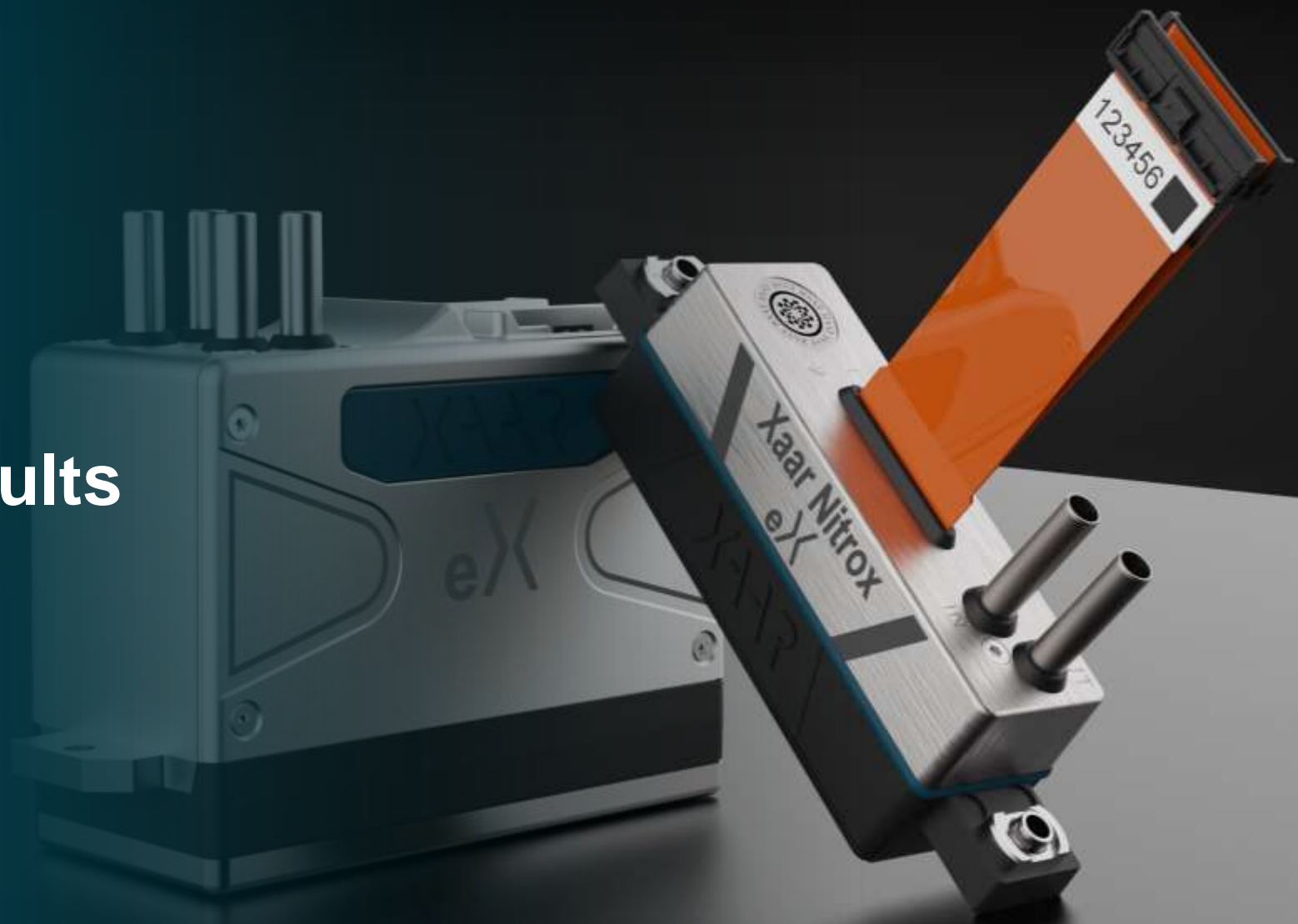


Xaar 2024 Interim Results

18th September 2024

XAAR
Group



Agenda

- » Overview
- » Financial performance
- » What sets Xaar apart
- » Strong underlying dynamics
- » Market sector highlights
- » Strategic update
- » Summary



John Mills
CEO

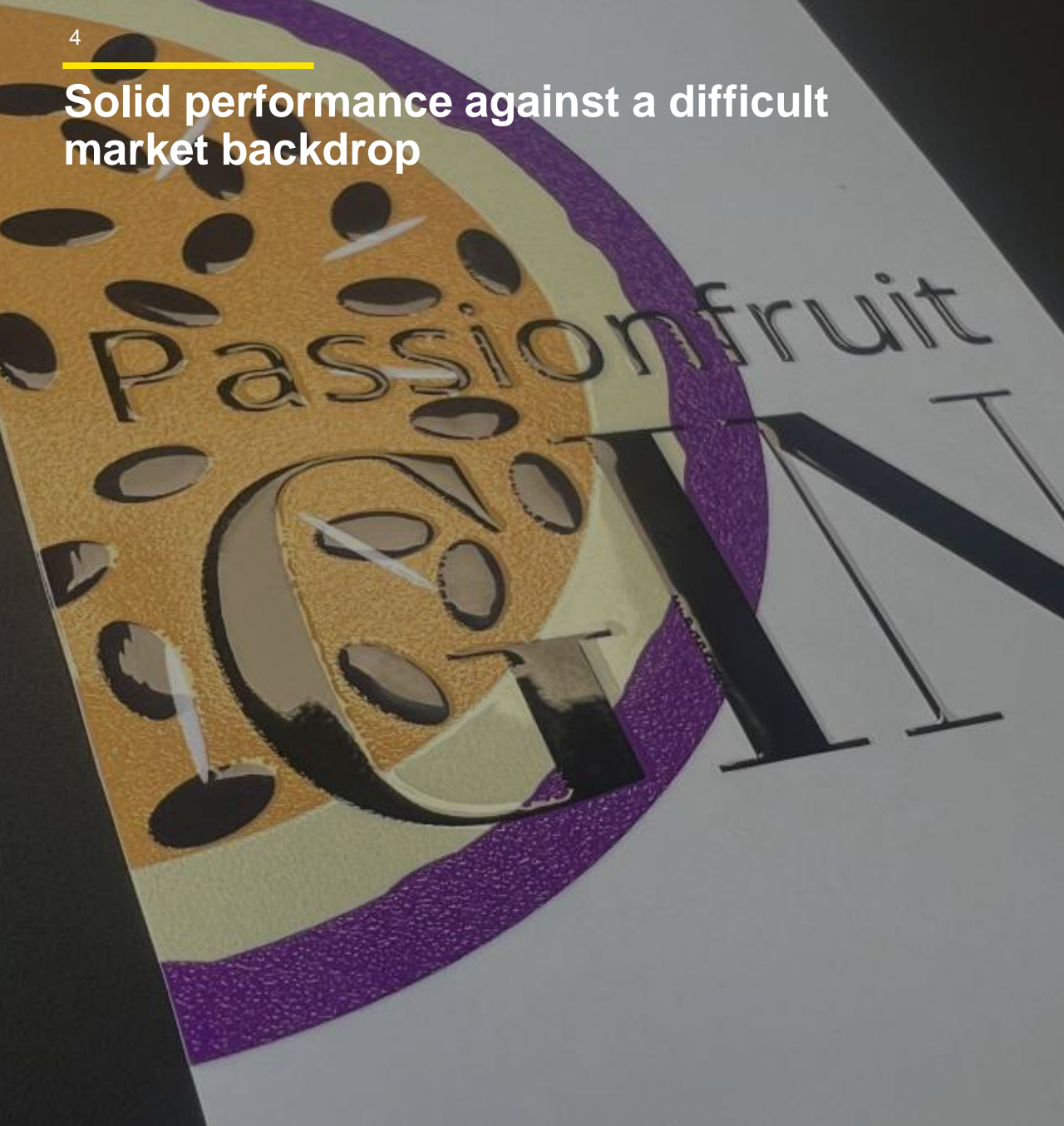


Ian Tichias
CFO

Overview

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Solid performance against a difficult market backdrop

15 OEM product launches
expected in 2024

26% printhead revenue
CAGR since 2019 ex
ceramics

Major OEM project
in Wax launched,
3D imminent

Deliver complete solution
to accelerate OEM
product launches

Proactive management
action positioned for
growth

Remain confident about
long term opportunity

A woman with long brown hair, wearing safety glasses and white gloves, is focused on examining a small, rectangular sample held in her hands. She is wearing a blue lab coat. The background is a blurred laboratory setting with various equipment and shelves. The text "Financial performance" is overlaid on the left side of the image, preceded by a short yellow horizontal line.

