

Precision.
Progress.
Purpose.

XAAR

Annual Report and
Financial Statements 2025



We are Xaar

Xaar is a leading inkjet printing technology Group which for over 35 years has transformed digital deposition through partnerships with Original Equipment Manufacturers (OEMs), User Developer Integrators (UDIs) and end users.

Xaar's differentiated technology can deposit precise volumes of high viscosity inks with pin-point accuracy. This capability brings benefits, increasingly in new applications which are driven by global trends towards digital manufacturing and the need to reduce process waste.


Xaar plc operates through three business units: Printhead, Megnajet and EPS (Engineered Printing Solutions), supported by our growing systems and integration capability. Together, these businesses provide a full turnkey solution that spans printheads, fluid delivery systems, application expertise and customised digital print solutions.

You can find all of the relevant information on the links below:

ANNUAL RESULTS 2025

 [Visit our website: www.xaargroup.com/investor-centre](http://www.xaargroup.com/investor-centre)

OUR WEBSITE

 [Visit our website: www.xaargroup.com](http://www.xaargroup.com)



Where we operate

Our offices are distributed throughout the world.



EUROPE
EMPLOYEES
263

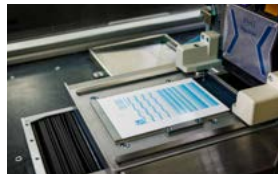
AMERICAS
EMPLOYEES
54

ASIA
EMPLOYEES
14

Our strategy

Xaar's strategic objective is the development of differentiated inkjet printing technology businesses for the benefit of all stakeholders.

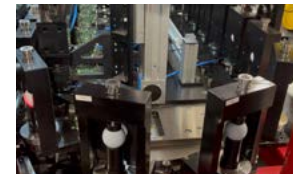
Our divisions



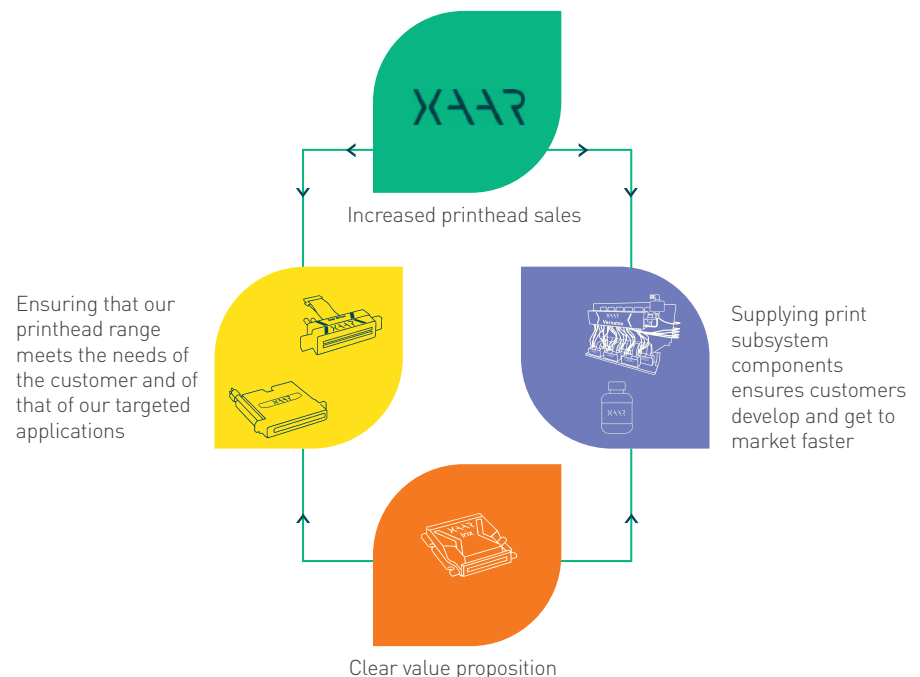
XAAR – PRINthead



MEGNAJET – FLUID SYSTEMS



EPS – PRODUCT PRINT



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Our 2025 performance

REVENUE FROM CONTINUING OPERATIONS

£60.1m



GROSS MARGIN

40%



ADJUSTED PROFIT BEFORE TAX

£0.8m



ADJUSTED EARNINGS PER SHARE

1.1p

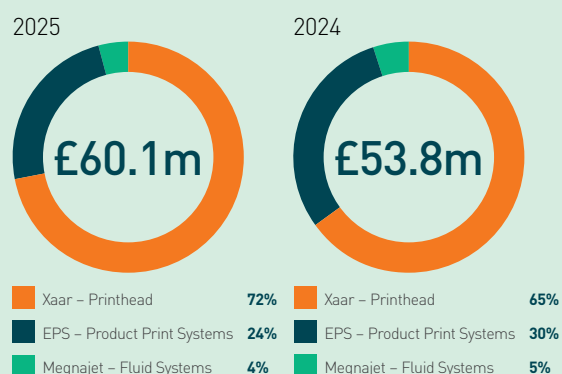


NET CASH

£4.9m



Revenue from continuing operations



Business model and strategy

Our technology supports precision, efficiency and digital capability in customer production processes.

INTRODUCTION

Xaar develops industrial inkjet technology used across global manufacturing. For more than 35 years we have worked with OEMs, User Developer Integrators (UDIs) and end users to enable digital deposition across a wide range of applications.

The Group operates through three business units – Printheads, Megnajet and EPS – supported by growing systems and integration capability. Together, these provide printheads, ink delivery systems, application expertise and integrated digital print solutions.

XAAR PRINTHEADS

Our printhead business designs and manufactures industrial printheads for OEMs and UDIs. Customers use our technology in applications including advanced manufacturing, packaging, textiles, product decoration, 3D printing, automotive, electronics, ceramics and functional coating.

We work with fluid manufacturers to optimise jetting performance across complex and functional fluids, including high viscosity materials where Xaar technology provides a clear advantage. We also supply Xaar branded fluids (manufactured by partners) to selected UDIs to support development and reduce integration risk.

MEGNAJET

Megnajet supplies industrial fluid management systems for digital inkjet. Its modular systems are used by OEMs across North America, Europe and Asia to improve reliability, fluid control and print stability.

In 2025, Megnajet increased its integration across the Group, supplying ink delivery systems for Xaar printheads and supporting customer programmes. Its capability now spans UK and Asian operations, improving efficiency and deployment.

EPS

EPS, based in Vermont, develops and manufactures product print systems for industrial, promotional and consumer applications. It provides inkjet systems, pad printing equipment and lifecycle support to customers in the US.

In 2025, EPS focused on simplifying operations, improving execution and strengthening its project pipeline. EPS remains an important part of Xaar's offering, providing access to end user applications and insight into system level integration.

Our business model turns collaboration into growth

XAAR DESIGNS

We invest in R&D to maintain technology leadership. Teams in Cambridge, Stockholm and Vermont develop next-generation printhead platforms, high viscosity jetting capability and integrated system architectures that reduce customer development time.

We continue to expand our IP portfolio, with 147 active patents and applications across printhead, fluid management and system technologies.

XAAR MANUFACTURES

Printheads are manufactured at our Huntingdon facility, supported by over £70 million of investment. Megnajet manufactures ink delivery systems in Northamptonshire, and EPS produces print systems in Vermont.

In 2025, we expanded our footprint with a new facility in Dongguan, China, focused on ink delivery systems, back end printhead processes and customer demonstration. This enhances supply chain resilience, reduces component costs and shortens lead times.

XAAR SELLS

Our global sales team supports OEMs and UDIs across Europe, Asia and North America, with over 95% of printhead revenue exported. Application engineers support customers through development, integration, commissioning and optimisation.

EPS sells primarily into the US market, while Megnajet sells through Xaar and directly to OEMs internationally.

XAAR MARKETS

Xaar serves a broad and growing range of digital manufacturing markets, including:

- + 3D Printing
- + Advanced Manufacturing
- + Ceramic Tile Decoration
- + Coding & Marking
- + Direct-to-Shape
- + Functional Fluid Deposition
- + Packaging & Primary Labels
- + Product Printing
- + Textiles & Specialty Fabrics
- + Graphics & Product Decoration

We create value for all our stakeholders

CUSTOMERS

Our technology enables customers to innovate, reduce waste, improve efficiency and shorten time to market through digital deposition.

SHAREHOLDERS

By advancing our technology roadmap, expanding into growth sectors and maintaining disciplined financial management, we target sustained earnings improvement and long-term value creation.

OUR EMPLOYEES

Our success depends on the capability and engagement of our people. In 2025, we continued to invest in development, well-being and cross-functional learning.

OUR STRATEGIC OBJECTIVE

Xaar's strategic objective is the development of differentiated inkjet printing technology businesses for the benefit of all stakeholders.

Our unique technology delivers precise deposits of specialist fluids with pin-point accuracy. Our technology can handle higher viscosity and pigment loading than our competitors, a capability that can offer significant process advantages.

Our business model is to design and manufacture high-performance industrial inkjet printheads, ink delivery systems and integrated equipment, offering these, along with the necessary applications expertise, to both OEM manufacturers and print-system integrators.

The Group is increasingly well positioned to benefit from global trends: both the expansion of digital manufacturing and the need to reduce process waste.

ENVIRONMENT

Digital print continues to offer environmental advantages over the analogue methods it replaces, including reductions in energy consumption, water usage and waste generation. Our research shows that, compared with analogue processes, digital workflows can lower energy use by up to 55%, reduce water consumption by as much as 60%, and cut CO₂ emissions by up to 95%. These benefits remain central to Xaar's value proposition and to the sustainability improvements we enable for customers across multiple industries.

Xaar is committed to minimising its own environmental impact, and during 2025 we continued to embed sustainability across our operations. Our actuator technology is designed to consume less energy than competing alternatives, and our industrial grade printheads are engineered for long service life, reducing the need for replacements and lowering waste. Across the Group, our continuous improvement methodology and our 'reduce, reuse, recycle' manufacturing ethos continued to guide operational decision-making.

In 2024, we re-baselined our ESG Roadmap. This enhanced Roadmap continues to guide business decisions through our ESG Committee, which oversees progress across its five pillars: Environmental, People, Innovation, Community and Governance. The re-baseline ensures that our targets remain relevant, measurable and aligned with the growth of the business, particularly as we expand into new applications and regions.

During the year, we made further progress against our environmental commitments. We are proud to have become a zero-to-landfill business in the UK, reflecting our ongoing focus on waste reduction and responsible material management. We also replaced our legacy chiller systems, which had been a leading source of F-gas leakage within our operations, significantly reducing our refrigerant-related emissions. In addition, we transitioned to a green gas supplier in the UK, lowering our Scope 1 and 2 emissions and further aligning our energy footprint with our sustainability objectives. These actions form part of our broader commitment to reducing environmental impact through continuous improvement and responsible operational decision-making.

While we acknowledge that more work lies ahead, we remain committed to making steady, measurable progress. Environmental best practice, sustainable manufacturing and operational efficiency will continue to form core elements of Xaar's strategy as we support customers' transition towards cleaner, more efficient digital production technologies.

Why invest



Proven technology leadership in ultra high-viscosity and functional fluid jetting

Xaar's unique recirculation architecture, ultra high-viscosity jetting capability and robust industrial design continue to differentiate us from competitors. Our printheads enable deposition of complex and functional fluids with high-pigment, high-viscosity, high-performance materials – opening applications inaccessible to traditional inkjet platforms. This capability underpins our leadership in 3D printing and advanced manufacturing.

Expanding market opportunity in high-growth industrial segments

The Group is increasingly well positioned to benefit from global trends: the expansion of digital manufacturing; and the need to reduce process waste.

Xaar has been developing its technical capabilities for over 30 years, mainly for the traditional print markets of ceramic tiles and coding & marking. These are well-established segments but have been troubled in recent years. The Group therefore has sought to expand its application base to improve financial consistency, raise margins and take advantage of the rapid expansion of digital manufacturing techniques.

A strengthened product roadmap built on the imaginex platform

Our ImagineX platform continues to deliver new, high-performance printheads designed for reliability, speed, efficiency and integration flexibility. With three next-generation products already in market (Aquinox, Nitrox, Irix) and further launches planned to enhance robustness and performance, Xaar is well positioned to increase its addressable markets and maintain technological leadership.

Vertically integrated business model enhancing customer adoption

By combining printheads, ink-delivery systems (Megnajet), integrated print systems (EPS), electronics and application engineering, Xaar provides customers with a more complete solution. This reduces integration risk, accelerates OEM development timelines and strengthens long-term customer relationships. Our expanded manufacturing footprint, including the new Dongguan facility, also improves cost efficiency and speed-to-market.

Disciplined financial management and strong balance sheet

Xaar enters 2026 with a solid financial foundation: net cash position, no long-term structural debt, improved operational efficiency and a committed RCF with HSBC. Consistent cash discipline and targeted investment provide flexibility to pursue strategic growth opportunities while maintaining resilience during market variability.

Experienced leadership team with a clear, long-term strategy

Xaar's leadership team has a proven track record of operational delivery, technology execution and customer-centric growth. We seek to grow printhead adoption, expand into adjacent markets, strengthen system-level capabilities, built annuity printhead revenues, and invest in the people, technology and infrastructure required to grow.

35 years of infinite possibilities.

A legacy built on innovation, driven by engineering.

For 35 years, we have pushed the boundaries of inkjet technology, growing from a small Cambridge start-up into a global leader trusted across manufacturing, packaging, and product design. Our innovations – including Ultra High Viscosity technology – have opened entirely new possibilities, from advanced industrial applications to the next generation of 3D printing.

ACTIVE PATENT PORTFOLIO

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Chairman's statement



I am delighted to have joined the Xaar Board, and am excited by the prospects for the Company and its technology. Driven by global trends towards the adoption of digital manufacturing and the reduction in process waste, Xaar's printhead capability is highly differentiated and has the potential to offer compelling value to customers.

After a period of transition, through which my predecessor Andrew Herbert guided the Group with distinction, the Group is set to open new opportunities and markets in the coming years.

Results

Revenue for the year ended 31 December 2025 was £60.1 million, representing 12% growth from 2024 (2024: £53.8 million). Printhead revenue increased 22%, supported by new applications including jewellery wax. Adjusted profit before tax was £0.8 million (2024: £(1.0) million) Gross margin improved to 40% (2024: 37%). Adjusted earnings per share were 1.1 pence (2024: 0.7 pence).

We ended the year with £4.9 million of net cash (2024: £8.2 million). The Group remains well capitalised, after factoring in provision for historic overseas tax liabilities estimated at £3 million, expected to be settled over the next two years and not expected to impact future trading.

Dividend

The Board has not declared a dividend for 2025. We continue to assess capital allocation carefully and remain committed to maintaining the balance between investing for future growth and delivering shareholder returns.

Section 172(1) disclosure

The Board recognises its responsibility to act in a way that promotes the long-term success of the Group for the benefit of all stakeholders. Throughout 2025, section 172 considerations were embedded in our decision-making processes, particularly in areas relating to investment priorities, strategic partnerships, workforce planning and risk management. We remain committed to transparent governance, thoughtful stewardship and ensuring that stakeholder perspectives continue to shape the evolution of our strategy.

Principal risks

We continue to operate within a robust risk management framework, and the Board has overseen active monitoring of key risks including supply chain continuity, macro-economic conditions and customer programme timing.

Staff and board changes

The Board maintains direct contact with staff through regular site visits during which the commitment and enthusiasm of staff is evident. We are very grateful for their hard work and dedication. They have been through several years of transition with Xaar, and without them we would not be looking forward to the range of opportunities we now have before us.

There have been Board changes during the year. As previously announced, Paul James joined the Group in January 2025 and is now established as an effective and influential CFO. After nine years Andrew Herbert stepped down as Chair in September. The Group is indebted to him for his leadership through a renewal agenda: strengthening the Board, developing new products suitable for new markets and improving business processes. He left Xaar revitalised and well positioned. I joined the Board in October 2025 as Chair and was previously the CEO of Porvair PLC from 1998 to 2025. Alongside this, I am also a non-executive director of the City of London investment Group and the Aerospace Technology Institute.



A year of steady progress and strategic delivery

Ben Stocks
Chairman

Key Board Decisions

During the year, the Board concentrated on its governance and oversight responsibilities. This included approving a proposed new Directors' Remuneration Policy, which will be put to a binding shareholder vote at the 2026 Annual General Meeting. The Board also reviewed and approved the remediation plan relating to environmental matters in the US. The plan was completed in July 2025 to the satisfaction of the relevant state Department of Environmental Conservation, with no penalties or fines imposed. Further detail on these matters is provided in the Remuneration and ESG sections of this report.

Stakeholder engagement

Open, regular and transparent engagement with all stakeholders supports balanced and responsible decision-making across the Group. I thank all stakeholders for their continued support.

Current trading and outlook

Xaar's differentiated technology can deposit precise volumes of high viscosity inks with pin-point accuracy. This capability brings benefits, increasingly in new applications which are driven by global trends towards digital manufacturing and the need to reduce process waste. Over the last five years, a period during which Xaar's traditional markets have been troubled, the Group has revitalised product design and developed new products for applications where higher viscosity or higher pigment loading offer differentiation. This is starting to contribute to results, with printhead revenues up 22% in 2025. Commercial breakthrough has been achieved this year in wax 3D printing, and demonstrable progress is being made in several other new applications.

Operationally in 2025 the focus has been on margin enhancement, including opening a facility in Dongguan to be closer to Asian customers and to provide better supply chain resilience and efficiency.

The timing of new application projects, which generally require several layers of customer qualification, can be uncertain. This complexity, while sometimes challenging, eventually leads to much clearer competitive advantage, along with – for printheads – valuable annuity revenue. Early trading in 2026 is in line with expectations. The order book is healthy for this time of year, and the Board believes the Group is well positioned for further progress – both in 2026 and in the longer term.

Ben Stocks

Ben Stocks
Chairman

23 March 2026

CEO statement – Strategic update



Our priorities for 2025 were to grow Printhead revenue; to further develop our differentiated products in new applications; to improve operational efficiencies; and to deliver financial results at or ahead of market expectations. No trading year ever goes quite as expected, but overall 2025 was satisfactory.

Results summary

Revenue was £60.1 million, up 12%. Adjusted operating profit was £1.1 million (2024: £(0.6) million), with adjusted profit before tax from continuing operation of £0.8 million. Gross margin improved to 40% (2024: 37%). Adjusted basic earnings per share were 1.1 pence (2024: 0.7 pence). The Group ended the year with £4.9 million (2024: £8.2 million) of net cash and remains well capitalised.

Operating review

Printhead revenues grew 22%. Printhead volumes into the core ceramics market stabilised and growth came from new products and new markets – a clear sign of the benefits of our business development work. Commercial breakthrough was achieved in the digital manufacture of jewellery.

Printhead sales were well supported by systems and integration activities, with Megnajet revenues up 2%. Revenues at Engineered Print Systems ('EPS') fell 10%, with disruption in end markets leading to a business review and change of management early in the year. Overall, progress was impacted by the EPS revenue decline, which reduced Group revenue despite strong Printhead growth. Moving into 2026, the new product and new application pipeline at EPS is healthy and the outlook is stronger.

Commercially the focus in 2025 was on enhanced engagement with existing customers. We sought to improve the responsiveness of our technical support teams and sharpen regional commercial focus, particularly in markets where digital print adoption is gaining traction such as corrugated, textiles, wax and Printed Circuit Boards (PCB) conformal coating.

A key operational milestone was the opening of our new facility in Dongguan, expanding our presence in Asia and supporting growing demand for our technologies in the region. The site will manufacture ink delivery systems for Asian OEMs and integrators and it will house a technology partnership centre, to strengthen customer engagement and speed up customer qualifying processes.

The facility will also offer capacity for component assembly, leaving production linked to our core IP remaining in the UK. This will allow us to handle rising order volumes while maintaining the quality and consistency expected of Xaar products. Shorter supply chains for commodity components will further enhance operational capabilities.

Business model & strategy

Xaar's strategic objective is the development of differentiated inkjet printing technology businesses for the benefit of all stakeholders. Our unique technology delivers precise deposits of specialist fluids with pin-point accuracy. Our technology can handle higher viscosity and pigment loading than our competitors, a capability that can offer significant advantages. Our business model is to design and manufacture high-performance industrial inkjet printheads, ink delivery systems and integrated equipment, offering these, along with the necessary applications expertise, to both OEM manufacturers and print-system integrators.



Strengthening performance across the Group

The Group is increasingly well positioned to benefit from the global trends: both in the expansion of digital manufacturing and the need to reduce process waste.

