

Final Results 2021

1 March 2022

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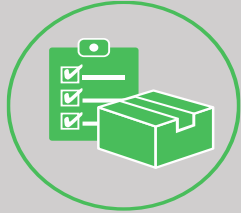
○— **A robust performance in a challenging environment**

- Continued strategic progress
- Strong demand for our products - Record orders and revenue with ongoing strong cash generation
- Product supply maintained despite external challenges but constrained revenue and caused some temporary margin impact
- Delivered a good financial performance. Adjusted profit before tax 7% higher at constant exchange rates
- Continuing to invest for future growth
 - Acquisitions of FuG and Guth
 - Asia III facility
 - Increasing capacity and supply chain resilience

Financial Highlights



Record orders, strong revenue growth, good cash generation



ORDERS
£343.4 million
 +43% CER¹



REVENUE
£240.3 million
 +10% CER¹



GROSS MARGIN
45.1%
 (210)bps



OPERATING MARGIN²
18.8%
 (90)bps



OPERATING PROFIT²
£45.1 million
 +5% CER¹



ADJUSTED DILUTED EPS²
176.3p
 (11)%



**OPERATING CASHFLOW
 CONVERSION²**
111%
 2020: 117%



NET DEBT³
£24.6 million
 Increased 37%

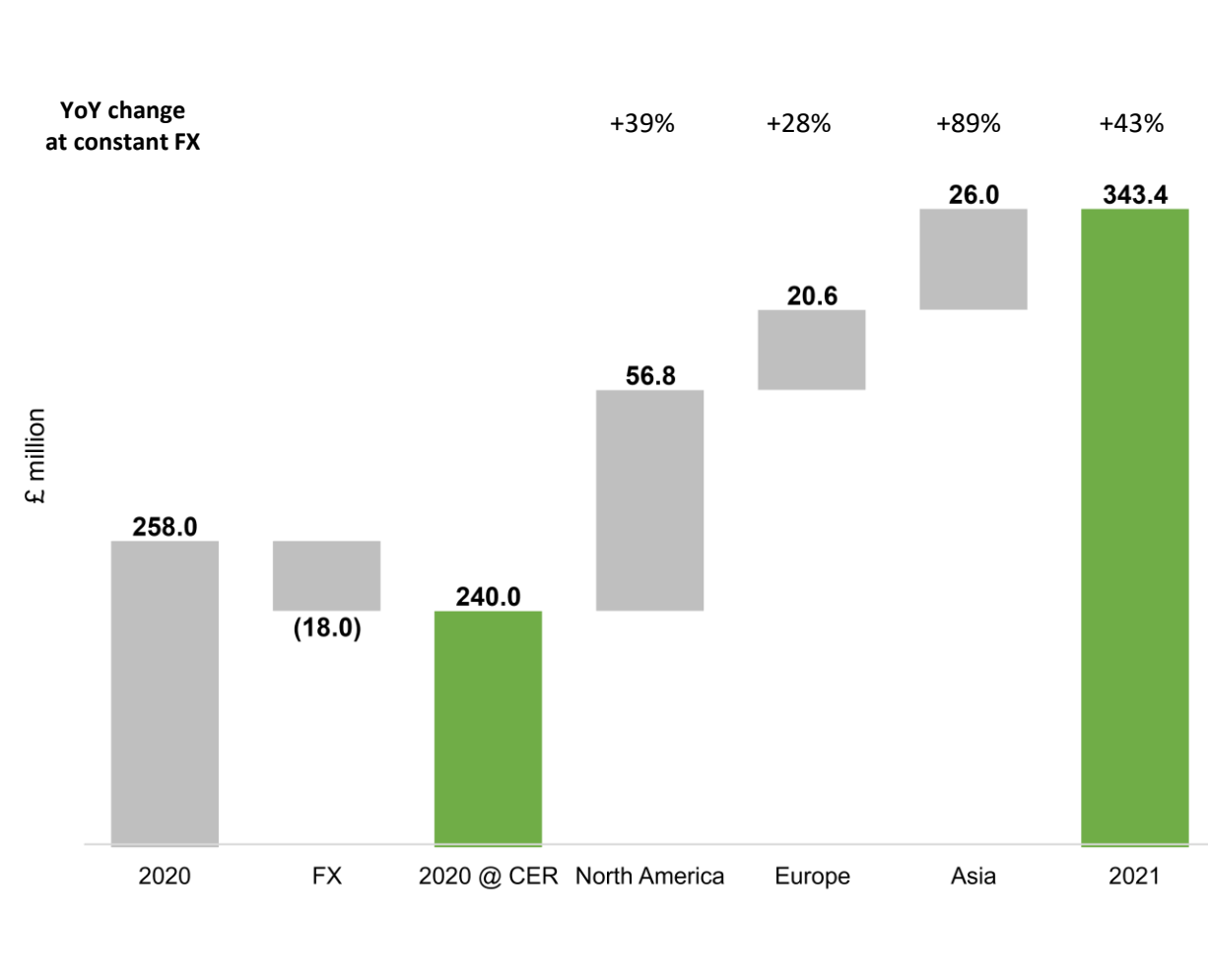
1: Constant Exchange Rate
 2: Adjusted profit metrics excluding specific items
 3: Comparison period is Dec 2020

