

Xaar 2021 Full Year Results

Tuesday 29th March

XAAAR

Agenda

- 》 Journey so far
- 》 Improving financial performance
- 》 Business on track
- 》 Exciting future
- 》 Summary and outlook



John Mills
CEO




Ian Tichias
CFO

“We have great technology, great people and a large market opportunity. We will be successful.”

John Mills

CEO

XAIR



Good set of results having finished the year well

Pleased with progress having passed key milestone of delivering H2 2021 profit

Positive customer engagement, regaining market share in ceramics and developing multiple new markets has enabled resilience and strong revenue growth

New management team and strategy in EPS setting it up for profitability in 2022

Investment in supply chain enabled 100% fulfilment of customer orders

Business is cash generative and retains a strong balance sheet

Improving Financial Performance

XAAZ



Strong financial performance across the group

£M	2021	2020	Var	Var%
Continuing Operations				
Revenue	59.3	48.0	11.3	23%
Gross Margin	34%	27%	7%	
Total Opex	(20.5)	(16.9)	(3.6)	(22%)
aEBITDA	3.2	0.1	3.1	5033%
aPBT	(0.6)	(3.9)	3.3	85%
Cashflow ¹	(0.6)	8.1	(8.7)	(108%)
Total Operations				
PAT	14.2	(14.7)	28.9	197%
Cashflow ²	4.9	(5.1)	10.0	197%

* Figures (£m) and percentage (%) are subject to rounding

£M	2021	2020	Var	Var%
Trade WC	19.2	14.3	4.9	34%
Cash	25.1	18.1	7.0	38%
Net Assets	68.8	55.4	13.4	24%

* Figures (£m) and percentage (%) are subject to rounding

¹ Cash (utilised)/generated by operations

² Total Net Cash Inflow/(Outflow)

Strong Revenue growth across the Group up 23%, like-for-like 12%

Gross margin 7ppts higher

Positive aEBITDA from Printhead BU and underlying EPS BU

Good underlying cash generation

PAT benefit from sales of Xaar 3D

Working capital increase due to proactive investment

Strong cash position and balance sheet with no debt

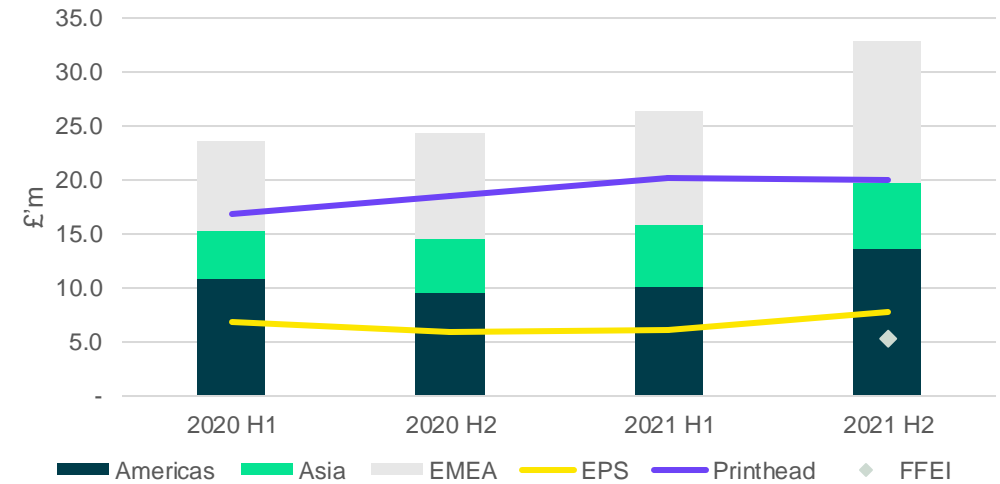
Group revenue continues to grow

Revenue +23% (12% excluding FFEI) y-o-y demonstrating continued momentum over consecutive reporting periods

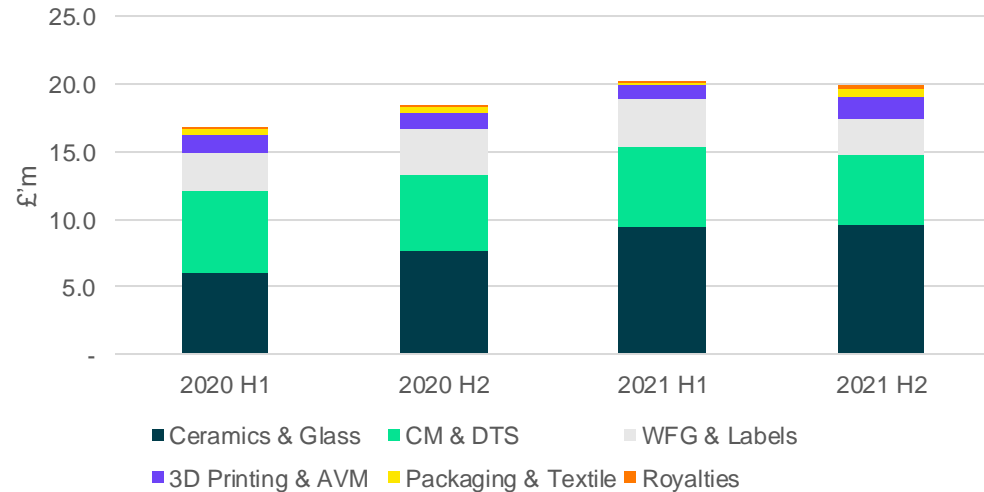
Printhead recovery driven by increased revenues in Asia and EMEA as the Ceramics & Glass and the WFG & Label sectors all grow

EPS revenue driven by increased digital machine sales

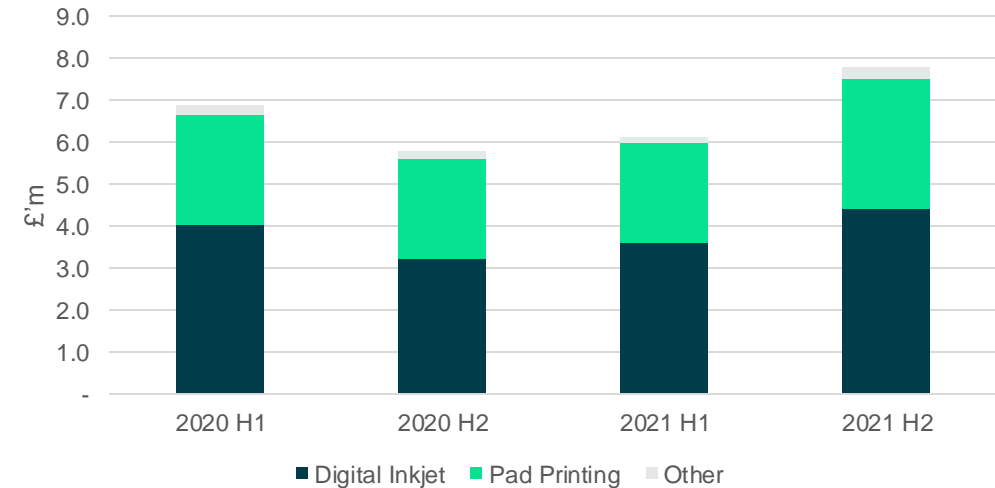
Revenue by Region and BU



Printhead Revenue by Sector



EPS Revenue by Technology



Our Printhead business unit continues to improve

Printhead				
£M	2021	2020	Var	Var %
Revenue	40.1	35.3	4.8	14%
Gross Margin	38%	27%	11%	
Total Opex	(15.5)	(13.2)	(2.3)	(17%)
aEBITDA	2.8	0.1	2.7	6128%
aPBT	(0.5)	(3.4)	2.9	85%

* Figures (£m) and percentage (%) are subject to rounding

Revenue up 14%

Significant increase in Gross Margin

OPEX higher y-o-y due to one off credits in 2020

R&D investment increased by £0.8m with investment focused on the ImagineX platform and product roadmap

EBITDA positive and improvement in aPBT with much reduced loss

EPS business unit stabilised and showing strong revenue growth

EPS				
£M	<i>Actual Results</i>			
	2021	2020	Var	Var %
Revenue	13.9	12.7	1.2	9%
Gross Margin	23%	27%	(3%)	
Total Opex	(3.9)	(3.7)	(0.2)	(7%)
aEBITDA	(0.4)	0.0	(0.4)	(2365%)
aPBT	(0.8)	(0.5)	(0.3)	(59%)

* Figures (£m) and percentage (%) are subject to rounding

Revenue increased 9% v FY20, with recovery in digital machine sales driving positive momentum in revenue growth

Gross margin impacted by £0.6m one-off inventory write downs related to legacy products

Positive aEBITDA in underlying performance

Balance sheet remains strong

<i>Underlying Results</i>				
£M	2021	2020	Var	Var %
	Revenue	13.9	12.7	1.2
Gross Margin	27%	31%	(4%)	
Total Opex	(3.9)	(3.7)	(0.2)	(6%)
aEBITDA	0.2	0.6	(0.4)	(74%)
aPBT	(0.2)	0.1	(0.3)	(272%)

