	65.9
Adjusted Operating Profit	**25.1**	38.1
Adjusted Operating Cash Conversion	**261%**	173%

(iii) Adjusted EBITDA

£m	2024	2023
(Loss)/profit before tax	**(7.7)**	11.2
Adjusted for:		
Net finance expense	**11.3**	13.3
Depreciation	**8.8**	9.6
Amortisation	**9.9**	10.5
EBITDA	**22.3**	44.6
Adjusted for:		
Restructuring costs	**2.3**	3.8
Exit from China Semiconductor market	**6.7**	-
Costs relating to legal dispute	**7.6**	2.1
Global supply chain transformation	**1.6**	2.7
Impairment loss on intangible assets	**0.2**	1.9
Costs related to Enterprise Resource Planning system implementation	**-**	0.3
Acquisition costs	**-**	0.1
Fair value gain on derivative financial instrument	**-**	(0.1)
Bid defence costs	**0.2**	-
Adjusted EBITDA	**40.9**	55.4

(iv) Net Debt

£m	2024	2023
Borrowings:		
Current	**0.3**	0.4
Non-current	**108.6**	125.7
Total borrowings	**108.9**	126.1
Cash and bank balances:		
Cash at bank and on hand	**15.3**	13.3
Short-term bank deposits	**0.1**	0.1
Total cash and bank balances	**15.4**	13.4
Net Debt	**93.5**	112.7

(v) Leverage ratio (Net Debt : Adjusted EBITDA)

£m	**2024**	2023
Net Debt (Note 2(iv))	**93.5**	112.7
Adjusted EBITDA (Note 2(iii))	**40.9**	55.4
Leverage (Net Debt : Adjusted EBITDA)	**2.3x**	2.0x

(vi) Interest Cover (Adjusted EBITDA : Adjusted Net Finance Expense)

£m	**2024**	2023
Adjusted EBITDA (Note 2(iii))	**40.9**	55.4
Net finance expense	**11.3**	13.3
Adjusted for:		
Restructuring costs[1]	**-**	(2.4)
Gain on modification of revolving credit facility	**-**	0.6
Adjusted Net Finance Expense	**11.3**	11.5
Interest Cover (Adjusted EBITDA : Adjusted Net Finance Expense)	**3.6x**	4.8x

[1] Restructuring costs in 2023 consist of interest on lease liabilities related to lease for office spaces in the United States of America which were treated as Adjustments from the start of the lease until the date of initial occupation. The office spaces have been occupied since January 2024.

4. Income taxes

£m	**2024**	2023
Singapore corporation tax:		
- current year	**0.3**	3.6
- over provision in prior financial year	**-**	(0.3)
Overseas corporation tax:		
- current year	**1.6**	3.3
- under provision in prior financial year	**(0.1)**	-
Withholding tax	**0.1**	0.6
Current income tax	**1.9**	7.2
Deferred income tax:		
- current year	**(0.2)**	13.7
- over provision in prior financial years	**-**	(0.7)
Tax expense	**1.7**	20.2

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions at the balance sheet date.

The differences between the total income tax expense shown above and the amount calculated by applying the standard rate of Singapore income tax rate to the profit before income tax are as follows:

£m	2024	2023
(Loss)/profit before income tax	**(7.7)**	11.2
Tax on profit at standard Singapore tax rate of 17% (2023: 17%)	**(1.3)**	1.9
Tax incentives	**(0.3)**	(0.9)
Higher rates of overseas corporation tax	**(0.3)**	(0.9)
Non-deductible expenditure	**1.4**	1.1
Non-taxable income	**(0.3)**	(0.2)
Deferred tax effect of change in tax rate	**(0.1)**	0.4
Deferred tax asset on tax losses and wear and tear allowances not provided for	**2.6**	5.8
Over provision of tax in prior financial years	**(0.1)**	(1.0)
Deferred tax arising from adjustments to the value of deferred tax assets	**-**	13.4
Withholding tax	**0.1**	0.6
Tax expense	**1.7**	20.2

5. Dividends

Amounts recognised as distributions to equity holders in the period:

	2024		2023	
	Pence per share	**£m**	Pence per share	£m
Prior year third quarter dividend paid	-	-	21.0	4.1
Prior year final dividend paid	-	-	36.0	7.1
First quarter dividend paid	-	-	18.0*	3.6
Second quarter dividend paid	-	-	-	-
Total	-	-	75.0	14.8

* Dividends in respect of 2023 (18.0p).