Summarised P&L

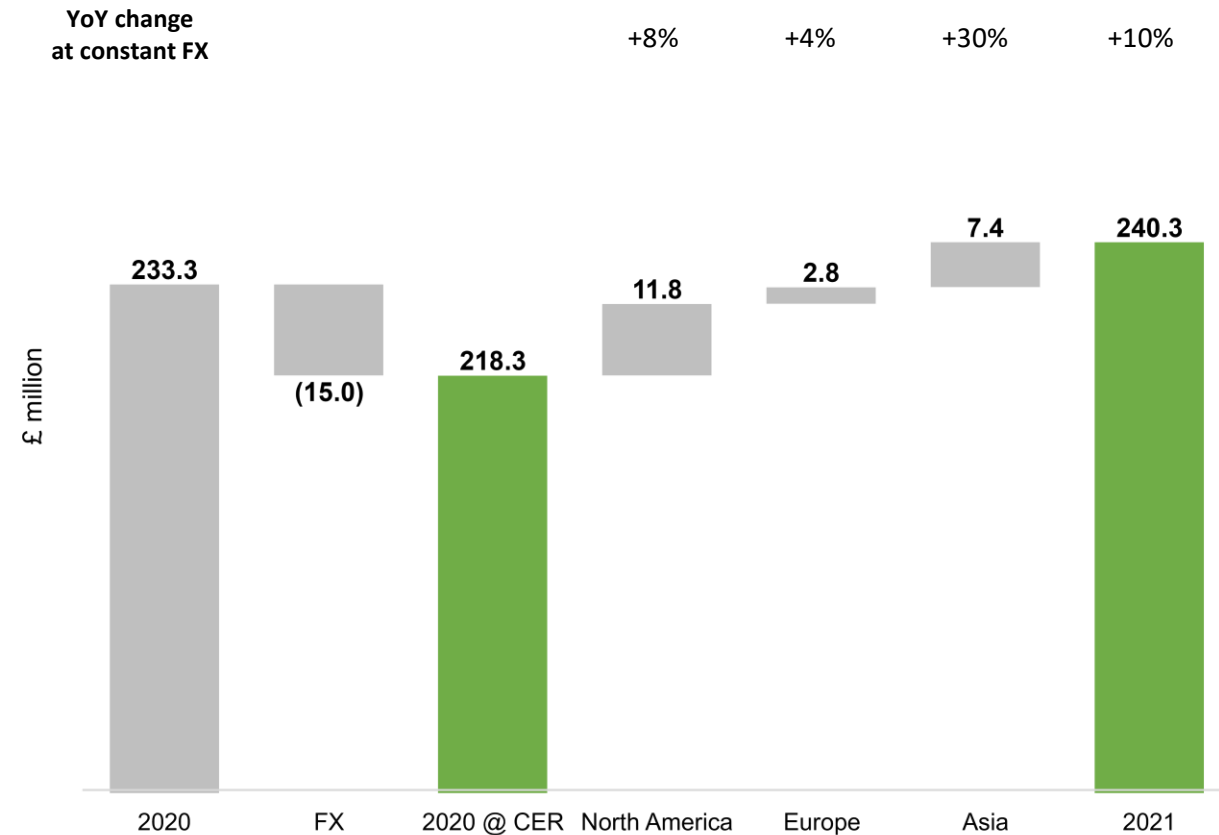
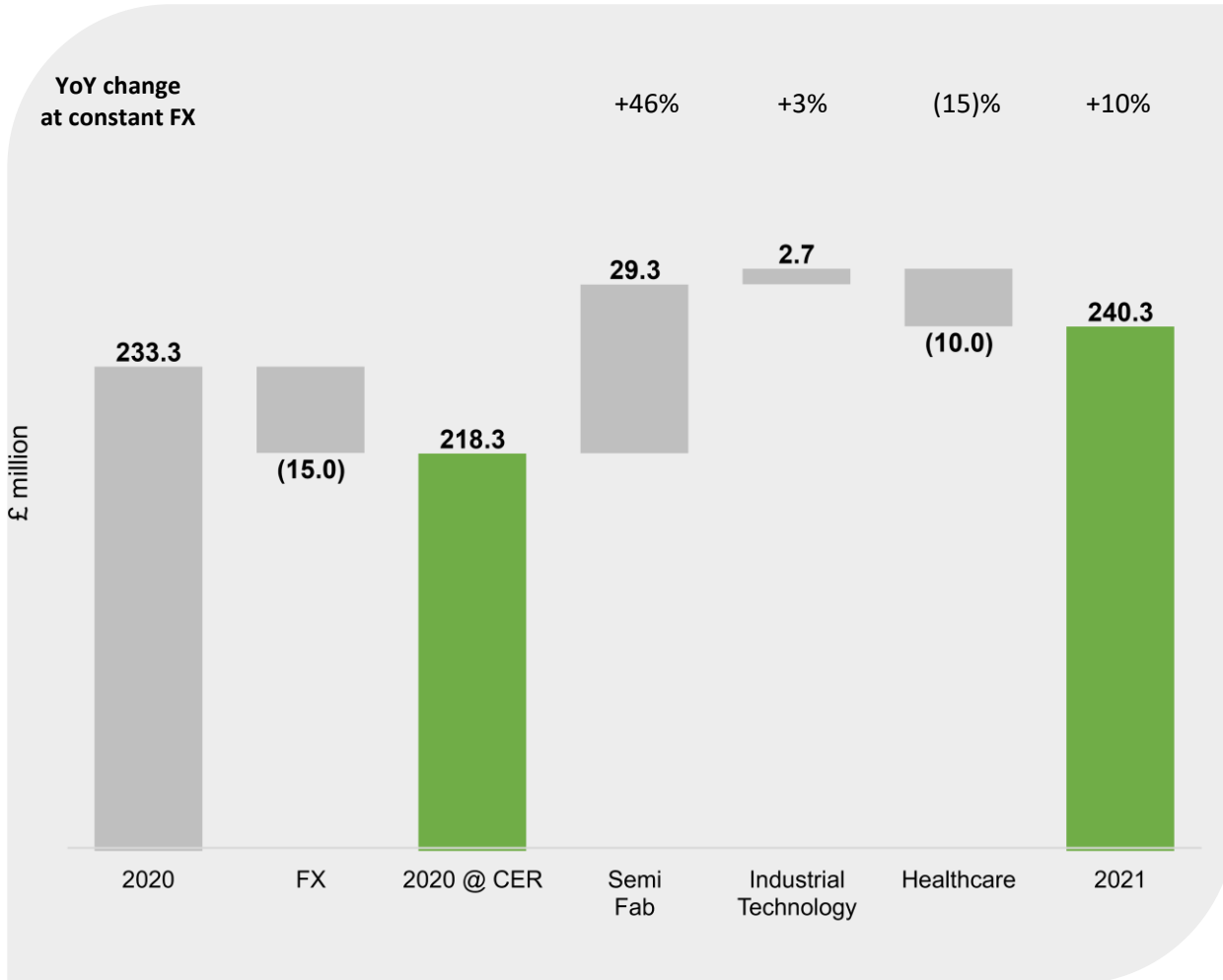
	2021	2020	% Change	% Change @ CER
Revenue	240.3	233.3	3%	10%
Gross Margin	108.3	110.1	(2)%	5%
<i>Gross Margin %</i>	45.1%	47.2%	(2)%	
Operating expenses	(63.2)	(64.2)	(1)%	5%
Operating Profit (adjusted)	45.1	46.0	(2)%	5%
<i>Operating Margin % (adj)</i>	18.8%	19.7%	(1)%	
Finance Cost	(1.3)	(1.7)	(26)%	(25)%
Profit before tax (adjusted)	43.8	44.3	(1)%	7%
<i>Profit before tax % (adj)</i>	18.2%	19.0%	(1)%	
Specific Items	(15.4)	(8.6)	79%	85%
Profit before tax	28.4	35.7	(20)%	(13)%
<i>Profit before tax %</i>	11.8%	15.3%	(3)%	
Tax	(5.4)	(4.0)	37%	43%
Profit after tax	23.0	31.7	(28)%	(21)%