Xaar has been developing its technical capabilities for over 30 years, mainly for the traditional print markets of ceramic tiles and coding & marking. These are well-established segments but have been troubled in recent years. The Group has therefore sought to expand its application base to improve financial consistency, raise margins and take advantage of the rapid expansion of digital manufacturing techniques. This has led the Group into several new markets, including:

- + 3D printing, notably in Wax and Desktop 3D, where more functional fluids offer superior printed components
- + Automotive coating, where inkjet can give greater design flexibility and significant materials savings
- + Electric Vehicle (EV) battery coating, where inkjet can replace Polyethylene Terephthalate (PET) wrap
- + Packaging & Textiles, where high viscosity and lower water content offer higher speed printing and lower energy costs
- + Labelling, where high ink laydown can offer design differentiation

In each case, either high viscosity or higher pigment loading brings demonstrable value to the end customer. Xaar is uniquely able to offer printheads with this capability due to its patent protected architecture and unparalleled technical know-how.

This sort of applications development is complex, requiring cooperation between the makers of: the printhead; the fluid to be printed; and the printing machine. Further, as with all manufacturing process developments, several layers of customer accreditation are necessary for commercial adoption. The timing of projects is therefore uncertain. But this complexity, which can be frustrating, is also the key to long-term advantage and provides a significant barrier to entry for competition. Moreover, and critical to the Board's strategy for the Group, printheads need to be replaced regularly, leading to annuity revenue streams.

Therefore, the Group seeks to:

- + Focus on applications with structural long-term growth drivers where our unique technology provides a specific advantage
- + Make product development a core business activity
- + Invest in complementary skills and capabilities to be able to offer a turnkey solution for new application opportunities
- + Invest in operational efficiency to maintain competitive advantage in core markets

The Board aims to meet investment needs from free cash flow and modest borrowing facilities. All investments are assessed against internal hurdle rates based on strategic and financial priorities.

The Board believes that, after a period of renewal and revitalisation, Xaar is capable of consistent long-term growth, driven by unique technology and global manufacturing trends.

Printhead

Revenue growth of 22% was all driven by new business, with several OEMs adopting Xaar technology for the first time.

The digital jewellery wax market continued its expansion with a growth in our market share, with traditional methods of manufacture being replaced by digital printing. Revenues into the ceramics market stabilised as market conditions normalised. Declines in this market, linked to fundamental changes in Chinese domestic property activity, have been a headwind for Xaar for some time and the Board is pleased to see newer applications featuring in results.

The Printhead division is increasingly positioned around high-value industrial opportunities where Xaar's strengths in reliable high-viscosity, jetting provides a clear competitive advantage. As these projects develop, and each new application is qualified, we expect to grow a wider base for the business, which, in conjunction with annuity printhead replacement, should allow for more consistent financial performance over time.

CEO statement continued

EV BATTERY COATINGS

Following the launch of our eX and Nitrox eX Printheads in 2024, Xaar remains the first and only inkjet provider offering technology capable of meeting the thermal, safety and efficiency requirements of next-generation battery coating processes. Inkjet delivers over 99% material-use efficiency, significantly reducing waste compared with spray-painting systems, and offers a safer and more cost-effective alternative to plastic films. Early customer trials, including those conducted with leading automation partners, have progressed positively, and interest continues to build as the sector moves towards early scale adoption.

AUTOMOTIVE COATINGS

Through our partnerships, including integration into Axalta's NextJet™ platform and Durr, Xaar technology is enabling the replacement of spray painting on cars to digitally printing solutions for vehicle OEMs. Inkjet eliminates masking, reduces energy consumption and avoids the ~40% material loss typical of spray painting, supporting efficiency and sustainability improvements across automotive paint shops. Early demonstrations by industry partners indicate strong potential for OEM rollout over coming years.

PCB FUNCTIONAL COATINGS

As manufacturers seek greater precision, reduced process steps and lower waste, inkjet deposition is becoming a compelling alternative to traditional coating and masking processes. Xaar's capability to jet high-performance functional fluids positions the Group well for medium-term growth in this segment.

DESKTOP 3D PRINTING

Demand for high-quality, affordable full-colour 3D printing is growing rapidly. With our ability to jet high-viscosity fluids at low cost, Xaar has enabled the world's first consumer-priced full-colour high-resolution inkjet desktop printer, launching in the near future.

Together, these pipeline opportunities represent future revenue growth areas significantly larger than the legacy ceramics market, supporting the long-term de-risking of the business model and providing a clear pathway to sustainable growth. With stabilisation in mature sectors, ongoing momentum in wax, and increasing commercial engagement across these emerging applications, the Printhead division enters 2026 with strong strategic momentum and multiple levers for expansion, making us confident in the long-term opportunities.

Megnajet

Megnajet specialises in inkjet fluid management and domain knowledge critical to printhead development. Demand for its high-precision ink delivery systems comes from applications where consistency, control and reliability are critical.

In 2025, Megnajet revenue growth was 2%, helped by an increased uptake of modular platforms, which simplify customer integration and enhance the performance of our latest printheads.

EPS

EPS delivered revenue of £14.5 million in 2025 (2024: £16.1 million), reflecting generally difficult end markets in the US, the ending of a multi-year project in 2024, and a refocussing of priorities under new management.

The new leadership team has strengthened project execution, refined the commercial pipeline and improved overall business discipline. In 2026, EPS is a more streamlined, better-positioned organisation.

Environmental, Social and Governance (ESG)

Environmental responsibility, social impact, and good governance continue to be integral to how we operate. Our roadmap has five key pillars – Environment, People, Innovation, Community and Governance; its purpose is to drive our ESG goals beyond the traditional focus of Scope 3. We enable our customers to become more sustainable by using additive processes which reduce waste and energy usage for the OEMs. Our research shows that, compared to analogue alternatives, digital has a significant impact in reducing energy consumption (by as much as 55%), water consumption (by up to 60%) and CO₂ emissions (by up to 95%).

In 2025:

- + We advanced initiatives to reduce waste, energy use and refrigerant leaks, reducing Scope 1 & 2 emissions
- + We expanded training and development programmes to support skills, career pathways, and employee wellbeing
- + We strengthened governance structures supporting risk management, safety, and ethical conduct

Xaar is committed to reducing its impact on the environment wherever possible and helping customers do the same, enabling customers and end users to reduce their Scope 3 emissions.

Data collection improvements across sites strengthened the tracking of emissions, waste and resource use, enabling clearer and more consistent reporting. Collaboration with customers and industry partners also helped identify further opportunities for digital processes to replace analogue methods in sectors where waste, water use and energy consumption remain high. These actions supported the Group's ESG roadmap and strengthened alignment between operational decisions, customer needs and long-term sustainability goals.

2025 marked continued progress for the Group in managing its environmental impact. Through activity across key sites, ongoing monitoring of resource use, and investment in areas that support long-term efficiency, the Group maintained momentum in working towards reducing its footprint.

The full ESG report can be found on pages 25–35.



John Mills
Chief Executive Officer

23 March 2026

CFO statement – Business performance



Financial Review

Group revenue for continued operations for the year ended 31 December 2025 was £60.1 million (2024: £53.8 million). Adjusting for currency and discontinued operations, revenue growth was 12%, driven primarily by a 22% increase in Printhead revenue. Gross margin improved to 40% (2024: 37%), supported by enhanced manufacturing yields, efficiency improvements and a more favourable product mix.

Adjusted profit before tax from continuing operations (aPBT) was £0.8 million (2024: loss (£1.0) million). Operational enhancements enacted in 2024 lowered costs and improved overhead absorption. Basic (loss) per share was (4.3) pence (2024: (13.7) pence). Adjusted earnings per share was 1.1 pence (2024: 0.7 pence).

Gross profit for the year was £23.7 million (2024: £19.6 million), reflecting better operational performance and favourable product mix. These gains supported overall margin expansion and improved operating leverage across the Group.

The year ended with net cash of £4.9 million (2024: £8.2 million). Much more focus has been given to working capital management with a particular emphasis on setting the conditions to consistently increase stockturn in the future. Forecast accuracy is now being measured with a view to reducing buffer stocks yet still maintaining good component availability. Cash inflows were partially offset by £1.6 million of lease payments (2024: £1.2 million) and capital expenditure of £2.0 million (2024: £0.9 million).

Xaar continues to operate with no long-term structural debt, maintaining strong liquidity and the flexibility to invest. Total assets decreased modestly to £78.3 million (2024: £81.3 million), driven by reduction in cash. Inventories decreased slightly at £26.6 million (2024: £27.2 million), whilst trade receivables were £9.3 million (2024: £8.1 million).

Total operating expenditure was £17.9 million (2024: £16.0 million) which includes a £1.8 million bonus accrual (2024: £nil). Sales and marketing costs were £5.1 million (2024: £4.6 million), reflecting cost discipline and improved digital engagement. General and administrative expenses were £12.8 million (2024: £11.4 million).

The transition of FFEI manufacturing to Huntingdon delivered a full year of cost benefits, and the closure of the Hemel Hempstead site further simplified our operational footprint. Combined, these actions lowered our cost base and contributed to improved divisional profitability.

Research & Development

Gross Group R&D investment totalled £4.7 million, representing 8% of revenue (2024: £4.3 million; 8%), keeping us within our target range of 8–10%. Investment shifted further toward, application-led development, OEM integration and enhancements to fluid management and platform reliability.

Financing

The Group has finalised an enlarged revolving credit facility with its bankers, increasing the facility from £5 million to £10 million together with an uncommitted £5 million 'accordion' facility. The formal approval was received on 19 March 2026.

Capital expenditure

Capital expenditure for the year totalled £2.0 million (2024: £0.9 million), with investment concentrated on manufacturing capacity, ink delivery systems, back end printhead capability and platform development to support expected order growth.

Divisional results

PRINTHEAD

Printhead revenue increased to £43.0 million (2024: £35.2 million), with ceramics revenue decreased by £0.6 million, marking a slowing in the rate of decline from this legacy market.

	2025	2024	Variance %
Revenue	£43.0m	£35.2m	22%
Gross margin %	41%	38%	3%
aOP	£5.7m	£3.0m	88%
aPBT	£5.5m	£2.7m	105%

MEGNAJET

Megnajet generated £2.6 million in revenue, up 2% year-on-year.

Intra-Group sales rose by 38%, reinforcing Megnajet's importance in supporting system reliability, fluid-management performance and printhead platform commercialisation to the Group.

	2025	2024	Variance %
Revenue	£2.6m	£2.5m	2%
Gross margin %	44%	51%	7%
aOP	£0.8m	£1.1m	(27%)
aPBT	£0.9m	£1.2m	(28%)

EPS

EPS revenues were £14.5 million, falling 10%, as the business underwent a period of review under new management. A major multi-year engineering programme did not repeat in 2025, and there was general customer caution around new equipment purchases.

During the year, the business implemented a targeted restructuring programme focused on strengthening project execution, improving cost discipline and widening the customer pipeline.

	2025	2024	Variance %
Revenue	£14.5m	£16.1m	(10)%
Gross margin %	36%	31%	5%
aOP	£1.3m	£1.2m	11%
aPBT	£1.3m	£1.2m	11%

Group revenue growth

£m	2025	2024	Var	Var %
Printhead	43.0	35.2	7.8	22%
Megnajet	2.6	2.5	0.1	2%
EPS	14.5	16.1	(1.6)	(10)%
Total revenue	60.1	53.8	6.3	12%

CFO statement - Business performance continued

Taxation

The Group recognised a total tax credit from continuing operations of £0.2 million (2024: £0.8 million). The underlying effective tax rate was 6.3% (2024: 6.6%).

As previously disclosed, historic overseas tax liabilities (primarily indirect taxes), estimated at £2.7 million, were identified during a review of local compliance processes which will be settled over the next two years. These non-recurring items are not expected to impact future trading.



Our financial framework continued to provide stability and flexibility, enabling us to support growth, manage risk and allocate capital prudently

Dividend and Reserves

Shareholder equity closed the year at £56.3 million (2024: £59.9 million). Retained earnings were £11.9 million (2024: £14.8 million), and foreign exchange translation movements totalled (£0.2) million (2024: £0.1 million). No dividend has been declared for 2025, reflecting our commitment to reinvestment in technology, operational capability and long-term capacity expansion.

Finance and treasury policy

Xaar's treasury activities are managed centrally under Board oversight, with the primary objective of safeguarding liquidity, managing financial risk, and supporting the Group's operational and strategic requirements. The function operates within a clear policy framework designed to limit the Group's exposure to short-term currency fluctuations.

The Group finances its operations through a combination of share capital, retained earnings and, where appropriate, bank facilities. The Group has adequate committed facilities in place to support trading and investment.

Paul James
Chief Financial Officer

23 March 2026

Key performance indicators

Measuring our success

We monitor progress against the delivery of our strategic goals using financial key performance indicators (KPIs).

The Company uses a number of alternative performance measures (APMs) in addition to those reported in accordance with IFRS. The Directors believe that these APMs, shown on the right, are important when assessing the underlying financial and operating performance of the Group and its divisions, providing management with key insights and metrics in support of the ongoing management of the Group's performance and cash flow. A number of these align with KPIs and other key metrics used in the business and therefore are considered useful to also disclose to the users of the financial statements.

The following APMs do not have standardised meaning prescribed by IFRS and therefore may not be directly comparable with similar measures presented by other companies.

[See note 8 of the Group's Consolidated Financial Statements, for reconciliation between adjusted and statutory items](#)

2025 figures and 2024 comparative figures are based on continuing operations (where relevant), and are subject to rounding.

Revenue from continuing operations

Statutory

£60.1m

2025	£60.1m
2024	£53.8m

Group revenue for the year ended 31 December 2025 was £60.1 million (2024: £53.8 million) up 12%.

Revenue by division

PRINTHEAD

£43.0m

2025	£43.0m
2024	£35.2m

MEGNAJET

£2.6m

2025	£2.6m
2024	£2.5m

EPS

£14.5m

2025	£14.5m
2024	£16.1m

The increase in Printhead was driven by growth in the 3D and Advanced Manufacturing sector and stabilisation in the Ceramics market. EPS fell 10% as the business underwent a period of review under new management.

Printhead revenue by market sector

CERAMICS & GLASS

£7.0m

2025	£7.0m
2024	£7.5m

3D & ADVANCED MANUFACTURING

£15.4m

2025	£15.4m
2024	£7.3m

C&M & DTS

£14.4m

2025	£14.4m
2024	£13.2m

PACKAGING & TEXTILES

£3.7m

2025	£3.7m
2024	£2.0m

WFG & LABELS

£2.5m

2025	£2.5m
2024	£3.5m

Legacy markets stabilised with Ceramics & Glass revenue – 6% and C&M & DTS revenue +9%. New growth market 3D & Advanced manufacturing revenue +111% and Packaging & Textiles revenue +85%. WFG and Labels revenue – 28% as this is a future growth market.

Key performance indicators continued

Profit

Statutory

GROSS MARGIN

40%

2025	40%
2024	37%

Proactive cost management decisions have increased gross margin to 40% (2024: 37%). Printhead gross margin improved to 41% (2024: 38%) and EPS gross margin improved to 36% (2024: 31%).

LOSS BEFORE TAX FROM CONTINUING OPERATIONS

£3.3m

2025	£3.3m
2024	£9.4m

Loss before tax represents operating loss after investment income and finance costs.

BASIC LOSS PER SHARE

4.3p

2025	4.3p
2024	13.7p

The calculation of basic loss per share is based on the weighted average number of ordinary shares outstanding during the period. See Financial Statements – note 13 for further information.

Cash

Statutory

CASH & TREASURY DEPOSITS

£5.3m

2025	£5.3m
2024	£8.7m

Net cash after borrowings in 2025 was £4.9 million (2024: £8.2 million).

(DECREASE)/INCREASE IN NET CASH

(£3.3m)

2025	(£3.3m)
2024	£2.4m

Cash outflows in the year were driven by capex £2 million, lease payments £1.6 million and £0.9 million of own share purchases, partially offset by £1.8 million net cash inflow from operating activities. 2024 net cash inflow benefitted greatly from the conscious reduction in inventory levels.

Alternative performance measures (APMs)

ADJUSTED PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

£0.8m

2025	£0.8m
2024	(£1m)

Adjusted profit before tax represents the profit before tax adjusted for recurring and non-recurring items. Reconciliation of adjusted financial measures is provided in note 8.

ADJUSTED BASIC (LOSS)/ EARNINGS PER SHARE

1.1p

2025	1.1p
2024	0.7p

Earnings per share adjusted for the impacts of adjusting items and share-based payment expense. This measures the growth and profitability of the Group operations.

Alternative performance measures (APMs)

R&D INVESTMENT

£4.7m

2025	£4.7m
2024	£4.3m

Group R&D investment exclusive of any capitalised costs. Reflects a focus on helping OEMs integrate our technology and maintains R&D spend within Xaar's target of 8–10% ratio to revenue.

Principal risks and uncertainties

Measuring our risks

Market

RISK OWNER: CEO JOHN MILLS

1. Competition

Monitoring and adjusting to competitive dynamics such as pricing/promotion, innovation, resource investments and market share changes.

2. Identification of market requirements

Successfully developing products with the characteristics that meet market requirements within the necessary time-scale.

3. Commercialising and maintaining products with cutting-edge technology

Creating value by generating innovative products that deliver significant customer benefit.

4. Merger and acquisition opportunities

Seek opportunities to expand, create synergies and generate greater shareholder value.

Operational

RISK OWNER: COO GRAHAM TWEEDALE

5. Climate change

Identifying risks and scenario planning of physical and transition impact upon operations and developing mitigating actions.

7. Partnerships and alliances

Working with the right companies, at the right time on the right terms to deliver long-term value.

8. Supply chain

Optimising sourcing and supply chain relationships to drive performance and minimise operational issues.

10. Laws and regulations

Compliance with key laws and regulations in all countries Group operates in.

6. Organisational capability

Having the right people in the right roles.

9. War and conflict

Staying resilient in the face of a challenging world economy.

IT

RISK OWNER: CFO PAUL JAMES

11. IT systems and control environment

Strengthen IT infrastructure and key IT systems. Enhance and build resilience by investing in and implementing new IT infrastructure or IT systems.

12. Cyber security risk

Loss of systems or confidential data due to a malicious cyber-attack, leading to disruption to business operations and loss of data.

Financial

RISK OWNER: CFO PAUL JAMES

13. Ability to access sufficient capital

Ability to access sufficient capital to fund growth opportunities.

15. Exchange rates

Monitoring global economic events and mitigating any resulting significant exchange rate impacts.

16. Fraud and management override

Inherent risk in an organisation that management controls will be overridden by individuals.

17. Customer credit exposure

Offering credit terms ensuring recoverability is reasonably assured.

14. Inventory obsolescence

Holding excess inventory levels when compared to demand, that leads to increased risk of obsolescence and write-off before consumption.

Risk management

Risk management serves as a cornerstone of our operational approach and overall success. Our capacity to recognise, evaluate and skilfully navigate both current and evolving challenges is essential to how we establish the Group's position to generate value amidst uncertainty, while ensuring beneficial results for all stakeholders in the long term.

Risk management responsibilities



Risk management framework

Risk management empowers our company and drives our strategic success. Our streamlined risk management framework enables us to navigate opportunities and challenges with clarity, consistency and confidence. It supports us in achieving our ambitious goals and executing our strategy effectively, whilst strengthening our business model.

We seamlessly integrate our risk management approach with our strategic planning, business development and performance initiatives. This integration ensures that strategic thinking and opportunity assessment are embedded throughout our key decision-making processes, positioning us to capitalise on emerging possibilities whilst maintaining operational resilience.

Risk management governance

The Board holds ultimate accountability for overseeing risk and establishing a strong framework of risk-related internal controls. It bears responsibility for defining the scope and level of key risks that the Group accepts in pursuit of its strategic objectives. This level of acceptable risk is evaluated against our strategic priorities and the operating landscape we face, which we term our risk tolerance.

The Executive Committee manages risk through its decision-making process, conducting regular reviews of principal risks and key changes. Departmental risk meetings identify and assess all relevant risks, re-evaluate ratings and identify current and future mitigation measures. Following these meetings, the updated risk register is reviewed by the Executive Committee during its principal risk evaluation. Once the Executive Committee approves all risks and proposals, they are submitted to the Board and Audit Committee for final approval. The Board reviews this risk tolerance twice a year and incorporates risk considerations into its strategic planning activities.

Principal risks

During the year, the Board has undertaken robust assessments of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency and strategy. The Board does not consider that the fundamental principal risks and uncertainties facing the Group have changed significantly during the year. Since the end of the year, the Group's risk assessment has been revised upwards in respect of the 'War and conflict' risk category, reflecting heightened geopolitical tensions and associated macroeconomic uncertainty arising from the ongoing conflict in the Middle East.

The key changes and assessments are summarised in the following Group risk profile and principal risks tables, detailing the key potential impacts on our business, our mitigations, developments in 2025 and, where relevant, our emerging risks.

PROBABILITY RATING

The probability rating is the likelihood of an event occurring based on previous experiences, historical information and professional judgement with respect to the incident in the territory or industry. Probability can be subjective and is not an exact science. The probability of an incident occurring can be estimated to give a probability rating. This gives an overall view of the risk exposure faced by the business.