No dividends are proposed in respect of the 2024 financial year as previously highlighted by the Board.

6. Earnings per share

The calculations of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company are based on the following data:

£m	2024	2023
Loss after tax attributable to equity holders of the Company	**(9.6)**	(9.2)
Loss for earnings per share	**(9.6)**	(9.2)

Number of shares

Weighted average number of shares for the purposes of basic earnings per share (thousands)	23,720	20,281
Effect of potentially dilutive share options (thousands)	60	23
Weighted average number of shares for the purposes of dilutive earnings per share (thousands)	23,780	20,304

Earnings/(loss) per share:

Basic	**(40.5)p**	(45.4)p
Basic Adjusted*	**43.0p**	81.9p
Diluted	**(40.4)p**	(45.3)p
Diluted Adjusted*	**42.9p**	81.8p

*Reconciliation to compute the Adjusted Earnings Per Share is as per below:

£m	2024	2023
Loss after tax attributable to equity holders of the Company	**(9.6)**	(9.2)
Restructuring costs	**2.3**	7.7
Exit from China Semiconductor market	**6.7**	-
Costs relating to legal dispute	**7.6**	2.1
Amortisation of intangible assets acquired from business combination	**3.1**	3.2
Global supply chain transformation	**1.6**	2.7
Costs related to Enterprise Resource Planning system implementation	**-**	0.3
Acquisition costs	**-**	0.1
Gain on modification of revolving credit facility	**-**	(0.6)
Fair value gain on derivative financial instruments	**-**	(0.1)
Bid defence costs	**0.2**	-
Tax effect of Adjusting items	**(1.7)**	10.4
Adjusted Earnings for the purposes of Basic Adjusted and Diluted Adjusted Earnings Per Share	**10.2**	16.6

7. Borrowings

The Group's debt is sourced from a US$190m Revolving Credit Facility ("RCF"). The RCF facility is committed until December 2026. The facility has no fixed repayments until maturity. The revolving loan is priced based on the Secured Overnight Financing Rate (SOFR) administered by the Federal Reserve Bank of New York plus a margin. The margin applicable to drawn amounts range from 1.5-3.25%, depending on the Net Debt :Adjusted EBITDA ratio for the previous quarter. The non-utilisation fee payable for the undrawn element of the facility is priced at 40% of the margin applicable to drawn amounts.

The covenants attaching to the RCF are set out in Note 1.

The borrowings are repayable as follows:

£m	2024	2023
On demand or within one year	**0.3**	0.4
In the second year	**108.6**	-
In the third year	**-**	125.7
In the fourth year	**-**	-
Total	**108.9**	126.1

All loan covenants have been complied with as at 31 December 2024.

8. Foreign exchange rates

Exchange rates applied in these financial statements are the average for the twelve-month period for Income Statement items (including £1/USD1.2786, £1/€1.1789, £1/SGD1.7081) and are the closing rate for Balance Sheet items (including £1/USD1.2530, £1/€1.2077, £1/SGD1.7089 at 31 December 2024).

9. Principal risks and uncertainties

Responsibility

The Group has well established risk management processes to identify and assess risks. The Group's principal risks are regularly reviewed by the Board and are mapped onto a risk universe from which risk mitigation or reduction can be tracked and managed. This helps facilitate further discussions regarding risk appetite and draws out the risks that require a greater level of attention.