- Revenue growth of 10% at CER predominantly driven by SemiFab, in spite of challenges faced, but also non-repeat of COVID-19 related sales seen in 2020
- Gross margin decrease driven by temporary pressures, mostly in Q4
- Specific items include legal costs of £10.1m relating to a non-customer-related legal dispute in North America, amortisation of intangible assets and ERP implementation costs
- Adjusted profit before tax 7% higher at constant exchange rates
- Increased tax charge in line with guidance

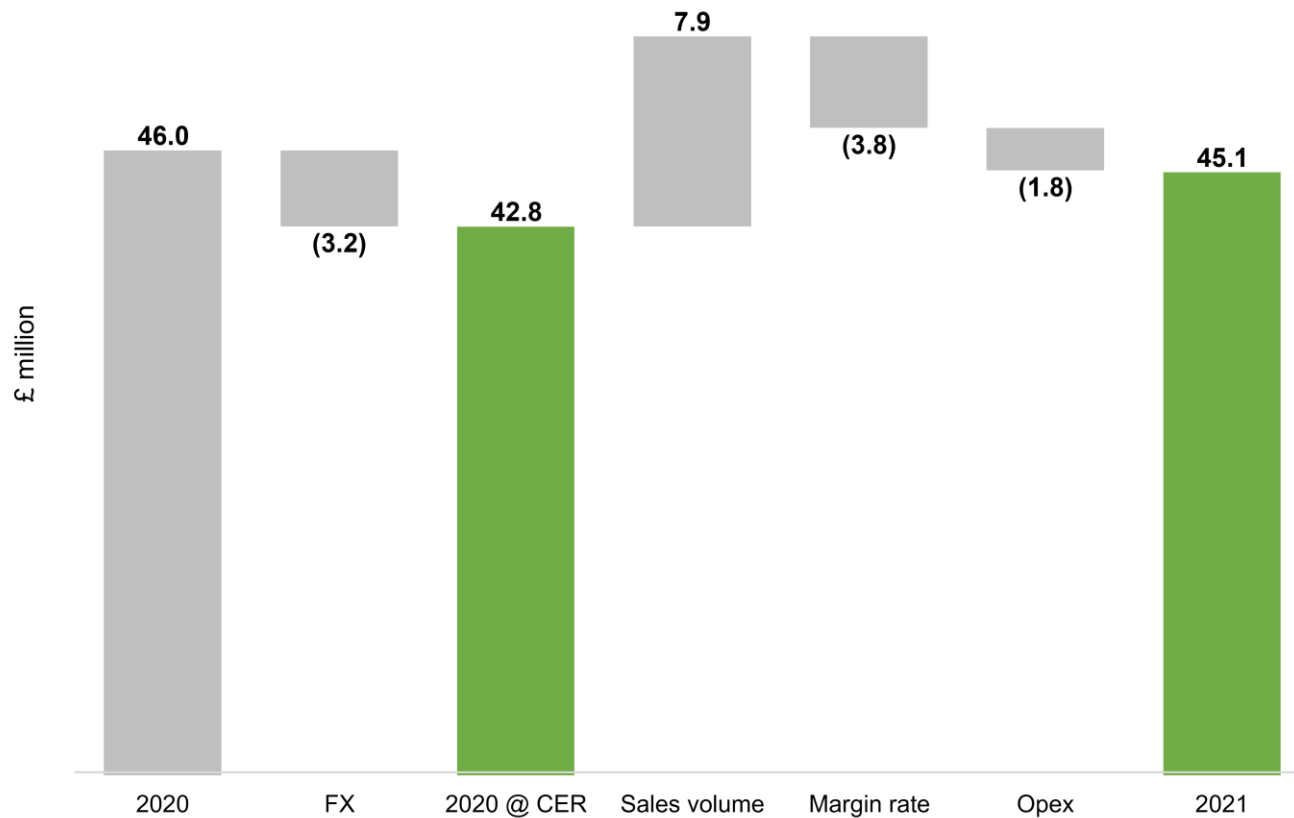
— SemiFab and Industrial Tech orders growth offset by expected Healthcare declines, all regions contributing to growth



