2 August 2021

XP Power Limited
("XP Power" or "the Group" or the "Company")

Interim Results for the six months ended 30 June 2021

XP Power, one of the world's leading developers and manufacturers of critical power control solutions for the electronics industry, today announces its unaudited interim results for the six-month period ended 30 June 2021.

	Six months 30 June 2021	Six months 30 June 2020	**Change**
Highlights			
Order intake	**£157.6m**	£145.8m	+8%
Revenue	**£119.9m**	£105.1m	+14%
Gross margin	**46.6%**	44.9%	+170bps
Interim dividend per share (Q1 + Q2)	**37.0p**	18.0p	+106%
Adjusted			
Adjusted operating profit[1]	**£23.2m**	£18.0m	+29%
Adjusted profit before income tax[1]	**£22.5m**	£17.0m	+32%
Adjusted cash generated from operations[1]	**£26.4m**	£25.7m	+3%
Adjusted diluted earnings per share[1]	**93.3p**	70.2p	+33%
Reported			
Operating profit	**£17.1m**	£11.3m	+51%
Profit before tax	**£16.4m**	£10.3m	+59%
Diluted earnings per share	**68.1p**	41.2p	+65%
Net debt	**£20.3m**	£17.9m[2]	+13%

[1]*For details on adjusted measures refer to note 5 and note 8 of the condensed consolidated financial statements*
[2]*Net debt as at 31 December 2020*

- Record order intake up 17% at constant currency and 8% reported to £157.6 million, with growth driven by continued strength in the Semiconductor Manufacturing Equipment sector and a recovery in Industrial Technology, offset by the expected normalisation in Healthcare after exceptional COVID-19 related performance in 2020.

- Group enters H2 2021 with a record order book of £150.3 million (31 December 2020: £124.1 million).

- Constant currency revenue grew 23%, with reported revenue up 14% to £119.9 million.

- Gross margin increased to 46.6% (H1 2020: 44.9%) driven by favourable sector and product mix as well as cost savings from transfer of manufacturing to Asia following the closure of the Nevada, US site in mid-2020, partially offset by increased freight costs

- Adjusted cash generated from operations up 3% to £26.4 million (H1 2020: £25.7 million), despite investing in working capital to support customer demand and to secure supply of crucial components. Maintaining high operating cash conversion of over 100%.

- Net debt of £20.3 million at period end (December 2020: £17.9 million) with net debt to EBITDA of just 0.3x. Significant liquidity available – c.£87 million.

- First half dividend for 2021 of 37 pence per share (H1 2020: 18.0 pence per share), comparative period impacted by COVID-19. The payment reflects the confidence the Board has in the Group's longer-term prospects.

- The Board expects FY 2021 trading to be modestly ahead of analysts' consensus expectations, while remaining mindful of certain headwinds.

James Peters, Chairman, commented:

"We maintained our strong momentum in the first half, building on our robust performance in 2020 to deliver another period of significant revenue and profit growth. Our progress reflects the consistent application of our strategy, and we continue to see a positive future for the Group driven by encouraging market growth dynamics, exposure to secular growth trends related to Big Data, Artificial Intelligence, the Internet of Things and the Fourth Industrial Revolution, and the potential for further market share gains as we broaden our addressable market and product range.

Trading in the period was ahead of our original expectations reflecting the continued strength of the Semiconductor Manufacturing Equipment sector and a recovery in Industrial Technology. We expect the momentum to continue, supported by our strong order book, and while mindful of headwinds including price and availability pressures within the component supply chain, the Board expects full year trading to be modestly ahead of current analyst consensus[1]."

[1] The current range of forecasts for adjusted pre-tax profits for the year ended 31 December 2021 is £41.5 million to £47.0 million with a consensus of £44.6 million

XP Power is hosting a presentation for analysts this morning at 0900 (BST). A live webcast of the presentation will be available at
https://www.investis-live.com/xppowerplc/60e414c280fc93100029fae0/ir2021 [investis-live.com]
and a recording of the webcast will be available at www.xppowerplc.com later in the day.

Enquiries:

XP Power
Gavin Griggs, Chief Executive Officer +44 (0)118 984 5515
Oskar Zahn, Chief Financial Officer +44 (0)118 984 5515

Citigate Dewe Rogerson
Kevin Smith/Jos Bieneman +44 (0)207 638 9571

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.

XP Power has invested in research and development and its own manufacturing facilities in China 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 250 Index. XP Power serves a global blue-chip customer base from 29 locations in Europe, North America, and Asia.

For further information, please visit xppower.com

INTERIM STATEMENT

Overview

The Group had a strong start to 2021 and has continued to make good progress against its strategic objectives.

The Group delivered strong order, revenue, earnings, and cash performance in the first half of the year, against an uncertain global backdrop due to the COVID-19 pandemic. The Industrial Technology sector has returned to growth as economies across the world reopen following the COVID-19 imposed shutdowns in 2020. The Semiconductor Manufacturing Equipment sector has continued its strong performance through the first half of 2021. As expected, the Healthcare sector has normalised compared with the first half of 2020, as the exceptional demand for critical care equipment for the treatment of COVID-19 affected patients did not repeat.

Our employees' health, safety and wellbeing remain a key priority. COVID-19 continued to be widespread, and our business had to be able to react quickly to the various local and regional impacts. The most recent example is the situation in Vietnam where the current lockdown has been expanded to an additional 19 provinces as cases increase. The Vietnamese government has imposed a lockdown and closed many facilities around Ho Chi Minh and Binh Duong, close to where our factory is located. Due to the medical status of some of our products we can continue operating as a "3 in 1" site (Manufacture/Food/Rest in one factory) in line with government recommendations, with the factory essentially operating as a sealed site.