Financial performance

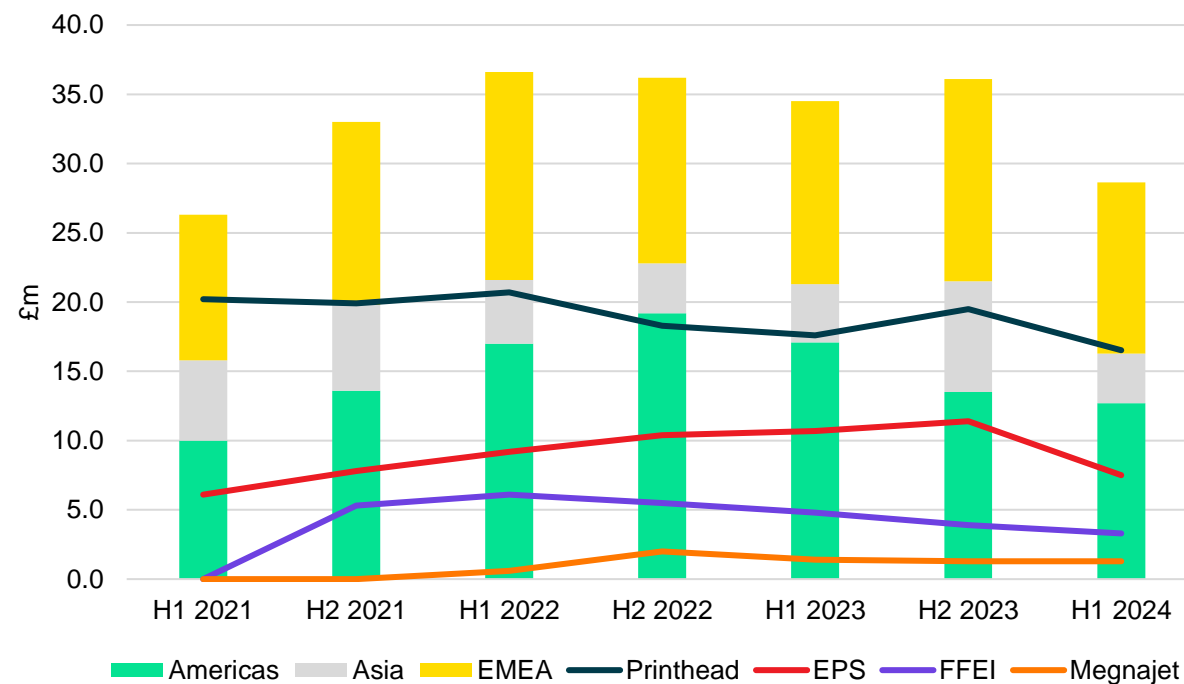
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Solid Group financial performance

£m	H1 2024	H1 2023	Var	% Var
Revenue	28.6	34.5	(5.9)	-17%
Gross Margin	35%	40%		-5 ppt
Total Opex	(10.6)	(14.0)	3.4	+24%
AEBITDA	1.0	3.5	(2.5)	-72%
APBT	(0.7)	1.8	(2.5)	-138%

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

Revenue by region and business unit



Solid performance despite challenging macro environment

Growth in new markets masked by weakness in legacy ceramics

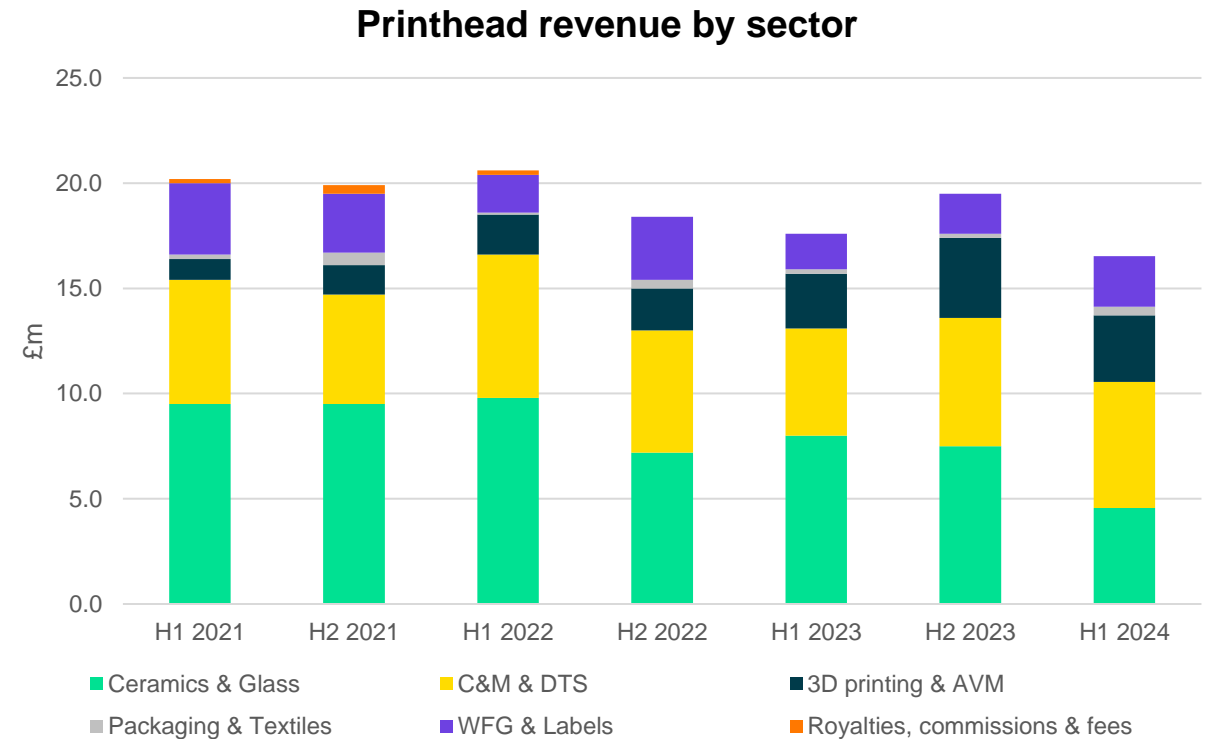
Significant savings in operating costs

Strengthened cash position

Printhead – new business making progress

Printhead				
£m	H1 2024	H1 2023	Var	% Var
Revenue	16.5	17.6	-1.1	-6%
Gross Margin	41%	44%		-3 ppt
Total Opex	(8.1)	(10.0)	1.9	+19%
aEBITDA	(0.2)	(0.9)	0.7	+75%
aPBT	(1.6)	(2.2)	0.6	+26%