— SemiFab revenue delivering significant growth, all regions showing growth



Pressures on profit from supply chain challenges & exchange rates



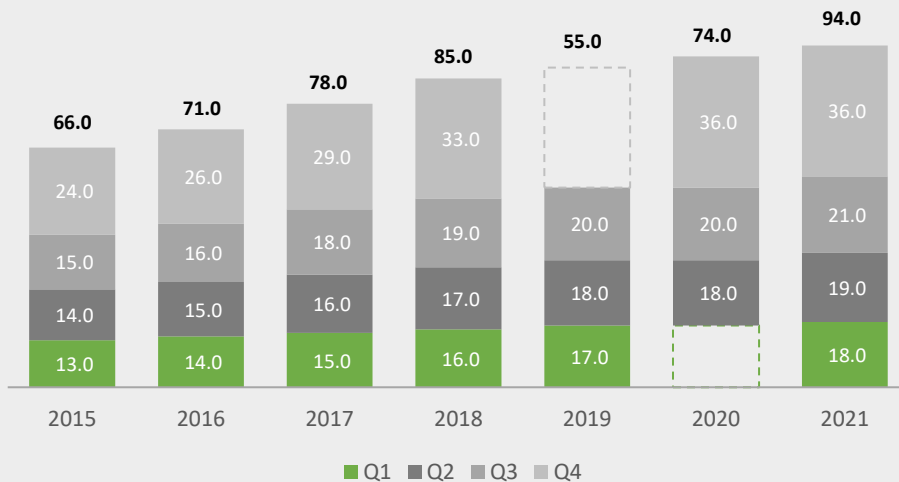
- Gross margin decreased to 45.1% from 47.2%, driven by temporary cost pressures from:
 - Freight costs, both rate and mix of air versus sea freight
 - Increased labour rates during the Vietnam lockdown
 - Component shortages and pricing
 - Challenges H2 2021 weighted
- Operating expenses increased primarily due to investment in headcount, particularly engineering, sales and supply chain
- Strengthening GBP rates impacted profits

Adjusted Operating Profit of £45.1m, increased by 5% at constant currency

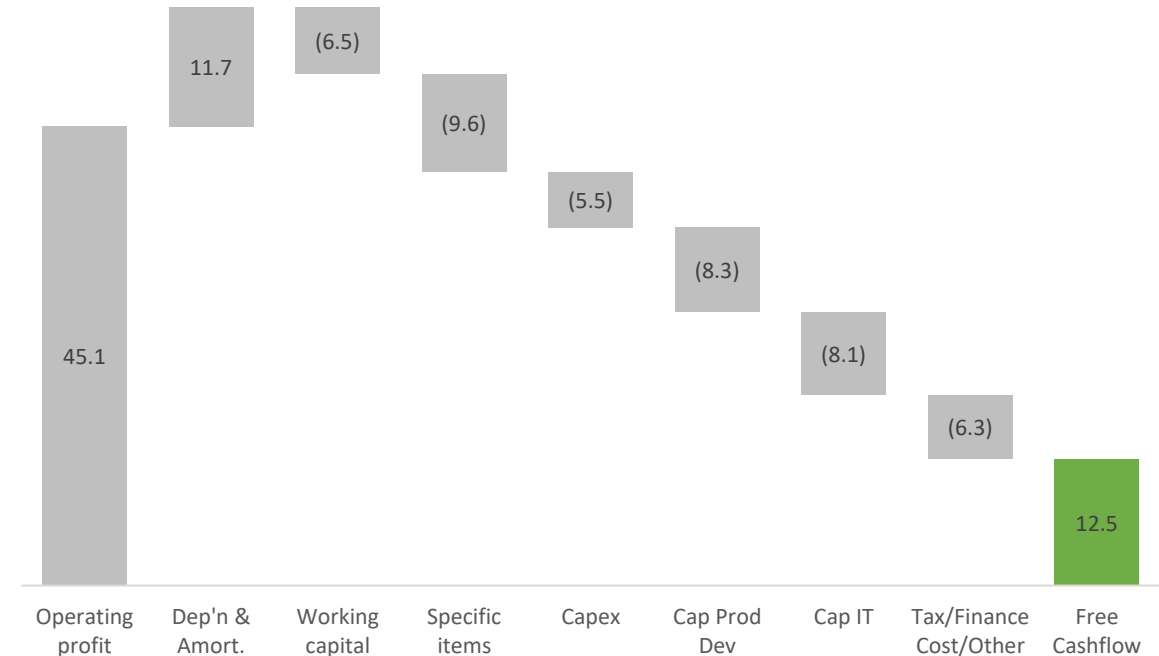
Good cash generation, significant available liquidity

- Ongoing good cash conversion despite investing in working capital to meet customer demand and secure critical components
- Specific items includes legal and ERP implementation costs
- Further investments include capacity and capitalised R&D and software
- FY dividend of 94p reflects Board's confidence in long term prospects

Dividend per Share



Dotted boxes represent dividends withdrawn as part of cash protection mechanisms relating to Covid-19



<p>Cashflow conversion¹ 111% 2020: 117%</p>	<p>Leverage 0.44x Post Acquisition: 0.97x Dec 2020: 0.32x</p>	<p>Available liquidity £86m Post acquisition: £57m Dec 2020: £91m</p>
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¹ This is on an adjusted basis. On a reported basis the cash conversion is 122% (2020: 122%)

— 2022 Modelling Guidance

CAPEX
c. £18.0m ¹

INTEREST
c. £2.0m

EFFECTIVE TAX RATE
17-20%

CAP PROD DEV/CAP IT
c. £10.0m / £4.0m

COST INFLATION
c. £4.0-6.0m

COST SAVINGS
c. £4.0-5.0m including pricing

REVENUE
H2 weighted

OPERATING CASH FLOW
Improved Working Capital

NET DEBT / EBITDA
<1x by 31 December 2022 ²

1: Includes initial outlay for Asia III manufacturing plant

2: Includes impact of FuG and Guth acquisitions, completed after 2021 year end

Business Update



Making progress delivering our focused power strategy



Develop a market leading range of competitive products



Target accounts where we can add value



Further enhance our global supply chain through investment in capacity, systems and capability