* Figures (£m) and percentage (%) are subject to rounding

FFEI business unit fully integrated

FFEI	
£M	2021
Revenue	5.3
Gross Margin	36%
Total Opex	(1.1)
aEBITDA	0.8
aPBT	0.7

* Figures (£m) and percentage (%) are subject to rounding

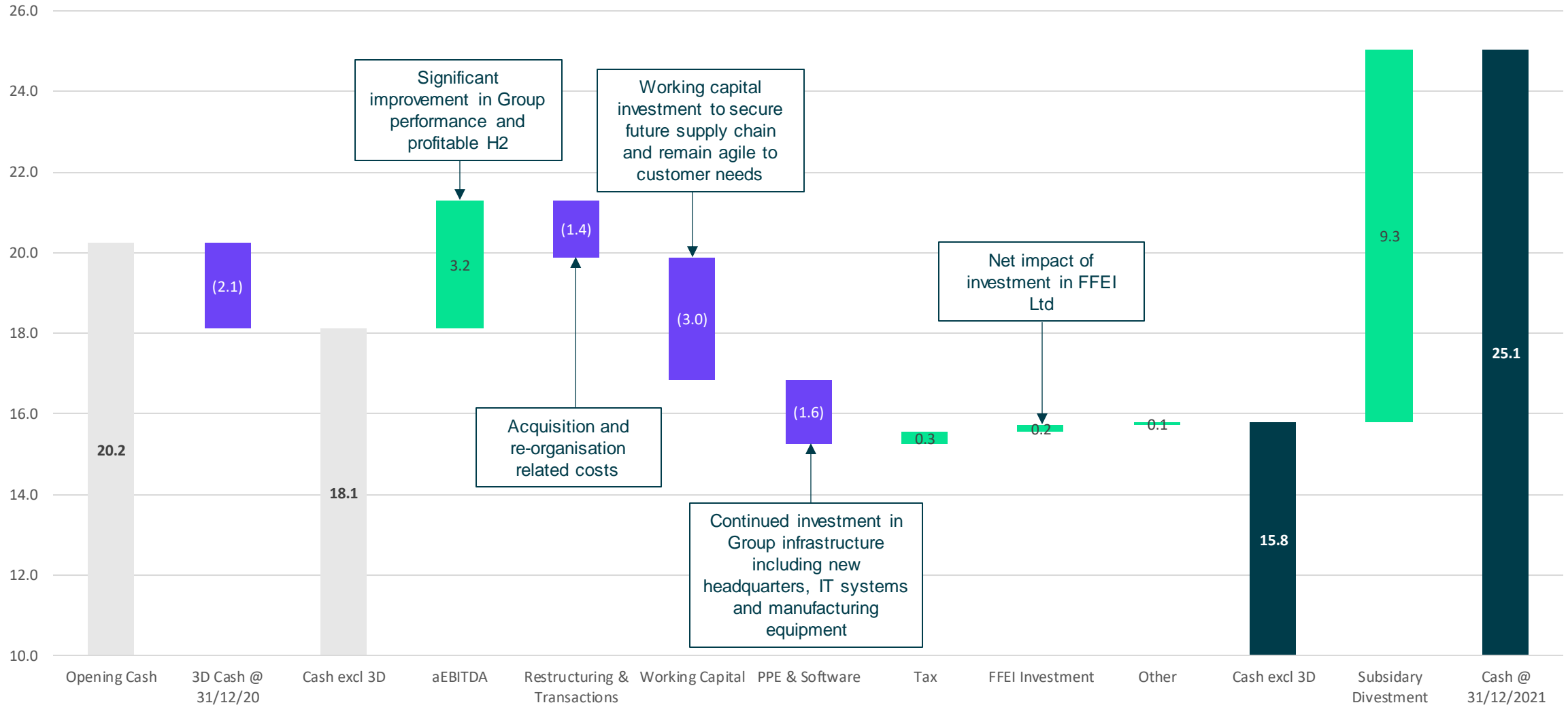
Business integrated and already supporting overall group strategy of more vertically integrated products

Increased demand for our printbars which will support wider technology offering

EBITDA positive and aPBT positive

Note – contribution is for period from 11 July 2021

Operating cash flow breakdown



Financial summary and take away highlights



Strong Revenue growth of 12% on like-for-like for basis



Reduced loss and **return to Profit in H2 2021**



Working capital investment of £7m to mitigate supply chain risks



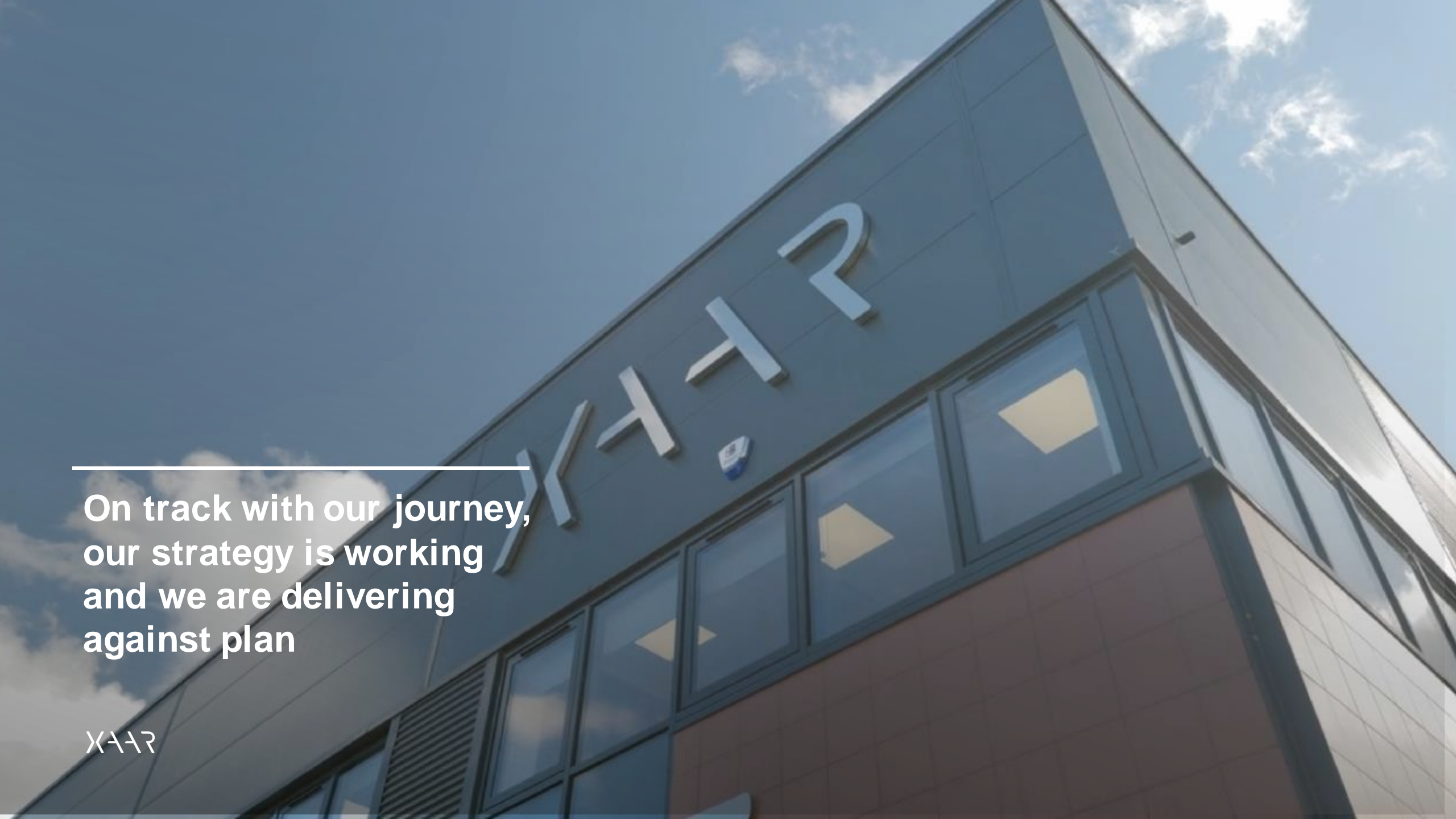
Strong cash generation and underlying positive aEBITDA



Strong balance sheet provides **stable platform for future growth**

2022 Outlook

Maintained strong organic Revenue growth
Continued Margin improvement
Return to full year profitability



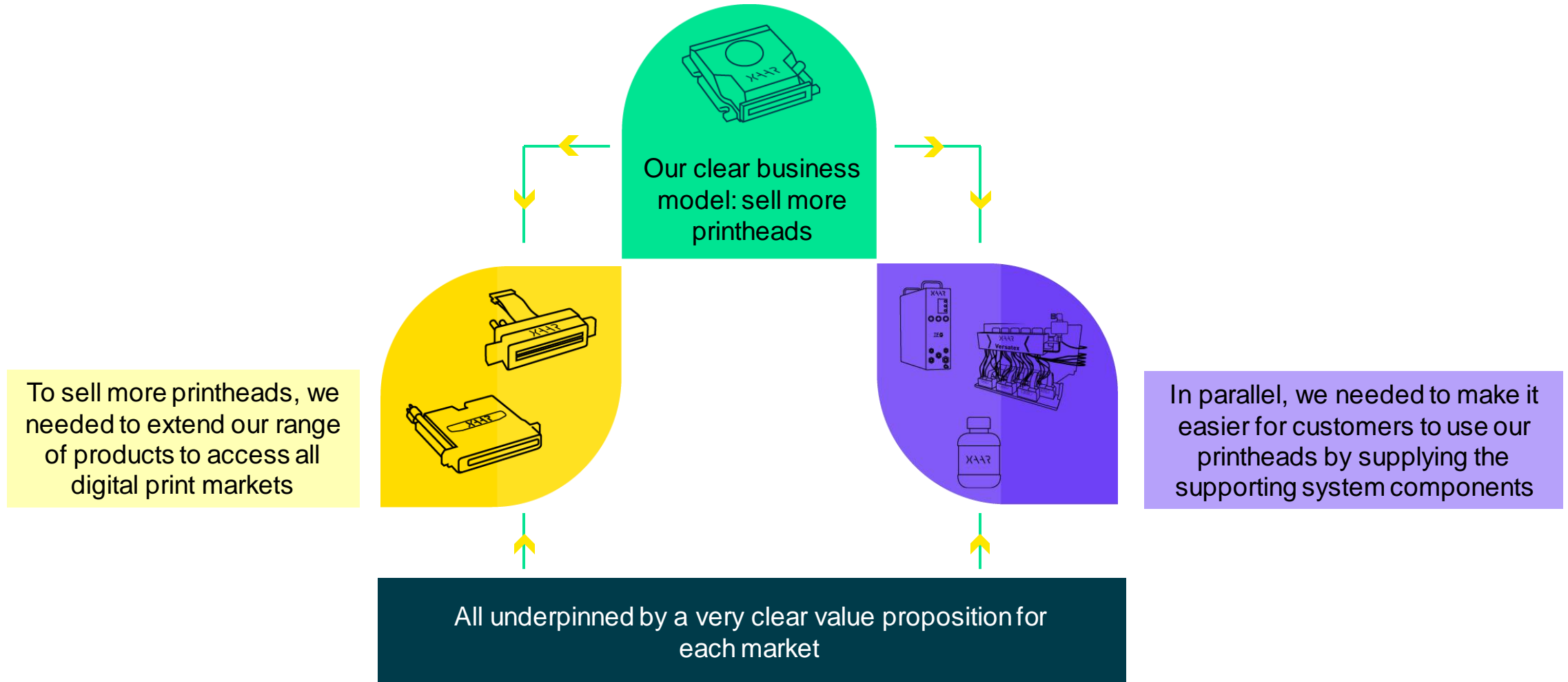
On track with our journey,
our strategy is working
and we are delivering
against plan