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



Continued decline in ceramics market. Low point likely 2026

Revenue growth of 26% across 4 of 5 target sectors

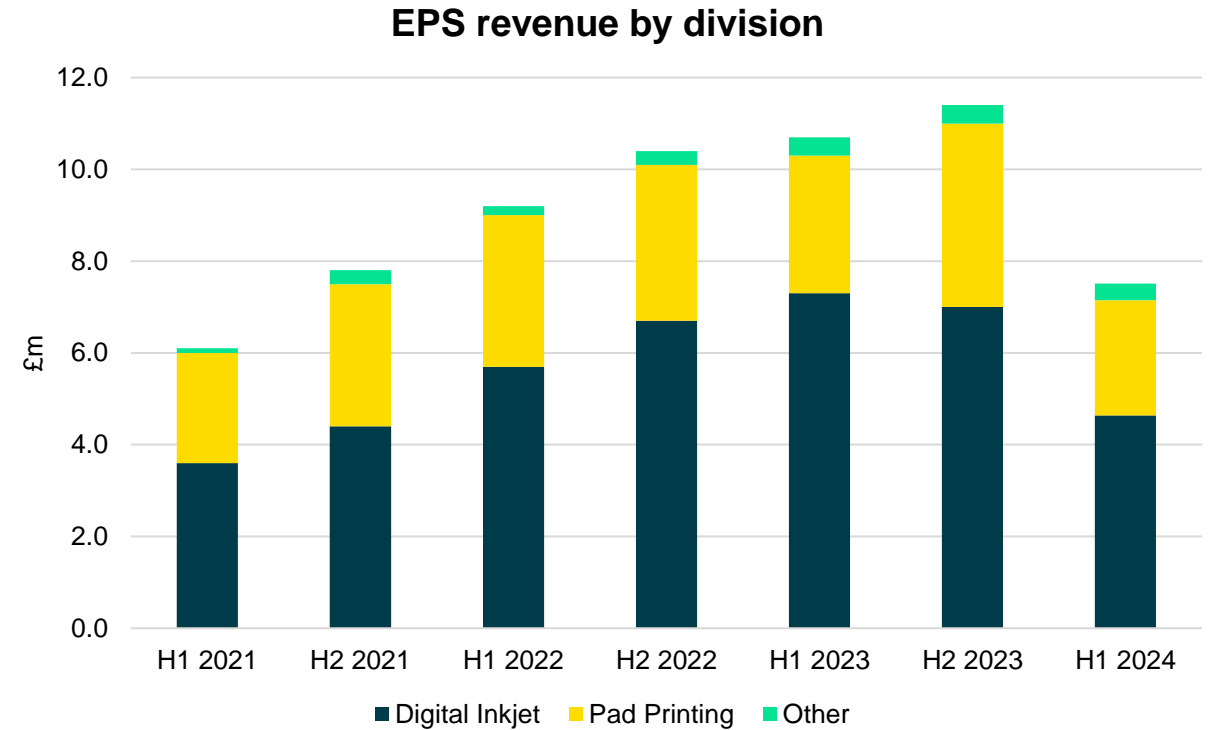
Significant improvement in aEBITDA and aPBT

Fall in gross margin due to high energy costs

EPS business unit impacted by market slowdown

EPS				
£m	H1 2024	H1 2023	Var	% Var
Revenue	7.5	10.7	(3.2)	-30%
Gross Margin	30%	40%		-10 ppt
Total Opex	(1.8)	(2.7)	0.9	+34%
aEBITDA	0.6	1.7	(1.1)	-63%
aPBT	0.5	1.5	(1.0)	-68%

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



Revenue down vs H1 2023 driven by a combination of factors

Market slowdown in capital equipment purchases

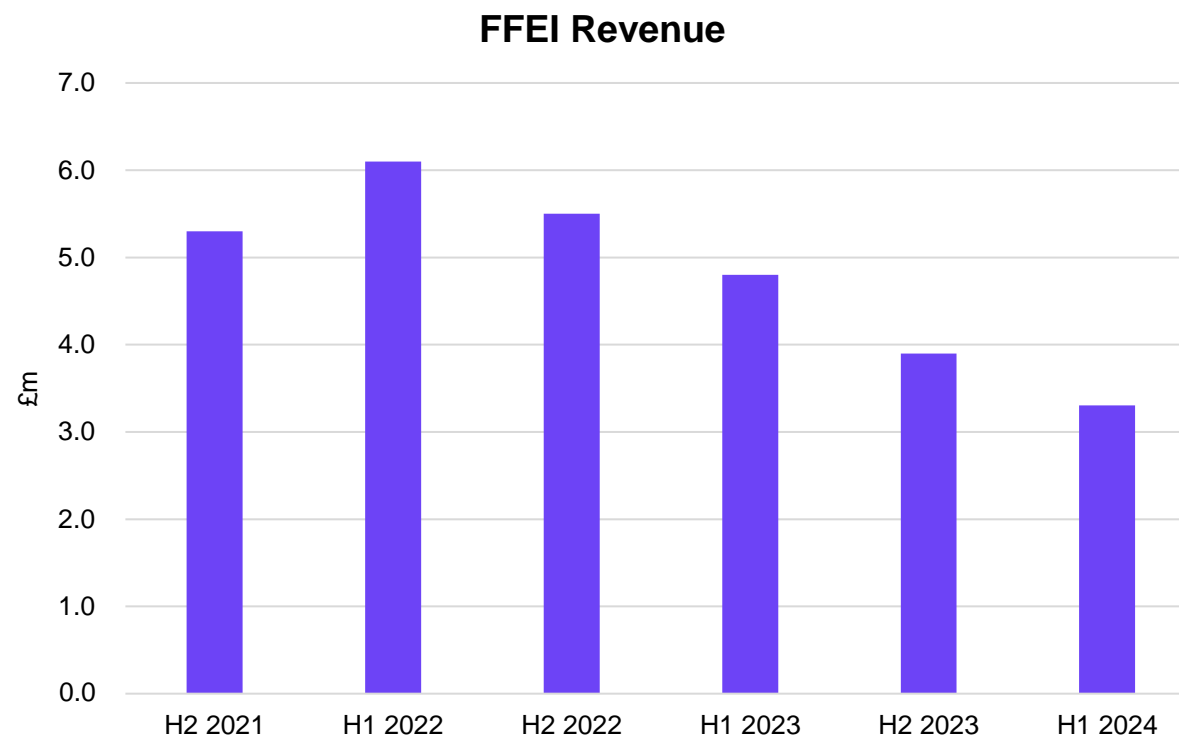
Margin impacted by reduced volume of orders

H1 Shipping delays, pipeline recovery in H2

FFEI becoming more strategically aligned with core business

FFEI				
£m	H1 2024	H1 2023	Var	% Var
Revenue	3.3	4.8	(1.5)	-31%
Gross Margin	15%	28%		-13 ppt
Total Opex	(0.6)	(1.2)	0.6	+54%
aEBITDA	0.1	2.3	(2.2)	-94%
aPBT	(0.0)	2.1	(2.1)	-101%

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



FFEI was acquired in July 2021

H1 2023 includes one off £2.0m profit from sale of non-core IP assets

Revenue excluding Life Sciences business grew by 3%

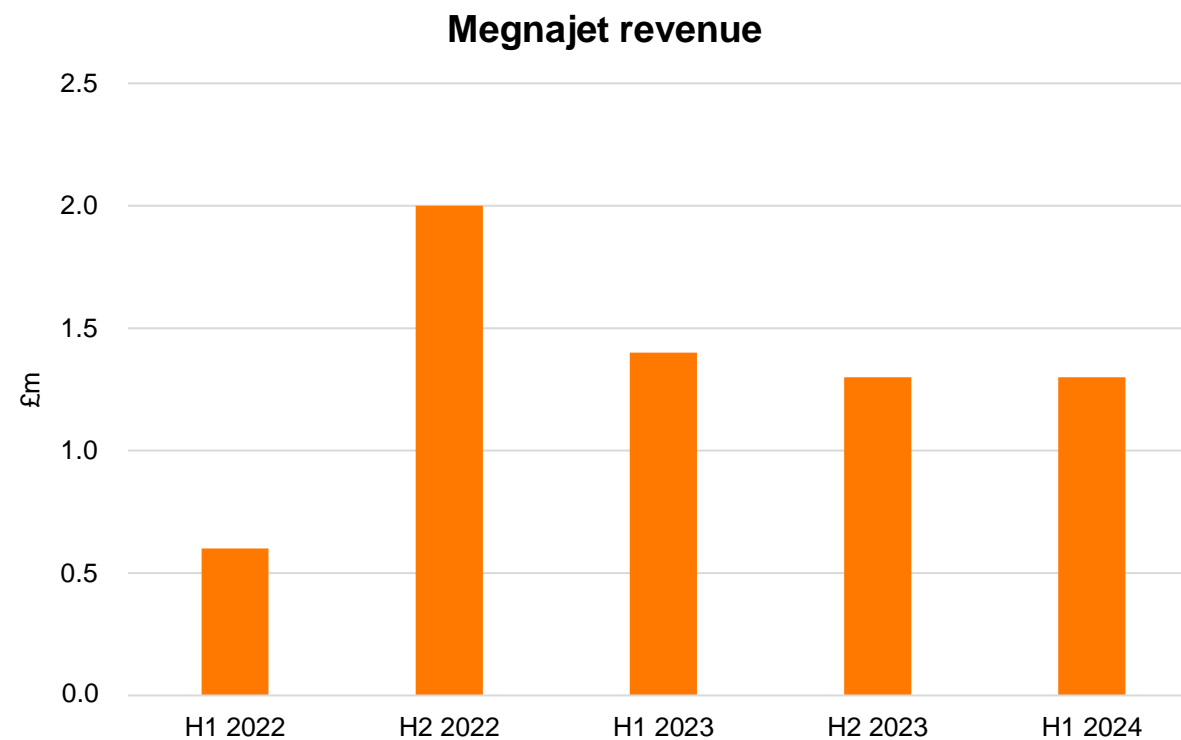
Printbar manufacturing transitioned to Huntingdon