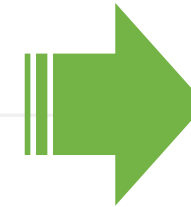
Focus on people and talent development



Lead our industry in environmental matters



Make selective acquisitions in identified strategic markets to expand our product offering and addressable market



- Continue to deliver in a period of challenging market environment
- Underlines our business resilience and commitment to our enduring strategy

○ XP Power growth drivers

Rapid increase of electronic devices

- More products need power converters
- Pace of innovation
- Global shortage of semiconductors driving investment in capacity

Digital transformation

- Increase in smart technology
- More sophisticated customer products
- Demand for higher power capability

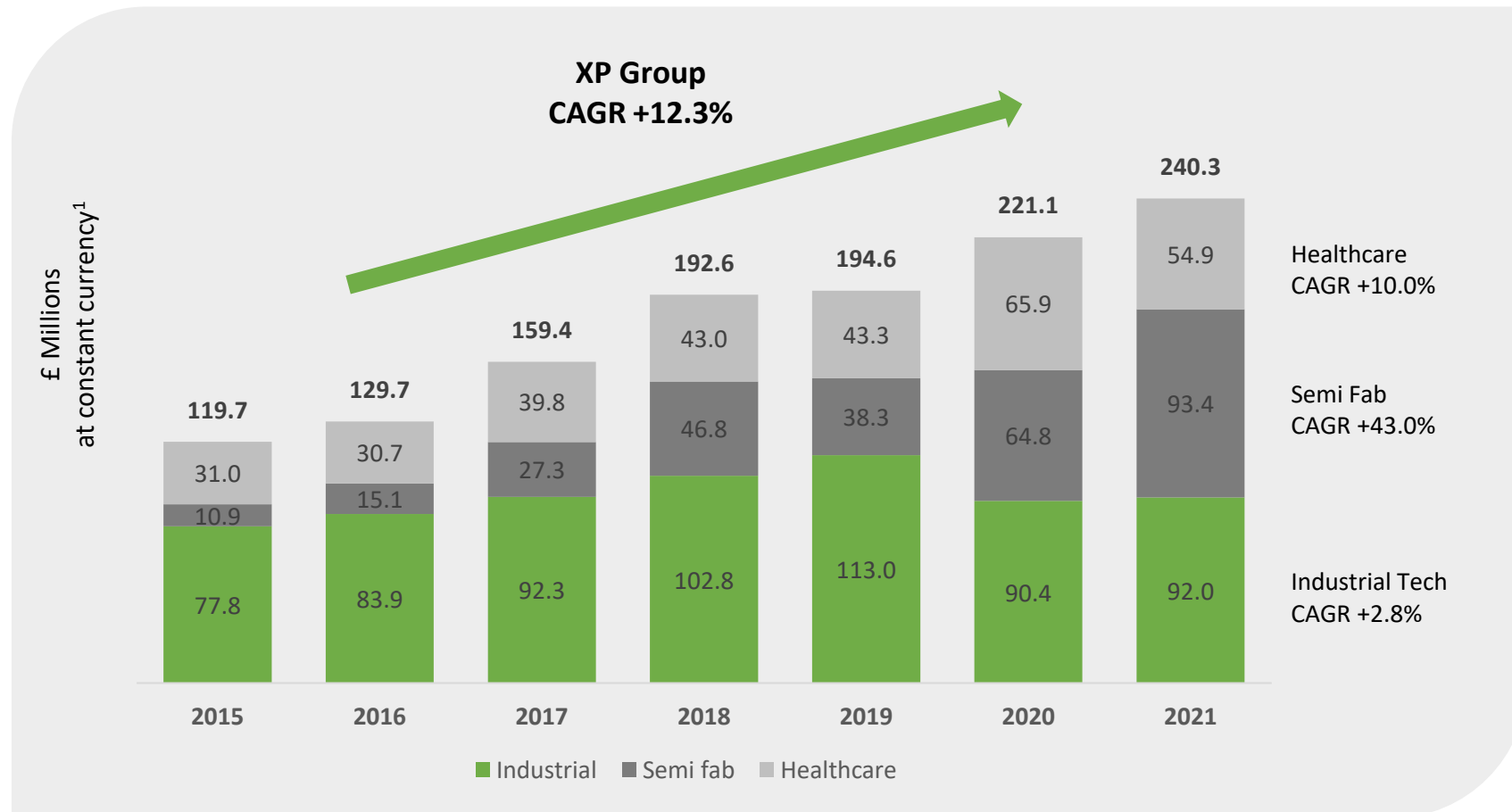
Long-term healthcare

- Growing and aging global population
- Healthcare infrastructure investments
- Advances in medical technology
- Critical products need reliable power solutions

Growth drivers play to XP Power's competitive strengths

- Power supply part of the customer ecosystem with increased connectivity of the power converter to the customer's equipment
- Higher power and higher levels of customisation driving higher engineering services content with Industry 4.0 accelerating these trends
- Increased legislation and safety regulations
- Increasing environmental demands driving higher efficiency

○ — Growth drivers support long term revenue growth



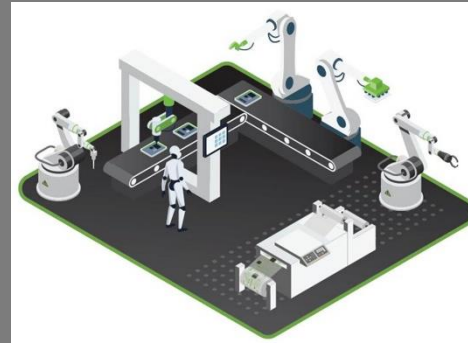
1. 2015-2020 restated at 2021 FX rates

○ Sector dynamics



INDUSTRIAL TECHNOLOGY

- **38% of revenue; Grew 3% (CER YoY)** as markets recovered from COVID-19 related disruption but held back by component shortages
- Diverse sector driven by high levels of customer innovation. Attractive niches including, Robotics, Analytical instruments, Industrial printing, Industrial LED lighting, Communications and Security
- Expanding Distribution channel to build presence in the mid-tier. 10% of Group revenue, growth through gaining share and focus on right partners
- Innovation & Industry 4.0 driving growth in manufacturing technologies and smarter electronic equipment