IMPACT RATING

The impact of an incident can be measured in terms of human suffering, damage to assets, interruption to operations or business, effect on customers, impact on reputation/brand and financial loss. The calculation of the impact rating should be taken as the worst case in respect of these categories.

The financial element of the impact rating is the amount of money that is 'at risk'.

'At risk' means that it is either revenue at risk, or the cost of rebuilding a system, or replacement cost of hardware. This must be taken in the context that there are limited recovery capabilities and that revenue at risk is not a daily amount, but the amount of revenue that would be lost until the process, system or business function can be reinstated.

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/magnitude change since 1 January 2025
Operational			
Competition	<p>Risk:</p> <p>Failure to continually improve products and services leading to loss of market share or price reduction, resulting in lower profit margins. As the only independent printhead company competing with vertically integrated, large-scale multinational companies, we continue to face significant competitive pressures.</p> <p>Potential impact:</p> <p>Loss of market share to competitors could reduce sales volumes and adversely affect the Group's financial results. Our position as an independent supplier competing against vertically integrated companies creates ongoing margin pressure and limits our ability to compete on scale.</p>	<p>Mitigation:</p> <p>We continue to re-align our go-to-market capabilities to deliver better results for our OEMs and invest in our technical solutions offering, alongside continual monitoring of our cost base to ensure we remain competitive.</p> <p>Developments in 2025:</p> <p>Factory cost controls have been increased to improve our competitive position. The inkjet landscape remains challenging with competitors constantly evolving new products and discounting to take existing and new customers.</p>	<p>Emerging risk:</p> <p>Increased consolidation among competitors could further intensify competitive pressures.</p> <p>Likelihood:</p> <p>Unlikely</p> <p>Magnitude:</p> <p>Very High – no change to risk score</p>
Market requirements	<p>Risk:</p> <p>Products need to meet the changing demands of the market, including regulatory changes. Failure to meet future market requirements and specifications could impact our long-term revenue and profit.</p> <p>Potential impact:</p> <p>Inability to adapt to changing market requirements could result in product obsolescence, loss of customers and reduced revenue streams. Regulatory changes in key markets could require significant product modifications or render existing products non-compliant.</p>	<p>Mitigations:</p> <p>Regular reviews are held within the Group to assess current and anticipated market requirements, including regulatory changes. R&D activity is managed with systematic assessment of progress against project timelines and milestones to ensure that we maintain our competitive edge for time to market for our new products. In addition, we engage with customers regularly for feedback to continue our development of a culture of innovation, focusing on delivering technical solutions to OEM requirements.</p> <p>Developments in 2025:</p> <p>The R&D team have engaged with customers to resolve specific technical issues during their product development work and the commercial team has been strengthened. Issues with ink development projects have been resolved by partnering with ink manufacturers and the successful development of flat tone projects has been achieved following CEO discussions with customers.</p>	<p>Emerging risk:</p> <p>Accelerating pace of technological change in digital printing could outpace our development capabilities.</p> <p>Likelihood:</p> <p>Possible</p> <p>Magnitude:</p> <p>Very High – no change to risk score</p>

Risk management continued

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/ magnitude change since 1 January 2025
Commercialising new products	<p>Risk:</p> <p>Failure to test new products under all relevant application conditions could lead to unexpected costs and loss of reputation due to quality failures.</p> <p>Potential impact:</p> <p>Product failures in the market could result in warranty claims, customer dissatisfaction, reputational damage and potential liability claims. This could adversely affect future sales and the Group's market position.</p>	<p>Mitigations:</p> <p>New products are thoroughly tested before launch with improved product testing and QA phases of development now implemented. Xaar's manufacturing facilities remain ISO 9001 accredited and we continue to develop our plans for continuous improvement to ensure optimisation of operations. We maintain comprehensive quality assurance systems and procedures at each site. We regularly review and investigate incompatibilities for all new products with customers to ensure they are supported.</p> <p>Developments in 2025:</p> <p>The R&D team have engaged with customers to resolve specific technical issues during their product development work. Field service capability has been increased to help the adoption of new products by customers. Challenges remain with high viscosity inks in terms of key specification parameters such as resolution and firing frequency.</p>	<p>Emerging risk:</p> <p>Increasing customer expectations for faster product development cycles could compromise thorough testing procedures.</p> <p>Likelihood:</p> <p>Possible</p> <p>Magnitude:</p> <p>Very High – no change to risk score</p>
M&A opportunities	<p>Risk:</p> <p>Our strategy continues to be driven primarily by organic growth. In the event of an acquisition, failure to realise the expected benefits of the acquisition, or post-acquisition performance of the acquired business not meeting the expected financial performance at the time transaction terms were agreed, could adversely affect strategic development, future financial results and prospects.</p> <p>Potential impact:</p> <p>Poor acquisition decisions could result in loss of goodwill, additional integration offsetting expected synergies, management distraction and failure to achieve strategic objectives.</p>	<p>Mitigations:</p> <p>The Group regularly reviews its M&A strategy and where engaged, the Board maintains material oversight of each stage of the process. Through robust approvals processes, the Board satisfies itself of the competence and independence of third parties involved in advising, opportunity modelling and delivering due diligence for any such process. The Board continues to monitor activity in the market and position itself appropriately to defend the Group's position.</p> <p>Developments in 2025:</p> <p>No significant M&A activity occurred during the year. The focus remained on organic growth initiatives and strengthening existing operations.</p>	<p>Emerging risk:</p> <p>Limited availability of suitable acquisition targets in our niche market could constrain growth opportunities.</p> <p>Likelihood:</p> <p>Unlikely</p> <p>Magnitude:</p> <p>Low – decreased risk score in 2025</p>

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/magnitude change since 1 January 2025
Climate change	<p>Risk:</p> <p>Physical risks that may impact the assets of the business, cause business disruption (e.g. flooding) and extreme weather events that may negatively impact the supply chain. Transition risks in managing the shift to a low-carbon economy and investment/expenditure to manage the transition. Potential for reputational damage should the transition be poorly executed or risk of 'greenwashing' if announcements are not supported by measurable actions.</p> <p>Potential impact:</p> <p>Adverse weather events could damage, disrupt or lead to temporary closure of the Group's facilities and operations. Growing stakeholder focus on corporate action to meet emissions reduction targets may result in increased reputational risk and reduced customer and/or employee loyalty, investor divestment and impacts to customer activity levels. The assessment of the risks associated with climate change can also identify opportunities that arise to help customers reduce their emissions and increase efficiencies by using digital printhead solutions.</p>	<p>Mitigations:</p> <p>For physical risks, we continue to maintain and further develop our major incident plans to address those areas most exposed to potential risks. We maintain a register of critical suppliers to assist our sourcing and procurement strategies and analyse our supply chain infrastructure to identify 'spend to save' initiatives which may be cash generative. Our recent opening of a new manufacturing facility in China will improve our resilience in manufacturing capabilities and reduce dependencies on UK manufacturing sites. We continue to investigate and report on climate-related risks and opportunities in adherence to internationally accepted recommendations.</p> <p>Developments in 2025:</p> <p>Following an internal review and analysis, we have updated our Sustainability Roadmap to deliver Net Zero by 2050 with a strong focus on reducing carbon and becoming a low-carbon manufacturer. Opening a new manufacturing facility in China will reduce UK manufacturing dependencies.</p>	<p>Emerging risk:</p> <p>Accelerating regulatory requirements for climate disclosure and carbon reduction could increase compliance costs and operational complexity.</p> <p>Likelihood: Possible</p> <p>Magnitude: Medium – no change to risk score</p>
Organisational capability	<p>Risk:</p> <p>Our workforce remain essential to the Group's success. Ensuring the right people are in the right roles is critical to our future success and growth; without adequate succession planning, personnel changes could have a significant impact on the Group's performance. Technology and machinery obsolescence could also lead to a negative impact on the recruitment of high-calibre individuals, thereby hindering growth.</p> <p>Potential impact:</p> <p>Loss of business-critical personnel without adequate replacement could disrupt business operations, delay product development and adversely impact the Group's ability to implement and deliver its strategic objectives. Skills shortages and technical/mechanical obsolescence could limit growth opportunities and operational efficiency.</p>	<p>Mitigations:</p> <p>We continue to maintain below average rates of turnover for a manufacturing business through a strong focus on better hiring for fit, improved induction procedures and employee engagement initiatives. The Group regularly reviews remuneration to ensure appropriate reward packages accompany a fulfilling work environment and has introduced new performance management procedures to help further develop and retain high-performers.</p> <p>Developments in 2025:</p> <p>Streamlining of the workforce continues to reduce costs and concentrate resources on future revenue-generating activities. The Group has been assessed to identify its business-critical roles and continues to develop a strategy for succession planning for those roles.</p>	<p>Emerging risk:</p> <p>Increasing competition for skilled technical talent in the digital printing industry could drive up recruitment and retention costs.</p> <p>Likelihood: Possible</p> <p>Magnitude: High – no change to risk score</p>

Risk management continued

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/ magnitude change since 1 January 2025
Partnerships and alliances	<p>Risk:</p> <p>If key partners we have alliances with are acquired, this can change the relationships they have with us.</p> <p>Potential impact:</p> <p>Working with the right partners at the right time, on the right terms, to deliver long-term value is key to our future growth and success. If partnerships change due to a change in control, without appropriate legal provisions, it has the potential to disrupt and delay our future growth.</p>	<p>Mitigations:</p> <p>The in-house legal team focuses on the extensive review of legal agreements and in particular, the Group's position with regard to its intellectual property; whether that is owned, jointly developed, licensed or otherwise. Partnerships are reviewed regularly both internally and with those partners at the most senior level to ensure they are effective and continue to meet both partners' needs and expectations. Where significant investment and research is undertaken, contractual provisions ensure appropriate protections around product development.</p> <p>Developments in 2025:</p> <p>We continue to pursue partnerships which reflect our strategic plans for growth.</p>	<p>Emerging risk:</p> <p>An increase in M&A activity in the industry may see a consolidation of partners which could pose a risk to existing arrangements.</p> <p>Likelihood:</p> <p>Possible</p> <p>Magnitude:</p> <p>Medium – no change to risk score</p>
Supply chain	<p>Risk:</p> <p>The Group maintains critical dependencies on key supplier relationships to ensure timely deliveries and maintain strict quality standards across our operations. Our risk profile has evolved significantly, with exposure increasingly concentrated in component materials rather than finished goods inventory. This shift is particularly pronounced in areas where we rely on single-source suppliers for essential production components.</p> <p>Potential impact:</p> <p>Supply chain disruption could lead to production delays, increased costs, extended lead times and inability to meet customer demand. Our supply chain resilience remains a strategic priority, with continued investment in supplier relationship management and alternative sourcing initiatives to ensure operational continuity and maintain our commitment to product quality and delivery performance.</p>	<p>Mitigations:</p> <p>Current market conditions present ongoing challenges in securing reliable supplies of critical components, while global logistics networks continue to face periodic disruptions. The Group actively monitors these supply chain vulnerabilities and has implemented enhanced supplier diversification strategies to mitigate concentration risks where commercially feasible. The Group continues to maintain a safety inventory of key components which is regularly reviewed.</p> <p>Developments in 2025:</p> <p>US tariffs continue to cause disruption to the supply chain. The Group continues to monitor and adapt to potential trade policy changes that could affect component sourcing and costs.</p>	<p>Emerging risk:</p> <p>Potential trade wars could further disrupt global supply chains and increase costs.</p> <p>Likelihood:</p> <p>Possible</p> <p>Magnitude:</p> <p>High – no change to risk score</p>

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/magnitude change since 1 January 2025
War and conflicts	<p>Risk:</p> <p>The ongoing conflict in Ukraine and the Middle East continues to create significant uncertainty in both UK and global economic markets, contributing to volatile trading conditions and challenging medium-term planning horizons. While energy prices achieved greater stability during 2025, we see sustained pressure on operational costs and broader economic performance, with consequent implications for inflationary trends and potential constraints on growth trajectories. Regional instability in the year, further compounded by the escalation of conflict between Israel and Hamas and the broader Middle East, has intensified geopolitical tensions across the region. These concurrent conflicts have created a complex web of economic and supply chain disruptions that extend well beyond their immediate geographical boundaries.</p> <p>Potential impact:</p> <p>The Group could face several significant operational and financial impacts, including potential disruption to global supply chains and manufacturing operations, reduced demand from customers operating in affected regions, increased input costs due to commodity price volatility and supply constraints, adverse foreign exchange movements affecting our international revenues and costs, and restricted access to certain markets due to evolving sanctions regimes. The cumulative effect of these factors could result in reduced profitability, delayed product launches, working capital pressures and potential impairment of assets in affected territories.</p>	<p>Mitigations:</p> <p>The Group maintains active monitoring of geopolitical developments and their potential impact on our operations, markets and supply chains. We have enhanced our scenario planning capabilities and continue to assess the resilience of our business model against various contingencies. We have also diversified some key long-term contracts to secure supply chains outside of affected countries and regions. We have no direct operations in Ukraine, Russia or the Middle East.</p> <p>Developments in 2025:</p> <p>The agreed ceasefire in Israel had provided some initial stabilisation to the Middle East and contributed to improved market confidence in the region. However, the subsequent escalation of conflict involving Iran has materially intensified geopolitical risk. These developments have reversed many gains in regional stability, contributing to significant energy price volatility, disruption to shipping and risks to supply chain integrity. Whilst the position continues to be monitored, the broader regional escalation represents a heightened risk environment and the macroeconomic conditions remain subject to ongoing assessment.</p>	<p>Emerging risk:</p> <p>Escalating trade tensions between major economic powers and the increasing use of economic sanctions as diplomatic tools, which could result in further fragmentation of global supply chains and restricted market access for international businesses.</p> <p>Likelihood:</p> <p>Probable</p> <p>Magnitude:</p> <p>High – increase to risk score in 2025</p>

Risk management continued

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/ magnitude change since 1 January 2025
Laws and regulations	<p>Risk:</p> <p>The Group operates within a complex regulatory environment across multiple jurisdictions, creating ongoing exposure to compliance obligations in the UK and international markets where we maintain operations. Non-compliance with applicable laws and regulations could result in significant financial penalties, operational restrictions, and reputational damage.</p> <p>Potential impact:</p> <p>Key areas of regulatory exposure include workplace health and safety requirements, environmental protection standards, international tax regimes and international trade regulations (including export controls and customs requirements). The Group also faces potential exposure related to evolving economic sanctions regimes and product liability obligations across our diverse markets.</p>	<p>Mitigations:</p> <p>We regularly review compliance requirements and, where necessary, update our policies and procedures to address changing regulatory landscapes. Our risk management framework includes ongoing legal assessments, employee training programmes and proactive engagement with regulatory authorities to ensure adherence to applicable standards and minimise compliance-related exposures. We maintain appropriate ISO certifications for quality and environmental management.</p> <p>Developments in 2025:</p> <p>Following the recent establishment of our new facility in China, we continue to engage specialists to develop a compliant import and export programme for the future. In an overseas jurisdiction, tax regime non-compliance has been identified and the process to remedy these issues continues with substantial advancement being achieved in 2025.</p>	<p>Emerging risk:</p> <p>Increasing regulatory complexity across international markets could require additional compliance resources and expertise.</p> <p>Likelihood:</p> <p>Probable</p> <p>Magnitude:</p> <p>High – increase to risk score in 2025</p>
IT systems and controls	<p>Risk:</p> <p>The Group's operations are dependent on robust IT networks, infrastructure and business systems to maintain effective day-to-day operations and service delivery. Insufficient resilience in these critical systems could result in significant access issues, hampering productivity and operational effectiveness across the organisation. The risk extends to potential loss of operating capability in affected areas, which could severely disrupt manufacturing processes, customer service delivery and core business functions. The risk also includes the potential for fraud committed through manipulation of IT business systems or data.</p> <p>Potential impact:</p> <p>The Group faces exposure to data loss or corruption incidents that could compromise sensitive business information, intellectual property and customer data. Such events may trigger substantial financial penalties from regulatory authorities and could result in significant remediation costs and reputational damage. Additionally, the increasing sophistication of cyber threats creates ongoing vulnerability to fraudulent activities through manipulation of IT business systems or unauthorised access to critical data repositories.</p>	<p>Mitigations:</p> <p>We maintain comprehensive information security protocols and regularly invest in infrastructure upgrades to enhance system resilience and data protection capabilities. Our risk management approach includes regular security assessments, employee training and robust backup and recovery procedures to minimise potential operational disruption and ensure business continuity in the event of system failures. We continue to develop our IT Service Delivery maturity and increase capacity in the Group IT function.</p> <p>Developments in 2025:</p> <p>The Group continues to review its information security protocols and invest in its infrastructure programme.</p>	<p>Emerging risk:</p> <p>Rapid advancement in technology could render current systems obsolete more quickly than anticipated.</p> <p>Likelihood:</p> <p>Unlikely</p> <p>Magnitude:</p> <p>High – no change to risk score</p>

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/magnitude change since 1 January 2025
Cyber security	<p>Risk:</p> <p>Malicious cyber-attack breaches IT security potentially leading to: loss of IT infrastructure, business systems, or data; disruption to business operations; unauthorised access to confidential or personal data; breach of information security and data protection regulations; reputational impact; loss of intellectual property; and extensive resources expended in responding and recovering.</p> <p>Potential impact:</p> <p>Successful cyber-attacks could result in significant operational disruption, data breaches, regulatory penalties, reputational damage, loss of intellectual property, and substantial recovery costs. The increasing sophistication of cyber threats poses ongoing challenges to business continuity.</p>	<p>Mitigations:</p> <p>Following a recent cybersecurity incident in the US, the Group has implemented a number of improved security measures including Multi-Factor Authentication solutions for VPN and key business systems. The Board now receives bi-annual updates on the topic of cybersecurity and Group IT has established Group Security Standards to measure current levels of defence and recovery, and to track progress for the future. The Group continues to use risk-based security testing across IT infrastructure and systems to identify ongoing vulnerabilities and prioritise remediation, and continues to engage independent external auditors to review Group IT Security and IT Security Technical Controls on an annual basis.</p> <p>Developments in 2025:</p> <p>A successful phishing attack within the Group earlier this year demonstrated the practical need for improvement in our response to cybersecurity. The Group has implemented Multi-Factor Authentication solutions for VPNs and key business systems and has rolled out extensive employee training specifically covering phishing attacks. The Group IT has concluded a cybersecurity assessment and is developing a plan to remedy vulnerabilities highlighted during the assessment. The probability of this risk has increased in 2025 due to the growing frequency and sophistication of cyber-attacks. The Group continues to investigate specialist insurance options with regard to cybersecurity.</p>	<p>Emerging risk:</p> <p>Artificial intelligence-enabled cyber-attacks could significantly increase the sophistication and frequency of threats.</p> <p>Likelihood:</p> <p>Possible</p> <p>Magnitude:</p> <p>High – increase to risk score in 2025</p>

Risk management

continued

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/ magnitude change since 1 January 2025
<p>Access to capital</p>	<p>Risk:</p> <p>Limited availability of capital and liquidity resources presents a potential constraint on the Group's capacity to pursue strategic growth initiatives and execute our long-term business objectives. The commercialisation of innovative products and the achievement of scale production volumes demand substantial financial investment across research and development, manufacturing infrastructure and market entry activities.</p> <p>Potential impact:</p> <p>Insufficient access to capital could limit growth opportunities, restrict R&D investment, delay product development, and potentially affect the Group's ability to compete effectively in the market. This risk is particularly pronounced in the current economic environment, where access to capital markets remains selective and cost of funding continues to fluctuate based on broader market conditions and investor sentiment.</p>	<p>Mitigations:</p> <p>The Group's current financial position provides a solid foundation for strategic execution, with sufficient cash reserves maintained to support the delivery of key strategic initiatives within agreed timescales, enabling us to progress critical projects without immediate dependence on external funding. The Group has undertaken targeted cost reduction initiatives to enhance operational efficiency and concentrate financial resources on our highest-priority strategic objectives. Strategic partnerships with third-party organisations have been established to leverage external expertise and resources, thereby optimising the commercial potential of our research and development activities. The Group maintains well-established relationships with banking partners who possess a comprehensive understanding of our strategic direction, operational requirements and market positioning and facilitate access to appropriate financing solutions tailored to our specific needs. We continue to maintain a robust and well-capitalised balance sheet that demonstrates financial stability and supports our creditworthiness with external stakeholders.</p> <p>Developments in 2025:</p> <p>No significant changes to the Group's access to capital. Financial position remains stable with adequate liquidity for strategic initiatives. To optimise short-term cash management and provide additional financial flexibility, the Group has secured both an invoice discounting facility and an enhanced revolving credit facility, complementing our core funding arrangements and providing additional resilience during periods of increased capital requirements or market uncertainty.</p>	<p>Emerging risk:</p> <p>Changing interest rate environment could affect the cost and availability of capital for future growth initiatives.</p> <p>Likelihood:</p> <p>Unlikely</p> <p>Magnitude:</p> <p>High – no change to risk score</p>