Non-core Life Sciences exit progressing

Megnajet performing in line with expectations

Megnajet				
£m	H1 2024	H1 2023	Var	% Var
Revenue	1.3	1.4	(0.1)	-7%
Gross Margin	39%	30%		+9 ppt
Total Opex	(0.1)	0.0	(0.1)	-100%
aEBITDA	0.5	0.4	0.1	+22%
aPBT	0.5	0.4	0.1	+26%

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



Megnajet was acquired in March 2022

Revenue down to timing of orders so we expect a recovery in H2

Supports strategy of increased vertically integrated solutions

Significant improvement in aEBITDA and aPBT

Purchase of Megnajet fully paid off in H1

Strong cash position

- Net Cash inflow of £1.1m taking net cash to £6.8m
- Increased revenue from Last Time Buy from exiting non-core Life Sciences business
- Inventory levels to support future growth
- £5 million Revolving Credit Facility (RCF) remained undrawn during 2024

Summary and outlook

- Solid performance against a continuing uncertain market backdrop
- Full year expectations unchanged
- Well positioned for the future

**Revenue from new
printhead business
continues to grow**

**Reduction in
operating expenses
due to tight cost
management**

**Positive cash
generation across the
business**

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



What sets Xaar apart

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Our fundamental value proposition



Partnership

- A reputation for partnership and support
- Level of support we give a major competitive advantage



Significantly more reliable

- Architecture gives significantly superior uptime
- Printhead self-recovers



Best ROI for OEM

- Lifetime significantly longer than competitors
- Up time, productivity and lifetime gives best ROI



Enable more functional fluids

- High viscosity, high pigment loaded fluids that deliver “game changing” benefits

Benefits of digital printing



Faster & cheaper set up



Reduced waste



Reduced cost

Xaar's Ultra High Viscosity Technology delivers significant benefits



Significantly reduce environmental impact

- High Viscosity aqueous fluids means less water, less drying time and less energy used



Build machines more cost effectively

- Dryers don't need to be so large, no need to pin between prints
- Ability to print in any orientation



Improve colour density

- Achieve the same colour density as a standard print with half the amount of ink
- Halve your ink costs and double your productivity

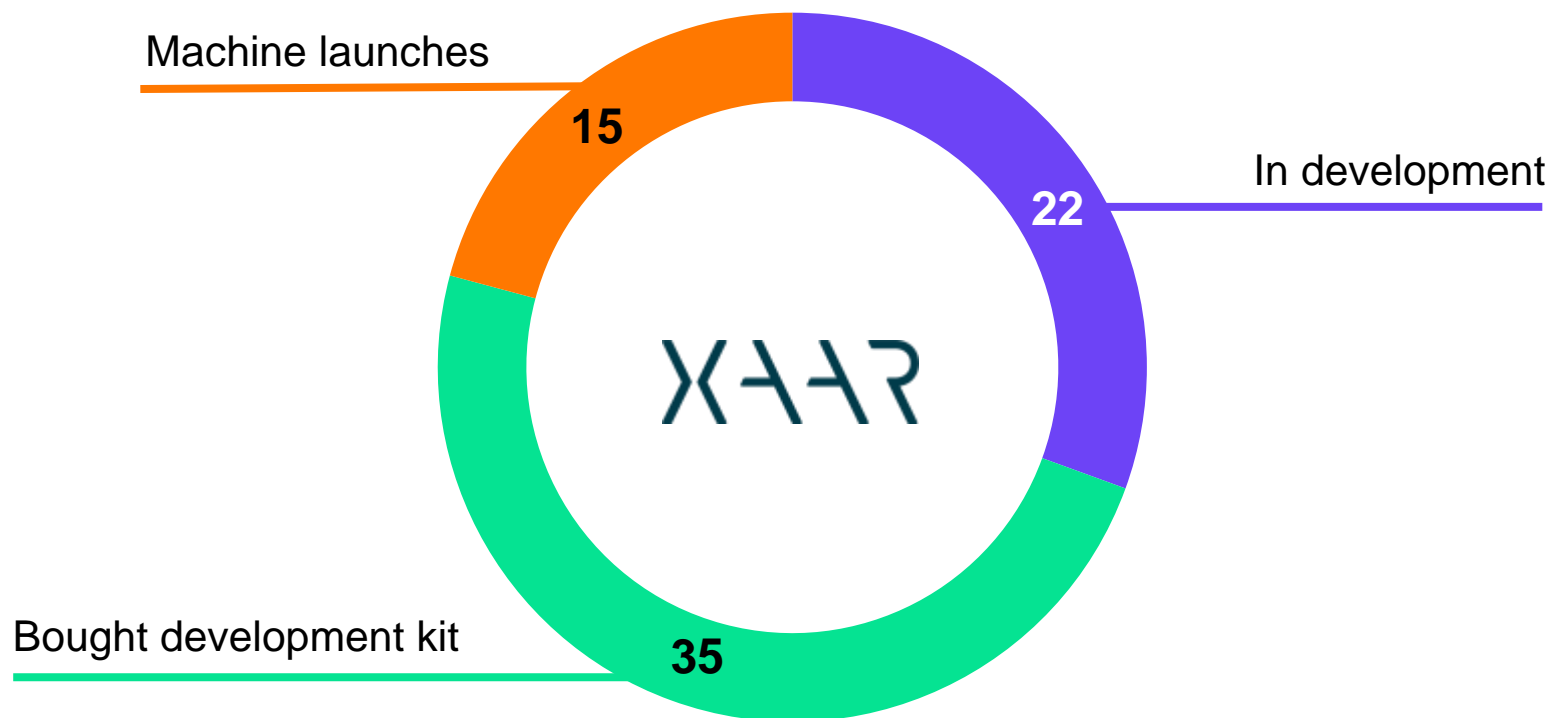
Leading innovative technologies



A photograph of two men sitting at a workbench in a workshop. The man on the left is bald, wearing glasses and a white button-down shirt, smiling and looking towards the right. The man on the right has short dark hair, wears glasses and a dark polo shirt, and is smiling broadly, looking towards the left. They are both looking at something off-camera. On the workbench in front of them are various mechanical parts and tools. A large green plant is in the background. A yellow horizontal line is positioned above the text.