SEMICONDUCTOR MANUFACTURING EQUIPMENT

- **39% of revenue; Grew 44% (CER YoY)** with continued market growth and share gains in all regions
- Growth across Deposition, Etch, Ion implantation, Wafer Handling, Metrology and inspection. Capacity and component shortages held back growth
- Design win pipeline remains strong with RF and high voltage facilitating greater penetration to existing and new customers
- Attractive long-term growth drivers (Gaming, Big Data, AI, 5G, IoT) driving current demand with reduced geometries in logic devices and increased stacking in 3D NAND on top

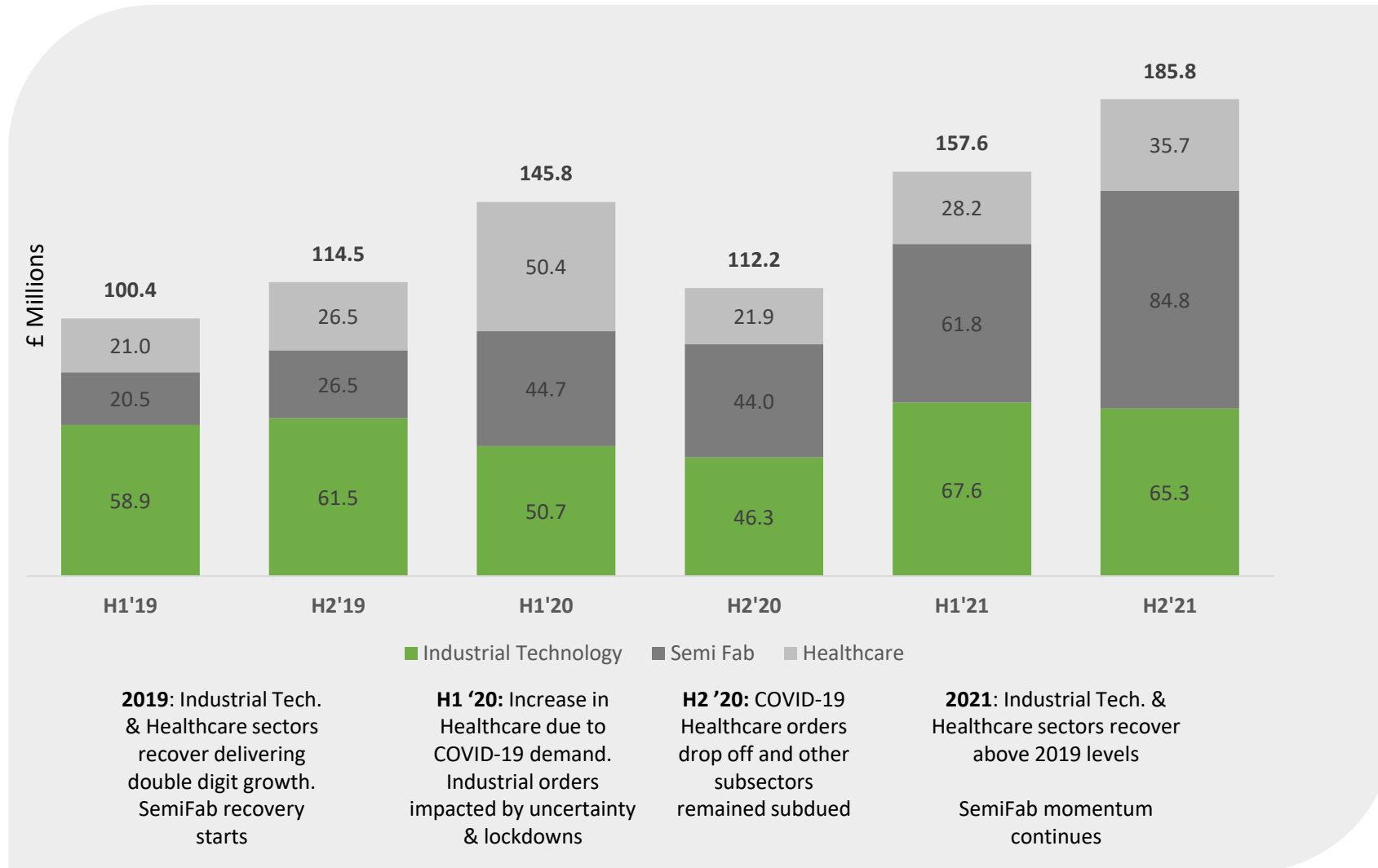


HEALTHCARE

- **23% of revenue; Declined 15% (CER YoY)** as COVID-19 respiratory care demand not repeated in 2021, as expected
- A leading position, with high efficiency products well positioned due to high reliability and broad product range
- Long term attractive growth market due to demographic changes, more advanced diagnostics and equipment including robotics and increased healthcare demand in emerging markets

Key trends of proliferation of electronic devices, accelerating digital transformation and long-term demand for healthcare equipment will benefit XP Power

Order Demand momentum by sector 2019 through 2021



- No evidence of “double-stocking” or “over ordering”
- Significant long-term momentum over previous cycles
- Started 2022 with £217m of firm orders and we are seeing continued order momentum

Building on our global platform to support future growth

- Expanding capacity in all production sites
 - In all LV, RF and HV sites
 - Added RF to China
 - “Customer value add” in Vietnam
- Adding further manufacturing facility in Asia
 - North-West Malaysia
 - Build to be completed in phases, similar to the construction of Vietnam
 - Will adopt learnings and experience from Vietnam
 - Similar size to Vietnam - capacity of circa \$150-200m per annum
 - Set up costs of c\$20m of which c.\$11m estimated to be spent in 2022
 - Production go-live Q3 2023
- Ongoing investment in all design centres globally
- Establishing Engineering Support Centre in Philippines in 2022