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/magnitude change since 1 January 2025
Customer credit exposure	<p>Risk:</p> <p>The Group's commercial strategy includes extending credit facilities to customers, particularly during early-stage product adoption phases where payment terms may exceed industry standards. This customer financing approach, whilst supporting market penetration and customer relationships, creates risk where receivables become overdue or uncollectable. Default events or delayed payments from major customers can materially disrupt operational cash flow, a risk which is amplified during economic downturns or sector-specific challenges. Effective credit management and diversification of the customer base remain critical to maintaining financial resilience and protecting shareholder value.</p> <p>Potential impact:</p> <p>Customer payment defaults could impact cash flow, increase bad debt provisions and affect working capital management. Extended credit terms for new products could increase exposure to customer financial difficulties.</p> <p>Key risk indicators:</p> <ul style="list-style-type: none"> + Days sales outstanding + Customer payment patterns + Credit insurance coverage levels + Customer financial health monitoring + Concentration of receivables 	<p>Mitigations:</p> <p>The Group has established robust credit management processes and maintains strong ongoing relationships with its customer base to mitigate credit exposure risks effectively. Comprehensive credit assessments are conducted for all new customers prior to establishing trading relationships. For customers presenting elevated risk profiles, advance payment arrangements are implemented to minimise exposure, whilst overdue receivables are subject to rigorous monitoring and proactive collection procedures. Credit insurance coverage has been secured to protect against payment defaults across most of our customer portfolio, providing additional financial protection against unforeseen credit events.</p> <p>Developments in 2025:</p> <p>Credit management procedures continue to operate effectively.</p>	<p>Emerging risk:</p> <p>Economic uncertainty could increase customer financial stress and payment delays.</p> <p>Likelihood:</p> <p>Unlikely</p> <p>Magnitude:</p> <p>Low – no change to risk score</p>

Risk management continued

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/ magnitude change since 1 January 2025
Inventory obsolescence	<p>Risk:</p> <p>The Group's inventory management strategy involves maintaining stock levels to support product availability and customer demand fulfilment, creating exposure to obsolescence risk where inventory exceeds actual market requirements. Ineffective inventory management constrains working capital availability and reduces operational flexibility, potentially limiting the Group's ability to respond to market opportunities or fund strategic initiatives.</p> <p>Potential impact:</p> <p>Excess inventory holdings may become technologically outdated or commercially unviable, necessitating significant write-downs or disposal at reduced values that directly impact profitability. Additionally, products requiring modification or refurbishment before sale incur substantial additional costs, further eroding margins and extending cash conversion cycles. This risk is particularly acute in technology-driven sectors where product lifecycles are compressed and customer specifications evolve rapidly.</p>	<p>Mitigations:</p> <p>The Group regularly reviews its stock management policies and adapts in response to evolving market conditions and business requirements, ensuring inventory levels remain appropriate. Monthly identification and write-off procedures are implemented for obsolete or slow-moving inventory items, maintaining accurate valuation and preventing the accumulation of impaired stock. Extended lead times are enforced for customer orders to enhance forecasting accuracy and provide sufficient visibility of future demand requirements, whilst the Group continues to develop sophisticated forecasting methodologies to improve demand prediction capabilities. Ongoing negotiations with suppliers focus on reducing minimum order quantities and enhancing supply chain flexibility, thereby minimising the risk of excess inventory accumulation whilst maintaining operational efficiency and cost-effectiveness.</p> <p>Developments in 2025:</p> <p>No significant inventory obsolescence issues experienced. Inventory management procedures continue to be refined and improved.</p>	<p>Emerging risk:</p> <p>Accelerating product development cycles could increase the risk of existing inventory becoming obsolete more quickly.</p> <p>Likelihood:</p> <p>Probable</p> <p>Magnitude:</p> <p>Medium – decrease to risk score in 2025</p>

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/magnitude change since 1 January 2025
Fraud and management override	<p>Risk:</p> <p>Fraud and management override present inherent risks that could lead to financial losses, reputational damage and regulatory sanctions. These risks encompass both external fraudulent activities and internal circumvention of established controls by management personnel. The risk is particularly significant given the potential for sophisticated schemes that exploit system vulnerabilities or abuse of authority positions.</p> <p>Potential impact:</p> <p>Fraudulent activities may result in direct financial losses, regulatory investigations, and severe reputational damage that erodes stakeholder confidence. Management override of controls compromises financial reporting integrity and operational process reliability. Such incidents can trigger compliance failures, audit qualifications, and potential litigation exposure that materially affects business operations.</p>	<p>Mitigations:</p> <p>The Company maintains robust fraud prevention measures including dual signatory requirements for bank payments, mandatory legal review of contracts, and regular internal audit assessments of key control frameworks. Confidential whistleblowing procedures and segregation of duties across critical financial processes provide additional safeguards against fraudulent activities. These controls are subject to ongoing management review to ensure continued effectiveness and adaptation to emerging risks.</p> <p>Developments in 2025:</p> <p>During 2025, the Group experienced one successful phishing incident; all funds affected were recovered in full and enhanced controls were implemented to strengthen the fraud prevention framework.</p> <p>No incidents of inappropriate management override identified in the last year. The Group's internal control environment continues to operate effectively.</p>	<p>Emerging risk:</p> <p>Increasing sophistication of fraud techniques, including AI-enabled fraud, could challenge existing detection and prevention measures.</p> <p>Likelihood: Low</p> <p>Magnitude: Medium – no change to risk score</p>

Risk management

continued

Risk and link to business unit	Risk and impact	Mitigation and developments	Emerging risk and likelihood/ magnitude change since 1 January 2025
Exchange rates	<p>Risk:</p> <p>The Group operates across multiple international markets, creating exposure to foreign exchange volatility that can materially impact financial performance and cash flow generation. Macroeconomic instability, geopolitical tensions and shifting monetary policies contribute to significant currency fluctuations that directly affect the sterling value of overseas revenues and the cost base of international operations. Adverse exchange rate movements can erode profit margins, reduce the competitiveness of our pricing in foreign markets, and create substantial translation effects when consolidating international subsidiary results. This risk is particularly pronounced for businesses with significant revenue concentration in volatile emerging market currencies or where natural hedging between revenues and costs is limited.</p> <p>Potential impact:</p> <p>Foreign exchange volatility directly undermines market competitiveness through adverse pricing adjustments and elevates procurement costs for imported materials and components. Currency translation effects introduce significant variability into consolidated financial reporting, creating earnings volatility that may impact investor confidence and stakeholder perception. These combined factors can materially compromise profitability, working capital efficiency, and the predictability of financial performance across reporting periods.</p>	<p>Mitigations:</p> <p>The Group benefits from partial natural hedging through its global operational structure, with sales companies and manufacturing facilities distributed across multiple jurisdictions, which helps offset foreign exchange movements between revenues and costs. Cash flow exposures are subject to continuous monitoring and review, with proactive management actions implemented when market conditions warrant intervention to protect financial performance. Foreign exchange exposure is tracked monthly through comprehensive reporting systems that provide detailed visibility of currency positions and potential impacts on business operations. Forward currency contracts are strategically deployed to hedge significant exposures where appropriate, providing protection against adverse movements in key currency pairs whilst maintaining operational flexibility.</p> <p>Developments in 2025:</p> <p>No significant foreign exchange issues experienced. Currency exposures continue to be monitored and managed effectively.</p>	<p>Emerging risk:</p> <p>Increasing global economic uncertainty could lead to greater currency volatility and hedging costs.</p> <p>Likelihood:</p> <p>Probable</p> <p>Magnitude:</p> <p>Medium – no change to risk score</p>

Sustainable and responsible business

The Board believes that the effective management of the ESG agenda is integral to business success. The Group is not only compliant with all relevant regulations and legislation but has increasingly focused on enhancing the working environment for our employees and minimising the environmental impact of our manufacturing processes.

There is internal reporting of key metrics to ensure continuous improvement throughout the business, and each member of staff is expected to take individual responsibility for their contribution and to work together to achieve shared goals. Our digital technologies are being designed with the environment in mind – and are to be inherently more environmentally friendly and less impactful on the environment and natural resources than the analogue techniques we seek to replace. Our research shows that, compared to analogue alternatives, digital has a significant impact in reducing energy consumption (by as much as 55%), water consumption (by up to 60%) and CO₂ emissions (by up to 95%), in addition to reducing pollution and waste materials.

Sustainability governance structure

In 2025, Xaar Group undertook a significant strategic shift by releasing a rebaselined ESG Roadmap, aligning our sustainability ambitions with more achievable and data-driven targets, reinforcing our long-term commitment to environmental stewardship. Throughout the year, we concentrated on developing robust action plans to operationalise these goals. Cross-functional collaboration was central to this effort, with extensive engagement across departments including R&D, Facilities, IT, and Quality. These dialogues have been instrumental in translating strategic objectives into tangible initiatives.

Our governance framework is designed not only to monitor progress but to embed sustainability into the core of our business operations, ensuring that every decision we make contributes meaningfully to a more sustainable future.

Environment

Xaar Group remains steadfast in its commitment to environmental responsibility, embedding sustainability into every facet of our operations. In 2025, we continued to make meaningful progress across waste management, energy efficiency, biodiversity, water stewardship, air quality, and chemical safety.

The Group fully complies with local and national regulatory requirements in respect of the environment relating to the use, storage, handling and disposal of materials, chemicals, and waste products. Xaar maintains a Certified Environmental Management System in the UK that meets the requirements of ISO 14001:2015, helping us to manage our environmental aspects and impacts, which complements our commitment to continual improvement. It is readily available to view for interested parties. We carry out environmental management reviews and audit programmes designed to measure our progress in relation to our policy statement and objectives. Our ESG Roadmap has been evaluated against the UN's Sustainable Development Goals.

All UK sites maintained their certification for Zero Waste to Landfill, underscoring our dedication to circularity and resource efficiency.

A major milestone in emissions reduction was the replacement of our York chillers, significantly reducing the risk of F-gas leaks. The installation of new, high-efficiency systems will significantly help Xaar to reduce Scope 1 emissions and improved operational reliability. Further advancing our decarbonisation strategy, we transitioned in October 2025 to a Renewable Gas Guarantees of Origin contract, sourcing biomethane to power our UK operations and further decreasing Scope 1 carbon emissions.

Since 2023, our UK sites have operated on certified carbon-free electricity. In parallel, EPS, our manufacturing facility in the United States and our facility in Sweden, are also powered by renewable energy, reinforcing our global commitment to clean power.

Xaar continues to prioritise energy efficiency and is fully compliant with the Energy Savings Opportunity Scheme (ESOS). This year, we submitted our first Energy Action Plan Progress Update, outlining key initiatives to reduce consumption and improve performance across our facilities.

Beyond carbon, we are proud of our biodiversity efforts. At our Huntingdon site, we maintain active beehives, producing Xaar honey sold to raise funds for our charity partner. Over the years, this initiative has generated over £650, showcasing how small-scale ecological projects can deliver meaningful social impact.

Water stewardship remains a critical focus. Our operations are classified as low water usage, with no facilities located in regions of high water stress. However, we remain vigilant about local environmental risks. We regularly monitor and record water usage, and effluent discharge is assessed by external consultants to ensure compliance. No incidents were reported in the past 12 months.

Air quality is closely managed, particularly within our Huntingdon cleanroom facility. We monitor temperature and relative humidity levels to maintain optimal conditions, supported by HVAC filtration systems. Smoking areas are strategically placed away from building entrances to preserve indoor air quality. Due to our use of more than two tonnes of solvent annually for surface cleaning, we operate under a permit issued by Huntingdon District Council. Compliance with this permit requires that waste gases remain below 75 mg/Nm³ of total VOCs per room. This threshold was independently audited and confirmed by a UKAS-accredited organisation, with no reported incidents in the last 12 months. Additionally, our operations do not produce significant emissions of nitrogen oxides (NO_x) or sulphur oxides (SO_x).

Chemical safety is governed by rigorous adherence to Control of Substances Hazardous to Health (CoSHH) regulations and industry best practices. All substances are subject to thorough risk assessments, with careful evaluation of their usage, storage, and disposal. We actively seek less harmful alternatives to minimise environmental and health impacts, ensuring that our chemical management practices remain both responsible and forward-looking.

In January 2025, we were notified of a potentially critical environmental issue arising at one of our international sites. As part of our ongoing commitment to ESG principles, we reported this to relevant local authorities and appointed environmental consultants to help us deliver both accurate investigative reporting and remedial works. Following extensive investigations, we undertook several remedial actions to the local authorities' satisfaction, with all requirements of us being fulfilled. This was managed through our ESG processes and is part of our ongoing commitment to advancing environmental and societal change in all things we do.

In summary, 2025 marked another year of environmental progress for Xaar Group. Through targeted investments, operational improvements, and a culture of accountability, we continue to reduce our footprint while enhancing resilience across our global operations.

The effluent discharge is checked monthly by external consultants to ensure conformity to site discharge levels and content and reports show discharges are below permitted levels. There are no reported incidents in the last 12 months with regards to emissions to water.

Sustainable and responsible business continued

We regularly monitor the air quality, temperature and relative humidity levels within the Huntingdon cleanroom facility. All cleanroom air supplies are fitted with HVAC filters. Xaar also remains conscious of the need for good indoor air quality, working hard to ensure adequate air circulation and routine maintenance of the systems. There are smoking areas located away from Huntingdon building entrances. Xaar has a permit issued by Huntingdon District Council due to the business using more than two tonnes of solvent for surface clean down each year. To comply with the permit, any waste gases must not exceed total VOCs per room of 75mg/Nm³. This has been audited and confirmed via an external UKAS-accredited company. There are no reported incidents in the last 12 months with regards to emissions to air. There are no significant air emissions in relation to NO_x/SO_x.

All substances handled and used by Xaar are in accordance with the CoSHH regulations and industry best practice, by risk assessment and evaluation in their usage, storage and disposal. Care is taken to look for any less harmful alternative substances where possible to minimise any potential impacts in their use beforehand.

People

The Group respects all human rights and regards those rights relating to non-discrimination, fair treatment and respect for privacy to be the most relevant and to have the greatest potential impact on its key stakeholder groups of customers, employees and suppliers. The Group undertakes extensive monitoring of the implementation of all of its policies and has not been made aware of any incident in which the organisation's activities have resulted in an abuse of human rights.

The Board has overall responsibility for ensuring that the Group upholds and promotes respect for human rights. The Group seeks to anticipate, prevent and mitigate any potential negative human rights impacts as well as enhance positive impacts through its policies and procedures, in particular, through its policies regarding employment, equality and diversity, treating customers fairly and information securely.

Group policies seek both to ensure that employees comply with the relevant legislation and regulations in place in the UK and other operating locations and to promote good practice. The Group's policies are formulated and kept up to date by the relevant business area, authorised by the Board and communicated to all employees.

All new employees complete an induction process that outlines the expectations of the Company, its employees, customers and suppliers for the way in which business is conducted and helps to avoid situations that might lead to adverse legal issues or damage to our reputation.

Printhead water usage	2025	2024
Freshwater usage (m ³)	3,836	5,301
Intensity ratio (m ³ /£m turnover – excl. royalties)	63	732
Effluent and waste water (m ³)	3,456	1,741

UK health & safety incidents	2025	2024
RIDDORs*	1	0
Accidents	11	11
Incidents	10	11
Near misses	36	12

* Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

The Group's most important corporate policies are incorporated into the Xaar Code of Conduct, and should be complied with at all times:

- + Anti-bribery and Corruption Policy
- + Confidential Information Policy
- + Corporate Criminal Offence Policy
- + Data Protection Policy
- + Employee Share Dealing Code
- + Email and Internet Policy
- + Gifts, Entertainment and Hospitality Policy
- + HS&E Policy Statements
- + Sanctions Policy
- + Whistleblowing Policy.

We have a Whistleblowing Policy that encourages open and honest communication where incidents of non-compliance are seen in our business. Whistleblowing issues are reported directly to management, and any significant issues, should they arise, are reported to the Audit Committee. In each instance, cases are investigated in detail and appropriate action taken. There were no whistleblowing incidents reported in 2025. The Group is committed to acting ethically and with integrity in all our business dealings and relationships, implementing and enforcing effective systems and controls to ensure modern slavery in all its forms (including human trafficking, forced labour and child labour) is not taking place anywhere in our Group businesses or in any of our supply chains. The Group has published a Group-wide Modern Slavery Policy and a statement on the steps taken to prevent slavery, which is available on the Group's website.

Xaar has manufacturing sites in Huntingdon, Kettering, USA and China supported by R&D laboratories in Cambridge and Sweden, alongside head office functions in Cambridge, plus sales offices worldwide. It is always Xaar's intention to conduct business in a manner that protects the public, the environment, and employee safety. Xaar's Environmental and Health and Safety policies provide a framework for the setting and reviewing of occupational health, safety and environmental objectives. This demonstrates Xaar's continued commitment to the prevention of injury and ill health and also the continual improvement

in our environmental and occupational health and safety performance. Xaar believes that the combination of a safe place of work and safe working practices, together with a productive and innovative environment, are critical to the continued success of the Company.

The Group undertakes R&D activities and manufactures products in the UK and the USA. The Group complies with all local and European legislation. The Group's manufacturing facility in Huntingdon is both ISO 9001:2015 and ISO 14001:2015 certified and as a minimum complies to HSG65. It is the Group's policy to maintain this level of certification for its Huntingdon manufacturing facilities and to comply at all times with all relevant environmental and other legislation in the territories in which the Group operates.

The Group is compliant with REACH ('Registration, Evaluation, Authorisation and restriction of Chemicals'), WEEE ('Waste Electrical and Electronic Equipment') and RoHS ('Restriction of the Use of Certain Hazardous Substances') directives, as required under UK and European legislation. The Group has a proactive health and safety system modelled on OHSAS 18001/HSG65 in Cambridge, Huntingdon and Kettering.

People continued

The Group is committed to providing a working environment in which employees feel valued and respected and are able to contribute to the success of the business. Employees are expected to cooperate with the Group's efforts to ensure that Company policies are fully implemented. The Group's aim is that its employees should be able to work in an environment free from discrimination, harassment and bullying, and that employees, job applicants, customers, retailers, business introducers and suppliers should be treated fairly regardless of:

- + race, colour, nationality (including citizenship), ethnic or national origins;
- + gender, gender reassignment, sexual orientation, marital or civil partnership status;
- + religious or political beliefs or affiliations;
- + disability, impairment or age;
- + membership of a trade union;
- + pregnancy, maternity and paternity.

They should not be disadvantaged by unjust or unfair conditions or requirements.

The Group aims to ensure that applications for employment from people with disabilities, and other under-represented groups, are given full and fair consideration and that such people are given the same training, development and job opportunities as other employees. Every effort is also made to retrain and support employees who suffer from disabilities during their employment, including the provision of flexible working to assist their re-entry into the workplace. The Group places considerable value on the involvement of its employees and has continued to keep them informed of the various factors affecting the performance of the Group. This is achieved through written communications shared through the Company intranet and email, and formal and informal meetings. All employees participate in a bonus scheme based on both business line individual performance and Group business targets and, in the UK, all employees have the opportunity to participate in an HMRC-approved Sharesave scheme.

The CEO pay gap ratio is set out on page 89 of the Directors' Remuneration report.

Gender pay reporting is required for companies with over 250 employees. Xaar is reporting as Xaar plc, including all UK subsidiaries. The snapshot date for Xaar's data is 5 April 2025. At that point Xaar plc and its UK subsidiaries had 240 relevant employees: 188 male and 52 female. Xaar's mean gender pay gap stands at 15.32% in 2025 (2024:10.03%). Unfortunately, it widened in 2025 but this was influenced by some senior roles either not being replaced at all or replaced by men.

Employee gender analysis (excluding Non-Executive Directors)	2025	2024
	Male/Female	Male/Female
All employees	229/69	256/75
Executive Directors	2/0	2/0
Managers	57/14	47/7
Employees	172/55	207/68

The gender pay gap is better than the average for the UK STEM sector. Xaar remains committed, and is taking active steps, to continually improve the gender pay gap. This includes actively promoting a diverse work environment through training initiatives such as unconscious bias and harassment/bullying and supporting managers by giving practical advice on a day-to-day basis. We support all employees to achieve their potential with training and development programmes as well as high potential and succession planning. We also offer flexible working arrangements to support working parents.

The Group Personal Pension scheme is administered by Scottish Widows and 99% of employees participate in it.

The Company pension contribution for Directors (or cash allowance equivalent) does not exceed the contribution available to the majority of the workforce, currently 6% of base salary. The equity assets in the pension portfolio funds largely track indices, which exclude certain stocks on environmental, social and governance (ESG) grounds.