With a proven strategy, exposure to attractive customers and market sectors, strong design win momentum and an expanded product portfolio, the Board remains positive regarding the future of the Group.

Sector Performance

XP Power serves three distinct market sectors: Industrial Technology, which represented 38% of total H1 2021 revenue (H1 2020: 44%); Semiconductor Manufacturing Equipment 37% (H1 2020: 29%) and Healthcare 25% (H1 2020: 27%). In each sector we focus our resource on key accounts that value our quality and high level of service and support, particularly during the critical design in stage.

The Industrial Technology sector remains very well diversified, with a broad cross section of accounts and no large individual programmes, even though the Group works with many blue-chip industrial customers. Orders grew by £22.3 million or 50% on a constant currency basis compared to H1 2020, as the recovery we started to see in this sector towards the end of 2020 has continued through the first half of 2021. Industrial Technology revenue grew by 5% on a constant currency basis to £45.4 million. The reported revenue number decreased by £1.1 million or 2% due to the appreciation of Pound Sterling against the US Dollar. Revenue from the distribution channel, which accounts for 9% of Group revenue, increased by 12% compared to the prior year as we continued to grow market share with distributors.

Semiconductor Manufacturing Equipment orders increased by £17.9 million or 40% on a constant currency basis compared to the prior year, as we continued to benefit from market share gains as well as a buoyant market. Design wins in this sector have been particularly strong over the last few years aided by our move up both the power and voltage scale. As previously reported, we regard this sector as having highly attractive long term growth prospects which are being driven by the growth of Big Data, Artificial Intelligence, the Internet of Things (IoT) and the roll out of 5G. The acceleration of digitisation in many aspects of our world, and the rise in home working catalysed by the COVID-19 pandemic, are reinforcing our view on the strength of these mega trends and our presence in the Semiconductor Manufacturing Equipment sector gives us significant exposure to these exciting growth opportunities. Sector revenue increased by 62%

over the prior year to £44.5 million on a constant currency basis and by 47% on a reported basis (H1 2020: £30.3 million).

Order intake in the Healthcare sector decreased by £16.8 million or 37% on a constant currency basis as the exceptional COVID-19 related demand we saw in H1 2020 did not repeat. However, we saw an encouraging increase in demand for other applications such as robotic surgical tools, medical imaging, and endoscopy, which led the Healthcare sector to deliver growth over its H1 2019 performance. Revenue from Healthcare customers grew by 14% on a constant currency basis and 6% on a reported basis over the prior period to £30.0 million (H1 2020: £28.3 million) due to the increased demand in non-COVID-19 related medical applications. Healthcare remains an attractive market for XP Power given its long-term demand growth dynamics, the safety critical nature of products, the breadth of our medical product range and the high level of customer service we offer blue chip medical device manufacturers.

Our customer base remains highly diversified with the largest customer accounting for only 16% of revenue (H1 2020: 14%), spread over more than 200 different programmes/part numbers.

Regional Performance

Revenue in North America was US$97.4 million (H1 2020: US$77.5 million), up 26% compared to the same period in the previous year with growth across all sectors, but with a particularly strong performance in Semiconductor Manufacturing Equipment.

Revenue in Europe was £34.6 million (H1 2020: £30.1 million), up 15% on a reported basis from a year ago. We saw strong growth in the Healthcare sector and a recovery in the Industrial Technology sector.

Revenue in Asia was US$20.6 million (H1 2020: US$16.7 million), up 23% compared with the same period a year ago, driven by the Semiconductor Manufacturing Equipment sector.

Our Strategy

Our strategy is clear and delivered consistently. We aim to be the first-choice power solutions provider for our customers across a diverse range of sectors, offering a superior product portfolio and customer service. We believe we have the potential to grow revenue well ahead of our underlying markets over the long-term driven by our core growth drivers:

- Global GDP growth;
- Growth in the use of electronics requiring a power converter;
- Exposure to ‘secular’ growth markets e.g., IoT, AI;
- Market share gains – greater penetration of existing blue-chip customers; and
- Expanding our addressable markets.

The expansion of our addressable market has been driven both organically and by acquisition, in what remains a highly fragmented sector. Since the end of 2015, we have completed three acquisitions which have allowed us to expand into the high voltage and radio frequency (RF) power market sectors increasing the size of our addressable market by around US$2.0 billion (+75%). Despite our many years of growth, our overall market share remains low, and we have a relentless focus on increasing it through a targeted sales and marketing process.

We have an enviable product portfolio of over 300 product families from low voltage to 500 kilo Volts at power levels up to 200 kilo Watts. This breadth of range, combined with our excellent customer support and Engineering Services capabilities makes us the ideal choice of power solutions provider to our target customers.

Our value proposition to customers is to reduce their overall costs of design, manufacture and operation and help them get their product to market as quickly as possible. We achieve this by providing excellent sales engineering support and producing new highly reliable products that are easy to design into the customer's system, consume less power, take up less space and reduce installation times.

We continued to execute well against our strategy in the period, gaining further design wins from our newer product introductions, particularly in higher power applications, and from our increased focus on engineering solutions which provide more value to our customers. The successful implementation of our strategy continues to drive market share gains and the strength of our new programme wins is encouraging. We continue to focus our own engineering resources on high-power applications and address the lower power applications through third party products.