XAAZ

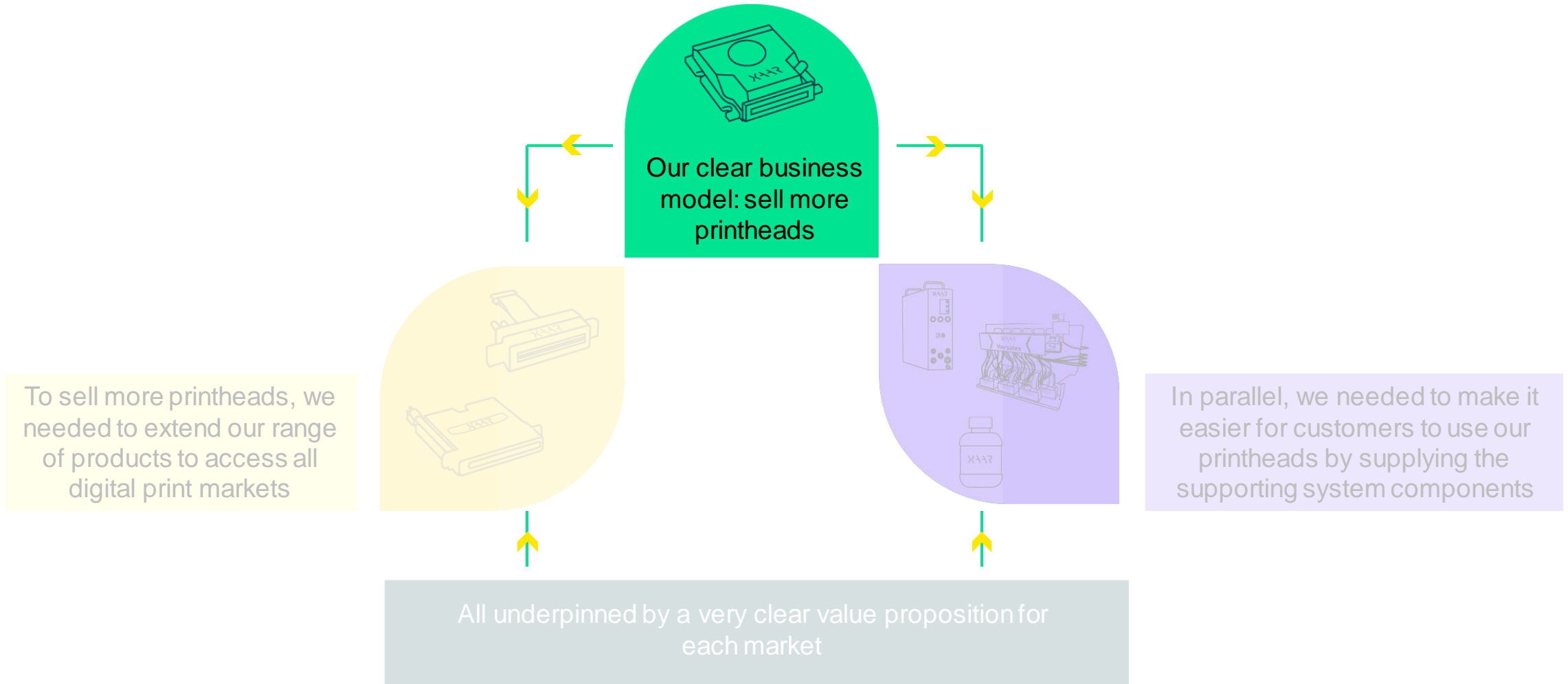


**Get to market fast with
the Inkjet Opportunity**

Re-set the business model and increased customer engagement



Re-set the business model and increased customer engagement



We are regaining the trust of our customers



We have established that Xaar only sells printheads we design, develop and manufacture and we do not sell through any competing channels



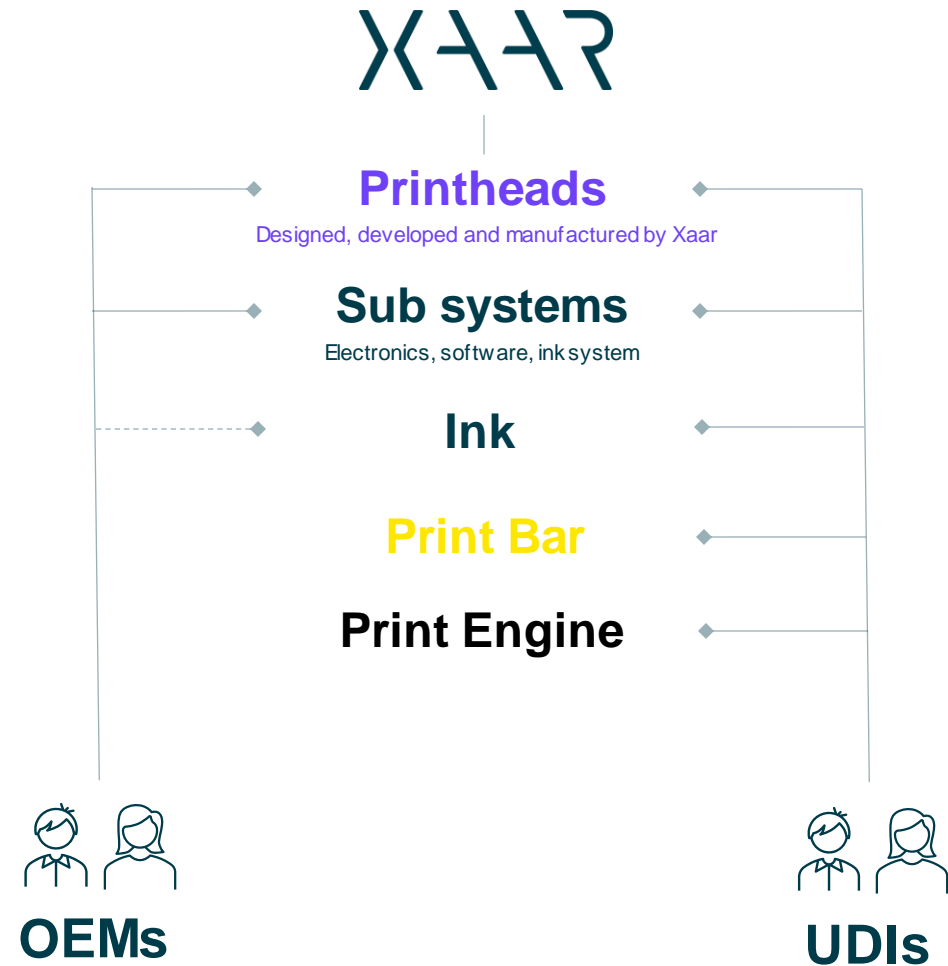
We have recognized that different customers will require different levels of support depending on their application and experience



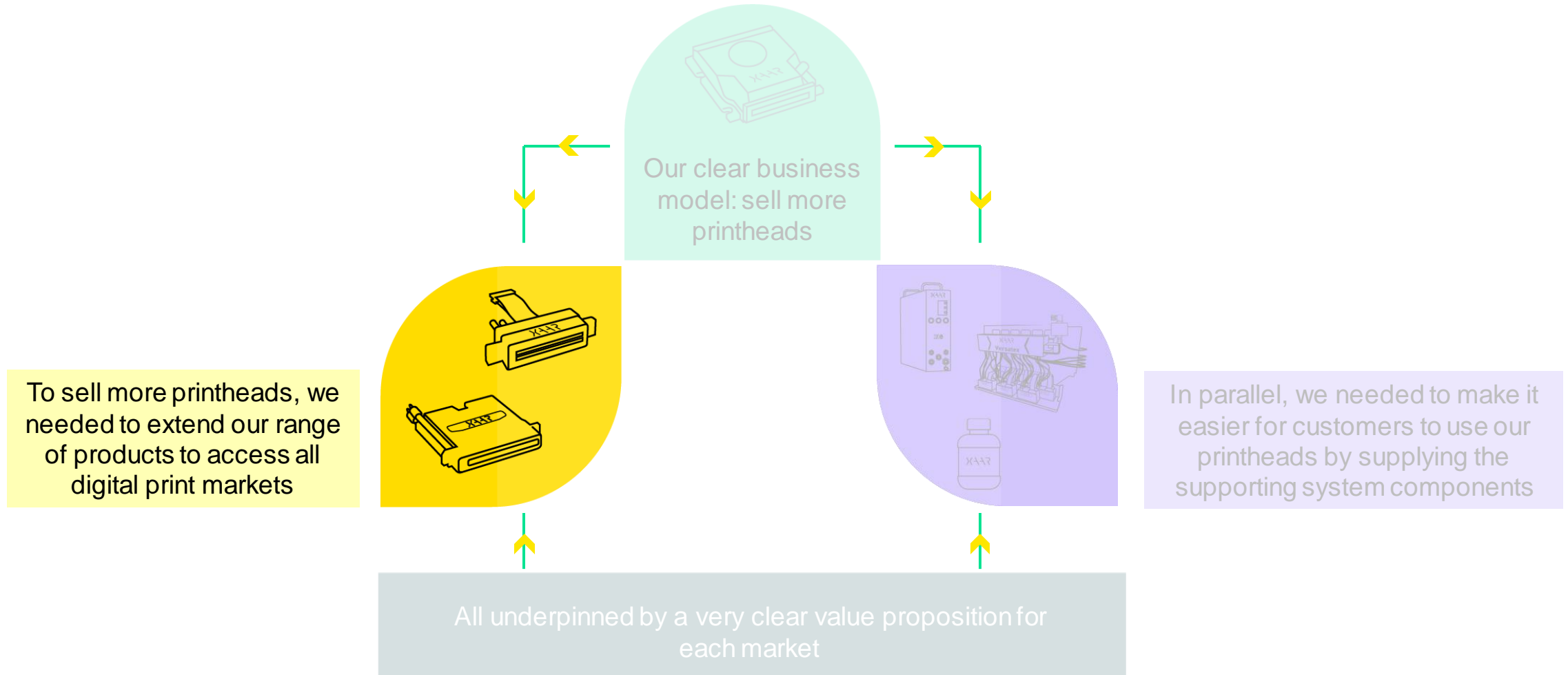
We have communicated through our re-branding that Xaar want to partner to support our customers and offer a one stop shop



As a result we have re-built a level of trust and respect with our customers and re-established Xaar as a preferred partner