The equity allocation of the Scottish Widows default pension portfolio is managed in partnership with State Street Global Advisors (SSG&A) and BlackRock. A proportion of the equity allocation is currently invested in the climate transition fund developed with BlackRock and Scottish Widows has set targets by 2030 to halve the carbon footprint of their investments and 2050 to target Net Zero across all their investments. In March 2025 Scottish Widows launched a new default the 'Lifetime Investment'. The existing default Pension Investment Approaches (PIA) are transitioning to the new default. The new approach has been developed to maximise pension growth potential for customers, helping them to meet their retirement goals. Lifetime Investment has a high exposure to equities in its growth phase and a shorter de-risking phase, leaving members' pension savings invested in higher-growth assets for longer to boost potential returns. Scottish Widows has worked on an exclusive basis with leading asset manager Robeco to ensure the new default delivers on its responsible investing commitments. The defaults continue to benefit from Scottish Widows' open architecture approach to investment management, which currently includes leading managers in their respective fields, including BlackRock, State Street Global Advisors, Aberdeen and Robeco.

The default investment has a lifestyle approach to manage risk as members approach their selected retirement age and the scheme offers investment flexibility and choice for employees.

Xaar provides a broad range of benefits which are relevant to each locality; these may include such items as individual medical cover, income protection and life assurance, pension, employee assistance programmes, wellbeing initiatives and health shield. Within the UK, there are a number of salary sacrifice schemes for Xaar employees including an electric vehicle scheme for employees to lease a new electric vehicle and a cycle to work scheme where employees can obtain finance and discounts on new bikes including electric options.

Employee health and wellbeing remains important for the Group. In line with this approach, the businesses within the Group have implemented different initiatives that best reflect their workforce, such as volunteering and employee wellbeing policies, qualified mental health first aiders and other activities to encourage and promote a healthier workforce.

The Group has a training and development programme which offers a suite of Learning and Development tools to ensure key skills are developed and enhanced.

The Group operates an online performance management and appraisal system providing an opportunity for individual discussions on training needs and career planning. This is supported by a high potential and succession planning process from which individual action plans are developed. The process is supported by the Board and Executive Management Team and has the aim of identifying and retaining critical/high risk technical employees.

Voluntary labour turnover during 2025 was 7.6% (12.32% in 2024) across the Group, considerably below the UK average of 12.7% for the UK manufacturing sector. This is generally positive for the Company, reflecting the working environment and culture, but has also, undoubtedly, been helped by a tight labour market favouring employers.

Sustainable and responsible business continued

Innovation

Xaar recognises that innovation is key to achieving many of the sustainability goals across all five pillars that support our ESG Roadmap. For over 32 years, we've been reinventing inkjet and re-imagining what's possible for printheads.

Our Product Lifecycle Management process has been adopted in all parts of the Xaar Group. It is used to develop new and innovative print-related products and includes Design for Environment as part of the development considerations. Eco-design is the systematic application of environmental lifecycle considerations at the product design stage. The aim of eco-design is to avoid or minimise significant environmental impacts at all stages of the lifecycle of a product, from sourcing of raw materials and purchased components, design and manufacture, to distribution, use and end-of-life disposal. We are researching ways to use biodegradable structural parts in the manufacture of our products. An area of focus is to find an alternative, more sustainable material than polylactic acid (PLA), which is a biodegradable plastic used to print the majority of our jigs and fixtures.

The Company supports the precautionary principle by avoiding materials and production methods that pose environmental and health risks when suitable alternatives are available. Xaar continues to review changes in the Restriction of Hazardous Substances Directive (2011/65/EU). We are working hard to eliminate Substances of Very High Concern (SVHC) from the manufacturing process.

Our products and processes are designed in such a way that energy and raw materials are used efficiently, and waste and residual products are minimised over the product lifecycles. We have implemented a successful circular and resource-efficient approach to the recovery of key electronic and piece parts from printheads that do not meet our high standards. This innovative approach, along with considerable sourcing efforts, has enabled us to continue production despite global shortages and has enhanced our business resilience.

The Company routinely audits, follows up and reports on its environmental performance, with particular emphasis on evaluating the potential risks of present and future products and operations. We issued a number of Technical Bulletins throughout the course of 2025, advising customers on product updates, system improvements and product end-of-life announcements. No product recalls were initiated in 2025.

Community

2025 marked the final year of Xaar Group's impactful partnership with the charity Break. Over the course of this collaboration, our employees demonstrated exceptional generosity and commitment, raising hundreds of pounds through fundraising initiatives, all of which were matched by Xaar's corporate funding scheme. This partnership has not only supported Break's vital work with vulnerable children and young people but also fostered a strong culture of giving within our organisation.

As we conclude our formal partnership with Break, we have made the strategic decision not to appoint a single charity partner for 2026. Instead, we will continue to focus on our hybrid charity model, allowing us to support a broader spectrum of organisations and respond more flexibly to emerging community needs.

Xaar's community engagement strategy is rooted in collaboration, compassion, and long-term impact. We are proud of the contributions our employees have made and remain committed to fostering meaningful change through charitable giving and volunteering.

Political donations

The Company has a long-standing global policy against making contributions to political parties, political committees or candidates using Company resources (including monetary and in-kind services), even where permitted by law. No political donations were made in the current or previous year.

Taxation

We aim to manage our tax affairs in accordance with national legislative provisions and within the guidelines set down by the Organisation for Economic Cooperation and Development (OECD). Our objective is to structure our operations tax efficiently and take advantage of available incentives and exemptions provided by governments for eligible capital investments, R&D and similar expenditure. We do not enter into any artificial tax arrangements. We have not received any fines or penalties from any government tax agencies.

Task Force on Climate-related Financial Disclosures (TCFD)

In meeting the requirements of Listing Rule UKLR 6.6.6 R, the Board has concluded that we comply with the recommended disclosures across each of the provisions. See below for details.

Disclosures	Recommended disclosures	Response									
A. Governance											
DISCLOSE THE ORGANISATION'S GOVERNANCE AROUND CLIMATE-RELATED RISKS AND OPPORTUNITIES.	<ol style="list-style-type: none"> Describe the board's oversight of climate-related risks and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities. 	<p>The Xaar plc Board reviews key climate-related risks and opportunities and oversees mitigation strategies as part of the biannual review of principal and emerging risks.</p> <p>Climate issues are considered when reviewing key things such as business strategy and risk management through the Environmental Management System (ISO 14001). Climate issues are also considered with the budget and performance objectives.</p> <p>We have an ESG Committee which is accountable to the Board and reports on progress twice a year.</p> <p>The ESG Committee meets on a quarterly basis to assess the risks & opportunities and proposals identified. A key function of this committee is to review progress against the Roadmap, see (ESG Report) and to identify areas for future focus and projects.</p> <p>Paul James, CFO, has specific responsibility for ESG matters, including climate change and sustainability.</p> <ul style="list-style-type: none"> + Pheobe Greenwood (Company Secretary) – Is responsible for ensuring compliance with applicable regulations and the Governance pillar + Graham Tweedale (COO) – Is responsible for the Environment pillar + Karl Forbes (Group R&D Director) – Is responsible for the Innovation pillar + Paul James (CFO)– Is responsible for the People pillar + Greg Lockett (Operations Director) – Is responsible for the Community pillar <p>ESG matters are also communicated to the wider leadership team once a month which gets cascaded through the teams. Alongside this, the Executive Team gets quarterly updates, and a twice-yearly Management Review meeting takes place, informing on ESG matters related to ISO 14001.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="3">ESG updates to the Board</th> </tr> <tr> <th>14 May 2025 – ESG Board update</th> <th>18 July 2025 – ESG Re-baselining update</th> <th>31 October 2025 – ESG Board update</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> + Rebaselined ESG Roadmap launched in April 25 + Compliance updates + Communication and legal updates + International ESG compliance updates </td> <td> <ul style="list-style-type: none"> + Roadmap Aspiration Review + Environmental Policy Review </td> <td> <ul style="list-style-type: none"> + Roadmap updates + Scope 1, 2, 3 review + ESOS Phase 4 review + CCA review + Regulatory overview + Communication updates </td> </tr> </tbody> </table> <p style="text-align: center; margin-top: 10px;">The Board</p>	ESG updates to the Board			14 May 2025 – ESG Board update	18 July 2025 – ESG Re-baselining update	31 October 2025 – ESG Board update	<ul style="list-style-type: none"> + Rebaselined ESG Roadmap launched in April 25 + Compliance updates + Communication and legal updates + International ESG compliance updates 	<ul style="list-style-type: none"> + Roadmap Aspiration Review + Environmental Policy Review 	<ul style="list-style-type: none"> + Roadmap updates + Scope 1, 2, 3 review + ESOS Phase 4 review + CCA review + Regulatory overview + Communication updates
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Task Force on Climate-related Financial Disclosures (TCFD) continued

Disclosures	Recommended disclosures	Response
B. Strategy		
DISCLOSE THE ACTUAL AND POTENTIAL IMPACTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANISATION'S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING WHERE SUCH INFORMATION IS MATERIAL.	<p>3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>4. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p> <p>5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Xaar considers and has targets against the baseline year 2019 to ensure Scope 1 and 2 Net Zero by 2030 (short term), a 45% in Scope 3 emissions by 2040 (medium term) and Scope 3 Net Zero by 2050 (long term), in line with timeframes that adhere to the Paris Agreement as adopted at COP21.</p> <p>The disclosed risks do not pose a material impact to Xaar due to the risk levels and mitigations in place. These have all been determined using the scenario analysis via a study of the physical and transition risks and opportunities under TCFD. The report covered climate-related risks and opportunities over the short (<3 years), medium (3-10 years) and long term (>10 years).</p> <p>PHYSICAL RISKS</p> <p>We completed climate scenario planning out to 2100 across two climate scenarios (RCP 2.6 and RCP 8.5).</p> <p>The review examined all Xaar sites globally and our top ten critical supplier sites using 12 separate climate models; in each case the RCP 8.5 model was used to assess risks at the most extreme expected temperature rises (4.5°C).</p> <p>The report concluded that physical risks are low to very low in almost all cases. There are two Xaar sites at risk of flooding:</p> <ul style="list-style-type: none"> + Bayes Street, Kettering – surface water high risk + Fuzhou Avenue, Bao'an District, Shenzhen – one metre above sea level <p>There are three supplier sites of ten analysed with risks:</p> <ul style="list-style-type: none"> + Site 1 IPRO PID five metres above sea level near coast + Site 4 Fabrinet five metres above sea level protected by Bangkok (7km inland) + Site 5 CTS Tianjin China 0 metres above sea level near coast <p>Only one Xaar site had a short-term physical flood risk, which was from surface water flooding according to the Environment Agency. The site is a low impact site used for local storage, it is on top of a hill, and the Environment Agency risk map does not correspond to local observation at times of high rain fall.</p> <p>One Xaar site has a medium to long-term physical risk at 1 metre above sea level. It is in a major city which is likely to have sea level defences in the case of sea level rise.</p> <p>One Xaar supplier has a medium to long-term physical risk at 0 metres above sea level. It is in a major port which is likely to have sea level defences in the case of sea level rise. Xaar is monitoring the supplier and their mitigation plans.</p> <p>Two Xaar suppliers are five metres above sea level. There is no current risk to these sites, but we will continue to monitor as conditions change.</p> <p>Only one Xaar or supplier site had any fire risk, and this site was low risk according to the local government fire risk assessment. This may become a long-term physical risk depending on temperature rise and will continue to be monitored. The site is protected from the local forests by highways on both sides and a significant separation from the forest edge which is on the other side of the highways.</p> <p>There have been other physical risks identified as below:</p> <p>Drought – Change in precipitation is an expected consequence of climate change.</p> <p>Wind – Weather patterns are changing with increased risk of wind.</p> <p>Heat – High temperatures result in rail networks, data centres and other infrastructure failing catastrophically above their design point.</p>

Disclosures	Recommended disclosures	Response													
B. Strategy continued															
DISCLOSE THE ACTUAL AND POTENTIAL IMPACTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANISATION'S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING WHERE SUCH INFORMATION IS MATERIAL.	<p>3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>4. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p> <p>5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>MITIGATIONS</p> <p>China is expected to create one metre coastal defences to protect its major population centres and both the Xaar and CTS sites are part of major population centres and should be part of these coastal actions.</p> <p>IPRO PID at five metres will not be affected for a long time, so there is plenty of time to monitor actual sea level rise before making any risk judgement.</p> <p>Fabrinet at five metres, and 7km inland, will not be affected for a long time, so there is plenty of time to monitor actual sea level rise before making any risk judgement. We expect coastal defences to be put in place to protect Bangkok which will also protect Fabrinet.</p> <p>TRANSITION RISKS</p> <p>Carbon pricing – Includes carbon taxes and voluntary removal or offset costs. Tightening regional or national regulations as well as climate commitments across individual businesses.</p> <p>Sourcing transparency and product labelling regulations – This could increase significantly through pressure from regulators, consumers, and investors. This could lead to disclosure compliance risks and rising commodity costs linked to radical transition to transparent supply chains.</p> <p>OPPORTUNITIES</p> <p>Supply chain efficiency – 99% of our costs for goods and services are in non-energy purchases. Improvements in our supply chain efficiency as we drive for Net Zero by 2050 for Scope 1, 2 and 3 will pass through as cost reductions.</p> <p>Local energy generation – Our sites and supply chain can all generate energy locally at lower cost than current energy prices; as this cascades down our supply chain it will reduce our suppliers' costs.</p> <p>First mover advantage – Having a target of Net Zero by 2050 for Scope 1, 2 and 3 protects Xaar from the main risks associated with climate change at the same time as maximising the opportunities from supply chain cost deflation along with increasing customer demand for Net Zero products.</p> <p>In managing these financial climate-related risks our business model would not require material change, except for increasing inventory levels of components to account for transport delays arising from exceptional weather events, and to consider mitigation for potential business disruption, e.g. flood defences.</p> <p>Having calculated our supply chain and other Scope 3 emissions along with our Scope 1 and 2 energy emissions, we then applied multiple carbon prices for the period from 2022 to 2052. These were combined with a do-nothing de-carbonisation plan.</p> <p>This provides a quantification of the impact should we make no attempt at carbon reduction along with the opportunity in terms of future cost avoidance from our Net Zero by 2050 for Scope 1, 2 and 3 goal.</p> <table border="1"> <thead> <tr> <th rowspan="2">Risk/opportunity</th> <th colspan="3">Potential impact if no action taken</th> <th rowspan="2">Assumptions</th> </tr> <tr> <th>2030</th> <th>2040</th> <th>2050</th> </tr> </thead> <tbody> <tr> <td>Carbon pricing</td> <td>£1.3m @ \$100 per tonne £0.6-6.4m range</td> <td>£0.9m @ \$100 per tonne £0.4-4.5m range</td> <td>£1.3m @ \$100 per tonne £0.3-3.2m range</td> <td>Prices from \$50 to \$500 per tonne of CO₂e</td> </tr> </tbody> </table> <p>The above scenarios are based on a general de-carbonisation rate of 3.5% per year from 2022 to 2052.</p> <p>The financial impacts are relatively low due to the supply chain risk exposure matrix which summarised a minimal risk for our supply chain. The flood risks pose a low risk to physical damage to assets at both Xaar buildings and our suppliers other than those disclosed with mitigations in place.</p>	Risk/opportunity	Potential impact if no action taken			Assumptions	2030	2040	2050	Carbon pricing	£1.3m @ \$100 per tonne £0.6-6.4m range	£0.9m @ \$100 per tonne £0.4-4.5m range	£1.3m @ \$100 per tonne £0.3-3.2m range	Prices from \$50 to \$500 per tonne of CO ₂ e
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Task Force on Climate-related Financial Disclosures (TCFD) continued

Disclosures	Recommended disclosures	Response
B. Strategy continued		
DISCLOSE THE ACTUAL AND POTENTIAL IMPACTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANISATION'S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING WHERE SUCH INFORMATION IS MATERIAL.	<p>3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>4. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p> <p>5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Climate-related issues serve as an input into financial planning when looking at energy-saving investments, capex and improvements in processes on a yearly review basis against milestones set on the ESG Roadmap to 2050. These inputs are prioritised by the ESG Roadmap and the risk matrix managed by the Environmental Management team.</p> <p>Opportunities exist in the transition to a low-carbon manufacturer, by reducing both energy usage and utilising renewable energy sources to deliver lower costs to the business. Product development will incorporate sustainability as a central objective, to transition manufacturing from a linear to a circular process and to being a process to reduce, reuse and recycle materials, all to be undertaken as part of Xaar's ESG Roadmap.</p> <p>We have undertaken a high-level review of the likely impact of 2°C and 4.5°C global warming scenarios, an independent external climate-related scenario review in 2022 to identify physical and transition risks and opportunities in delivering carbon-neutral manufacturing. The review identified very low to low risks in most cases with five sites identified with slightly higher risk scenarios.</p> <p>The Company is resilient to these scenarios to some extent, we have an ESG Roadmap to ensure that we reduce our environmental impact over time. The ESG Roadmap, which is the main strategy for climate-related issues, considers the risks and opportunities detailed in the aspects and impacts register along with the principal risk register. There is nothing to report on in relation to financial performance.</p>
C. Risk Management		
DISCLOSE HOW THE ORGANISATION IDENTIFIES, ASSESSES, AND MANAGES CLIMATE-RELATED RISKS.	<p>6. Describe the organisation's processes for identifying and assessing climate-related risks.</p> <p>7. Describe the organisation's processes for managing climate-related risks.</p> <p>8. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p>The Group has processes in place for identifying, evaluating and managing the principal risks, which could have an impact upon the Group's financial performance. Climate change has been disclosed as an emerging risk in recent years and was escalated to a principal risk category in 2021 and updated in 2024. This is highlighted in the Risk management section on page 15.</p> <p>As detailed in the statement below, the risks are determined via a prioritisation process which also considers new regulations, upcoming issues and compliance requirements. This is updated and managed during the Environmental Management team meetings which happen monthly and is managed via the ISO 14001 Environmental Management System.</p> <p>See above – A. Governance – Xaar has a governance structure to identify climate-related risks to be reported to the Board biannually including making decisions to mitigate, transfer, accept, or control those risks.</p> <p>In line with ISO 14001, Xaar reviews the risks and opportunities along with the aspects and impacts register. The Environmental Management team meets monthly to review any updates or changes to these. The risks are given a severity rating by using the HS&E Procedure – Environmental Aspects and Impacts risk scale. This scale looks at the 'harm' risk, the 'benefit' risk, the probability and our preparedness. This then gives us a significance score which thus determines our priorities; the highest risk factors as determined by the scale and scoring give us the top priorities. This process is managed by the Quality Systems Manager.</p> <p>As part of the Group's risk management, within the detailed risk register, climate-related risks are determined alongside other principal risk areas, e.g. manufacturing facility, inventory and supply chain risks. Risks are monitored on a yearly basis via established EMS required management review. Presently, the economic impact of climate change has been mitigated through transitions to carbon-neutral renewable energy sources, and low-carbon natural gas replacements, and no other climate-related disruptions have emerged in normal operations.</p> <p>The assessment is quantified via a Likelihood/Magnitude matrix to determine the overall net risk after mitigation. This is reviewed by the Environmental Management team as part of the monthly reviews and within the ISO 14001 certification audits.</p>