Sustainability

At XP Power, we recognise that climate change is probably the greatest challenge of our time. For more than 10 years we have been proactively progressing our sustainability strategy throughout our entire supply chain. In 2012, we became the first power converter manufacturer to be admitted into the Responsible Business Alliance, setting high standards for environmental performance. Wherever possible, we have championed sustainable initiatives as well as launching a broad range of "green" high-efficiency products. These "green" products deliver power more efficiently and consume less energy, thereby reducing the annual CO2 emissions of the equipment. In 2020, we set an aspiration of achieving carbon neutrality by 2040 and we are developing the plans to be able to achieve this objective. We recognise the greatest impact we can have is on developing high-efficiency power supplies and in supporting our customers on their individual sustainability journeys, and we partner with vendors who are committed to this journey.

Our Sustainability Strategy is to:

- Produce quality products that are safe and solve our customers' power problems;
- Minimise the impact the Group and its products have on the environment;
- Adopt responsible sourcing practices considering social and environmental impacts;
- Make XP Power a workplace where our people can be at their best ensuring an environment that is safe, diverse, inclusive and which attracts and retains the best talent; and
- Uphold the highest standard of business ethics and integrity.

In the first half of 2021 we have continued to develop our sustainability roadmap, which includes proactive investments to reduce our energy consumption; prioritising the safety and wellbeing of our people during the COVID-19 pandemic; developing action plans from the results of our employee engagement surveys; developing the plans to achieve carbon neutrality by 2040 and continuing to enhance our product design processes.

Product Development

New products are fundamental to our revenue growth. The broader our product offering, the higher the probability that we will have a product which will work in a customer's application, with, or without, modification by our engineering team. We believe we have a market leading product range which provides us with an addressable market of approximately US$5.0 billion. In the first half of 2021 the Group launched a significant number of new products. We expect this to continue through H2 2021.

The design-in cycles required by our customers to qualify the power converter into their equipment and to gain the necessary safety agency approvals are lengthy. Typically, we see a period of around 18 months, or even longer in Healthcare, from first identifying a customer opportunity to receiving the first production order. Revenue will then start to build from this point, often peaking a few years later. The positive aspect of this characteristic is that our business has a strong annuity base where programmes typically last seven to eight years and often significantly longer.

Manufacturing Progress

A key element of our strategy is creating a resilient and flexible supply chain that balances high efficiency with market-leading customer responsiveness. We aim to be able to manufacture most of our products in both China and Vietnam to ensure security of supply and both locations are performing well. Our total Asian manufacturing capacity is around US$350 million per year. We also have three manufacturing facilities in North America - a customer focused Engineering Services facility in California, a site in New Jersey focused on high voltage products and an RF focused facility in Massachusetts.

The move into Vietnam has enabled our supply chain to manage events, such as the deterioration in trade relations between China and USA and the subsequent Section 301 tariffs, more effectively; and allowed us to divert production to Vietnam when COVID-19 disrupted production at our China operations in 2020. Several of our customers accelerated their qualification processes to transfer production from our China facility to our Vietnam facility to address the impact of Section 301 tariffs and COVID-19.

Vietnam is now qualified to produce a total of 2,688 different low-voltage products (H1 2020: 2,239), demonstrating our progress with the expansion of our production capabilities. In addition, the transfer of low-power, high-voltage DC-DC modules, previously manufactured in Minden, Nevada, was completed in 2020 and all these products are now manufactured in Vietnam.

Financial Review

Order Intake

Order intake of £157.6 million (H1 2020: £145.8 million) was up 8% on a reported basis. The growth was driven by strongly recovering demand in the Industrial Technology sector and continued growth of the Semiconductor Manufacturing Equipment sector, which offset the expected normalisation in Healthcare sector orders following the exceptional COVID-19 related demand in 2020. Given that most orders are placed in US Dollars, the reported results reflect the impact of a stronger Sterling: US Dollar exchange rate of 1.38 in 2021, compared to 1.26 in the prior year. In constant currency, 2021 orders were up 17% compared with the prior period. Compared to the same period a year ago, Asia orders increased by 51%, European orders were up 27%, while North America orders grew by 7% on the same constant currency basis.

Order intake in the first half of 2021 significantly exceeded revenue with a resultant book-to-bill of 1.31 (H1 2020: 1.39). We enter the second half of the current year with a record order book of £150.3 million (31 December 2020: £124.1 million).

Income statement

Reported revenue grew by 14% to £119.9 million in the first half compared to £105.1 million in the same period a year ago. Constant currency revenue grew by 23%.

Gross margin in the first half of 2021 was 46.6% (H1 2020: 44.9%), a 170 bps increase. The increase in gross margin reflected the benefit of moving some production from the USA to Vietnam during 2020 following the closure of the Nevada site in mid-2020, favourable sector and regional mix and higher revenue.

Adjusted operating expenses in the first half were £32.7 million (H1 2020: £29.5 million) after excluding £6.1 million of specific items (H1 2020: £6.7 million). The increase primarily relates to investment in headcount, mainly in our engineering teams, and in IT costs as we continue to develop the infrastructure to support the future growth of the business.

Due to the increased revenue and gross margin adjusted operating profit grew by 29% to £23.2 million from £18.0 million in H1 2020. An adjusted operating margin of 19.3% was achieved in H1 2021, up 220bps from 17.1% in H1 2020. Statutory operating profit was £17.1 million (H1 2020: £11.3 million).

Net finance cost decreased to £0.7 million (H1 2020: £1.0 million) due to lower average borrowings.

The Group generated adjusted profit before tax of £22.5 million (H1 2020: £17.0 million), up 32% year-on-year.