Re-set the business model and increased customer engagement

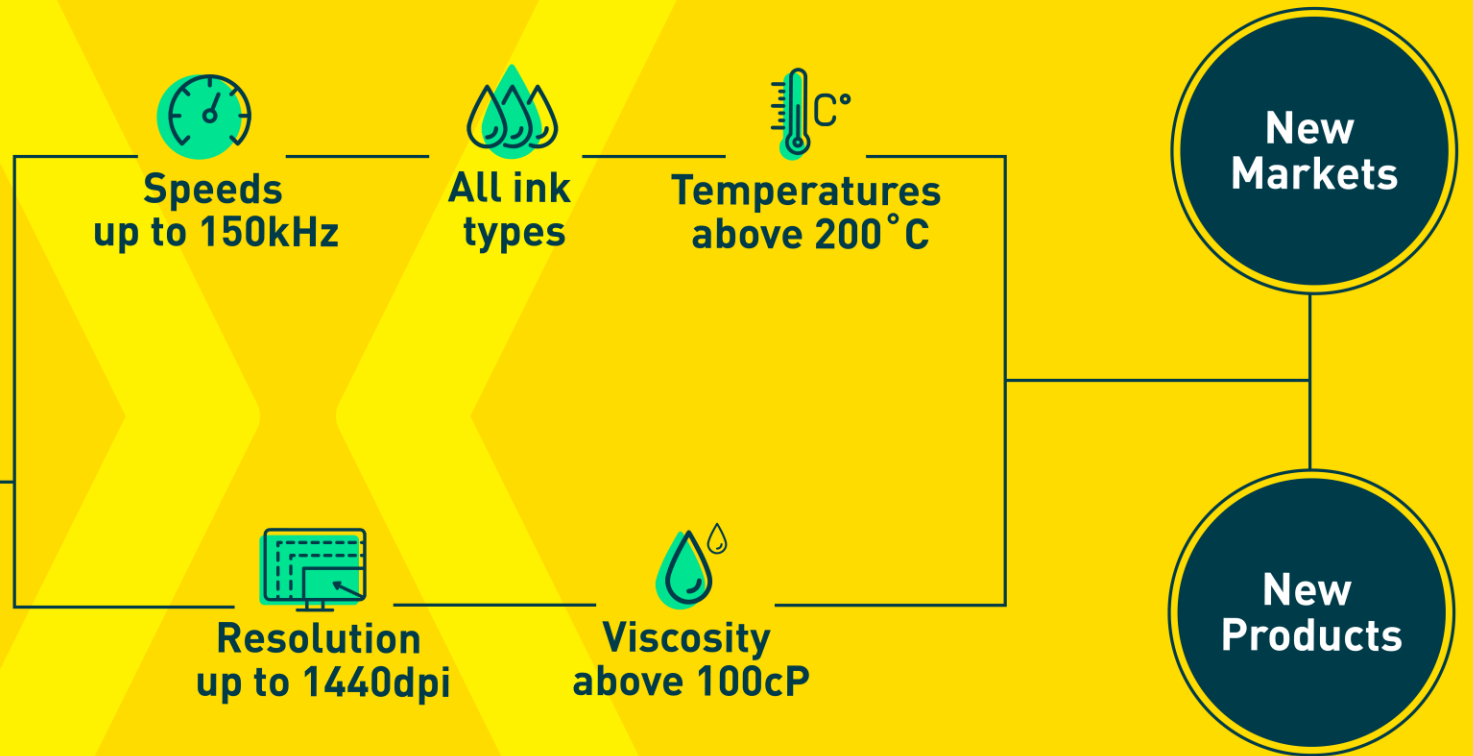


ImagineX

Powering Xaar products for the next **30 years**

Gen 1 IP

Powered **30 years** of Xaar products



XAAR


We are confident in our ability to deliver these new products

Feature/Product	Status			Benefits
Tuned Actuator and AcuChp	<i>Launched 2020</i>	✓	<i>Available across all heads</i>	Better uniformity, Plug and play
High Viscosity	<i>Launched 2020</i>	✓	<i>Available across all heads</i>	Jetting new materials for new applications
High Laydown	<i>Launched 2020</i>	✓	<i>Available across all heads</i>	5X increase in productivity
Long Throw Distance	<i>Launched 2021</i>	✓	<i>Xaar Irix</i>	Image quality on curved media and reduced risk of printhead strike
High Frequency (48kHz)	<i>Launched 2021</i>	✓	<i>Xaar Nitrox</i>	40% increase in speed and productivity
Aqueous Compatibility	<i>Alpha test</i>	➡	<i>Beta Development</i>	Water based conductive inks and fluids
Robust Nozzle	<i>In development</i>	➡	<i>In test</i>	Image quality maintained
High Frequency (57kHz)			<i>In development</i>	3 cycle firing scheme with Gen 2 ASIC
Ultra High Frequency (150+kHz)			<i>In development</i>	Three fold increase in speed
High Resolution			<i>In development</i>	Higher native resolution up to 1440dpi


We have delivered three new products to address these markets

Markets	Ceramics and Glass	C&M and DTS	3D and Adv Man	Packaging and Textiles	WFG and Labels
Market size for printheads	£100m	£100m	£50m	£100m	£500m
Estimated Xaar share	Ceramics 10% Glass <1%	20%	1%	0%	0%
Product Features	Tuned Actuator and AcuChp	Long Throw Distance	High Viscosity High Laydown High Frequency (48kHz)	Robust nozzle plate High speed High resolution	Aqueous compatibility High speed High resolution
Market positions (management estimate)	 Xaar 2002	 Xaar Irix	 Xaar Nitrox		

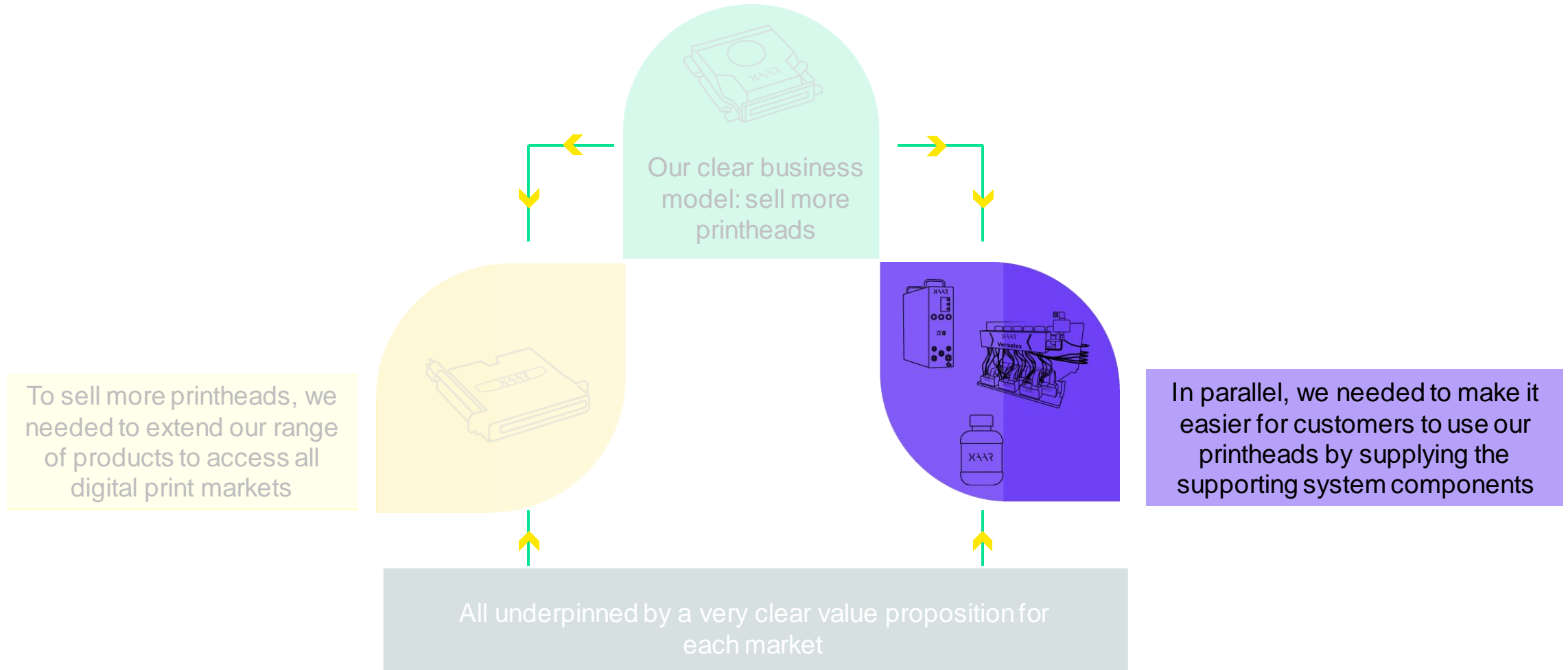
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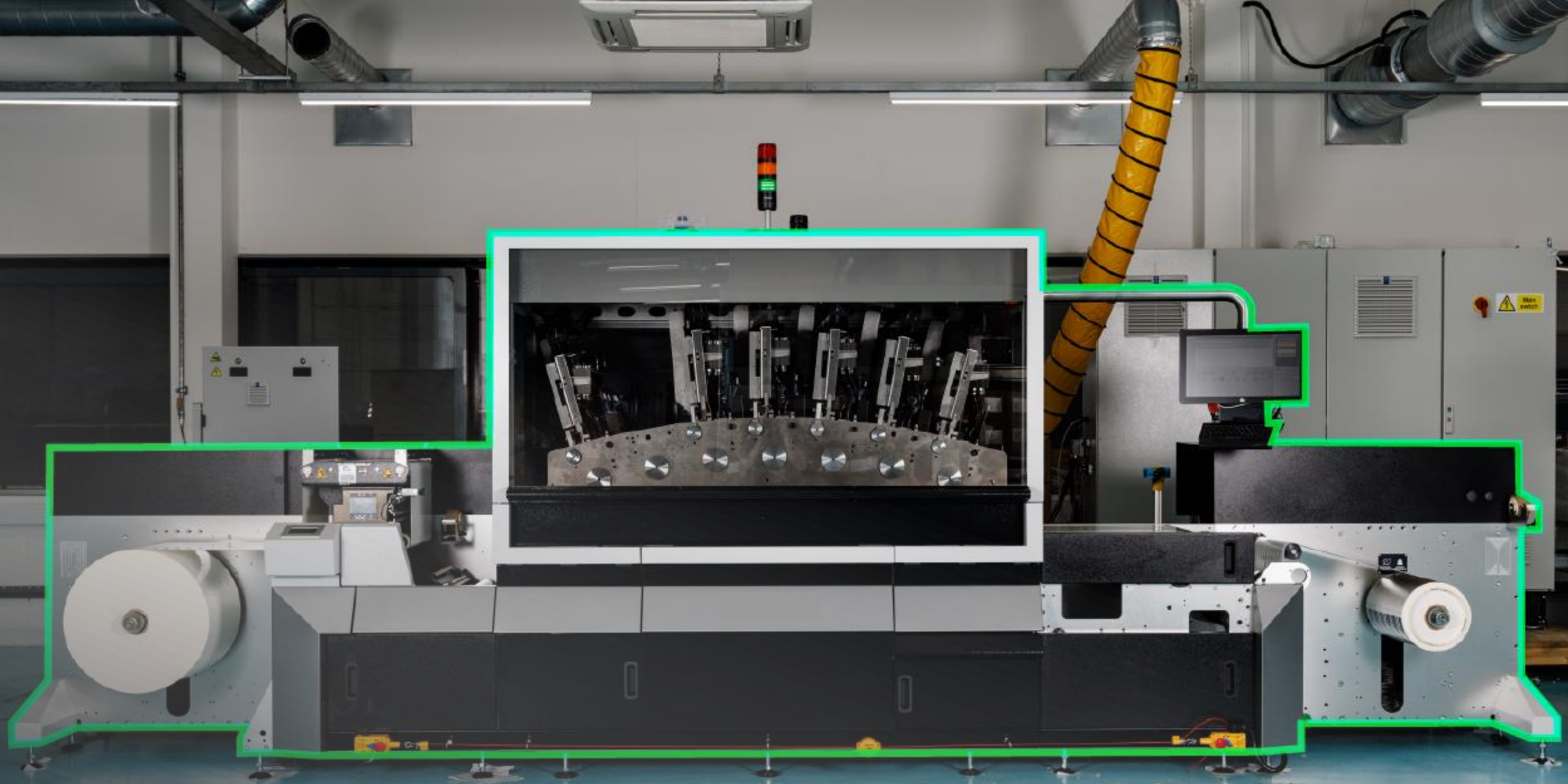
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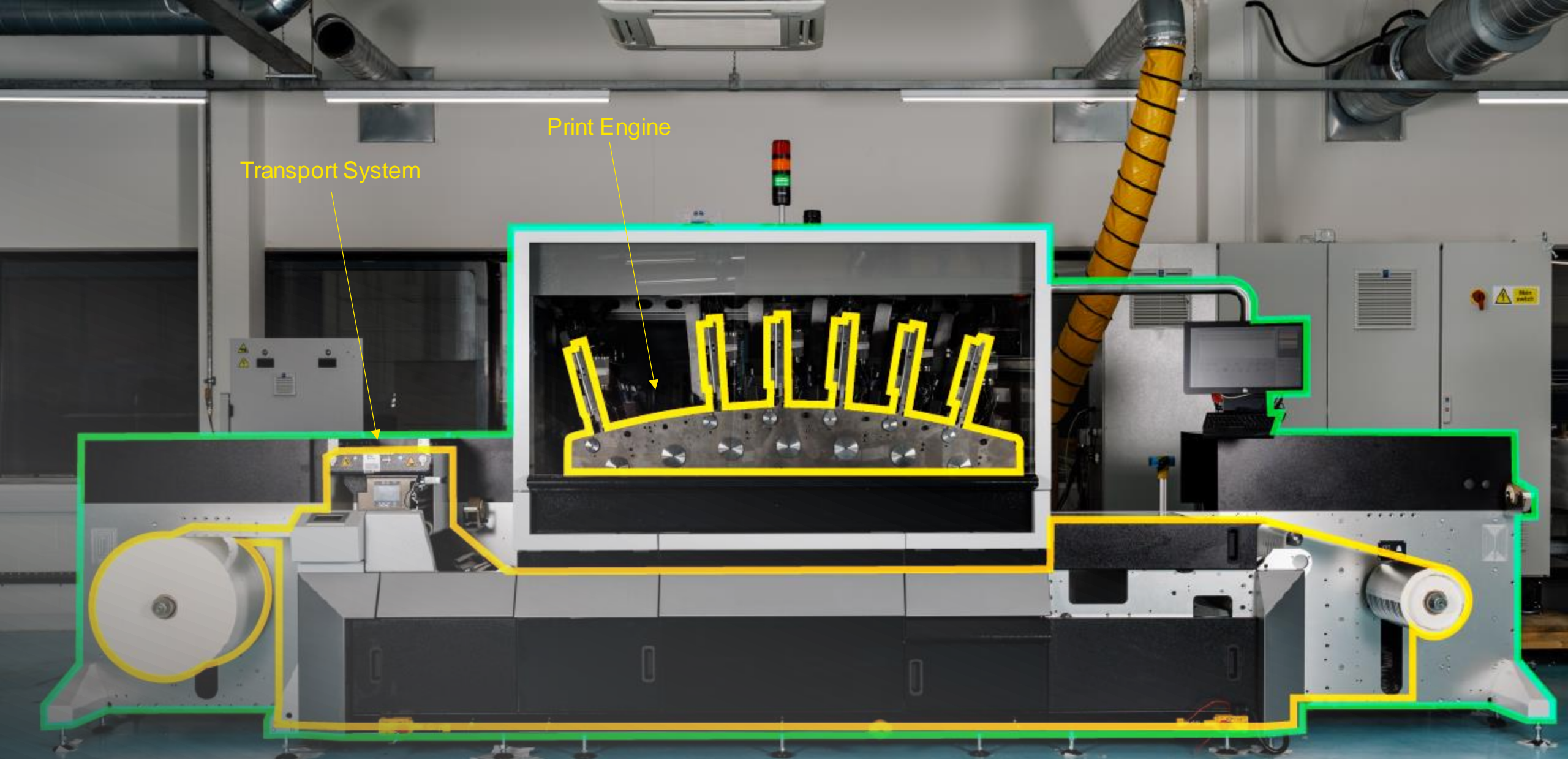
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Re-set the business model and increased customer engagement





