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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO 596/2014 (AS IT FORMS PART OF RETAINED EU LAW AS DEFINED IN THE EUROPEAN UNION (WITHDRAWAL) ACT 2018)

FOR IMMEDIATE RELEASE.

2 October 2023

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

Trading Update

XP Power, one of the world's leading developers and manufacturers of critical power control components to the electronics industry, is today issuing a trading update.

Trading

Trading over the third quarter has been below our expectations as weaker end-market demand resulted in some customers deferring shipments into 2024. The economic uncertainty in China has also led to a reduction in demand in that market. These conditions are likely to continue for the remainder of the year, leaving the outlook below our prior expectation, with operating profit for the year ended 31 December 2023 now expected to be broadly similar to last year.

We expect Q3 revenue to be c.£75 million, down around 2% year-on-year on a constant currency basis against a strong comparative. The Group continues to deliver double digit operating margins. In light of current trading conditions, we are implementing a wide range of actions to reduce costs, conserve cash and maximise headroom in the Group's borrowing facilities.

The Group's current order book is c.£225 million, with an expected book to bill of c.0.6x in Q3. While we have yet to see a recovery in orders from the Semiconductor Manufacturing Equipment sector, our customers' outlook for 2024 and 2025 is encouraging, although the timing of the overall economic recovery remains uncertain.

Financial Position and Dividend

Net debt is currently around £163 million, including c.£6 million of foreign exchange impact since the end of the first half (£148 million at H1 2023). We now expect net debt to rise further by the year-end, reflecting a combination of the higher than planned capital expenditure on the Californian site relocation which will take place in late December, lower than expected revenue and profitability and a less than expected working capital reduction. In order to conserve cash, we have temporarily suspended the build for the new Malaysian plant, which will restart when the market outlook becomes clearer.

The Group continues to be in compliance with its banking covenants but is now expecting net debt / Adjusted EBITDA to be close to or above current covenant limits in the near-term. The Group is initiating dialogue with its lenders to seek covenant and liquidity flexibility through the year-end and into 2024. We are also exploring other near-term options to strengthen the balance sheet, to bring leverage back to within our target 1-2x net debt/Adjusted EBITDA range, restoring the flexibility necessary to allow the Group to take full advantage of the strong organic growth opportunities across the business.

The second quarter dividend will be paid on 12 October 2023 to all eligible shareholders, as previously announced. In light of the current circumstances, the Board intends that no further dividends will be paid in respect of the 2023 financial year. The Group recognises the importance of dividends to shareholders and will recommence paying dividends as soon as appropriate.

Outlook

We are disappointed by the change in current trading conditions and 2023 outlook, which is largely being driven by weaker market demand leading to customer shipment deferrals. This will impact the current full year outlook and we are taking appropriate mitigating actions to reduce costs and conserve cash.

Notwithstanding these short-term challenges, the Board believes XP's clear strategy leaves the Group well positioned to grow ahead of its end markets, drive further market share gains, improve profitability and deliver strong cash generation.

Full year trading update

The Group is scheduled to release its Q4 and full year trading update on Thursday 11 January 2024.

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Note to editors

XP Power designs and manufactures power controllers, the essential hardware component in every piece of electrical equipment that converts power from the electricity grid into the right 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 typically designs power control solutions into the end products of major blue-chip OEMs, with a focus on the Industrial Technology (circa 41% of sales), Healthcare (circa 20% sales) and Semiconductor Manufacturing Equipment (circa 39% of 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 China, North America, and Vietnam, 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 All Share 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