The tax charge for the period was £2.8 million (H1 2020: £2.1 million), representing an effective tax rate of 17.1% (H1 2020: 20.4%). After adjusting for specific items, the effective tax rate for the period was 17.3% (H1 2020: 18.2%). The year-on-year decrease is driven by geographic mix with a greater percentage of profits being realised in lower tax rate jurisdictions. We currently expect our future effective tax rate to be in the range of 16% to 18% depending on the geographic distribution of our profits.

Basic earnings per share were 69.3 pence (H1 2020: 42.0 pence), an increase of 65%. Adjusted diluted earnings per share were 93.3p, an increase of 33% compared to the prior year.

Specific Items

In the first half of 2021, the Group incurred £6.1 million (H1 2020: £6.7 million) of specific items, which consisted of amortisation of intangible assets due to business combinations of £1.4 million (H1 2020: £1.6 million), £3.7 million of legal costs (H1 2020: £0.2 million), £0.9 million of ERP system implementation costs (H1 2020: £1.5 million) and £0.1 million of fair value loss on cash flow hedges (H1 2020: £0.9 million).

The legal costs relate to the lawsuit filed by Comet Technologies USA Inc., Comet AG, and YXLON International (collectively "Comet") against XP Power LLC in September 2020 as disclosed in the Company's 2020 Final Results announcement. The Group continues to believe there is no merit to this lawsuit and will vigorously defend any claims brought against it by Comet.

The Group expects to incur further legal costs until this matter is resolved, the magnitude of which cannot currently be estimated with any certainty.

Cash Flows and Net Debt

The Group generated adjusted cash from operations of £26.4 million in the period, up 3% from the £25.7 million generated in the previous year. The Group continued to deliver cash conversion of adjusted operating profit above 100%, despite investing in inventory to support customer demand and secure supply of important components with the increasing lead times in the market.

Capital expenditure was £10.0 million which included £2.2 million investment in increasing capacity with some ongoing maintenance and £3.6 million on the development of our ERP system ahead of the roll out of our global system into our Asian supply chain. There was a further £4.2 million relating to the capitalisation of development costs for new products.

Net debt was £20.3 million at 30 June 2021, compared with £17.9 million at 31 December 2020. The Group returned £11.1 million (H1 2020: £3.8 million) to shareholders in the form of dividends during the first half of 2021.

The Group's debt is sourced from a Revolving Credit Facility ("RCF") provided by HSBC UK Bank PLC, J.P. Morgan Securities PLC, and DBS Bank Ltd. The RCF expires in November 2024 with a committed facility of US$150 million and a further US$30 million accordion option.

The Group is subject to two financial covenants, which are tested quarterly in arears. These covenants relate to the leverage ratio between adjusted EBITDA and net debt, with a maximum of three times permitted, and an interest cover ratio between adjusted EBITDA and finance costs with a minimum of four times required. The Group continued to trade with significant headroom on these covenants throughout the period; the leverage ratio was a comfortable 0.33 times (H1 2020: 0.74) and interest cover was 66 times (H1 2020: 23 times)

Capital Allocation and Dividend Policy

XP has a proven and cash generative business model and maintains a prudent and well capitalised balance sheet. This allows the Group to fund its organic growth plans from existing resources as well as pay a growing dividend to all shareholders. The Group also retains the financial firepower to make acquisitions when opportunities become available, assuming they meet our investment criteria and align with our strategy. The second quarter dividend for 2021 increased by 5.5% to 19p from 18p in the prior year period. Together with the first quarter dividend, this brings the total first half dividends declared to 37 pence per share (H1 2020 total dividends of 18p being disrupted by COVID-19).

Adjusting items

Throughout this Interim Results statement, adjusted and other alternative performance measures are used to describe the Group's performance. These are not recognised under International Financial Reporting Standards ("IFRS") or other Generally Accepted Accounting Principles ("GAAP").

When reviewing XP Power's performance, the Board and management team focus on adjusted results rather than statutory results. There are a number of items included in our statutory results which are considered by the Board to be one-off in nature or not representative of the Group's performance and are thus excluded from adjusted results. The tables in note 5 show the full list of adjustments between statutory operating profit and adjusted operating profit by business, as well as between statutory profit before tax and adjusted profit before tax at Group level for both 2021 and 2020.

Outlook

We delivered another period of significant revenue and profit growth in the first half of 2021 despite ongoing global uncertainty from the COVID-19 pandemic. The pandemic has disrupted global supply chains, leading to shortages of key components and freight capacity, and with raw material inflation affecting many industries globally. XP Power has not been immune to these macroeconomic challenges but has nonetheless been able to deliver a strong set of results. Our progress reflects the consistent application of our strategy, and we continue to see a positive future for the Group driven by encouraging market growth dynamics and the potential for further market share gains as we broaden our addressable market and product range.

Trading in the period was ahead of our original expectations reflecting the continued strength of the Semiconductor Manufacturing Equipment sector and a recovery in Industrial Technology. We enter the second half of 2021 with a record customer backlog of £150.3 million (31 December 2020: £124.1 million) and expect the first half momentum to continue. Whilst we remain mindful of headwinds including price and availability pressures within the component supply chain, the Boards' expectations are that full year trading will be modestly ahead of current analyst consensus.