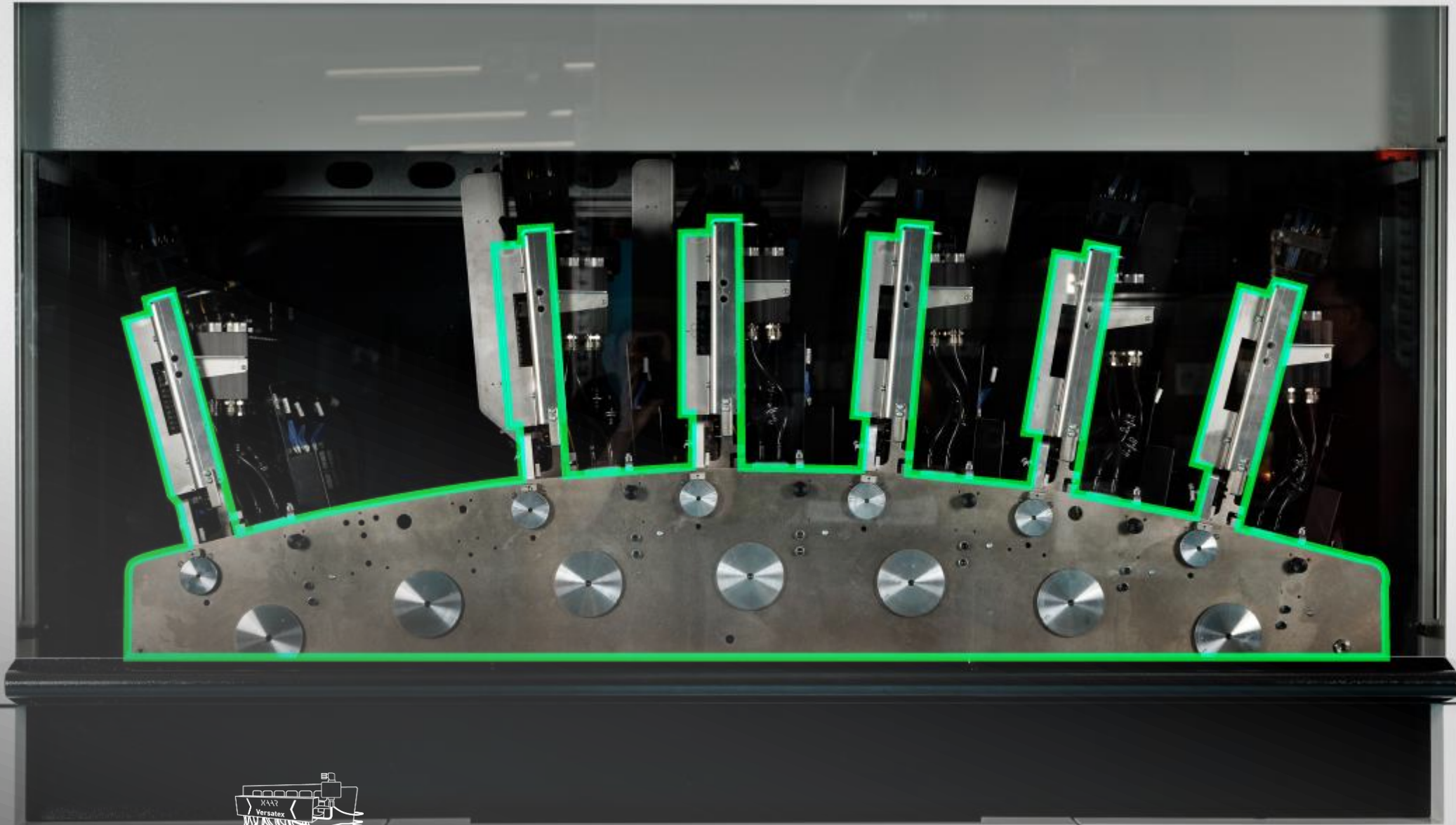
The Printer



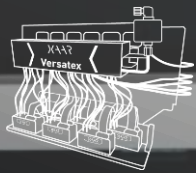
Transport System

Print Engine

Transport System and Print Engine



Print engine



The image shows the interior of a large, grey metal cabinet filled with complex machinery. The machine is organized into several vertical columns. Each column contains a series of components, including what appear to be sensors or actuators at the top, connected to a central processing or control unit. The central unit in the middle column is highlighted with a bright green outline. Below these units are several blue and white components, possibly power supplies or filters, connected by a network of blue cables. The overall appearance is that of a high-precision industrial or scientific instrument. At the top of the cabinet, there are two yellow and black hazard warning symbols. At the bottom left, there is a white label with the text "Print bar" and a horizontal line underneath it. At the bottom right, there is a recessed area with a grid of small components, possibly a connector or a diagnostic panel.

Print bar



Ink System



Printheads

XAAR

The **Inkjet**
Opportunity

Printheads

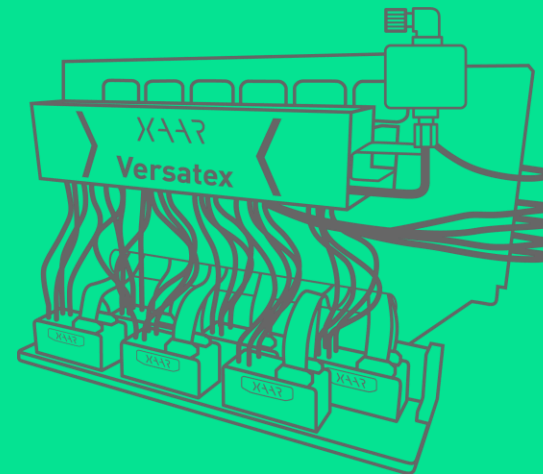
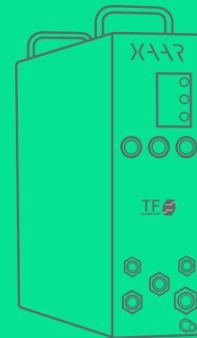
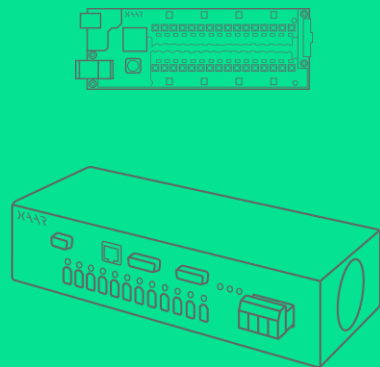
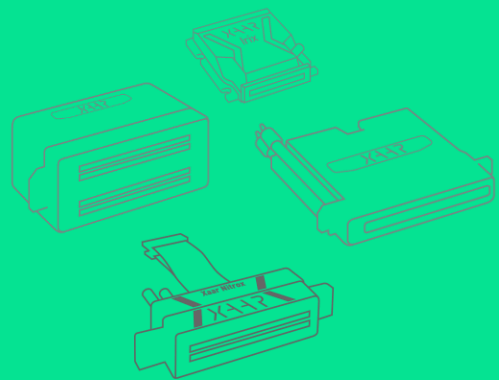
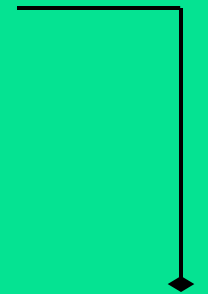
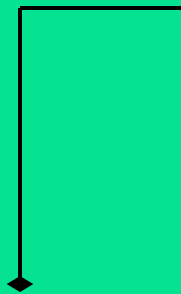
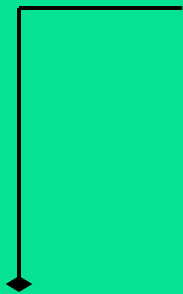
**Electronics
& datapath**