Strong underlying dynamics

Higher quality medium term customer pipeline



15 machine launches
in 2024

Major projects in pipeline
more advanced

Better qualified and
higher value pipeline

8 product launches in
3D and AM highlighting
our strengths in this
sector

Launches into different markets

1



Ceramics and Glass

3



C&M and DTS

8



3D and Adv Man

1



Packaging and Textiles

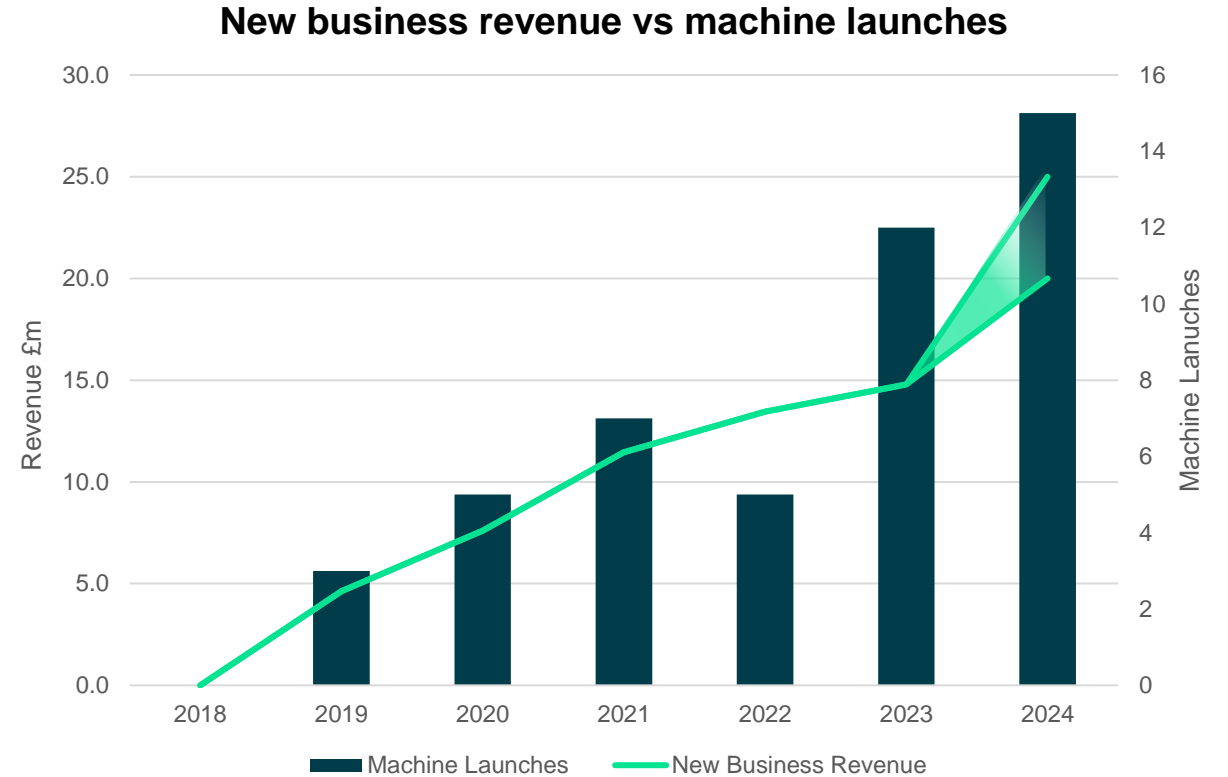
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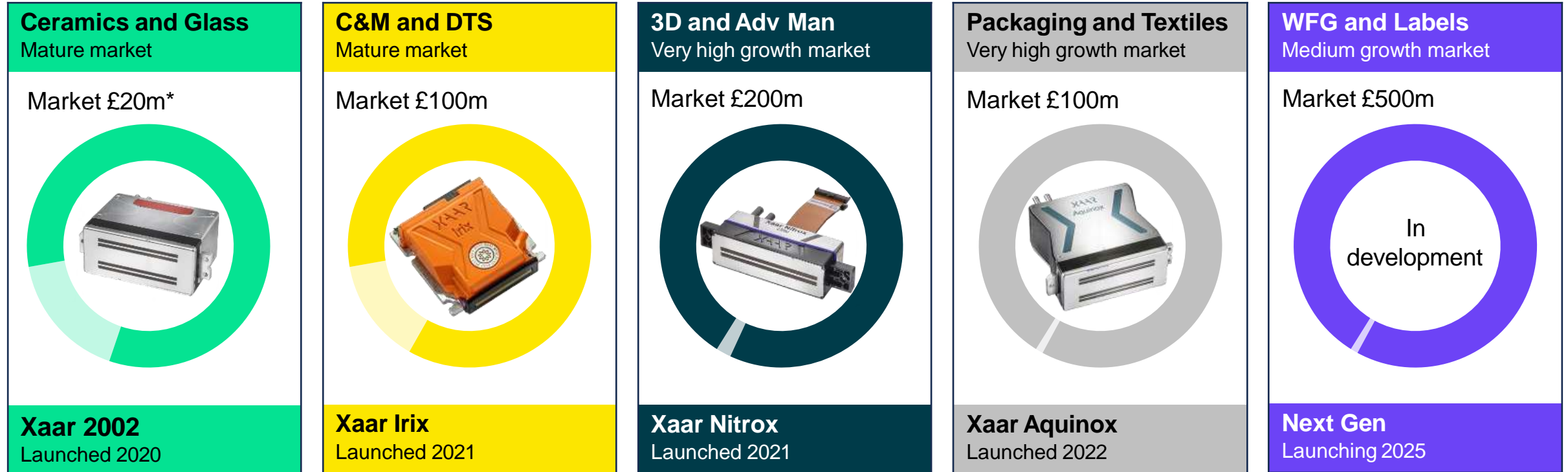
Labels and WFG

New OEM launches delivering growth

- We have diversified our product range to access four of our five target sectors
- Key strategic printheads released since 2019
- 26% annualised revenue growth rate over the past five years
- 32 OEM product launches since 2019 generate in excess of £20m sales in 2024
- 15 product launches planned for 2024



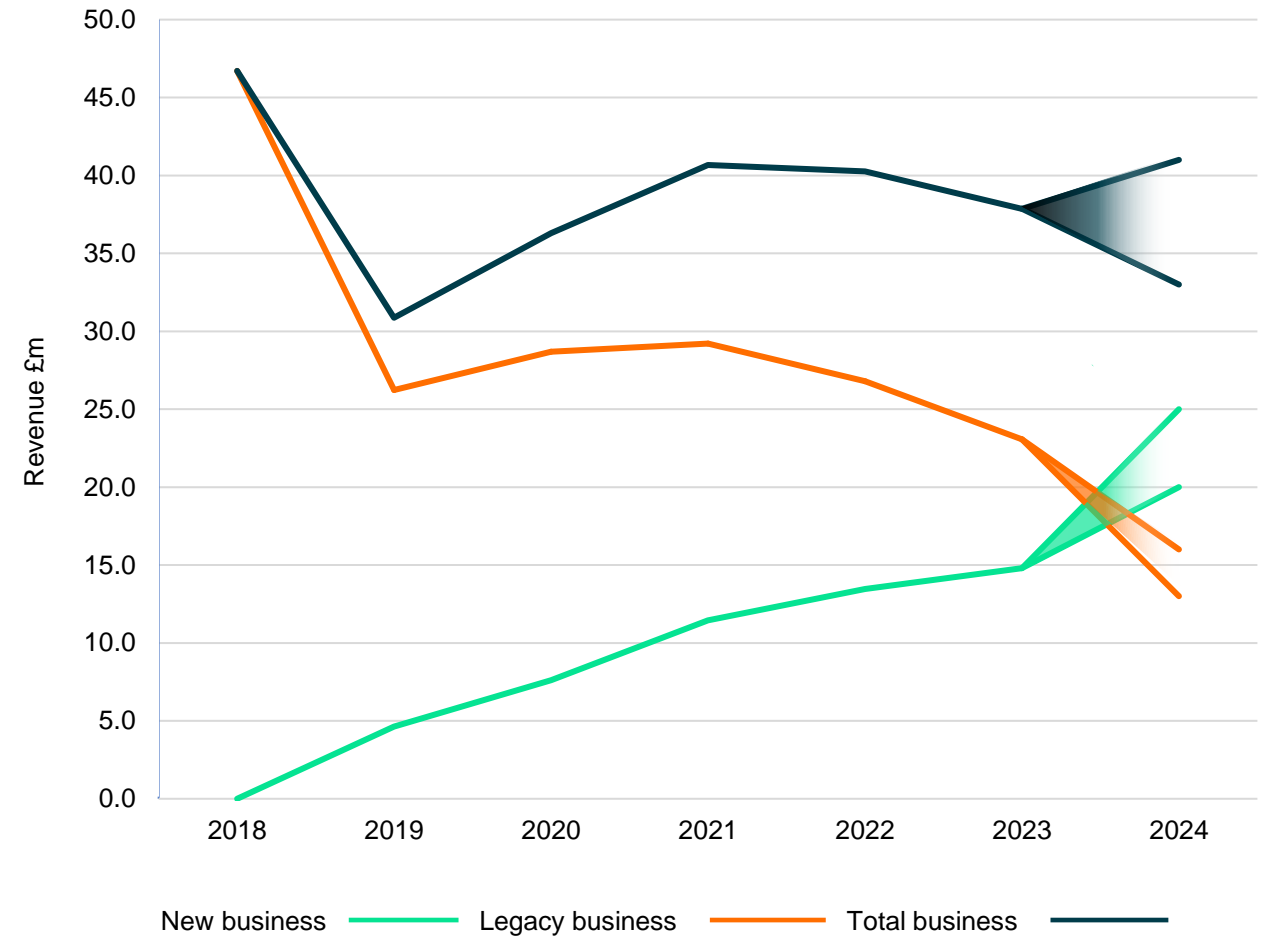
Product roadmap will deliver future total addressable market of £1bn



*In 2018, the ceramics market was worth over £150m. However, it has since shrunk to ~£20m. We expect it to rebound to £80 million in the medium term. Numbers based on Management estimates