2 August 2021

Independent review report to XP Power Limited
Report on review of interim financial information

Introduction

We have reviewed the accompanying condensed consolidated financial information of XP Power Limited ("the Company") and its subsidiaries ("the Group") set out on pages 12 to 21, which comprise the condensed consolidated balance sheet of the Group as at 30 June 2021, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 6-month period then ended and the other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the United Kingdom and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report for the 6-month period ended 30 June 2021, which comprise the "Interim Results" set out on pages 1 to 3, "Interim Statement" set out on pages 4 to 10 and "Risks and uncertainties" set out on pages 22 to 23 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the United Kingdom and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore,
2 August 2021

XP Power Limited
Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2021

£ Millions	Note	**Six months ended 30 June 2021 (Unaudited)**	Six months ended 30 June 2020 (Unaudited)
Revenue	5	**119.9**	105.1
Cost of sales		**(64.0)**	(57.9)
Gross profit		**55.9**	47.2
Other income		*	0.3
Expenses			
Distribution and marketing		**(24.9)**	(24.3)
Administrative		**(5.4)**	(3.3)
Research and development		**(8.5)**	(8.6)
Operating profit		**17.1**	11.3
Finance charge		**(0.7)**	(1.0)
Profit before income tax		**16.4**	10.3
Income tax expense	6	**(2.8)**	(2.1)
Profit after income tax		**13.6**	8.2
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(1.3)**	6.0
		(1.3)	6.0
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		*	*
Other comprehensive (loss)/income, net of tax		**(1.3)**	6.0
Total comprehensive income		**12.3**	14.2
Profit attributable to:			
- Equity holders of the Company		**13.5**	8.1
- Non-controlling interests		**0.1**	0.1
		13.6	8.2
Total comprehensive income attributable to:			
- Equity holders of the Company		**12.2**	14.1
- Non-controlling interests		**0.1**	0.1
		12.3	14.2
Earnings per share attributable to equity holders of the Company		**Pence per Share**	Pence per Share
Basic	8	**69.3**	42.0
Diluted	8	**68.1**	41.2

* Balance is less than £100,000.

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

XP Power Limited
Condensed Consolidated Balance Sheet
As at 30 June 2021

£ Millions	Note	At 30 June 2021 (Unaudited)	At 31 December 2020
ASSETS			
Current assets			
Corporate tax recoverable		**1.5**	3.8
Cash and cash equivalents		**8.5**	13.9
Inventories		**58.3**	54.2
Trade receivables		**34.1**	30.2
Other current assets		**5.8**	4.6
Derivative financial instruments		**0.1**	0.3
Total current assets		**108.3**	107.0
Non-current assets			
Goodwill		**51.9**	52.2
Intangible assets	9	**50.2**	46.6
Property, plant and equipment		**28.3**	28.4
Right-of-use assets		**4.6**	5.1
Deferred income tax assets		**3.3**	2.9
ESOP loans to employees		*****	*
Total non-current assets		**138.3**	135.2
Total assets		**246.6**	242.2
LIABILITIES			
Current liabilities			
Current income tax liabilities		**2.8**	4.9
Trade and other payables		**34.5**	28.2
Derivative financial instruments		*****	0.1
Lease liabilities		**1.5**	1.5
Accrued consideration		*****	-
Total current liabilities		**38.8**	34.7
Non-current liabilities			
Accrued consideration		**0.9**	1.0
Borrowings		**28.8**	31.8
Deferred income tax liabilities		**7.0**	6.7
Provisions		**0.1**	0.1
Lease liabilities		**3.0**	3.4
Total non-current liabilities		**39.8**	43.0
Total liabilities		**78.6**	77.7
NET ASSETS		**168.0**	**164.5**
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**27.2**	27.2
Merger reserve		**0.2**	0.2
Share option reserve		**5.7**	4.1
Treasury shares reserve		*****	(0.1)
Translation reserve		**(5.1)**	(3.8)
Other reserve		**4.2**	(3.6)
Retained earnings		**135.2**	132.6
		167.4	163.8
Non-controlling interests		**0.6**	0.7
TOTAL EQUITY		**168.0**	164.5

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

XP Power Limited
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2021

£ Millions

	Note	Share capital	Share option reserve	Treasury shares	Merger reserve	Translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total Equity
		Attributable to equity holders of the Company									
Balance at 1 January 2020		27.2	3.9	(0.5)	0.2	(0.2)	(0.8)	108.4	138.2	0.7	138.9
Sale of treasury shares		-	-	0.4	-	-	-	1.4	1.8	-	1.8
Employee share option plan expenses, net of tax		-	0.3	-	-	-	-	-	0.3	-	0.3
Dividends paid	7	-	-	-	-	-	-	(3.8)	(3.8)	*	(3.8)
Further acquisition of non-controlling interest		-	-	-	-	-	0.2	-	0.2	(0.2)	-
Exchange difference arising from translation of financial statements of foreign operations		-	*	-	-	6.0	-	*	6.0	-	6.0
Profit for the year		-	-	-	-	-	-	8.1	8.1	0.1	8.2
Total comprehensive income for the period		-	*	-	-	6.0	-	8.1	14.1	0.1	14.2
Balance at 30 June 2020 (unaudited)		**27.2**	**4.2**	**(0.1)**	**0.2**	**5.8**	**(0.6)**	**114.1**	**150.8**	**0.6**	**151.4**
Balance at 1 January 2021		27.2	4.1	(0.1)	0.2	(3.8)	3.6	132.6	163.8	0.7	164.5
Sale of treasury shares		-	(0.2)	*	-	-	0.6	*	0.4	-	0.4
Employee share option plan expenses, net of tax		-	1.9	-	-	-	-	-	1.9	-	1.9
Dividends paid	7	-	-	-	-	-	-	(10.9)	(10.9)	(0.2)	(11.1)
Exchange difference arising from translation of financial statements of foreign operations		-	(0.1)	-	-	(1.3)	-	*	(1.3)	*	(1.3)
Net change in cash flow hedges		-	-	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	13.5	13.5	0.1	13.6
Total comprehensive income for the period		-	(0.1)	-	-	(1.3)	-	13.5	12.2	0.1	12.3
Balance at 30 June 2021 (unaudited)		**27.2**	**5.7**	*****	**0.2**	**(5.1)**	**4.2**	**135.2**	**167.4**	**0.6**	**168.0**

* Balance is less than £100,000.