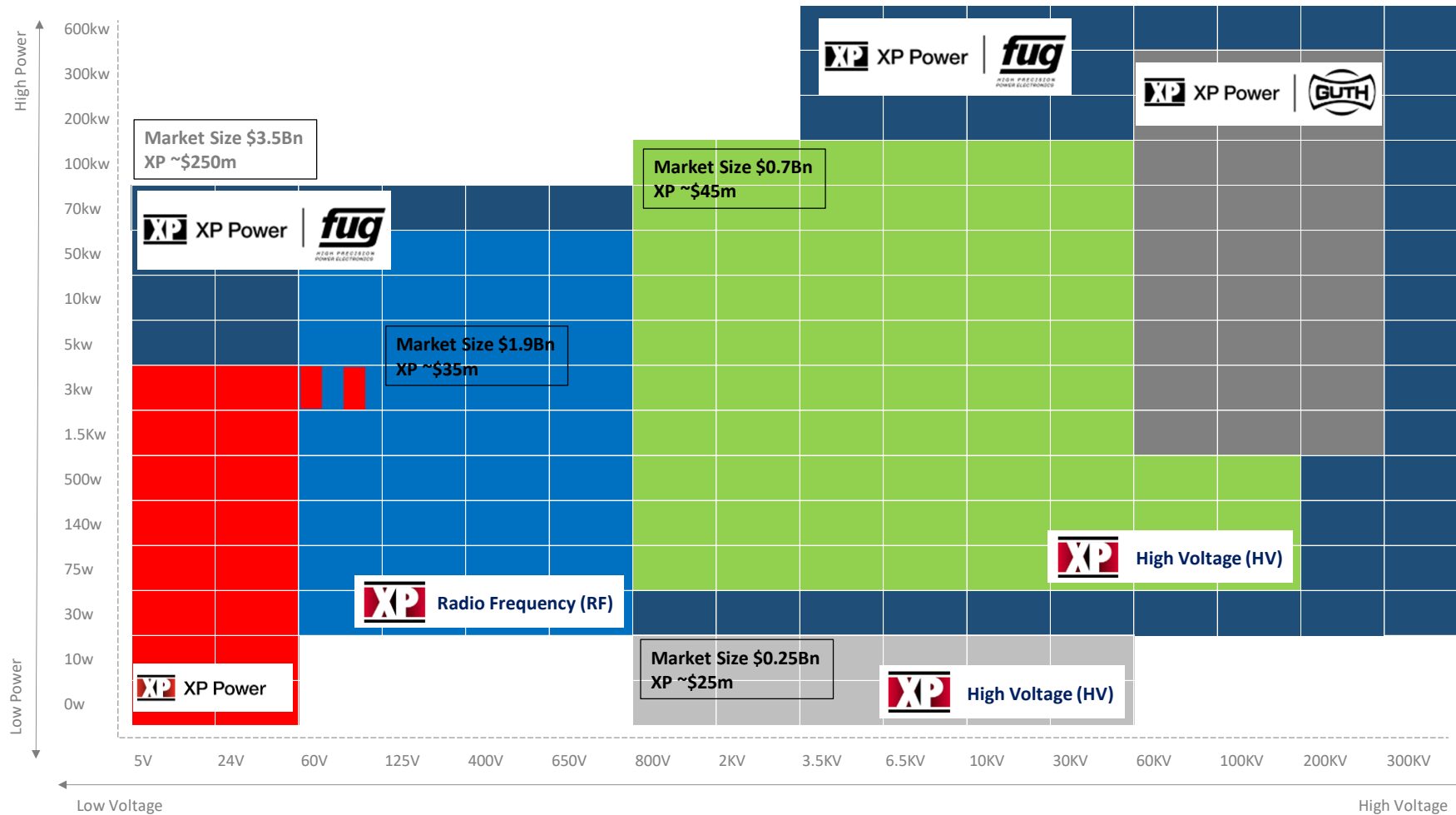
Strategic high voltage acquisitions will accelerate growth and high voltage roadmap with new technologies

- FuG and Guth founded over 70 years ago, well established proven businesses with strong reputations
- Predominantly high voltage products in new markets in Semiconductor and Industrial Technology sectors
 - Electron beam processing
 - Semiconductor manufacturing equipment
 - Environmental technology
 - Surface treatment



- Product portfolio highly complementary to XP Power
 - Enhances the existing product portfolio
 - Accelerates the roadmap delivery
- Access to new technologies for XP including solid and liquid encapsulation and higher precision
- Revenue synergies expected utilising the Group's wider global customer base through sales teams and distribution network to accelerate growth

Further expansion of the XP Power portfolio and addressable market



- Total addressable market – circa \$6bn with XP Power only focused on attractive sectors
- Long term market growth of circa 6%
- Acquisition of FuG and Guth increases High Voltage addressable market to circa \$700m post acquisitions. XP focused on circa \$500m of this market with balance low priority
- Actively looking to gain market share in all areas

Industrial Technology case study – Enabling our customers to deliver

Customer Requirement:

- Customer makes digital inkjet printers that use Ultraviolet (UV) light as part of the printing process
- The UV light is generated by LEDs which require high power
- Flexibility so it can be adjusted for different end-product configurations



Figure shows 10 x Power units installed in equipment

Our Solution:

- A 5KW, digital high power product platform providing full user configurability
- User configurability provided through GUI and system connectivity

Why we won:

- Simple and cost-effective solution
- Being able to run from a 3-phase input with no neutral
- Scalable solution for different system configurations
- Speed of response and technical support throughout the design process