Inks

Ink supply systems

Print engines

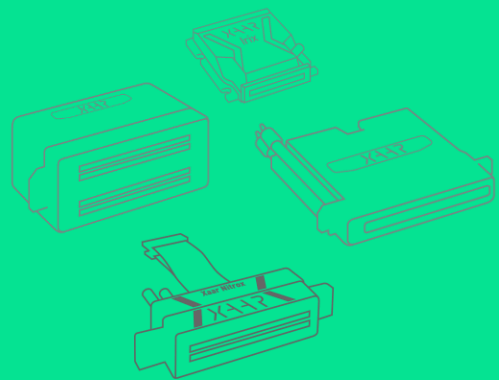
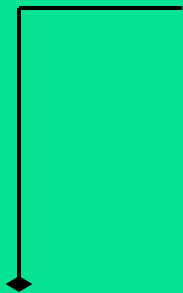
Support



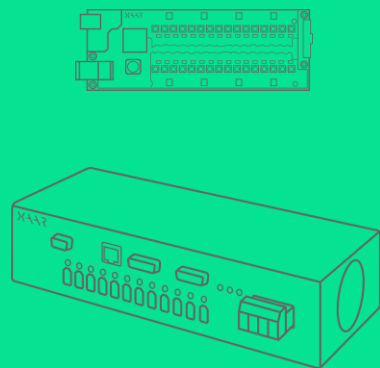
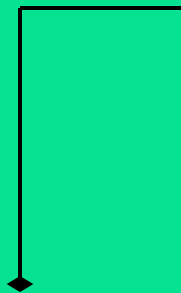
XAAR

The **Inkjet**
Opportunity

Printheads



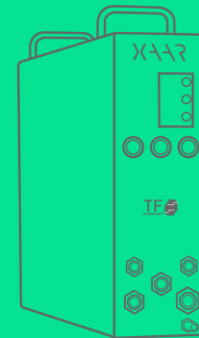
**Electronics
& datapath**



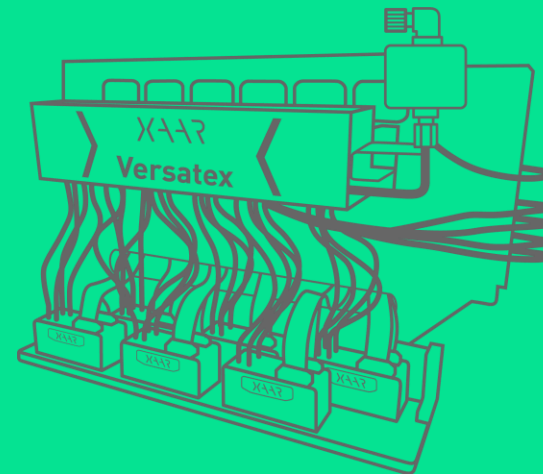
Inks



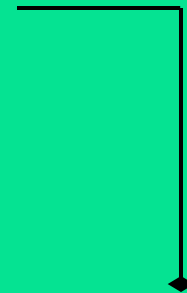
Ink supply systems



Print engines



Support



XAAR

The **Inkjet**
Opportunity

Printheads

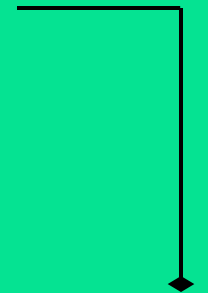
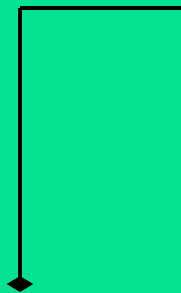
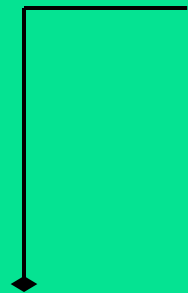
Electronics
& datapath

Inks

Ink supply systems

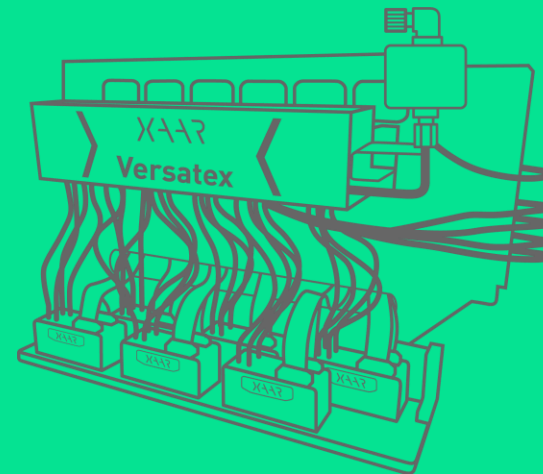
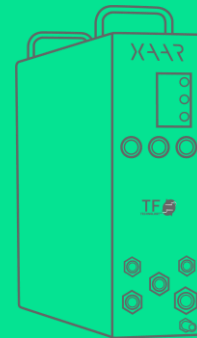
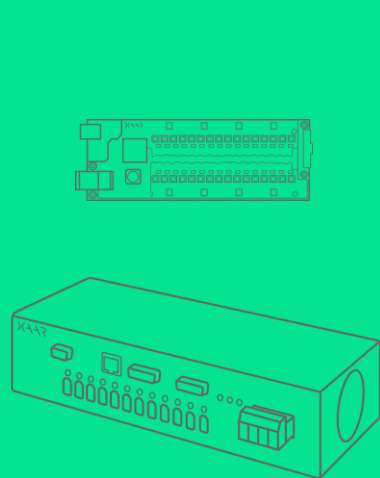
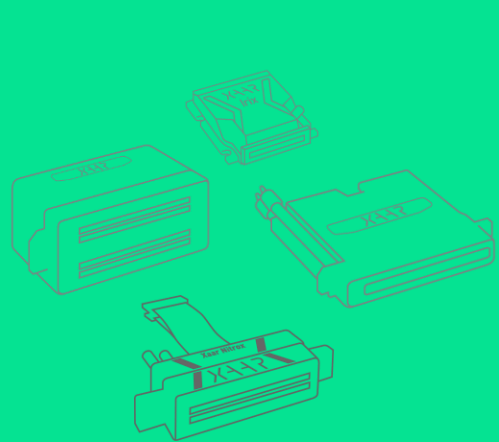
Print engines

Support



 **megnajet**
Controlling fluids in a digital world

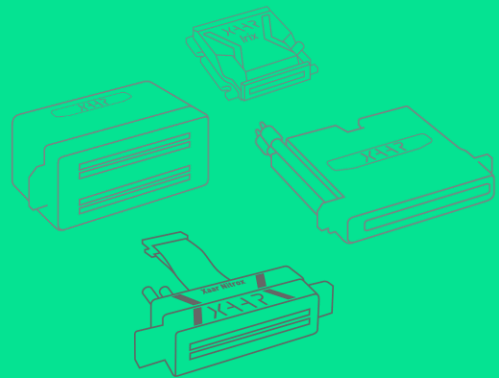
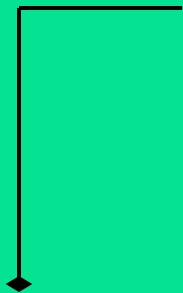
 **EcoJet**
The world's most efficient inkjet



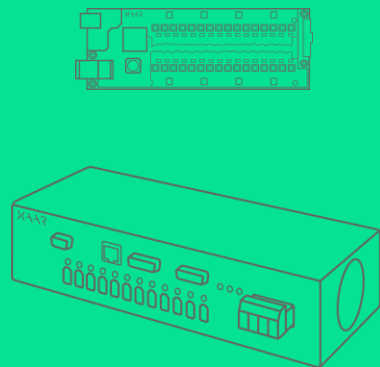


The Inkjet Opportunity

Printheads



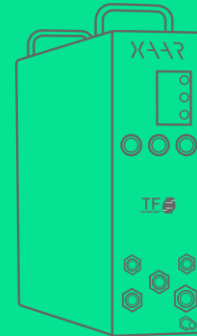
Electronics & datapath



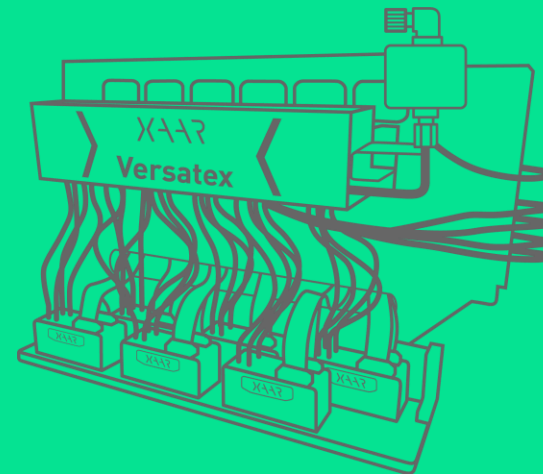
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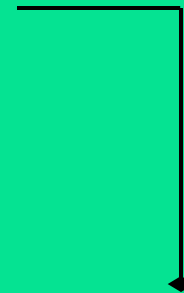
Ink supply systems



Print engines



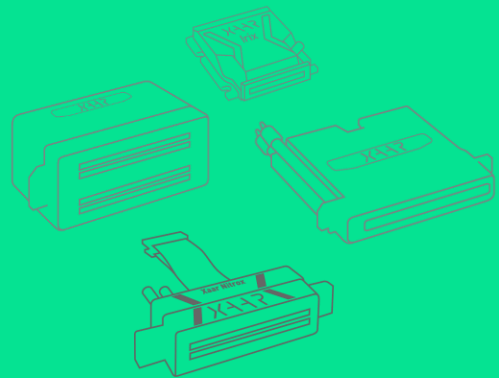
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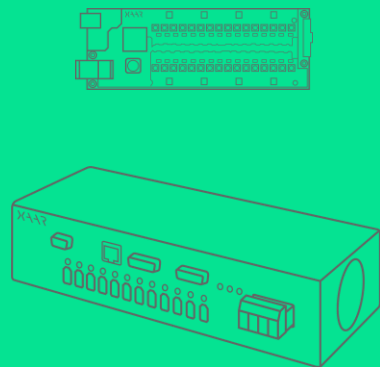