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

XP Power Limited
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2021

£ Millions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Cash flows from operating activities		
Profit after income tax	**13.6**	8.2
Adjustments for:		
- Income tax expense	**2.8**	2.1
- Amortisation and depreciation	**6.5**	7.3
- Finance charge	**0.7**	1.0
- Equity award charges	**1.1**	0.6
- Fair value loss on derivative financial instruments	**0.1**	0.9
- (Gain)/loss on disposal of property, plant and equipment	*	*
- Loss on disposal of intangible assets	**0.1**	1.2
- Unrealised currency translation loss/(gain)	**0.3**	(0.6)
- Provision for doubtful receivables	**0.1**	*
Change in the working capital, net of effects from acquisitions:		
- Inventories	**(4.8)**	(8.2)
- Trade and other receivables	**(5.7)**	3.2
- Trade and other payables	**7.0**	5.8
- Provision for liabilities and other charges	*	*
Cash generated from operations	**21.8**	21.5
Income tax paid	**(2.1)**	(0.6)
Net cash provided by operating activities	**19.7**	20.9
Cash flows from investing activities		
Purchases and construction of property, plant and equipment	**(2.2)**	(1.8)
Capitalisation of research and development expenditure	**(4.2)**	(4.0)
Capitalisation of intangible software and software under development	**(3.6)**	(0.8)
Proceeds from disposal of property, plant and equipment	*	*
Repayment of ESOP loans	*	*
Payment of accrued consideration	*	(0.6)
Net cash used in investing activities	**(10.0)**	(7.2)
Cash flows from financing activities		
Repayment of borrowings	**(2.9)**	(9.0)
Principal payment of lease liabilities	**(0.8)**	(0.8)
Sale of treasury shares	**0.4**	1.8
Interest paid	**(0.5)**	(0.8)
Dividends paid to equity holders of the Company	**(10.9)**	(3.8)
Dividends paid to non-controlling interests	**(0.2)**	*
Net cash used in financing activities	**(14.9)**	(12.6)
Net (decrease)/increase in cash and cash equivalents	**(5.2)**	1.1
Cash and cash equivalents at beginning of financial period	**13.9**	11.2
Effects of currency translation on cash and cash equivalents	**(0.2)**	0.7
Cash and cash equivalents at end of financial period	**8.5**	13.0

* Balance is less than £100,000.

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

XP Power Limited
Notes to the condensed consolidated financial statements

1. General information

XP Power Limited (the "Company") is listed on the London Stock Exchange and incorporated and domiciled in Singapore. The address of its registered office is 401 Commonwealth Drive, Lobby B #02-02, Haw Par Technocentre, Singapore 149598.

The nature of the Group's operations and its principal activities is to provide power supply solutions to the electronics industry.

These condensed consolidated interim financial statements are presented in Pounds Sterling (GBP).

2. Basis of preparation

The condensed consolidated interim financial statements for the period ended 30 June 2021 have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* as adopted by the United Kingdom.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom.

3. Going concern

The Directors reviewed budgets and forecasts to assess the cash requirements of the Group to continue in operational existence for a minimum period of 12 months from the date of the approval of these interim financial statements.

The Directors also reviewed downside scenarios to the budgets and forecasts, which reflect the possible impact of risks identified in the risk management framework. The greatest consideration was given to those risks with the highest potential impact if they occurred and those with the highest probability of occurring. Throughout these downside scenarios, the Group continues to have significant headroom on its financial debt covenants.

Therefore, after making the above enquiries, 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.

4. Accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies within the Group financial statements for the year ended 31 December 2020.

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated interim financial statements as were applied in the presentation of the Group's financial statements for the year ended 31 December 2020.

A number of new or amended standards became applicable for the current reporting period. The adoption of these new or amended standards did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

5. Segmented and revenue information

The Board of Directors considers and manages the business on a geographic basis. Management manages and monitors the business based on the three primary geographical areas: North America, Europe and Asia. All geographic locations market the same class of products to their respective customer base.

Revenue

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions.

Analysis by class of customer

The revenue by class of customer is as follows:

Six months ended 30 June 2021
£ Millions

	Europe	North America	Asia	Total
Primary geographical markets				
Semiconductor Manufacturing Equipment	1.5	36.4	6.6	44.5
Industrial Technology	22.1	17.8	5.5	45.4
Healthcare	11.0	16.2	2.8	30.0
	34.6	70.4	14.9	119.9

Six months ended 30 June 2020
£ Millions

	Europe	North America	Asia	Total
Primary geographical markets				
Semiconductor Manufacturing Equipment	0.6	27.2	2.5	30.3
Industrial Technology	20.7	17.5	8.3	46.5
Healthcare	8.8	16.9	2.6	28.3
	30.1	61.6	13.4	105.1

5. Segmented and revenue information (continued)

Reconciliation of segment results to profit after income tax:

£ Millions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020[1] (Unaudited)
Europe	**10.9**	8.3
North America	**23.2**	20.4
Asia	**5.0**	4.5
Segment results	**39.1**	33.2
Research and development	**(7.8)**	(7.1)
Manufacturing	**(1.3)**	(4.0)
Corporate cost from operating segment	**(6.8)**	(4.1)
Adjusted operating profit	**23.2**	18.0
Finance charge	**(0.7)**	(1.0)
Specific items	**(6.1)**	(6.7)
Profit before income tax	**16.4**	10.3
Income tax expense	**(2.8)**	(2.1)
Profit after income tax	**13.6**	8.2