Disruption to manufacturing

An event that results in the temporary or permanent loss of a manufacturing facility could result in the Group being unable to sell products to customers. This could include fire, flood, infectious disease, climate-related events or government-imposed restrictions or compulsory purchase orders. As the Group manufactures approximately 80% of revenues, this would cause a short-term loss of revenues and profits and disruption to our customers and therefore would risk reputational damage.

Risk mitigation – We now have two facilities (China and Vietnam) where we can produce most of our power converters. We have disaster recovery plans in place for both facilities.

We have epidemic control and prevention measures that can be introduced at all facilities in line with local guidelines and regulations.

We have undertaken a risk review with manufacturing management to identify and assess risks which could cause serious disruption to manufacturing, and identified and implemented actions to reduce or mitigate these risks where possible.

Our key facilities are owned or on long-term leases and we have business interruption insurance in place.

Supply chain risks

The Group is dependent on retaining its key suppliers and ensuring that deliveries are on time and materials supplied are of an appropriate quality.

As the Group makes significant use of its Asian manufacturing footprint to supply US and European markets, it is exposed to any risks relating to threats to global shipping. While alternative routes by sea or air freight can be used, these would come with a time or cost impact.

Some key product components remain on relatively long lead times, increasing the risk of shortages at the point of manufacture.

Poor supplier conduct can negatively impact the business by damaging our reputation, leading to legal liabilities, and increasing costs due to supply chain disruptions.

Risk Mitigation – Components are dual sourced wherever possible.

We conduct regular audits of our key suppliers.

Appropriate amounts of safety inventory of key components are held and these levels are regularly reviewed with reference to demand and lead times.

We monitor risks to our established transport routes, developing contingency plans and ensuring our customers are kept aware of issues and implications.

Market/customer-related risks

The semiconductor market represents a significant % of Group revenue and is inherently cyclical.

A material proportion of the Group's revenue is derived from its largest customers. Demand for our products may be impacted by gains or losses of business with them, or changes in their inventory levels of our products.

A significant semiconductor downturn could have a material adverse impact on the Group's revenue, profitability and financial condition.

If the Group lost some of its key customers, this could have a material impact on its financial condition and results of operations. However, for the year ended 31 December 2024, no single customer accounted for more than 26% of revenue, and that revenue was spread over a large number of individual programmes.

New export controls may limit our ability to serve some customers. Failure to adhere to export compliance controls could lead to financial penalties.

Risk mitigation - Staying close to our key customers and understanding the end-market to provide visibility of likely market movements.

The Group focuses on providing excellent service. Customer complaints and non-conformances are reviewed monthly by members of the Executive Leadership team.

While visibility of customer inventory levels is naturally limited, our sales teams discuss this with customers wherever possible and reflect it in their demand projections.

We have automated due diligence checks in place for new customers.

Product-related risks

A product recall due to a quality or safety issue would have serious repercussions to the business in terms of potential cost and reputational damage as a supplier to critical systems.

Failure to develop new products or to not respond to new disruptive products/technologies would impact the Group's future revenue stream.

Risk mitigation – We perform 100% functional testing on all own-manufactured products and 100% hi-pot testing, which determines the adequacy of electrical insulation. This ensures the integrity of the isolation barrier between the mains supply and the end user of the equipment. We also test all the medical products that we manufacture to ensure the leakage current is within the medical specifications.

We prioritise investment and work closely with our customers to ensure that our product offering remains market-leading.

IT/data

The Group is reliant on information technology in multiple aspects of the business from communications to data storage. Assets accessible online are potentially vulnerable to theft and customer channels are vulnerable to disruption. Any failure or downtime of these systems or any data theft could have a significant adverse impact on the Group's reputation or its ability to operate. Further, incomplete or inaccurate data can lead to poor decision making.

Risk mitigation – The Group has a defined Business Impact Assessment which identifies the key information assets; replication of data on different systems or in the Cloud; an established backup process in place as well as a robust anti-malware solution on our networks.

Internally produced training materials are used to educate users regarding good IT security practice and to 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.