Disclosures	Recommended disclosures	Response
<p>D. Metrics and Targets</p> <p>DISCLOSE THE METRICS AND TARGETS USED TO ASSESS AND MANAGE RELEVANT CLIMATE – RELATED RISKS AND OPPORTUNITIES WHERE SUCH INFORMATION IS MATERIAL.</p>	<p>9. Disclose the industry-based metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>10. Disclose Scope 1, Scope 2 for the accounting group, Scope 2 emissions using a location-based approach and information of the company's financed emissions, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, the measurement framework and the related risks.</p> <p>11. Describe the targets used by the organisation to manage climate-related risks and opportunities, how these were set and performance against targets and if these have been verified. Explain the planned use of carbon credits to achieve net GHG emissions targets.</p>	<p>METRIC UPDATES FOR 2025:</p> <ul style="list-style-type: none"> + Continuing to comply with ESOS and our Energy Steering Group is tasked with finding additional energy reduction savings. – We are completing our ESOS action plans and are working towards ESOS Phase 4. + Scope 3 travel emissions are to continue to be offset. – We have continued to do this throughout 2025. + Following analysis to identify opportunities to reduce our upstream/downstream Scope 3 emissions, we are actively working on internal and external change and engagement to achieve our Net Zero aims – This is being done on a continuous basis, an example of this is the shipping caps project. + A key focus for 2026 is to achieve our Roadmap target of reducing our F-gas leaks. + We continue to investigate the viability of integrating onsite renewables at our UK operations. <p>GHG emissions are disclosed as per the SECR requirements for Scope 1 and Scope 2 on page 35. A number of movements within the organisation have had an impact on our performance, most notably the commencement of expansion of manufacturing capacity within China which lead to an increase in non-renewable energy use, which was mitigated by the full transition of all UK-based activity to renewable energy sources and low-carbon natural gas replacements. Xaar's UK operations were further positively impacted by the closure of a manufacturing facility in Hemel Hempstead earlier this year.</p> <p>As a global business, we recognise the impact that our employee travel requirements have on our Scope 3 emissions. To mitigate this, we are currently offsetting all travel-related activities up to a maximum of 10% of emissions, using hybrid and/or electric vehicles as hire cars where possible and working towards a Group travel policy. We understand that our upstream and downstream Scope 3 emissions are much greater than our Scope 3 employee travel emissions. Good progress has been made backdating our Scope 3 data, and we now have clearer data, but there is still some more work to be done to complete this and to get the data verified. Moving forward, we aim to capture and report upstream and downstream Scope 3 data.</p> <p>Xaar has committed short-term targets:</p> <ul style="list-style-type: none"> + Drive a reduction in mains water use, minimising waste, driving reuse/recycle and repair leakages. + To continue to reduce our energy consumption in line with the ESOS requirements. + Generate a sustainability scorecard for each product by conducting a life cycle assessment for each printhead. + Continually improve our products' recyclability for individual components. + Finalise the supplier sustainability policy <p>Xaar currently uses a few different metrics to measure our environment impact and performance as we progress towards a Net Zero future, namely the reduction of GHG to 81% of 1990 levels, as per the Climate Change Agreement. The overall measures are the GHG emissions for Scope 1, 2 and 3. As a company we also measure and report on the following:</p> <ul style="list-style-type: none"> + Energy usage (kWh) + Gas usage (kWh) + Water usage (m³) + Waste – recycled and diverted from landfill for all waste streams including hazardous (tonnes) + Stack emissions (m³) + Refrigerant gas leaks (CO₂ tonnes) + Business travel (CO₂ tonnes) <p>These metrics are key drivers in the ESG report under the environment pillar and ISO 14001 requirements. Reviews take place in the Environmental Management and ESG Committee meetings.</p>

Task Force on Climate-related Financial Disclosures (TCFD) continued

Disclosures	Recommended disclosures	Response
D. Metrics and Targets continued		
DISCLOSE THE ACTUAL AND POTENTIAL IMPACTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANISATION'S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING WHERE SUCH INFORMATION IS MATERIAL.	<p>9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>10. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>An initial assessment has been completed for Printhead business unit Scope 3 emissions, and a boundary developed.</p> <p>Xaar has three main targets for ESG which are intensity based with a baseline year of 2019. We have made progress against these, which can be seen in the GHG disclosures.</p> <p>We measure and report on the following emissions within each scope:</p> <ul style="list-style-type: none"> + Scope 1 – Gas usage and refrigerant leaks + Scope 2 – Electricity + Scope 3 – Employee commuting and business travel. As detailed above, Xaar are moving forward to start measuring further Scope 3 emissions such as distribution and transportation, use of sold products and purchased goods and services. <p>Further specific targets are also being worked on as we start to create individual glide paths for the pillars in the ESG Roadmap (Environment, People, Community, Innovation and Governance) which will detail how we reduce our emissions. For example, there will be specific targets on water reduction projects, energy reduction projects and waste reduction projects.</p>

Assessment parameters	
Baseline year	1 January 2019 to 31 December 2019
Consolidated approach	Operational control
Boundary summary	All entities and all facilities under operational control included subject to the materiality threshold applied
Consistency with the financial statements	The only variation is that leased properties deemed to be under operational control have been included in Scope 1 and 2 emissions
Materiality threshold	Materiality has been set at Group level at 5%*
Assessment methodology	Greenhouse Gas Protocol and ISO 14064-1 (2018)
Intensity ratio	Emissions per £'000 turnover excluding royalties

* The total of any excluded emission sources is estimated to be less than 5% of Xaar plc's total reported emissions.

Greenhouse gas emissions statement

Xaar plc has calculated its global greenhouse gas (GHG) emissions statement using an operational control consolidation approach

Scope 1 emissions

Scope 1 emissions occur from sources that are owned or where Xaar plc has operational control. This includes direct emissions from gas combustion in our buildings, fuel used in leased Company vehicles and impacts from refrigerant leaks.

Actual and estimated gas consumption data has been collected from each of the leased properties under the control of the Xaar Group, from data sources including direct meter readings, meter readings from suppliers included on invoices and estimations where required based on available information from property management suppliers and other sources. The company vehicle fleet is now fully electric.

Scope 2 emissions

Scope 2 refers to indirect emissions from the consumption of purchased electricity (also including any purchased heat, steam, or cooling) from facilities owned or under the operational control of Xaar plc. Actual and estimated data has been collected from each of the leased properties under the control of the Xaar Group, from data sources including direct meter readings, meter readings from suppliers included on invoices and estimations where required based on available information from property management suppliers and other sources.

Scope 3 emissions

Scope 3 emissions are all indirect emissions – not included in Scope 2 – that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Scope 3 CO₂ emissions currently represent calculated and estimated CO₂ emissions from travel, WFH and employee commuting. As part of our Roadmap commitment, we are offsetting our travel, WFH and employee commuting emissions, which equates to 649.4 tCO₂ being offset through verified programs. As the Group's ESG Roadmap progresses, we aim to collaborate with the supply chain to validate our upstream model data and reduce CO₂ emissions. We will continue to disclose ongoing progress in our ESG Report. Activities on downstream Scope 3 have been initiated, and we aim to understand and report on these in the future when we have the full data set and will continue to drive reductions across our full Scope 3 CO₂ emissions.

Greenhouse gas emissions		Renewable	Non-renewable	2025 Total	Renewable	Non-renewable	2024 Total
Global energy use	kWh	7,670,200	19,235	7,689,495	7,465,745	7,435	7,473,180
	%	99.75%	0.25%		99.9%	0.1%	
UK	kWh	7,352,846	0	7,352,846	7,103,847	0	7,103,847
Non-UK	kWh	317,355	19,235	336,590	361,898	7,435	369,333
Absolute values							
Scope 1	tCO ₂ e	–	162	162	–	192	192
Scope 2	tCO ₂ e	–	0.9	0.9	–	0.9	0.9
Scope 3	tCO ₂ e	–	648.7	648.7	–	0	0
Total	tCO ₂ e	–	811.2	811.2	–	192.9	192.9
– Scope 1 & 2 emissions of which	UK tCO ₂ e	–	0	0	–	122.7	122.7
Normalised values							
Scope 1	tCO ₂ e/£'000	–	371.6	371.6	–	308.7	308.7
Scope 2	tCO ₂ e/£'000	–	1.5	1.5	–	1.5	1.5
Scope 3	tCO ₂ e/£'000	–	74	74	–	0	0
Total	tCO ₂ e/£'000	–	447.1	447.1	–	310.2	310.2

* UK energy certified by Bryt, by Guarantees of Origin from renewable sources. US energy (Green Mountain) 100% carbon free, 68% renewable (balance being nuclear). Significant site-based emissions improvements since 2022 including the Cleanroom Efficiency Shutdown project which decreased the Huntingdon site energy use. The Dallas site (carbon impact of 69 tCO₂e in 2022) was sold in 2023 contributing to the decrease in non-UK non-renewable energy use. Figures show a reduction in Scope 3 emissions due to our commitment to offsetting all PHBU & MegnaJet travel (485 tCO₂e). Our figures include a total of 3.43 tCO₂e from refrigerant leaks in Scope 1 across the Group.

Historic greenhouse gas emissions	2023	2022	2021	2020	2019	2018	2017	2016
Scope 1 – tCO ₂ e	239	220	177	75.0	108.3	124.8	147.7	167.0
Scope 2 – tCO ₂ e	37	21	116	1,741.0	2,622.8	3,128.1	4,088.0	4,432.0
Total – tCO ₂ e	510	241	293	1,816.0	2,731.1	3,252.9	4,235.7	4,599.0

Non-financial information statement

This Annual Report contains the information required to comply with the Companies, Partnerships and Groups (and Non-Financial Reporting) Regulations 2016, as contained in sections 414CA and 414CB of the Companies Act 2006. The table below provides key references to information that, taken together, comprises the financial information statement for 2025*.

Reporting requirement	GROUP POLICIES THAT GUIDE OUR APPROACH	INFORMATION AND RISK MANAGEMENT, WITH PAGE REFERENCES
ENVIRONMENTAL MATTERS	<ul style="list-style-type: none"> + Environmental Policy Statement + Environmental Sustainability Statement + Health & Safety Policy Statement + Quality Policy Statement. 	<ul style="list-style-type: none"> Risk management & principal risks, pages 11 to 24 Sustainable and responsible business, pages 25 to 28 Section 172 statement, pages 54 to 55 Company Purpose, contents page Our business model, page 2
EMPLOYEES	<ul style="list-style-type: none"> + Absence Policy + Alcohol & Substance Abuse Policy + Annual Leave Policy + Bullying & Harassment Policy + Capability Policy + Code of Conduct + Disciplinary Policy + Equal Opportunities Policy + Family Leave Policy + Flexible Working Policy + Gender Pay Gap Policy + Gifts & Entertainment Policy + Grievance Policy + Health & Safety Policy + Performance Planning Policy + Referral & Reward Policy + Retirement Policy + Whistleblowing Policy + Working time regulations 	<ul style="list-style-type: none"> Risk management & principal risks, pages 11 to 24 Sustainable and responsible business, pages 25 to 28 Section 172 statement, pages 54 to 55 Company Purpose, contents page Our business model, page 2
IT, CYBER SECURITY & DATA PROTECTION	<ul style="list-style-type: none"> + Confidential Information Policy + Data Protection Policy + Email and Internet Policy + Mobile Phone Policy. 	<ul style="list-style-type: none"> Risk management & principal risks, pages 11 to 24
SOCIAL MATTERS	<ul style="list-style-type: none"> + Human Rights Policy + Charitable Donations Policy + Employee Volunteering Policy. 	<ul style="list-style-type: none"> Sustainable and responsible business, pages 25 to 28
RESPECT FOR HUMAN RIGHTS	<ul style="list-style-type: none"> + Human Rights Policy + Sanctions Policy + Modern Slavery Policy + Modern Slavery Act Compliance Statement. 	<ul style="list-style-type: none"> Risk management & principal risks, pages 11 to 24 Sustainable and responsible business, pages 25 to 28 Section 172 statement, pages 54 to 55 Company Purpose, contents page

Reporting requirement	GROUP POLICIES THAT GUIDE OUR APPROACH	INFORMATION AND RISK MANAGEMENT, WITH PAGE REFERENCES
ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS	<ul style="list-style-type: none"> + Anti-bribery & Corruption Policy + Gifts & Entertainment Policy + Anti-money Laundering Policy + Whistleblowing Policy. + Conflict Materials Policy + Corporate Criminal Offence Policy + Employee Share Dealing code 	<ul style="list-style-type: none"> Risk management & principal risks pages 11 to 24 Sustainable and responsible business, pages 25 to 28 Our business model, page 2 Section 172 statement, pages 54 to 55 Company Purpose, contents page
DESCRIPTION OF THE BUSINESS MODEL	DESCRIPTION OF THE PRINCIPAL RISKS IN RELATION TO THE ABOVE MATTERS, INCLUDING BUSINESS RELATIONSHIPS, PRODUCTS AND SERVICES LIKELY TO AFFECT THOSE AREAS OF RISK, AND HOW THE COMPANY MANAGES THE RISKS	<ul style="list-style-type: none"> Our business model, page 2 Risk management & principal risks, pages 11 to 24 Sustainable and responsible business, pages 25 to 28 Climate change, pages 29 to 34
NON-FINANCIAL KEY PERFORMANCE INDICATORS		<ul style="list-style-type: none"> Sustainable and responsible business, pages 25 to 28 Greenhouse gas report, page 35 Key performance indicators, pages 9 to 10

* The policies listed above are available to employees via our intranet, alongside corporate policies being available on our website. Compliance with our policies is monitored through the implementation of annual compliance statements, through our internal audit function, and locally by our General Managers.

Board approval of the Strategic and Annual Reports

The section 172 statement forms part of this Strategic Report – please see pages 54 to 55.

The Strategic Report, Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

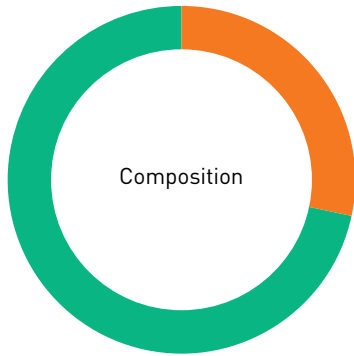
The Strategic Report was approved by the Board on 23 March 2026 and is signed on its behalf by:

Ben Stocks

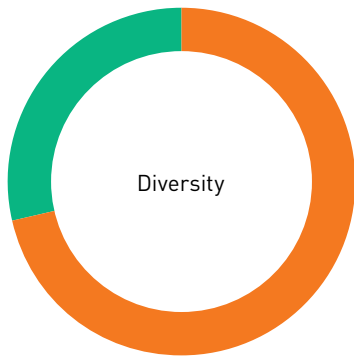
Ben Stocks
Chairman

Governance at a glance

Board composition

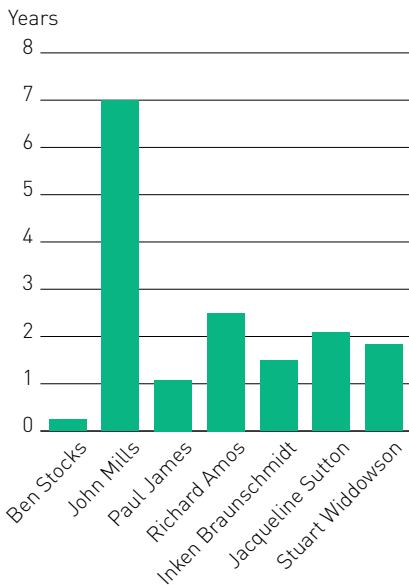


■ Executive Director **2**
■ Non-Executive Director **5**



■ Male **5**
■ Female **2**

Board tenure as at 31 December 2025



Governance framework

BOARD OF DIRECTORS

The Board is responsible for setting Xaar's strategy and ensuring that the Company has a clear vision, purpose and culture to achieve this, supported by a robust governance framework.

The Board has established a corporate governance structure with clearly defined responsibilities, designed to safeguard and enhance the long-term sustainable success of Xaar, creating value and benefit for its shareholders and other stakeholders.

BOARD ROLES

The Board is comprised of the following:

- + Chairman
- + Chief Executive Officer
- + Chief Financial Officer
- + Senior Independent Director
- + Non-Executive Directors

A full breakdown of the Board's roles and responsibilities is available at www.xaargroup.co.uk/governance-framework

BIOGRAPHIES

[Read more about our Board on page 41](#)

CORPORATE GOVERNANCE

[Read more about Corporate Governance on pages 56 to 63](#)

THE BOARD DELEGATES CERTAIN MATTERS TO ITS PRINCIPAL COMMITTEES

The Committee Chairs regularly update the Board on their respective Committee's activities. More information on Committee membership and meeting attendance, can be found on page 39. The full terms of reference for each Committee are available on our website at www.xaargroup.co.uk/governanceframework.

AUDIT COMMITTEE

Monitors the integrity of the financial statements, reviewing the significant financial reporting judgements within them.

Maintains an appropriate relationship with the external auditor.

Reviews and assesses the Group's risk framework, and systems of internal control

NOMINATION COMMITTEE

Reviews Board and Committee structure, composition and diversity.

Monitors the Company's leadership and succession needs, keeping under review the skills and experience of the Board to ensure these remain suited to the successful execution of our strategy.

Oversees the process for nomination, induction and evaluation of Directors.

REMUNERATION COMMITTEE

Responsible for our Remuneration Policy, performance-related pay schemes and share-based incentive plans, ensuring practices are designed to support and promote the long-term success of the Company and delivery of its strategy.

Reviews executive and senior management remuneration frameworks in the context of our wider workforce remuneration.

[Read more on page 64](#)

[Read more on page 68](#)

[Read more on page 70](#)

EXECUTIVE COMMITTEE

The Executive Committee (ExCo) is our internal leadership team established and led by the CEO. It is responsible for the execution of the Group's strategy and for the day-to-day management of the business. ExCo members provide updates at Board meetings and maintain regular dialogue with the Board to facilitate support and receive constructive challenge.

Summary of Board and Committee meeting membership and attendance in 2025

Director	Member since	Board attendance	Audit Committee	Remuneration Committee	Nomination Committee
Ben Stocks (Chair) ¹	1 October 2025	2/2	–	2/2	1/1 [†]
Andrew Herbert (Chair) ²		9/9	–	3/3	5/5
John Mills ³	1 January 2019	10/11	–	–	–
Paul James	20 November 2024	11/11	–	–	–
Richard Amos ⁴	1 June 2023	11/11	3/3 [†]	5/5	6/6
Inken Braunschmidt	1 June 2024	11/11	3/3	5/5 [†]	6/6
Jacqueline Sutton	1 November 2023	11/11	3/3	5/5	6/6
Stuart Widdowson ⁵	27 February 2024	11/11	–	–	–

Each Committee may invite Board Directors who are not Committee members to attend the meetings when the subject matter deems their presence appropriate.

1 Appointed 1 October 2025.

2 Resigned 30 September 2025.

3 John Mills was unable to attend one meeting due to illness.

4 Richard Amos is a Chartered Accountant. His previous roles have given him recent and relevant financial experience working for a number of UK-listed companies.

5 Stuart Widdowson is a Non-Executive Director but is not deemed to be independent and therefore does not serve on any Board Committees.


† Denotes Chair of the Committee.

Highlights

KEY GOVERNANCE ACTIVITIES

During 2025, the Board undertook the following key governance activities:

- + Recruitment of new Chair of the Board
- + Permanent appointment of Chief Financial Officer
- + Ensured compliance with the UK Corporate Governance Code 2024
- + Conducted an internal review of Board and Committee effectiveness and performance

 [Read more on pages 56 to 63](#)

BOARD FOCUS AREAS

During 2025, the Board focused on the following key operational and strategic activities:

- + Capital, equity and business strategy
- + Review of the Group's ESG targets
- + Regular monitoring of cyber security
- + Investor engagement
- + Cost control measures
- + Operational improvements.

Chairman's introduction to governance

Sound corporate governance and effective oversight provide the foundations of successful and sustainable businesses

Dear Shareholder

I am pleased to introduce this Governance report for the financial year ended 31 December 2025.

This report, together with the Nomination, Remuneration and Audit Committee reports, show how Xaar's leadership and governance framework support the Company as we continue to execute our strategy.

Leadership

Leadership continues to be a particular focus. In September 2025, Andrew Herbert resigned from the Board after serving as Chair for nine years. As I write elsewhere in this report, we would like to thank Andrew for all that he did during his term as Chair. More information on the search process is set out in the report of the Nomination Committee on pages 68 to 69.

Following my appointment, the Nomination Committee reviewed Board composition and determined that there continues to be an appropriate mix of skills, knowledge, experience and diversity on the Board to fulfil the Board's vision and support the delivery of the Company's strategy. The Board supported that assessment. Membership of each of the Board's Committees and changes in the Committees' memberships are set out on page 39.

This year also saw a number of new appointments to our Executive Leadership Team; we are pleased to have in place a team with the right skills and experience to fulfil the Company's vision and support the continued successful delivery of our strategy. As a Board we regularly review the Group's senior management and talent pipeline. Further details are provided in the Nomination Committee report on pages 68 to 69.

Board performance review

In accordance with the UK Corporate Governance Code 2024 (the Code) requirements, a performance evaluation of the Board and Board Committees was carried out in the winter of 2025. This was conducted by way of a questionnaire. The findings of the review and our progress against the actions from 2024 can be found on pages 62 to 63.

Stakeholder engagement

Building strong working relationships with our stakeholders is important. In addition to the comprehensive programme of investor relations led by our CEO and CFO, Richard Amos, the Senior Independent Director and I are always available to meet with institutional investors. Further details of how we engage with stakeholders and information about how the Board has taken account of Section 172 considerations in our Board discussions and decision-making processes are set out on pages 54 to 55.

Culture

Xaar's Code of Conduct applies across the Company and ensures that good governance extends beyond the boardroom. Aligned with our values, it sets out the policies and responsibilities expected of both our employees and of Xaar, as an employer. These policies protect our people, stakeholders, and the Company's business interests by maintaining the legal and ethical standards. The Board receives regular updates on how our culture and values are being embedded across the Group and among wider stakeholders. More details are set out on pages 26 to 28 and 56.

The Code

We explain how we have applied the Code's principles on pages 57 to 61. These core principles also serve as a framework for the following sections of this Annual Report which explain our governance structure and processes we operate to support the Group's long-term success. More details can also be found on our website: www.xaargroup.co.uk/governance-framework.