[1] Prior year comparatives were reclassified to ensure consistency with 2021 segmental presentation

£ Millions	At 30 June 2021 (Unaudited)	At 31 December 2020
Total assets		
Europe	**27.2**	29.1
North America	**136.5**	130.7
Asia	**78.1**	75.7
Segment assets	**241.8**	235.5
Unallocated deferred and current income tax	**4.8**	6.7
Total assets	**246.6**	242.2

Reconciliation of adjusted measures

The Group presents adjusted operating profit and adjusted profit before tax 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, amortisation of intangible assets arising from business combinations, reorganisation costs, and ERP implementation costs.

In addition, the Group presents an adjusted profit after tax measure by adjusting for certain tax charges and credits which management believe to be significant by virtue of their size, nature, or incidence or which have a distortive effect.

5. Segmented and revenue information (continued)

Reconciliation of adjusted measures (continued)

The Group uses these adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting. See below for a reconciliation of operating profit to adjusted operating profit and a reconciliation of profit before tax to adjusted profit before tax.

(i) Reconciliation of operating profit to adjusted operating profit:

£ Millions	**Six months ended 30 June 2021 (Unaudited)**	Six months ended 30 June 2020 (Unaudited)
Operating profit	**17.1**	11.3
Adjusted for:		
Acquisition costs	**-**	0.3
Costs related to ERP implementation	**0.9**	1.5
Amortisation of intangible assets due to business combination	**1.4**	1.6
Legal costs (refer to note 10)	**3.7**	0.2
Restructuring costs	**-**	2.2
Fair value adjustments on currency hedge	**0.1**	0.9
	6.1	6.7
Adjusted operating profit	**23.2**	18.0
Adjusted operating margin	**19.3%**	17.1%

(ii) Reconciliation of profit before tax to adjusted profit before tax:

Profit before tax ("PBT")	**16.4**	10.3
Adjusted for:		
Acquisition costs	**-**	0.3
Costs related to ERP implementation	**0.9**	1.5
Amortisation of intangible assets due to business combination	**1.4**	1.6
Legal costs (refer to note 10)	**3.7**	0.2
Restructuring costs	**-**	2.2
Fair value adjustments on currency hedge	**0.1**	0.9
	6.1	6.7
Adjusted PBT	**22.5**	17.0

6. Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax expected for the full financial year. The effective tax rate on profit before tax as at 30 June 2021 is 17.1% (2020: 20.4%).

7. Dividends

Amounts recognised as distributions to equity holders of the Company in the period:

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	Pence per share	**£ Millions**	Pence per share	£ Millions
Prior year third quarter dividend paid	**20.0**	**3.8**	20.0	3.8
Prior year final dividend paid	**36.0**	**7.1**	-	-
Total	**56.0**	**10.9**	20.0	3.8

7. Dividends (continued)

The dividends paid recognised in the interim financial statements relate to the third quarter dividend and final dividend for 2020.

The Board has declared a dividend for the second quarter of 19.0 pence per share (2020: 18.0 pence per share). The ex-dividend date will be 9 September 2021 and the dividend will be paid on 14 October 2021 to shareholders on the register at the record date of 10 September 2021. The last date for election for the share alternative to the dividend under the Company's Dividend Reinvestment Plan is 24 September 2021.

8. Earnings per share

Earnings per share attributable to equity holders of the company arise from continuing operations as follows:

£ Millions	**Six months ended 30 June 2021 (Unaudited)**	Six months ended 30 June 2020 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the company)	**13.5**	8.1
Amortisation of intangibles associated due to business combinations	**1.4**	1.6
Acquisition costs	**-**	0.3
Non-recurring tax benefits	**(1.1)**	(1.0)
Costs related to ERP implementation	**0.9**	1.5
Legal costs (refer to note 10)	**3.7**	0.2
Restructuring costs	**-**	2.2
Fair value adjustments on currency hedge	**0.1**	0.9
Earnings for adjusted earnings per share	**18.5**	13.8
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share (thousands)	**19,478**	19,293
Effect of potentially dilutive share options (thousands)	**355**	353
Weighted average number of shares for the purposes of dilutive earnings per share (thousands)	**19,833**	19,646
Earnings per share from operations		
Basic	**69.3p**	42.0p
Basic adjusted	**95.0p**	71.5p
Diluted	**68.1p**	41.2p
Diluted adjusted	**93.3p**	70.2p

9. Intangible assets

£ Millions	Development costs	Brand	Trademarks	Technology	Customer relationships	Customer contracts	Intangible software	Intangible software under development	Total
Cost									
At 31 December 2020	48.4	0.9	1.1	4.9	17.2	0.6	8.7	1.5	83.3
Additions	4.2	-	-	-	-	-	0.1	3.5	7.8
Disposal	(0.1)	-	-	-	-	-	-	-	(0.1)
Foreign currency translation	(0.4)	*	*	(0.1)	(0.2)	*	(0.1)	0.1	(0.7)
At 30 June 2021	**52.1**	**0.9**	**1.1**	**4.8**	**17.0**	**0.6**	**8.7**	**5.1**	**90.3**
Amortisation									
At 31 December 2020	23.3	0.3	1.0	2.0	6.8	0.6	2.7	-	36.7
Charge for the period	1.7	*	-	0.3	1.1	-	0.5	-	3.6
Foreign currency translation	(0.1)	*	-	(0.1)	*	*	(0.1)	-	(0.2)
At 30 June 2021	**24.9**	**0.3**	**1.0**	**2.2**	**7.9**	**0.6**	**3.1**	**-**	**40.1**
Carrying amount									
At 30 June 2021	**27.2**	**0.6**	**0.1**	**2.6**	**9.1**	**-**	**5.6**	**5.1**	**50.2**
At 31 December 2020	25.1	0.6	0.1	2.9	10.4	-	6.0	1.5	46.6

* Balance is less than £100,000.