Funding/Treasury

The Group is reliant on external bank funding and needs to comply with the related covenants. The Group could find itself in breach of banking covenants and lose access to its funding.

Changes in interest rate % impacts the interest payments and charges.

The majority of the Group's sales and material purchases are in US dollars, creating a natural transactional hedge. However, a minority of sales and costs are denominated in other currencies, exposing the Group to some transactional risks. The Group faces translation currency risk from reporting in sterling. This could lead to material

adverse movements in reported earnings and cash flows.

Risk mitigation - The Group has set a clear and conservative leverage policy and performs detailed and regular cash forecasting to ensure the leverage targets are met.

The Group reviews balance sheet and cash flow currency exposures and, where appropriate, uses forward exchange contracts to hedge these exposures. The Group does not hedge any translation of its subsidiaries' results to sterling for reporting purposes.

Legal & regulatory

The Group operates in multiple jurisdictions with applicable trade and tax regulations that vary. The Group ships product internationally, both in terms of the internal supply chain and from third party supplier and to end customers and also transfers manufacturing from North America to Asia locations. Compliance with export laws is critical. Failing to comply with local regulations could impact the profits and reputation of the Group and its ability to conduct business.

Intellectual property in terms of product design is an important feature of the power converter industry.

The effective tax rate of the Group is affected by where its profits fall geographically. The Group's effective tax rate could therefore fluctuate over time and have an impact on earnings and potentially its share price. It could also fluctuate if an efficient tax structure is not maintained.

Risk mitigation – The Group hires employees with relevant skills and uses external advisers to keep up to date with changes in regulations and to remain compliant.

Export compliance software is in place to monitor customers and sales.

An outsourced internal audit function provides risk assurance in targeted areas of the business and recommendations for improvement. The scope of these reviews includes behaviour, culture, and ethics.

The Group establishes clear healthy and safety policy and procedures.

Business Transformation

The Group undertakes various business transformation projects, which involve adapting and innovating processes, products, and organisational structures to maintain relevance across multiple planning horizons.

The risk arises due to uncertainties surrounding the success of these transformation efforts and whether the current operating model supports future growth and resilience.

Risk mitigation – We have implemented standardised business processes to ensure consistency, efficiency, and compliance across business units.

Major business cases undergo a thorough review process, requiring approval from both the CFO and CEO.

People-related risks

The future success of the Group is substantially dependent on the continued services and continuing contributions of its Directors, senior management, and other key personnel. The loss of key employees could have a material adverse effect on the Group's business.

A decline in employee morale and engagement, could have a significant impact on productivity and business performance.

Fraudulent and unethical behaviour could have negative reputational impact and cause financial loss to the Group.

Risk 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 equity awards.

The Group focuses on training, upskilling, and career progression opportunities for employees. In addition, the Group holds an annual employee survey to assess engagement and identify improvement actions.

Climate-related risks

The Group is exposed to climate related risks that can have a negative impact on the business. Severe weather could affect our own locations or the supply chain. Not meeting net zero targets may cause reputational damage and reduced revenue.

Significant harm to the environment resulting from inadequate controls.

Risk Mitigation – Ensure we maintain as flexible a manufacturing footprint as possible to allow us to respond any single-site disruption. We look to have dual-sourced supplies for material purchases and conduct regular review of safety inventories to ensure we have sufficient stocks.

We put relevant policies and KPIs to ensure environmental targets are deliverable.

We have procedures in plants to avoid damage to the surrounding environment.

8. Responsibility Statement

The statements below have been prepared in connection with the Company's full Annual Report and Accounts for the year ended 31 December 2024. Certain parts are not included in this announcement.

The Directors consider that 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.

Each of the Directors, whose names and functions are listed in the Annual Report and Accounts confirm that, to the best of their knowledge:

- that the balance sheet of the Company and consolidated financial statements of the Group, 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 year ended 31 December 2024; and
- the Annual Report and Accounts 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.

This announcement was approved by the Directors on 4 March 2025.