ESG Strategy in action

- 2021 focus was on building on our platform to ensure ESG fully embedded in XP Power
- Re-launched our Sustainability Council and workstream leads, reinforcing our internal sustainability structure. Sustainability training to raise our internal capability and develop the next stage of our strategy
- Won the inaugural supplier sustainability award “Sustainability PRISM Award - Supply Chain” from ASM International, one of our valued customers. ASM is committed to collaborating across its value chain, to increase the impact of sustainability initiatives and stated that XP Power had “exemplified actions and results in sustainability.”
- Maintained safety and well being of our employees whilst ensuring the full functioning of our Vietnam
- Reported on Task Force on Climate-related Financial Disclosures (TCFD) for the first time, including integrating climate-related risk assessment into the Group’s overall risk management framework
- Shipped “XP Green Power” products resulting in minimum lifetime CO2 emission savings of 128,000 tonnes (vs target 120,000 tonnes)



Aligned to the United Nations’ Sustainable Development Goals



Priorities for 2022 and beyond from our materiality assessment include: product responsibility; health & safety; responsible supply chain; talent management; employee welfare; and diversity & inclusion.

Plan for carbon neutrality by 2040

○ — **Group Outlook 2022**

- Enter the year with record order book driven by:
 - Strong momentum in Semiconductor Manufacturing Equipment segment
 - Exciting developments driving Industrial Technology
 - Healthcare ahead of pre COVID-19 levels
- Exposed to sectors benefitting from the long-term global mega trends
- Investing in people and product for future sustainable growth
- Adding capacity for our future ~ Asia III, enhancing existing sites, new design facilities
- Continued inflationary and availability pressure on the supply chain, expected to ease by H2 2022
- A responsible, values-driven business, aligns naturally with ESG principles

Confidence in ongoing demand driving long term performance

Questions and Answers



Appendices

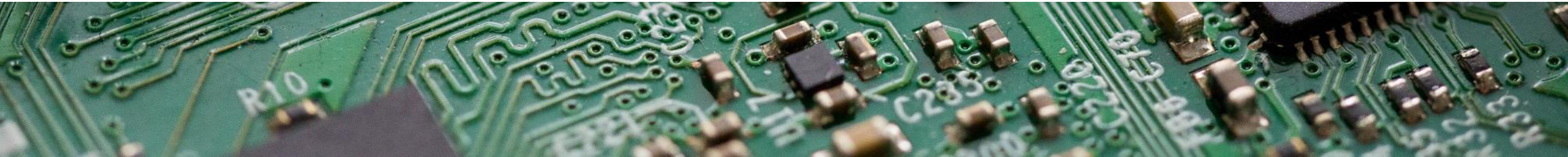


Balance Sheet and Cash Flow

	Dec-21	Dec-20
Total Non-Current Assets	150.5	135.2
Cash	9.0	13.9
Inventory	74.0	54.2
Trade receivables	30.8	30.2
Other	7.9	8.7
Total Current Assets	121.7	107.0
Total Assets	272.2	242.2
Trade & Other Payables	44.7	28.2
Tax & other current liabilities	4.3	6.5
Total Current Liabilities	49.0	34.7
Borrowings	33.4	31.8
Deferred tax liabilities	9.4	6.7
Other non-current liabilities	8.0	4.5
Total Non-Current Liabilities	50.8	43.0
Total Liabilities	99.8	77.7
NET ASSETS	172.4	164.5

	2021	2020	Change
Adjusted Operating Profit	45.1	46.0	-2%
Non-cash items	11.7	12.6	
Change in working capital	(6.5)	(4.6)	
Adjusted Operating Cash Flow	50.2	54.0	-7%
Specific items	(9.6)	(5.1)	
Cash generated from Operations	40.6	48.9	-17%
Income tax paid, net of refund	(4.2)	(3.3)	
Payment of Lease Liabilities	(1.7)	(1.7)	
Purchase of property and equipment	(5.5)	(3.9)	
Capitalised product development costs	(8.3)	(7.7)	
Capitalised software development costs	(8.1)	(3.2)	
Interest paid	(0.9)	(1.3)	
Proceeds from exercise of share options	0.6	3.5	
Free cash flow	12.5	31.3	-60%

Market Data



Market (\$ Millions)	Size	Share
Asia	1,513	1.7%
Europe	775	10.3%
North America	1,187	13.4%
Total	3,475	7.6%
RF Power	1,870	1.8%
High power/high voltage	700	3.1%
Grand total	6,045	5.3%

XP 2020 Revenue (£ Millions)	Asia	Europe	North America	Total	Share of XP (%)
Healthcare	5.5	20.6	28.9	55.0	23%
Industrial Technology	11.2	43.7	37.1	92.0	38%
Semifab	15.1	3.0	75.2	93.3	39%
Total	31.8	67.3	141.2	240.3	100%
<i>Share of XP (%)</i>	13%	28%	59%	100%	

Source: Micro-Tech Consultants (October 2020) and XP Power Management

XP Power Investment Case



Investing in Growing Markets

- Exposed to high growth markets
- Strong Customer relationships
- Balanced product portfolio
- Revenue annuity



Attractive Margins

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



Strong Cash flows

- High operating cash conversion
- Low capital intensity
- Good working capital control
- Clear dividend policy



Leadership and People

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



Resilient Supply Chain

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



Focus on ESG

- Aim to lead industry on sustainability
- Aspiration to be carbon neutral by 2040
- "XP Green Power" products
- Clear ESG framework

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

— What makes XP Power successful?



Service and Support - Key Differentiators:

- Large technical sales team
- Significant support at the design-in stage allowing customer faster time to market
- Flexibility in terms of product modifications and logistics
- Speed and agility

Quality

- A given and paramount for mission critical solutions

Product Offering

- Product has to solve the customer's power problem and work in their application
- XP Power breadth of product is a competitive advantage
- Customers prefer standard/modified standards over custom solutions

Cost

- Not the customers' top priority but product needs to be cost competitive
- Low-cost Asian manufacturing an advantage against local/smaller competition
- Vietnam expansion timely given Section 301 tariffs in the USA