The Inkjet Opportunity

Printheads



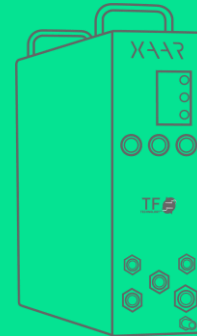
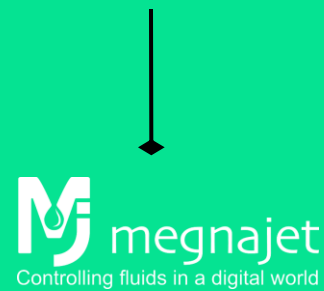
Electronics & datapath



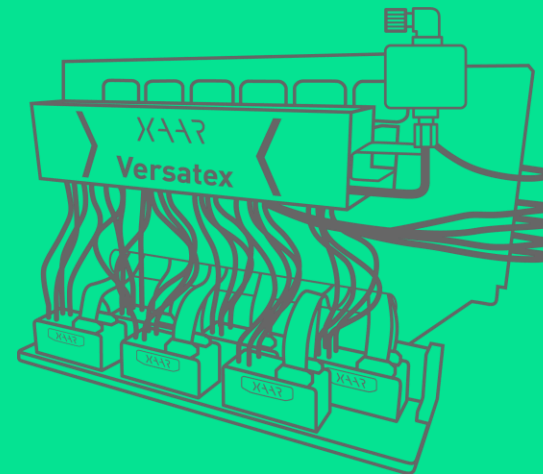
Inks



Ink supply systems



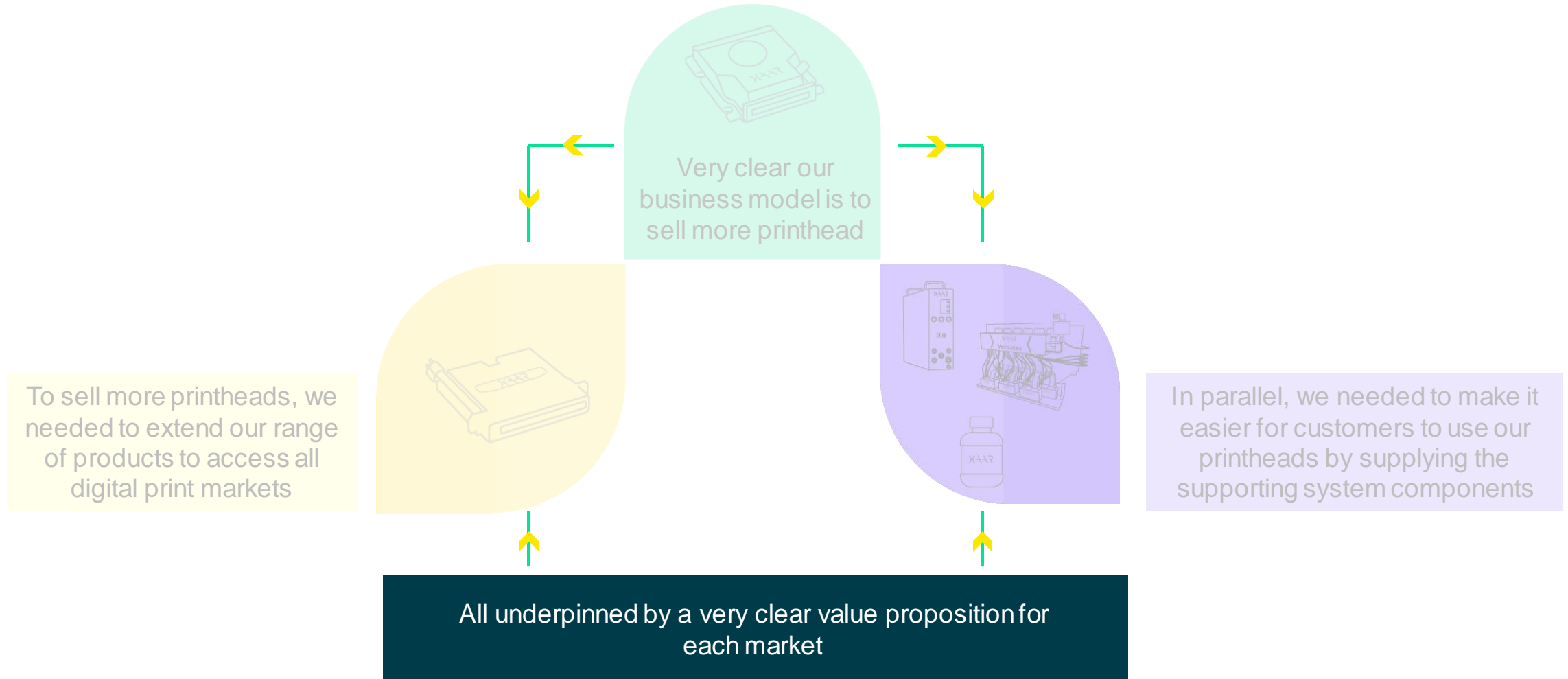
Print engines



Support



Re-set the business model and increased customer engagement



We have defined a clear value proposition for Xaar technology

- ✓ Xaar excels at printing highly viscous and highly pigmented fluids which deliver added functionality
- ✓ Many applications demand these challenging fluids which gives us a competitive advantage
- ✓ Increased benefits of higher viscosity fluids drives interest in Xaar technology
- ✓ Companies are reformulating their fluids to take advantage of the functionality only we can offer

Ultra High Viscosity
TECHNOLOGY 

High Laydown
TECHNOLOGY 

TF
TECHNOLOGY 

Committed to ESG

- ✔ Established ESG committee
- ✔ Committed to a sustainability roadmap
- ✔ Overall goal is to be net zero by 2030
- ✔ Clear focus on four pillars:



Environment

Leading the way in environment and sustainability



People

Aspiring to be employer of choice



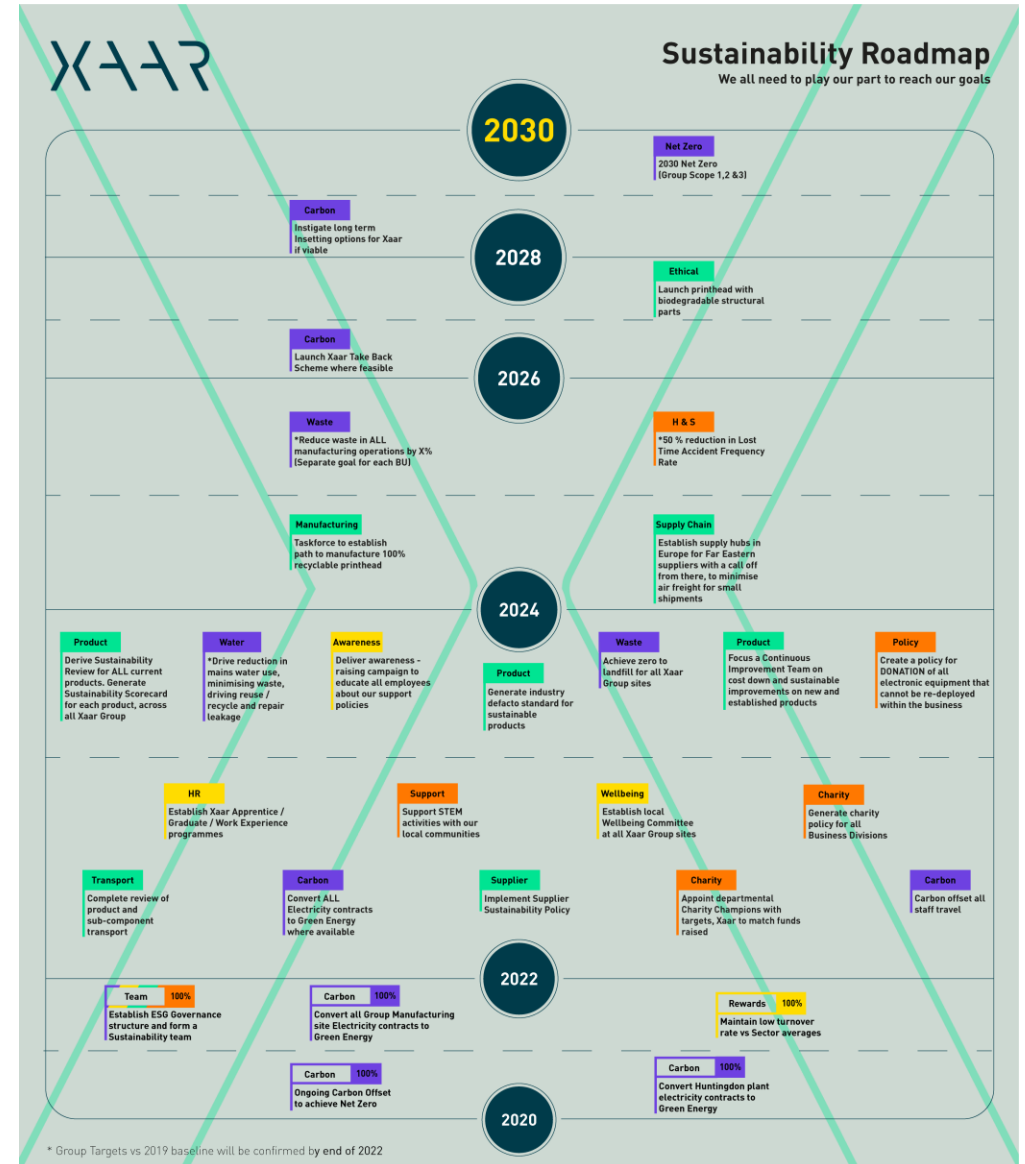
Innovation

Encouraging more sustainable approaches to design



Community

Actively engaging with our communities



The business is now in shape to grow

- ✓ Business reset for increased customer engagement
 - ✓ Internal projects to improve operational efficiency particularly in IT Infrastructure and processes
 - ✓ Started to grow our regional service and support capability
 - ✓ Built a world class leadership team
 - ✓ Recovery and stabilisation phase of our journey complete
- 
- A person wearing glasses and a dark jacket is holding a small white flag on a stick. The flag has the letters 'X44R' written on it in a stylized font. The background is a blurred indoor setting with warm lighting.