Printhead: New Business vs Legacy

- Existing business, mainly ceramics, despite gaining market share, down over £30m masking success of generating new business
- Driven by the construction industry downturn in China
- We expect the legacy business to continue to decline before reaching a plateau of c.£6m in 2026
- New Business is increasing substantially year on year despite being delayed by issues faced by OEMs in integrating our printheads



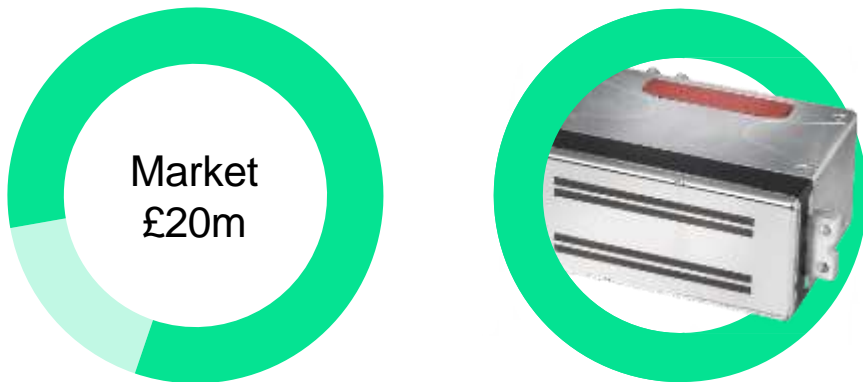


Market sector highlights

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Ceramics and Glass

- Ceramics market down significantly – do not expect to recover until 2027
- NKT gaining market share in Ceramics due to 720dpi resolution
- System Beta running well
- Potential System product launch in H2 2024



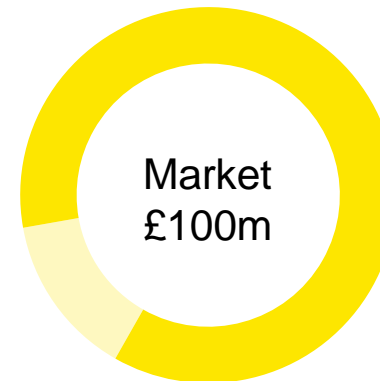
In 2018, the ceramics market was worth over £150m. However, it has since shrunk to ~£20m. We expect it to rebound to £80 million in the medium term. Numbers based on Management estimates





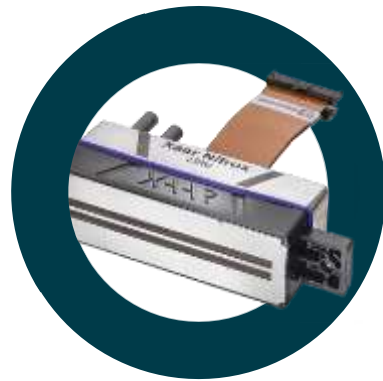
Coding & marking and Direct-to-shape

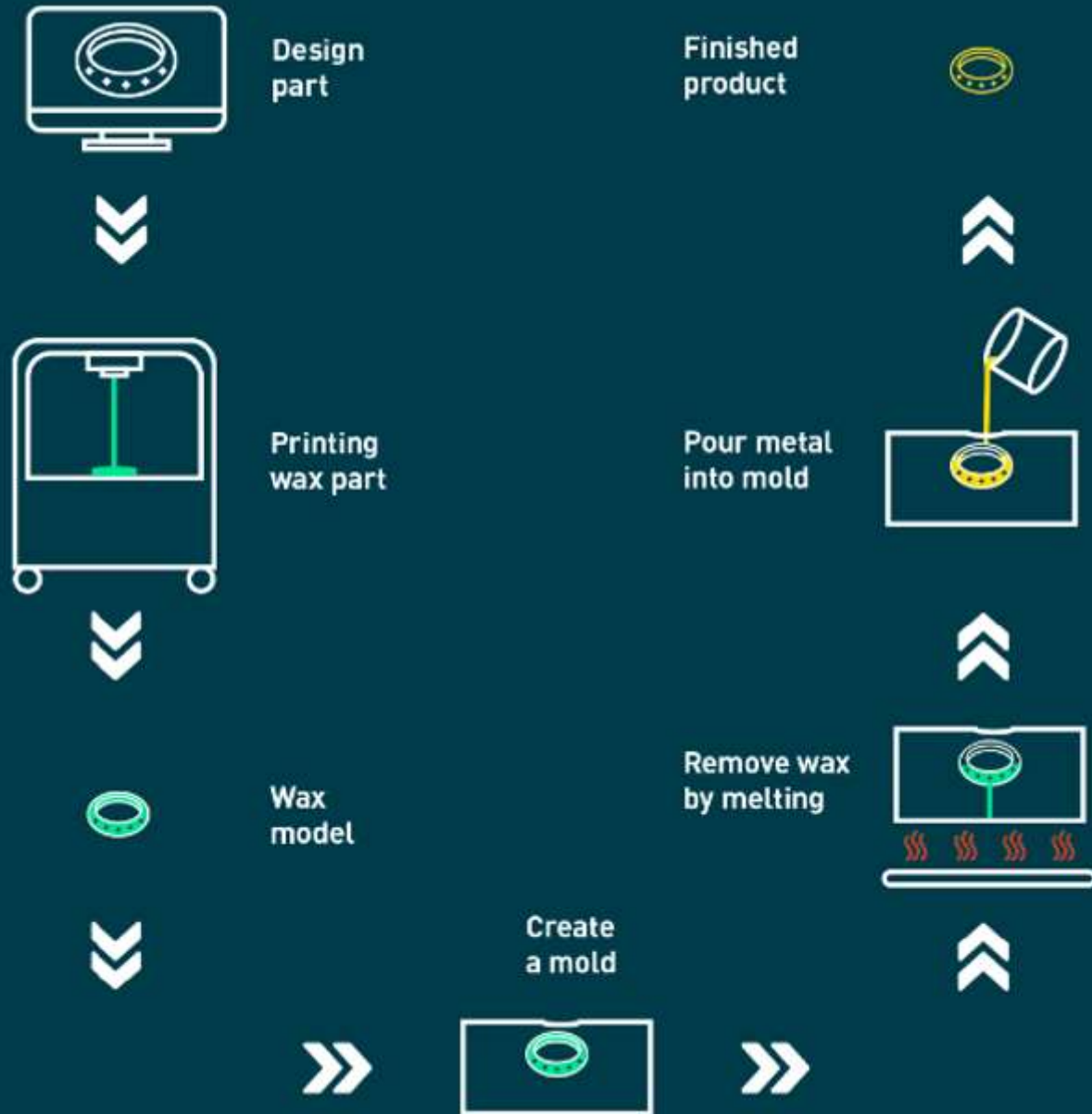
- Product launch from Videojet has enabled US revenue growth
- Public endorsement of the capability of Xaar's printheads from KBA Kammann
- Technical breakthrough in ultra-high speed printing of 1D and 2D barcodes



3D and Advanced manufacturing

- Major global supplier of desktop 3D systems to launch their full colour inkjet machines using Xaar printheads at the end of 2024 or early 2025
- Growing acknowledgement of Xaar capabilities in 3D space