The amortisation period for development costs incurred on the Group's products varies between three and seven years according to the expected useful life of the products being developed.

Amortisation commences when the product is ready and available for use.

The remaining amortisation period for customer relationships ranges from one to seven years.

10. Comet legal matter

Comet Technologies USA Inc., Comet AG, and YXLON International (collectively "Comet") filed a lawsuit against XP Power LLC in September 2020, alleging trade secret misappropriation relating to RF match and generator technology. The lawsuit is still ongoing, and the Group has incurred legal costs of £3.7 million in the six months ended 30 June 2021. The Group believes there is no merit to this lawsuit and intend to vigorously defend any claims brought against it by Comet. The Group expects to incur further legal costs until this matter is resolved, the magnitude of which cannot currently be estimated with any certainty. No provision in relation to the dispute has been recognised in these condensed interim financial statements as it is not probable that an outflow of economic benefits will occur, and the amount of outflow, if any, cannot be estimated reliably.

Risks and uncertainties

The Board has continued to review the Group's existing and emerging risks and the mitigating actions and processes in place in the first half of 2021, taking specific consideration of the impact of the ongoing COVID-19 pandemic. Following this review the Board believes there has been no material change to the relative importance or quantum of the Group's principal risks in the first half of 2021. The risk assessment and review are an ongoing process, and the Board will continue to monitor risks and the mitigating actions in place. The principal risks are summarised below.

An event that causes a disruption to one of our manufacturing facilities

An event that results in the temporary or permanent loss of a manufacturing facility would be a serious issue. As the Group manufactures approximately 80% of revenues, this would undoubtedly cause at least a short-term loss of revenues and profits and disruption to our customers and therefore damage to reputation.

Fluctuations of revenues, expenses and operating results due to an economic shock

The revenues, expenses and operating results of the Group could vary significantly from period to period because of a variety of factors, some of which are outside its control. These factors include general economic conditions; adverse movements in interest rates; conditions specific to the market; seasonal trends in revenues, capital expenditure and other costs and the introduction of new products or services by the Group, or by their competitors. In response to a changing competitive environment, the Group may elect from time to time to make certain pricing, service, marketing decisions or acquisitions that could have a short-term material adverse effect on the Group's revenues, results of operations and financial condition.

Risk associated with supply chain

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

Cyber security / Information systems failure

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 on the results of operations.

Dependence on key customers

The Group is dependent on retaining its key customers. Should the Group lose a number of its key customers, this could have a material impact on the Group's financial condition and results of operations. However, for the six months ended 30 June 2021, no one customer accounted for more than 16% of revenue.

Product recall

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.

Competition from new market entrants and new technologies

The power supply market is diverse and competitive. The Directors believe that the development of new technologies could give rise to significant new competition to the Group, which may have a material effect on its business. At the lower end of the Group's target market, in terms of both power range and programme size, the barriers to entry are lower and there is, therefore, a risk that competition could quickly increase particularly from emerging low-cost manufacturers in Asia.

Risks relating to regulation, compliance and taxation

The Group operates in multiple jurisdictions with applicable trade and tax regulations that vary. Failing to comply with local regulations or a change in legislation could impact the profits of the Group. In addition, the effective tax rate of the Group is affected by where its profits fall geographically. The Group effective tax rate could therefore fluctuate over time and have an impact on earnings and potentially its share price.

Risks and uncertainties (continued)

Strategic risk associated with valuing or integrating new acquisitions

The Group may elect from time to time to make acquisitions. A degree of uncertainty exists in valuation and in particular in evaluating potential synergies. Post-acquisition risks arise in the form of change of control and integration challenges. Any of these could have an effect on the Group's revenues, results of operations and financial condition.

Exposure to exchange rate fluctuations

The Group deals in many currencies for both its purchases and sales including US Dollars, Euros and its reporting currency Pounds Sterling. In particular, North America represents an important geographic market for the Group where nearly all the revenues are denominated in US Dollars. The Group also sources components in US Dollars and the Chinese Renminbi. The Group therefore has an exposure to foreign currency fluctuations. This could lead to material adverse movements in reported earnings.

Loss of key personnel or failure to attract new personnel

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 the services of key employees could have a material adverse effect on own business.

Directors' responsibility statement

The interim results were approved by the Board of Directors on 30 July 2021.

The Directors confirm to the best of their knowledge that:

- the unaudited interim results have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the United Kingdom; and
- the interim results include a fair view of the information required by DTR 4.2.7 (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and DTR 4.2.8 (disclosure of related party transactions and changes therein).

The Directors of XP Power Limited are as follows:

James Peters	Non-Executive Chairman
Gavin Griggs	Chief Executive Officer
Oskar Zahn	Chief Financial Officer
Andy Sng	Executive Vice President, Asia
Terry Twigger	Senior Non-Executive Director
Polly Williams	Non-Executive Director
Pauline Lafferty	Non-Executive Director

Signed on behalf of the Board by

James Peters
Non-Executive Chairman

Gavin Griggs
Chief Executive Officer

30 July 2021