Looking forward we
continue to be
excited about the
future for Xaar

XAA7

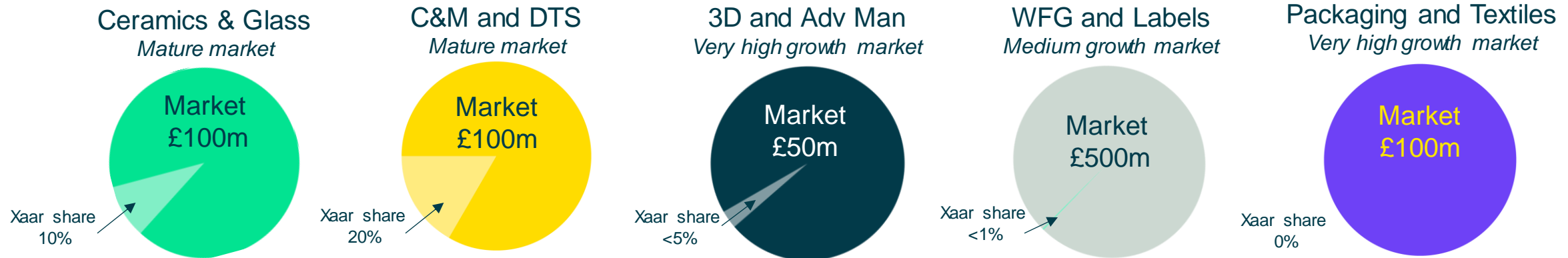


Significant market opportunity for printheads

- ✓ New business model, clear value proposition and new products have enabled us to grow market share in existing markets
- ✓ Our roadmap will unlock all digital print markets and deliver products with compelling technical advantages in each market which will drive adoption and growth particularly in
- ✓ Analogue to digital conversion will drive significant growth in Packaging & Textiles and 3D

Current Market Size for Printheads

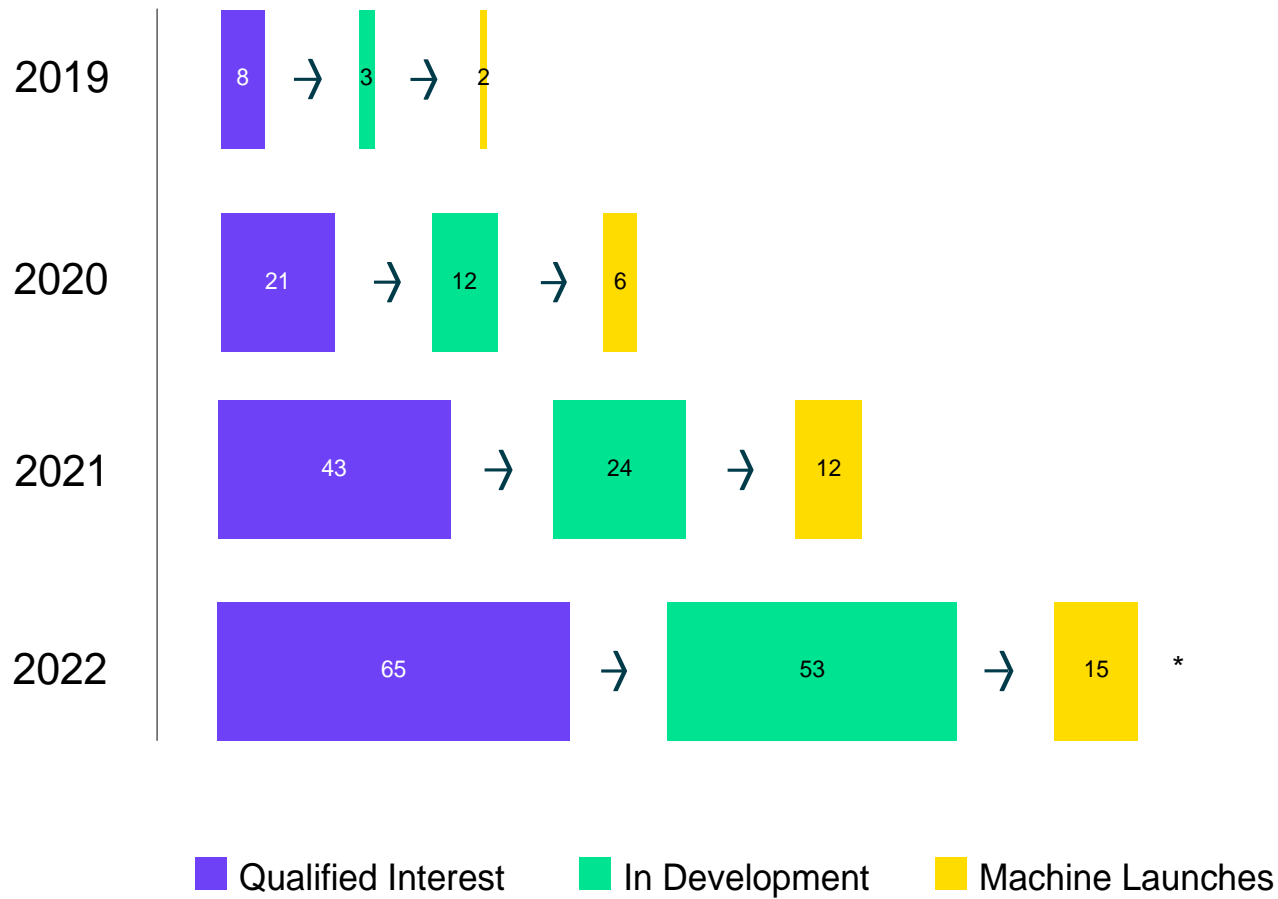
Growth opportunity



Xaar market share opportunity



Increased number of customers adopting Xaar technology



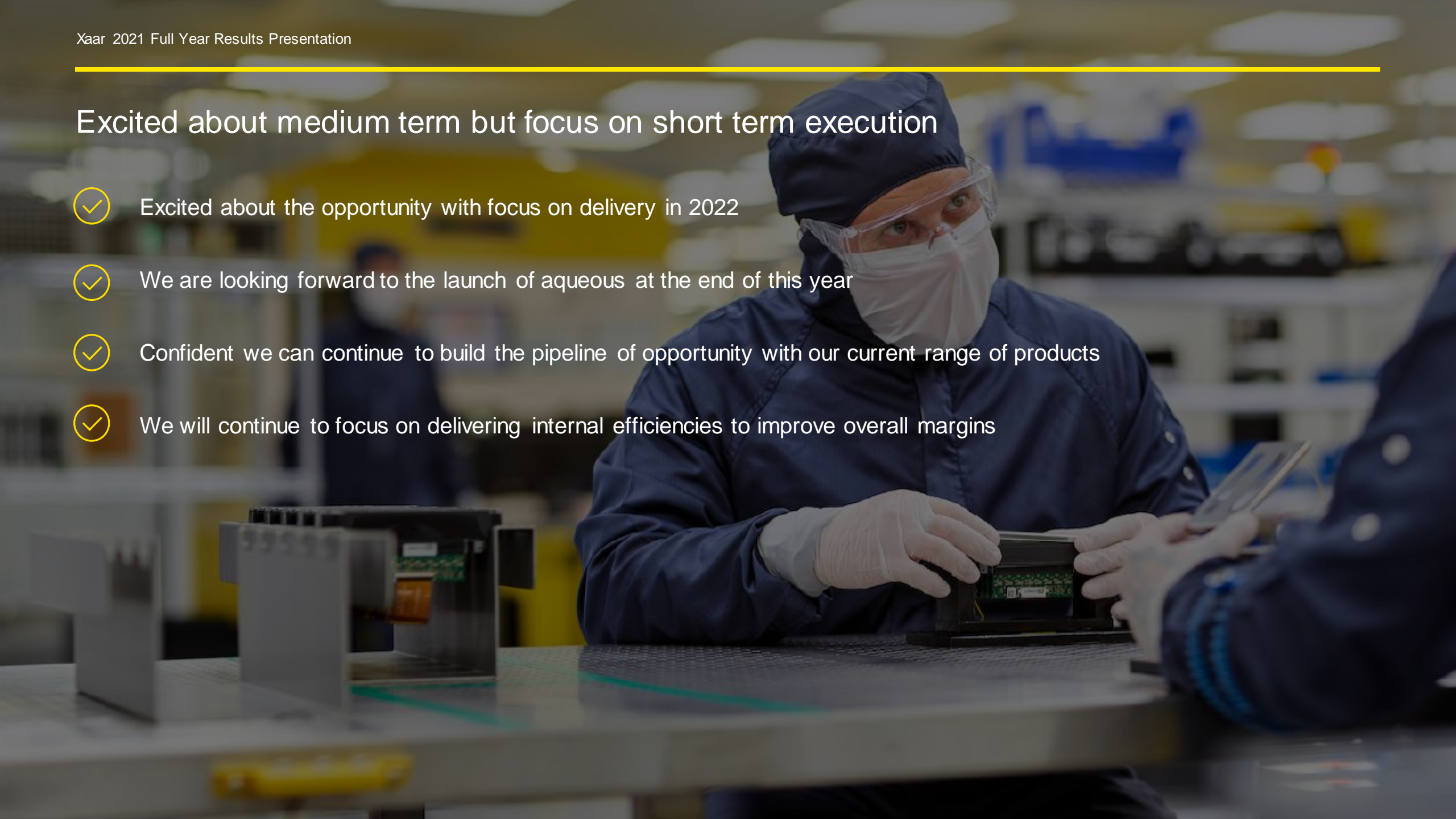
In 2021 we had 12 new printers launched with Xaar printheads which will drive incremental revenue in 2022 and onwards

Projects are prioritised based on sustainability and a clear ESG mandate

New product launches give us confidence we will further grow the pipeline

* Projected machine launches in 2022

Excited about medium term but focus on short term execution

- ✓ Excited about the opportunity with focus on delivery in 2022
 - ✓ We are looking forward to the launch of aqueous at the end of this year
 - ✓ Confident we can continue to build the pipeline of opportunity with our current range of products
 - ✓ We will continue to focus on delivering internal efficiencies to improve overall margins
- 
- A person wearing a blue cleanroom suit, a white face mask, and safety glasses is working at a workstation. They are holding a small electronic component. The background is a blurred cleanroom environment with other people and equipment.



Summary

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In summary a good set of results and excited about future

Good set of Results

- Revenue of £59.3m up 23% on 2021
- Gross margin of 34% up 7ppts v 2021
- Adjusted Loss of £0.6m compared to £3.9m in 2021
- Strong balance sheet with net cash of £25.1m
- Profit in H2

Business on track

- Completed recovery phase
- Re-positioned business
- Regained customers and market share
- Delivered 3 new products
- Strategic acquisition to extend product offering
- Improved operational efficiency

Continue to be excited

- 2022 started strongly in line with our plan
- In good shape to deliver full year profit
- Significant market opportunity for technology
- Clear product roadmap to enable access to markets
- Strong pipeline reflecting progress to date and confidence in revenue growth

“We have great technology, great people and a large market opportunity. We will be successful.”

John Mills

CEO

XAIR

Q&A

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Thank you

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