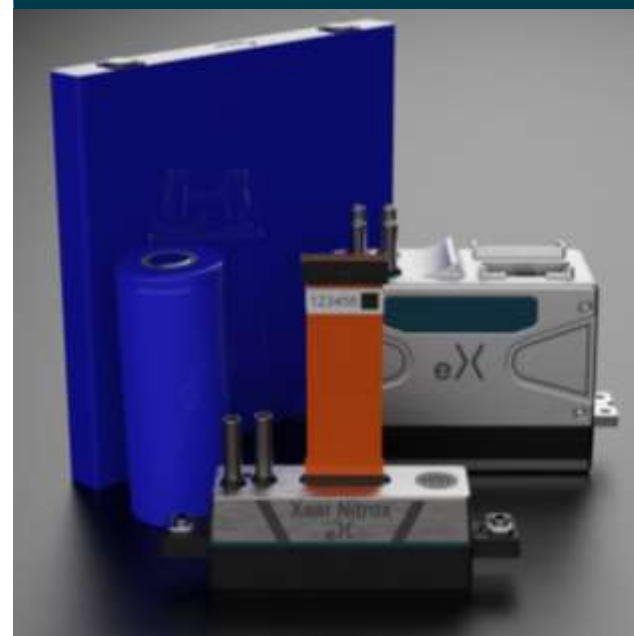
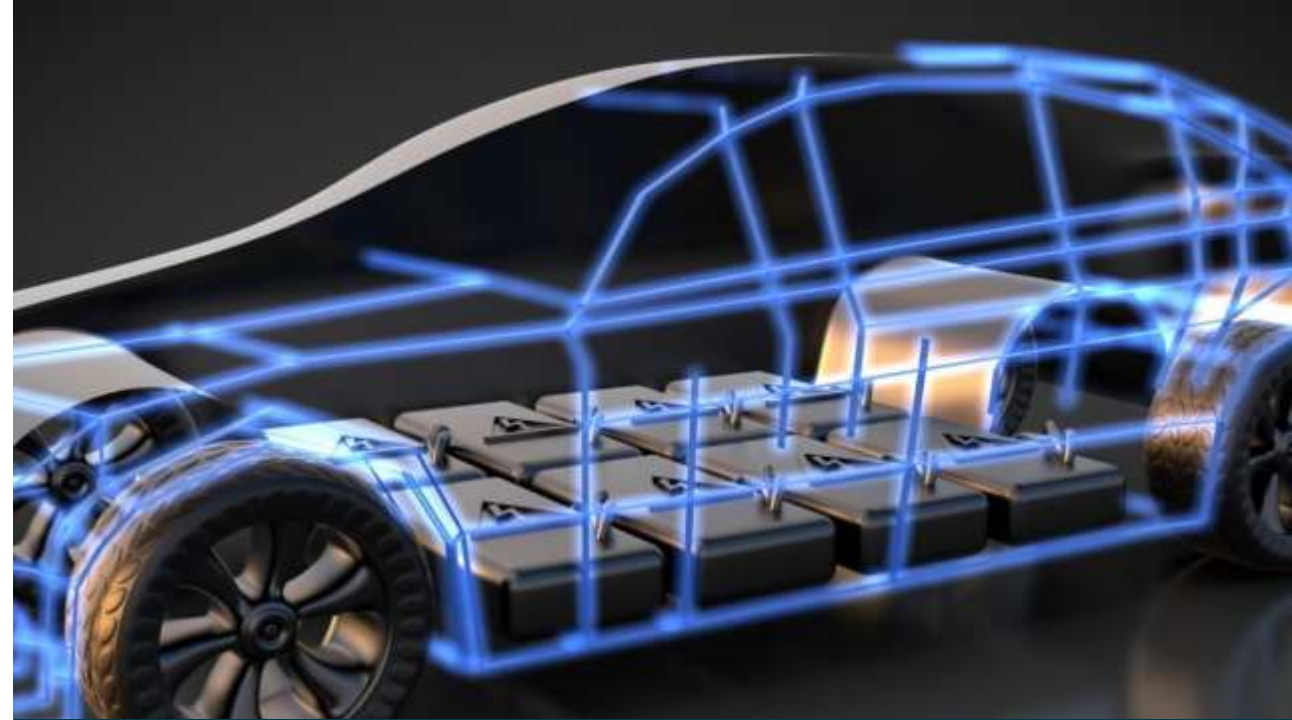


3D – Wax printing

- The jewellery market remains an exciting opportunity
- Xaar printheads offer significant performance advantages over incumbent technology
- Flashforge launched their first product using Xaar printheads, the Waxjet 510, on time in April 2024
- Higher volume product due to be launched in Q4 this year
- Increasing interest from market leading OEMs

Advanced manufacturing – Battery

- Two new printheads, the Xaar eX and Nitrox eX, specifically designed for coating the new generation of batteries used in electric vehicles and energy storage systems launched.
- Xaar solution offers significant benefits versus alternative processes
- First production machines installed in May for one of the top 6 battery manufacturers, with a further two machines to be installed this month
- Substantial market opportunity with Xaar printheads having safety, yield, cost and waste benefits





Advanced manufacturing – Car painting

- Powered by Xaar printheads, Axalta NextJet Technology won the 2025 Automotive News PACE Pilot Program
- Axalta and Dürr announced a collaboration to work on a new project harnessing Xaar technology



Axalta is a global leader in the coatings industry, providing customers with innovative and sustainable coatings solutions.



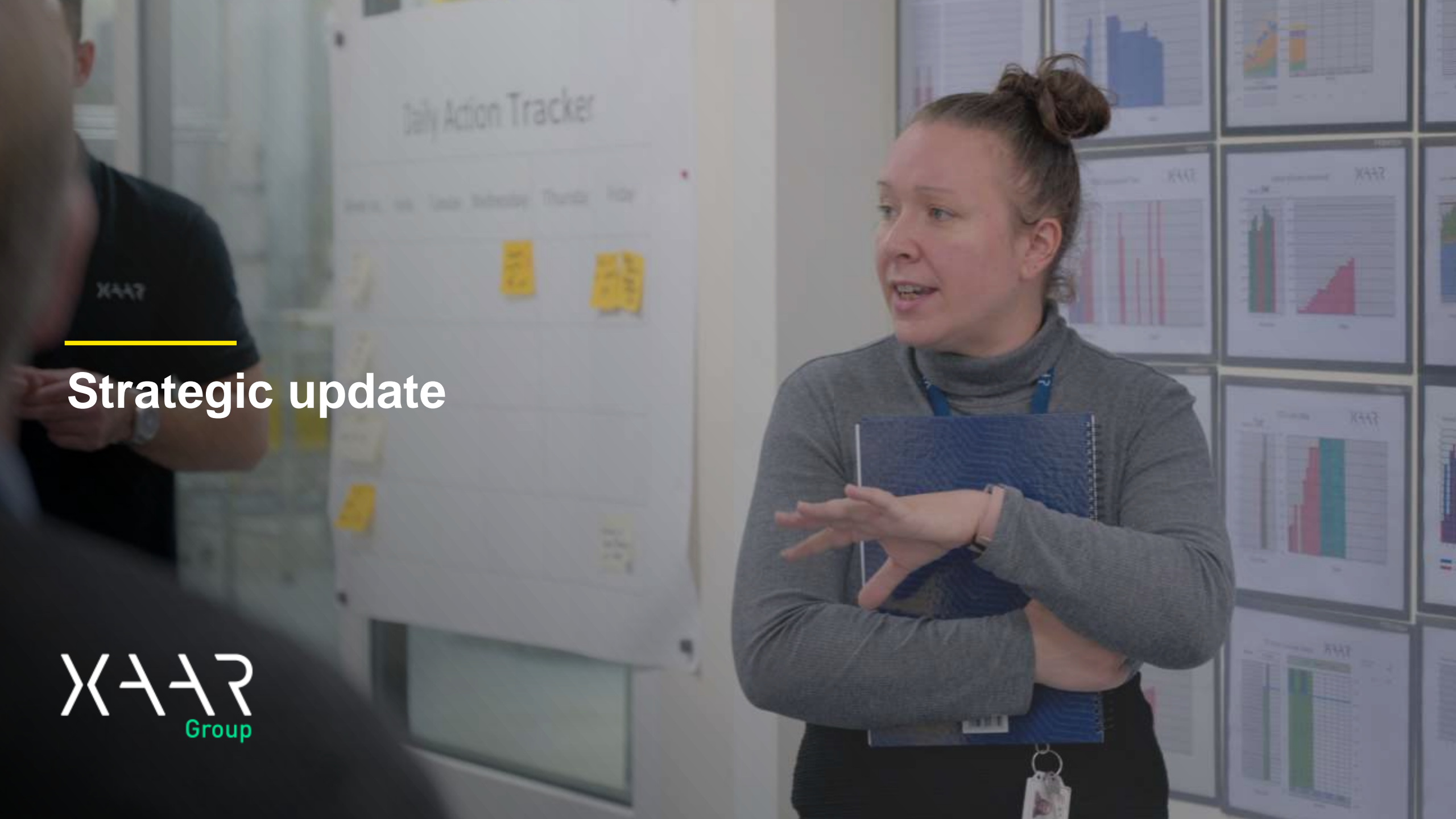
Dürr is one of the world's leading mechanical and plant engineering firms with expertise in the fields of automation and digitization