AGM

Our 2025 AGM took place as an in-person meeting, enabling shareholders to meet the Board at our Huntingdon office. Our 2026 AGM will be similarly held and full details can be found in the Notice of Meeting on pages 153 to 156.

Remuneration Policy

In 2026, following shareholder consultation, we will be asking shareholders to approve a new Directors' Remuneration Policy at the AGM, expected to be in place for the next three years. The proposed new Policy can be found on pages 73 to 83. It is little changed from our previous policy and is designed to provide market-competitive reward contingent on delivery of robust business performance.

I would like to take this opportunity to thank my fellow Board members, the management team and our colleagues in the wider workforce who served during a pivotal year for Xaar, and look forward to building on this success during 2026.



Ben Stocks
Chairman

23 March 2026

Board of Directors

Experienced leadership shaping our next chapter

Ben Stocks

CHAIR

Appointed to the Board: 2025



Qualifications

- + MBA Insead.
- + MA (Hons) St Andrews University.

Skills and experience

- + CEO of Porvair PLC from 1998 to 2025, overseeing its transformation from a mainly UK-based company to a global business with operations in the USA, UK, Europe and Asia.
- + Over 35 years' experience in management leadership positions, including senior executive positions at Courtaulds Plc and Carnauld Metal Box Plc.

External appointments

- + Non-Executive Director of City of London Investment Group plc, where he serves as Chair of the Nomination Committee and as a member of the Audit and Risk and Remuneration Committees.
- + Senior Independent Non-Executive Director of the Aerospace Technology Institute and Chair of its Remuneration Committee.

John Mills

CHIEF EXECUTIVE OFFICER

Appointed to the Board: 2019

Qualifications

- + PhD Physics.

Skills and experience

- + Five years as CEO at Inca Digital
- + Previously CEO at DataLase and COO at Plastic Logic.
- + Wealth of experience in inkjet, having started career at Domino Printing Sciences as Development Scientist rising to Director of Development after four years in various technical roles.

External appointments

- + None.

Paul James

CHIEF FINANCIAL OFFICER

Appointed to the Board: 2024

Qualifications

- + FCA Institute of Chartered Accountants in England & Wales.
- + MBA (Edinburgh University).
- + BSc (Hons) Engineering (Edinburgh University).

Skills and experience

- + Group CFO of Biffa from September 2023 until October 2024 and Group CFO of Genuit Group plc from March 2018 to September 2023.
- + Held senior financial roles with Dixons Carphone plc, Inchcape plc, British American Tobacco plc and Ernst and Young.

External appointments

- + None

Richard Amos

SENIOR INDEPENDENT DIRECTOR

Appointed to the Board: 2023



Qualifications

- + ACA Institute of Chartered Accountants in England & Wales.
- + MA in Engineering.

Skills and experience

- + Has over 30 years' experience, having started his career at EY in 1988.
- + From 2000 to 2020, was an executive on the boards of five companies listed on the London Stock Exchange.
- + Most recently as Chief Financial Officer of Wilmington plc, Chief Financial Officer of Plant Impact plc and Group Finance Director of Anite plc.

External appointments

- + Non-Executive Director at Thruvision Group plc, where he serves as the Senior Independent Director and Chair of the Audit, Remuneration and Nomination Committees.
- + Chair of Skillcast Group plc where he also serves as a member of the Audit and Remuneration Committees.

Inken Braunschmidt

NON-EXECUTIVE DIRECTOR

Appointed to the Board: 2024



Qualifications

- + BA (Hons) and Masters – Business Administration, Innovation & Technology Management
- + PhD – Technology Management.

Skills and experience

- + Chief Innovation and Digital Officer and member of the Executive Board of Halma plc until 2023
- + Spent 13 years at RWE AG, subsidiary Innogy SE, held various international leadership roles focusing on strategy, innovation, digital transformation and change management.

External appointments

- + Non-Executive Director of James Fisher and Sons plc where she serves as Chair of the Remuneration Committee and TT Electronics plc where she serves as Chair of the Remuneration Committee.
- + Member of the Digital Programme Board of the Royal Academy of Engineering.

Jacqueline Sutton MBE

NON-EXECUTIVE DIRECTOR

Appointed to the Board: 2023



Qualifications

- + BA (Hons) Russian and German.
- + Postgraduate Diploma in International Marketing.

Skills and experience

- + From 2008 to 2021, held several senior leadership roles in Rolls-Royce plc civil aerospace division.
- + Most recently, Chief Customer Officer of Civil Aerospace, Rolls-Royce Group.
- + Prior to joining Rolls-Royce, held senior management roles at GE Aviation Systems (formerly Smiths Aerospace).

External appointments

- + Non-Executive Director of Farnborough International Limited and the Women in Aviation & Aerospace Charter.
- + Senior Adviser to Newton Consulting Limited.
- + Trustee of the Council of St John's College, Durham University.

Stuart Widdowson

NON-EXECUTIVE DIRECTOR

Appointed to the Board: 2024

Qualifications

- + BA (Hons) Business Economics.
- + Investment Management Certificate.

Skills and experience

- + Currently Managing Partner of Odyssean Capital, which he founded in 2017.
- + From 2009 until 2017, held the position of Lead Fund Manager of Strategic Equity Capital plc.
- + Began his career as a strategy consultant undertaking commercial due diligence and strategy projects for private equity and corporate clients.

External appointments

- + Managing Partner of Odyssean Capital LLP.

Committee key

- Chair
- Member
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee

Board focus and principal matters

Board focus and principal matters considered in 2025

The principal matters considered by the Board during 2025 are set out in the table below.

As part of the business of each Board meeting, the CEO provides reports on delivery against our strategy including areas of progress and areas which are not progressing to plan; the COO provides updates on business performance and major projects; and the CFO provides an update on the Group's financial performance. The Board also regularly receives an update from the Chief People Officer which addresses people and culture, including updates on voluntary turnover, employee engagement, DE&I and wellbeing and talent. Members of the Executive Leadership Team and senior management regularly attend Board meetings to ensure that the Board has good visibility of business developments, opportunities, principal and emerging risks and their mitigation, and key operating decisions. The Board also receives key functional reports and presentations in relation to Xaar's responsible business agenda, risk management, stakeholder engagement, legal and compliance as well as presentations from internal and external speakers on other topics relevant to the business and the environment it operates in.

Areas of focus	Activities
STRATEGY AND DELIVERY	
<ul style="list-style-type: none">+ Considering and approving the Group's strategy and any changes and monitoring execution and delivery.+ Considering and approving capital projects, corporate actions or investments by the Company.	<ul style="list-style-type: none">+ Held a two-day strategy event focusing on the progress and evolution of our strategy and priorities.+ Review of corporate development opportunities and capital investments to ensure alignment with our EPICC strategy and business segment plans.+ Regular review of innovation and technology, including the new product pipeline and operations changes to improve cash flow.+ Consideration of the global economy and geopolitics, and the potential impact on growth and performance.+ Consideration of our customers and those who use our products, the competitive landscape we operate in and opportunities for innovation.+ Undertook a strategic review of our EPS business, approving a restructuring programme which included leadership and operational changes to strengthen governance and project execution and cost discipline.+ Approved and oversaw the opening of our new facility in Dongguan, expanding our presence in Asia to support the growing demand for our technologies in the region.+ Oversaw the transition of FFEI manufacturing to Huntingdon and the closure of the Hemel Hempstead site to simplify our operational footprint and reduce costs.
LEADERSHIP	
<ul style="list-style-type: none">+ Appointment of new Chair and permanent appointment of CFO.+ Recommendation of directors for election and re-election, following recommendations from the Nomination Committee.+ Reviewing the performance of the Board and its committees, individual Directors and the Group's overall corporate governance framework.+ Reviewing wider leadership across the organisation.	<ul style="list-style-type: none">+ The Board appointed a new Chair, details of the appointment process are available on pages 68 to 69.+ Board evaluation completed and results reviewed in late 2025 (see pages 62 and 63 for details)+ Consideration of the composition and skills, knowledge and experience of the Board and Board Committees.+ The Board reviewed the wider leadership team including the Executive Leadership Team and considered their performance, retention and career development.
OUR PEOPLE	
<ul style="list-style-type: none">+ Receiving and considering the views of the Company's employees.	<ul style="list-style-type: none">+ Considered plans to formalise the Board's workforce engagement programme.+ The Chief People Officer provided the Board with regular reports covering people and culture, including updates on voluntary turnover, employee engagement, DE&I and wellbeing and talent.+ The Board met with colleagues during on-site Board meetings at our Huntingdon and Waterbeach sites and attended the Company's 35th Anniversary Celebration, held in Huntingdon, to celebrate the achievements of the Company alongside colleagues.
BUSINESS PLAN AND PERFORMANCE	
<ul style="list-style-type: none">+ Approving annual budget and business plan and regularly reviewing actual performance and latest forecasts against the budget and business plan.	<ul style="list-style-type: none">+ Approved 2026 budget and business plan.+ Regular CEO, CFO and COO reports and briefings on actual performance, horizon scanning and forecasts.+ Deep-dives into product lines and market performance and plans.+ Review of the delivery of our strategy and approval of strategic priorities during the two-day strategy meetings.

Areas of focus

FINANCIAL REPORTING

- + Approving final and interim results, trading updates, the Annual Report and the release of price-sensitive information.

Activities

- + Approval of the Viability and Going Concern statements.
- + Approval of half-year and full-year results.
- + Consideration and approval of Trading Update issued in January 2026.
- + Approval of the 2024 Annual Report.

RISK AND GOVERNANCE

- + Ensuring the Group has effective systems of internal control and risk management in place, including approving the Group's risk appetite.

- + Review of the effectiveness of the Group's risk management and internal control systems.
- + Review and approval of the Group's risk appetite, ensuring that Group strategy and current performance are aligned with risk appetite.
- + Regular governance, legal and compliance briefings.
- + Briefings to the Board from the Board Committee Chairs on the activities of the Committees.
- + Review of matters reserved for the Board and Board Committee terms of reference.

STAKEHOLDER ENGAGEMENT

- + Considering the balance of interests between the Group's stakeholders.
- + Receiving and considering the views of the Company's shareholders.

- + Briefings provided by the Executive Directors and the Group's corporate brokers on investor feedback following results announcements and investor roadshows.
- + The Chair and Executive Directors had meetings with our largest institutional shareholders during the year.

RESPONSIBLE BUSINESS

- + Overseeing the Group's responsible business programme.
- + Reviewing the Group's responsible business strategy and its implementation.
- + Considering the Group's people and their welfare.

- + Oversight of the Group's ESG framework.
- + Reviewed sustainability targets and agreed to rebase targets to better reflect strategic priorities.
- + Review of talent management and progress on diversity initiatives.
- + Review of employee gender pay gap data.
- + Review of the Modern Slavery Statement.

Directors' report

Report on the affairs of the Group

The Directors present their Annual Report together with the financial statements for the year ended 31 December 2025.

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include matters of strategic importance in the Strategic Report which otherwise would be required to be disclosed in the Directors' report. An indication of likely future developments in the business of the Company and details of research and development activities and important events since the financial year-end are included in the Strategic Report. The following cross-referenced material is incorporated into this Directors' report.


Non-financial information statement – subject matter	Section/page
PRINCIPAL RISKS AND UNCERTAINTIES	Principal risks and uncertainties and Risk management on pages 11 to 24
BUSINESS MODEL	Strategic Report on page 2
EMPLOYEE ENGAGEMENT	Strategic Report on page 42
EQUALITY, DIVERSITY, INCLUSION AND HUMAN RIGHTS	Sustainable and responsible business on pages 25 to 28
DISABLED EMPLOYEES	Sustainable and responsible business on pages 25 to 28
SUPPLIER ENGAGEMENT	Stakeholder engagement on pages 54 to 55
ENGAGEMENT WITH CUSTOMERS AND OTHER BUSINESS RELATIONSHIPS (INCLUDING COMMUNITY ENGAGEMENT)	Stakeholder engagement on pages 54 to 55 Sustainable and responsible business on pages 25 to 28
GREENHOUSE GAS EMISSIONS AND ENVIRONMENTAL POLICIES	Sustainable and responsible business (TCFD) on pages 25 to 28 GHG statement page 35
POLITICAL DONATIONS	Sustainable and responsible business on pages 25 to 28
ETHICS AND GOVERNANCE, INCLUDING CODE OF CONDUCT, ANTI-BRIBERY AND CORRUPTION POLICIES	Sustainable and responsible business on pages 25 to 28 Corporate Governance section on page 38

Branches

In addition to the subsidiaries disclosed in note C6 of the Company's separate financial statements on page 149, there is a branch in Stockholm, Sweden through which research and development activities are conducted.

Dividends

No interim or final dividend was proposed or paid for the year ended 31 December 2025. No interim or final dividends were paid for the year ended 31 December 2024.

 [Details on dividends are set out in note 14 on page 125](#)

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 26. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company, except for shares held in the Xaar Share Incentive Plan trust and shares held by Xaar Trustee Limited, which hold no voting rights.


There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Capital structure continued

The Group has a number of employee share schemes, including Long-Term Incentive Plans (LTIPs) and Share save schemes (SAYE). There is also a Deferred Bonus Plan for the Executive Directors that was introduced in 2020.

- + Details of the shareholding held in trust by Xaar Trustee Limited and held by the Xaar plc ESOP trust are provided in note 26. These have voting rights exercised by the Trustees.
- + Details of other share-based payment schemes are set out in note 29.
- + No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The business of the Company is managed by the Board, which may exercise all the powers of the Company subject to the Articles and the Companies Act.

 [The powers of Directors are described in the Matters Reserved for the Board, which is available on the website – \[www.xaargroup.com/investor-centre/governance-framework\]\(http://www.xaargroup.com/investor-centre/governance-framework\), and the Corporate Governance statement, division of responsibilities on page 59](http://www.xaargroup.com/investor-centre/governance-framework)

Capital allocation policy

The Company is committed to investing in the growth strategy of the business. This investment includes both capital investments within existing operations as well as pursuing inorganic growth opportunities that align with the Company's strategy, investing in capability and capacity to accelerate our strategy and future growth. The Company's objective is to maximise long-term shareholder returns through a disciplined deployment of capital and resources, and it has adopted the following capital allocation policy in support of this:

- + Organic growth: The Company invests in capital projects and R&D relating to ongoing and new technology development to support demand in our chosen and target markets and product innovation;
- + Inorganic growth: The Company continues to explore complementary inorganic growth and acquisition opportunities consistent with the growth strategy and supplementary to our existing innovation and product pipeline; and

- + Treatment of excess capital and shareholder distributions: The Board keeps under review the Company's balance sheet and cash position in line with this policy and medium-term investment requirements. The Company will seek to return excess capital to shareholders if and when the Board considers it appropriate by means of a dividend or a share repurchase. The Company assesses the underlying profitability and the future cash requirements of the business at least annually, as well as the distributable reserves available, to determine the appropriateness of paying a dividend to shareholders, and to review the appropriate policy to adopt.

At this current time, capital resources are focused on and deployed to supporting organic growth and inorganic growth. The Board keeps the Company's capital structure under regular review.

Treasury

The Group's policy enables it to use financial instruments to hedge foreign currency exposures. The main trading currency of the Group is GBP Sterling. The Group's use of financial instruments and the related risks are discussed further in notes 21 and 28.

At the 2025 AGM held on 28 May 2025, the Company's shareholders granted the Company authority to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company.

The Company did not purchase any shares for cancellation or to be held as treasury shares in 2025 or 2024.

Directors during the year

The Directors who served during the year, and subsequent to the year-end, unless otherwise stated, were as follows:

BEN STOCKS

Chairman (appointed 1 October 2025)

ANDREW HERBERT

Chairman (resigned 30 September 2025)

JOHN MILLS

Chief Executive Officer

PAUL JAMES

Chief Financial Officer

RICHARD AMOS

Senior Independent Director

INKEN BRAUNSCHMIDT

Non-Executive Director

JACQUELINE SUTTON

Non-Executive Director

STUART WIDDOWSON

Non-Executive Director

 [Brief biographical descriptions of the current Directors are set out on page 41](#)

Directors' report continued

Report on the affairs of the Group

Shareholdings in the Company

The interests of the Directors in the shares of the Company and its subsidiaries (all of which are beneficial) as at 31 December 2025 are as follows:

	Number of ordinary shares of 10p each 31 December 2025	Number of ordinary shares of 10p each 31 December 2024
Ben Stocks (appointed 1 October 2025)	16,114	n/a
John Mills	130,294	130,294
Paul James	22,730	Nil
Richard Amos	30,800	Nil
Inken Braunschmidt	4,000	Nil
Jacqueline Sutton	9,107	Nil
Stuart Widdowson	25,000	25,000

There have been no changes in the Directors' interests in shares of the Company between 31 December 2025 and 23 March 2026. Directors' interests in options in the Company and in deferred bonuses (in shares) are shown in the Directors' Remuneration report. The Executive Directors are required to receive a portion of their bonus in deferred shares. These shares are held in trust until the end of the deferral period.

Directors' liabilities

Xaar plc, the ultimate Parent Company, and its subsidiaries have granted an indemnity to all of the Directors of Xaar plc and of its subsidiaries against liability in respect of any potential proceedings that may be brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in place during the year and remains in force as at the date of approving the Directors' report.

Substantial shareholdings

At 31 December 2025, the Company had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following voting rights as a shareholder of the Company. At 23 March 2026, being the latest practicable date prior to the publication of this Annual Report, the Company had not received any further notifications pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules:

Shareholder	No. of ordinary shares	Percentage of voting rights	Nature of the holding
Odyssean Investment Trust	17,550,000	22.00%	Direct holding
Schroders plc	15,774,774	19.85%	Indirect holding
Aberforth Partners	9,257,781	11.60%	Indirect holding
Ameriprise Partners	7,737,166	9.53%	Indirect holding

It should be noted that the percentages are shown as notified and that these holdings may have changed since the Company was notified, however, notification of any change is not required until the next notifiable threshold is crossed.

Annual General Meeting

The Annual General Meeting will be held on Wednesday 27 May 2026 at 11.00am and will take place at our Huntingdon office – 1 Hurricane Close, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XX, United Kingdom, in the form of an in-person meeting. The notice convening the Annual General Meeting is set out on pages 153 to 156, explanatory notes can be found on the next page.

Explanatory Notes

The notice convening the Annual General Meeting is set out on pages 153 to 156

Resolutions 1 to 15 are proposed as ordinary resolutions. This means that for each of those Resolutions to be passed, more than half of the votes cast must be in favour of the Resolution. Resolutions 16 to 19 are proposed as special resolutions. This means that for each of those Resolutions to be passed, at least three-quarters of the votes cast must be in favour of the Resolution.

ORDINARY RESOLUTIONS

RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

Resolution 1 is to receive and consider the Annual Report and Accounts for the financial year ended 31 December 2025. The Directors are required to present to the Meeting the annual financial statements and reports of the Directors and of the auditors for the financial year ended 31 December 2025, as contained in the Annual Report and Accounts 2025. The Annual Report and Accounts 2025 is available at www.xaargroup.com/investor-centre/results-reports-presentations/. A printed copy has been sent to those shareholders who have requested this.

RESOLUTION 2 – REMUNERATION REPORT

Resolution 2 is to approve the Directors' Remuneration report (other than the part containing the New Remuneration Policy) for the financial year ended 31 December 2025, as set out on pages 70 to 92 of the Annual Report and Accounts 2025. Section 439 of the Companies Act 2006 requires that the Directors' Remuneration report for the financial year be put to a vote of shareholders at the Annual General Meeting. The Company's auditor PKF Littlejohn LLP has audited those parts of the Directors' Remuneration report that are required to be audited and its report may be found on pages 94 to 99. This vote is advisory and the Directors' entitlement to receive remuneration is not conditional on it.

RESOLUTION 3 – REMUNERATION POLICY

Resolution 3 is to approve the new Remuneration Policy ("New Remuneration Policy") as set out on pages 73 to 83 of the Annual Report and Accounts. As outlined in the Chair's letter and the letter from the Chair of the Remuneration Committee in the Annual Report and Accounts 2025, the Company engaged with shareholders in the development of the New Remuneration Policy.

The New Remuneration Policy sets out the Company's policy on remuneration and potential payments to Directors, including payments for loss of office, and, if approved, it is intended to take effect from the end of the Meeting, replacing the policy approved

by shareholders at the 2023 Annual General Meeting. In accordance with the Companies Act 2006, the New Remuneration Policy must be approved by a binding shareholder vote (by means of a separate resolution) at least once every three years where the policy remains unchanged, or annually if it changes. The vote is binding in that once the New Remuneration Policy is approved, the Company will not be able to make a remuneration payment or a payment for loss of office to a current, past or future Director unless that payment is consistent with the policy or a revised policy is approved by a resolution of the members of the Company. Unless requested earlier, approval of the Remuneration Policy will next be sought at the Annual General Meeting in 2029.