Packaging and Textiles

- Positive response to Aquinox with good adoption by major OEMs
- High viscosity ink sets for textiles launched in H1 with corrugated inks launching soon
- Inks will allow OEMS to accelerate development in H2
- Independent verification of the substantial benefits of high viscosity water-based inks

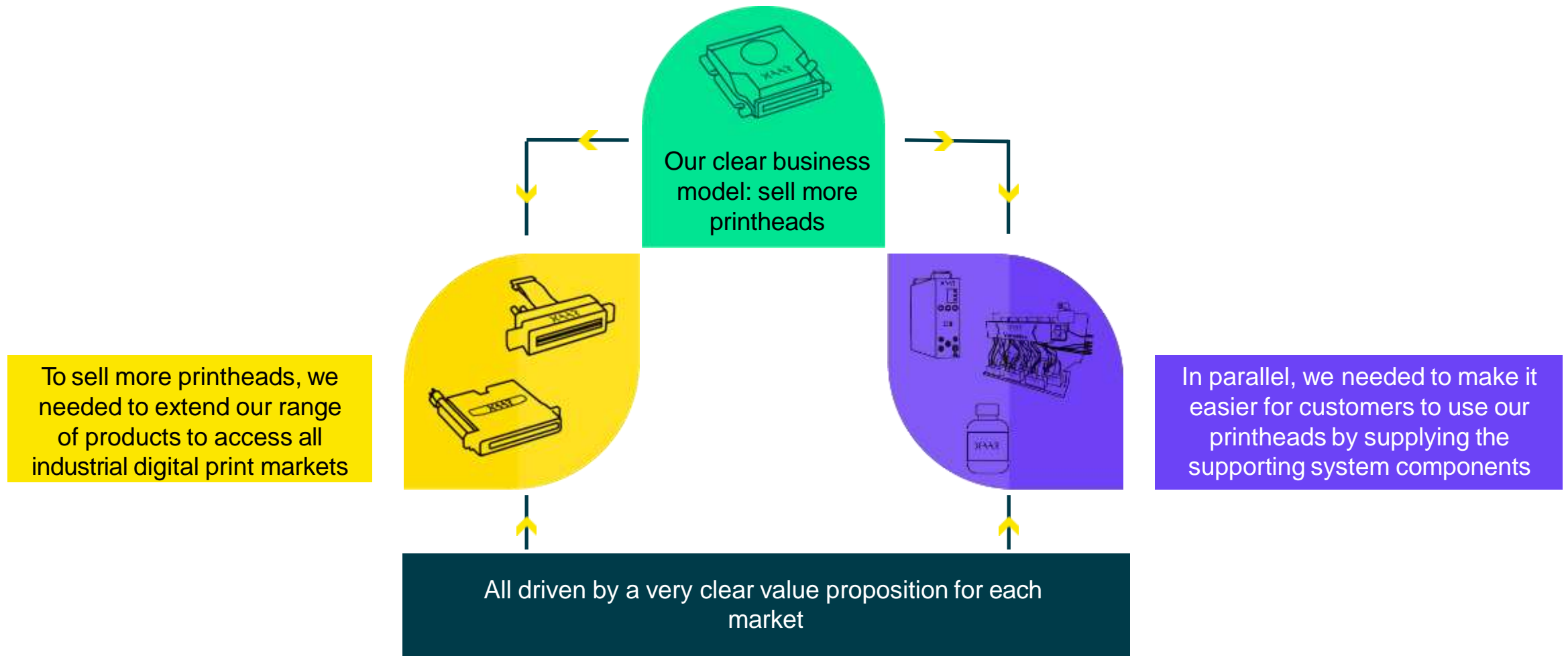


High
Viscosity
Independent
verification



Strategic update

Clear business model and strategy



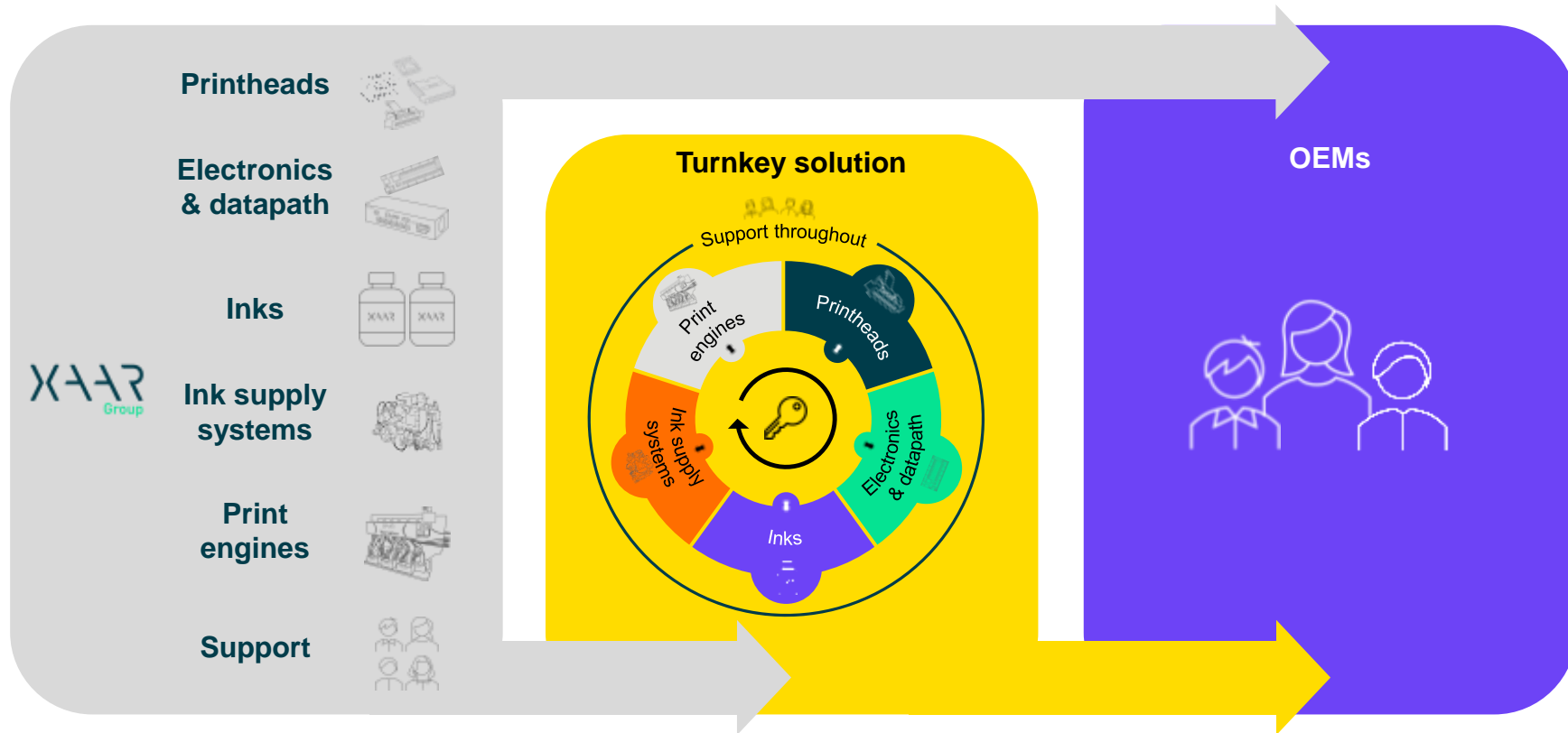
Project Hubble

Key Initiatives:

- Wider geographic spread of customers
- Develop relationships with end use customers as well as OEM's
- Ensure seamless integration of our printheads into OEM printers



Turnkey solutions – potential to reduce time to market



Properties that provide Xaar's unique capabilities can make system integration more complex

Developing a full printer solution in house, to identify and resolve issues before they are sent to OEMs is key

Successfully trialled this approach this year significantly reducing integration issues and accelerating product installation

Summary





Solid performance against a difficult market backdrop

15 OEM product launches
expected in 2024

26% printhead revenue
CAGR since 2019 ex
ceramics

Major OEM project
in Wax launched,
3D imminent

Deliver complete solution
to accelerate OEM
product launches

Proactive management
action positioned for
growth

Remain confident about
long term opportunity

A male technician with grey hair, wearing safety glasses and earplugs, is focused on working on a circuit board. He is using a soldering iron. The workbench is cluttered with various electronic components, a blue power supply unit, and a laptop. The background is a plain white wall.

Q&A

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