The Remuneration Committee, on behalf of the Board, reviewed the current Remuneration Policy for its continuing appropriateness in 2025 and early 2026 and believes that only minor amendments to the policy last approved at the 2023 Annual General Meeting are necessary. If, for any reason, the New Remuneration Policy is not approved and to the extent permitted by the Companies Act 2006, the Company will continue to make payments to Directors in accordance with the existing Remuneration Policy until a new Directors' Remuneration Policy is approved by shareholders.

RESOLUTIONS 4 TO 10 – ELECTION AND RE-ELECTION OF DIRECTORS

Resolutions 4 to 10 relate to the election and re-election of Directors to the Board. In accordance with the recommendations of the UK Corporate Governance Code 2024 and the requirements of the Company's Articles of Association, all Directors retire at the Annual General Meeting and those wishing to serve again submit themselves for election or re-election (as applicable) by the shareholders.

Ben Stocks was appointed as Chair of the Board on 1 October 2025, following Andrew Herberts' stepping down on 30 September 2025. Ben Stocks will therefore be submitting himself for election by the shareholders at the AGM. All other Directors who served during the year will be submitting themselves for re-election at the forthcoming AGM.

Following the Board performance evaluation which was carried out during the year in the form of questionnaires, and separate individual evaluation, the Chair is satisfied that the performance of each Director standing for re-election demonstrates commitment to the role and that each Director has sufficient time to meet his or her commitments to the Company. Each Director has provided a valuable and effective contribution in meetings held, and on decisions taken by the Board. Details of the Board performance review are set out on pages 62 to 63.

The Board is satisfied that each of the Non-Executive Directors offering themselves for re-election is independent in character and that

there are no relationships or circumstances likely to affect their character or judgement. Their independence was determined by reference to the relevant provisions of the Code. The biographies of each of the Directors and their contributions and reasons for re-election are set out on page 41. Further information about each Director is set out on our website at www.xaargroup.com/investor-centre/the-board/. The Board believes this information is sufficient to enable shareholders to make an informed decision on their re-election.

RESOLUTIONS 11 AND 12 – REAPPOINTMENT OF AUDITOR AND AUDITOR REMUNERATION

Resolutions 11 and 12 relate to the reappointment of the auditor and authority to determine their remuneration. The Company's auditor must be submitted for re-appointment at each general meeting at which the Company's accounts are laid. Resolution 11 is proposed to approve the reappointment of PKF Littlejohn LLP, following the recommendation of the Audit Committee. An assessment of the effectiveness, independence and objectivity of the auditor has been undertaken by the Committee and details of the assessment can be found on page 67. Resolution 12 authorises the Directors to determine the auditor's remuneration. Further details of the external audit are set out on pages 94 to 99.

RESOLUTIONS 13 AND 14 – APPROVAL OF AMENDMENTS TO THE XAAR 2017 LONG-TERM INCENTIVE PLAN AND THE XAAR 2017 SHARES SAVE PLAN

Shareholders are asked to approve the making of amendments to the Xaar 2017 Long-Term Incentive Plan (the 'LTIP') and the Xaar 2017 Sharesave Plan (to be renamed the 'Xaar Sharesave Plan', the 'Sharesave') (together, the 'Plans'). The effect of the amendments for which shareholder approval is sought is summarised below.

- i. The LTIP's life is proposed to be extended for a period of 10 years from the date of the Meeting. The Sharesave's life is proposed to be extended for an indefinite period in line with the most recent Investment Association Principles of Remuneration (although the Remuneration Committee and Board will keep the operation of the Company's share plans under review as necessary).
- ii. The LTIP's 'dividend equivalent' provisions are updated to be aligned with the New Remuneration Policy as referred to in respect of Resolution 3.

Although shareholders are only being asked to approve the amendments to the LTIP and Sharesave, as the amended plans will have extended lives, summaries of the principal terms of the Plans as amended are included in the Appendix to the Notice of Annual General Meeting set out on pages 49 to 52.

Directors' report continued

Report on the affairs of the Group

Explanatory Notes continued ORDINARY RESOLUTIONS CONTINUED

RESOLUTION 15 – DIRECTORS' AUTHORITY TO ALLOT SHARES

Resolution 15 will be proposed to enable the Directors to allot ordinary shares in the capital of the Company without the prior consent of shareholders for a period expiring at the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months after the date on which this Resolution is passed.

Resolution 15 will, if passed, allow the Directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate maximum nominal amount of £1,596,368.56 (representing approximately 20% of the nominal value of the Company's issued share capital, excluding shares held in treasury, on 23 March 2026, the latest practicable date prior to the publication of this document).

The Directors have no present intention of issuing new shares except in connection with satisfying options or share awards issued pursuant to the Company's employee share schemes, should it be in the best interests of the Company to do so. The Company currently operates an Employee Benefit Trust ("EBT") for the purpose of satisfying options and share awards; however, the Directors regard it necessary to ensure that the Company maintains flexibility and transparency in managing the schemes, to ensure the approach remains aligned with shareholder interests. Should the Directors decide to issue new shares other than in connection with satisfying options or share awards, they intend to follow best practice in accordance with guidance issued by the IA.

As at 23 March 2026, the latest practicable date prior to the publication of this document, the Company holds no shares in treasury.

Special Resolutions

RESOLUTION 16 – DISAPPLICATION OF PRE-EMPTION RIGHTS

Under section 561(1) of the Companies Act 2006, if the Directors wish to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares (which for this purpose includes a sale of treasury shares for cash), other than pursuant to an employee share scheme, they must in the first instance offer them to existing shareholders in proportion to their holdings.

Resolution 16, which is proposed as a special resolution, will allow the Directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. If approved, the Resolution will authorise the Directors to allot shares for cash up to an aggregate maximum nominal amount of £798,184.28 (which includes, for this purpose, the sale on a non-pre-emptive basis of any shares held in treasury), representing approximately 10% of the issued ordinary share capital of the Company on 23 March 2026, the latest practicable date prior to the publication of this document, as if section 561(1) of the Companies Act 2006 did not apply to such allotment or sale of treasury shares for cash.

The Directors do not have any present intention of exercising this authority. If passed, the authority granted under Resolution 16 will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months after the date on which Resolution 16 is passed.

The Directors believe that the authority sought in this Resolution is in the best interests of the Company and note that it complies with the IA guidelines and the Pre-Emption Group's Statement of Principles on Disapplying Pre-Emption Rights.

RESOLUTION 17 – MARKET PURCHASES

Resolution 17, which is proposed as a special resolution, will allow the Directors to allot new shares and other equity securities and sell treasury shares for cash without first offering them to shareholders in proportion to their existing holdings if the allotment is in connection with an acquisition or specified capital investment (as described in the Pre-Emption Group's Statement of Principles), up to an aggregate nominal amount of £798,184.28, representing approximately 10% of the issued ordinary share capital of the Company on 23 March 2026.

The Directors intend to use the power given to them under Resolution 17 only in connection with an acquisition or specified capital investment which is announced contemporaneously with the issue of shares, or which has taken place in the preceding 12-month period and is disclosed in the announcement of the issue of shares.

The Directors confirm that should they exercise the authority granted by Resolution 17, they intend to follow best practice as regards its use, including following the shareholder protections in Section 2B of the Pre-Emption Group's Statement of Principles.

The Directors do not have any present intention of exercising this authority. If passed, the authority granted under Resolution 17 will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months after the date on which Resolution 17 is passed.

RESOLUTION 18 – NOTICE OF MEETINGS OTHER THAN ANNUAL GENERAL MEETING

Resolution 18 will be proposed as a special resolution to allow the Company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days. Annual General Meetings must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this Resolution will only be used for time-sensitive, non-routine business and where merited in the interests of shareholders as a whole and noting also the recommendations of the UK Corporate Governance Code 2024 with which the Company would intend to comply. The Directors do not have any current intention to exercise this authority but consider it appropriate to ensure that the Company has the appropriate flexibility to respond to all eventualities. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Appendix

PART 1 – THE XAAR 2017 LONG-TERM INCENTIVE PLAN (THE 'LTIP')

The principal terms of the LTIP are summarised below.

ELIGIBILITY

Awards may be granted to selected employees (including Executive Directors) of Xaar plc (the 'Company') and its subsidiaries (together with the Company, the 'Group') at the discretion of the Remuneration Committee.

AWARDS

Awards may be granted as (a) a conditional right to acquire ordinary shares in the Company ('Shares') in the future at no cost or (b) an option with an exercise price, including a nil exercise price.

Awards granted under the LTIP are personal to participants and, except on death, may not be transferred. Awards will not form part of pensionable earnings.

TIMING OF AWARDS

Awards may normally only be granted within the six-week period beginning with the date of the Company's announcement of its results for any period, or the date on which a Directors' Remuneration Policy or any amendment to the LTIP is approved by shareholders. Awards may be granted outside these periods in exceptional circumstances, as determined by the Remuneration Committee.

No awards may be granted more than 10 years after the amendments to the LTIP are approved by shareholders at the Company's 2026 AGM.

SOURCE OF SHARES

Awards under the LTIP may be granted over newly issued Shares, Shares held in treasury or Shares purchased in the market.

INDIVIDUAL LIMITS

The Remuneration Committee will determine the value of awards to be granted to each participant in a financial year up to a maximum of 300% of base salary or, in exceptional circumstances in the case of recruitment, such higher amount as the Remuneration Committee decides is appropriate. Awards granted to Executive Directors will be consistent with the Company's Directors' Remuneration Policy as approved by shareholders from time to time.

OVERALL LIMIT

In any 10-year period, not more than 10% of the issued share capital may be issued under the LTIP and all other employees' share plans adopted by the Company.

This limit does not include awards which have lapsed or been released but will include awards satisfied with Shares transferred out of treasury for so long as required by UK institutional investor guidelines.

PERFORMANCE CONDITION

The vesting of awards may be subject to the satisfaction of performance conditions which will be set by the Remuneration Committee. Awards granted to Executive Directors will be subject to performance conditions to the extent required by the Company's Directors' Remuneration Policy as approved by shareholders from time to time.

Any performance condition may be amended if the Remuneration Committee considers that an amended performance condition would be appropriate and not materially less difficult to satisfy than the original performance condition when originally set.

VESTING OF AWARDS AND HOLDING PERIOD

The Remuneration Committee may adjust the extent to which an award would otherwise vest having regard to its assessment of overall business performance, if it considers that the vesting outturn that would otherwise apply is inappropriate in the context of circumstances that were unexpected or unforeseen when the award was granted, or if it considers that any other circumstances mean that an adjustment is appropriate.

Awards will vest following the assessment of any performance condition and any adjustment as referred to above.

The Remuneration Committee may determine that a vested award is also subject to a 'deferral period' during which Shares in respect of which an award has vested will not be delivered to the participant and at the end of which the award will be 'released' (i.e. the participant will be entitled to receive their vested Shares). The Remuneration Committee may also determine that, Shares received on vesting of an award or exercise of an option may be subject to a holding period during which the participant may not transfer, assign or otherwise dispose of the Shares or any interest in them except to fund any tax liabilities, to take up the participant's entitlements on a rights issue or where Shares are forfeited as a result of clawback. The Remuneration Committee will determine the length of any deferral period or holding period. The deferral period or holding period for awards granted to Executive Directors will be consistent with the Company's Directors' Remuneration Policy as approved by shareholders from time to time.

Following vesting and, where applicable, release and the exercise of an option, Shares will be issued or transferred to the participant. Subject to any holding period, Shares issued following vesting of an award or exercise of an option will rank equally with Shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

MALUS AND CLAWBACK

The Remuneration Committee may decide to reduce, including to nil, the number of Shares in an award (malus) or require the participant to make a repayment in respect of an award (clawback) in the event of: a material misstatement of financial results; a material loss or reputational damage to the Group; a corporate failure in any Group member; serious misconduct by the participant; or an error in assessing any performance condition or in the information on which the award was granted, vests, or is released.

DIVIDEND EQUIVALENTS

The Remuneration Committee may decide at any time before vesting that participants should receive an additional benefit equal in value to any dividends that they would have received over such period as the Remuneration Committee determines ending no later than the date on which the award vests (or if later is released), if they had been the holders of the vested Shares. The benefit can be provided in cash or in Shares. Alternatively, the Remuneration Committee may grant an award on terms that the number of Shares subject to the award shall increase by assuming that dividends that would have been paid on those Shares during the relevant period would have been used to buy further Shares.

LEAVING THE GROUP BEFORE AN AWARD HAS VESTED

If a participant's employment ends before an award has vested in circumstances where they are a Good Leaver, the award will vest on the normal vesting date to the extent that any performance condition has been met over the performance period and pro-rated for time. Any deferral period or holding period would ordinarily continue. However, the Remuneration Committee has discretion to vest the award early (and to assess any performance condition accordingly), to reduce any deferral period or holding period that would otherwise apply, and to vary the application of time pro-rating.

Directors' report continued

Report on the affairs of the Group

Appendix continued

PART 1 – THE XAAR 2017 LONG-TERM INCENTIVE PLAN (THE 'LTIP') CONTINUED

A 'Good Leaver' is a participant who ceases to be employed due to ill-health, injury, disability, redundancy, death, because the company or business for which they work is transferred out of the Group or for any other reason at the discretion of the Remuneration Committee.

Awards held by a participant who leaves but is not a Good Leaver will lapse.

LEAVING THE GROUP AFTER AN AWARD HAS VESTED

If a participant's employment ends after an award has vested but before it has been released or before it has been exercised as a result of their dismissal for cause, their award will lapse.

If the employment ends for any other reason the award will continue but, if it is an option, may be subject to a shortened exercise period. Any deferral period would ordinarily continue, but the Remuneration Committee has discretion to release the award earlier.

TAKEOVERS AND REORGANISATION

Awards will vest on a change of control of the Company to the extent any performance condition has been met up to that time and, unless the Remuneration Committee decides otherwise, will be pro-rated for time. Internal reorganisations do not automatically trigger the early vesting of awards.

If any other corporate events occur such as a demerger, delisting or special dividend which, in the opinion of the Remuneration Committee, may affect the current or future value of Shares, the Remuneration Committee may allow awards to vest but this will only be to the extent any performance condition has been met up to the event in question and, unless the Remuneration Committee decides otherwise, on a time pro-rated basis.

VARIATION OF CAPITAL

In the event of any variation in the share capital of the Company, the Remuneration Committee may make such adjustments as it considers appropriate to the number of Shares under award and any option exercise price.

CASH ALTERNATIVE AND CASH AWARDS

Where an award has vested and, if relevant, has been released (or, in the case of an option, has been exercised) the Remuneration Committee may elect, instead of delivering Shares, to pay cash to the participant. The amount to be paid (subject to deduction of tax or similar liabilities) shall be equal to the market value of the Shares subject to the award. Alternatively, cash-settled awards can be granted from the outset if considered appropriate.

AMENDMENTS

The Remuneration Committee can amend the LTIP in any way. However, shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to eligibility, individual and plan limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash under award, the adjustment of awards on any variation in the Company's share capital and the amendment powers.

Minor amendments can be made without shareholder approval to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

The rules of the LTIP (marked up to show the amendments for which approval is sought as referred to in respect of Resolution 13) will be available for inspection: (i) at the AGM venue from 15 minutes before the AGM until it ends; and (ii) on the National Storage Mechanism from the date of this Notice of AGM.

PART 2 – THE XAAR 2017 SHARES SAVE PLAN (THE 'SHARESAVE')

The principal terms of the Sharesave are summarised below.

GENERAL

The Sharesave is an all-employee share option scheme under which eligible employees can acquire options over ordinary shares in the Company on a basis which is tax-favoured in the UK and at a discount (currently 20%) to the market value of the Shares when invitations to participate are issued. To exercise the options, participants must save out of contributions from their salary under a three – or five-year HMRC-approved savings contract. Savings contributions are subject to a statutory limit, currently £500 per month. The Sharesave will be administered by the Board which will determine whether and when the Sharesave will operate.

Options under the Sharesave may be granted over newly issued Shares, Shares held in treasury or Shares purchased in the market. Benefits under the Sharesave are not pensionable, are personal to the participant and may not be transferred, assigned, charged or otherwise encumbered except that, on the death of a participant, an option may be transmitted to the participant's personal representatives.

If the Board decides to operate the Sharesave, invitations must be sent to all eligible employees of each participating company and Directors of participating companies who are required to work a minimum of 25 hours per week.

Employees are eligible provided they have been employed for any qualifying period (not exceeding five years) determined by the Board. The Board can also include any other employee or executive Director of a participating company. Invitations will normally be made within 42 days of an announcement of results, but may also be made if the Board believes the circumstances are sufficiently exceptional to justify invitations being made, or following the introduction of a new savings contract.

THE SAVINGS CONTRACT

To participate in the Sharesave, an eligible employee must enter into a savings contract of three or five years' duration and agree to make contributions which cannot be less than a minimum per month set by the Board (of between £5 and £10) and a maximum of £500 per month (or any other maximum sum permitted by the legislation which confers tax-favoured status on the Sharesave from time to time).

GRANT OF OPTIONS

Employees who enter into savings contracts are each granted an option to acquire shares at the option price using the amount saved, including any bonus or interest payable under the related savings contract. Options must be granted within 30 days (or 42 days if the applications are scaled down) of the first day by reference to which the option price was set. A participant is not required to pay for the grant of an option.

LIMIT ON THE USE OF SHARES

In any 10-year period, not more than 10% of the issued share capital may be issued under the Sharesave and all other employees' share plans adopted by the Company.

This limit does not include awards which have lapsed or been released but will include awards satisfied with Shares transferred out of treasury for so long as required by UK institutional investor guidelines.

EXERCISE OF OPTIONS

An option must normally be exercised (in whole or in part) within six months after the completion of the related savings contract, provided the participant remains a Director or employee of a participating company, and may only be exercised once. Shares must be issued or transferred to the participant within 30 days of the date of exercise.

An option may be exercised early if a participant ceases employment with the Company or a participating company due to death, retirement, injury, disability, redundancy, a relevant transfer under the Transfer of Undertaking (Protection of Employment) Regulations 2006 or the sale of the participant's employing company or part of a business out of the Company's Group. On death, an option may be exercised by the participant's personal representatives.

Appendix continued

PART 2 – THE XAAR 2017 SHARESAVE PLAN (THE 'SHARESAVE') CONTINUED

INVITATIONS

Options may also be exercised early in the event of a voluntary winding-up of the Company. On cessation of employment for other reasons or if a participant ceases to pay contributions under the related savings contract, options will normally lapse unless the option has been held for at least three years in which case it may be exercised unless the participant is dismissed for misconduct. An option may only be exercised to the extent of the savings in the related savings contract at the date of exercise (including any related bonus).

OPTION PRICE

The option price will be determined by the Board but must not be less than the higher of

- a) 80% (or such other percentage permitted by the relevant legislation) of the average of the middle market quotations for a share taken from the daily official list of the London Stock Exchange for the five dealing days (or the middle market quotation for a share for the dealing day) immediately preceding the invitation date or the date specified in the invitation or 80% (or such other percentage permitted by the relevant legislation) of the market value at such other time in accordance with HMRC guidance in the UK or as may be agreed in advance with HMRC; and
- b) in the case of an option to subscribe for shares, the nominal value of a share.

TAKEOVERS AND REORGANISATION

Options may normally be exercised early if:

- (a) any person obtains control of the Company as a result of a general offer to acquire shares;
- (b) a person (or a group of persons acting in concert) becomes bound or entitled to acquire shares under the Companies Act 2006; or
- (c) a scheme of arrangement under the Companies Act 2006 (or a similar under the laws of a country outside the United Kingdom) is sanctioned.

Options may be exercised up to 20 days before the relevant event or within six months of the event, or in the case of a compulsory acquisition notice served under the Companies Act 2006, until the expiry of the period during which a person is entitled or bound to acquire shares, after which time the options will lapse. Alternatively, with the consent of the acquiring company, options may be exchanged for equivalent rights to acquire shares in the acquiring company.

In the event of a Company reorganisation or merger, where the shareholders of the acquiring company are substantially the same as the Company shareholders immediately before the change of control, the Board may agree with the acquiring company that options will not be exercisable but will be exchanged for equivalent rights over shares in the acquiring company.

RIGHTS ATTACHING TO SHARES

Shares issued to satisfy awards under the Sharesave will rank equally in all respects with the shares in issue on the date of allotment but will not rank for any rights attaching to shares by reference to a record date preceding the date of allotment. Where shares are transferred on the exercise of an option, option holders are entitled to all rights attaching to the shares by reference to a record date on or after the transfer date, but will not be entitled to rights before that date.

VARIATION OF CAPITAL

If there is a variation in the equity share capital including a capitalisation or rights issue, subdivision, consolidation or reduction, the Board may adjust the number of shares subject to options and/or the option price, provided that the total option price (which must not exceed the expected proceeds of the related savings contract at the bonus date) and total market value of the shares under option must remain substantially the same.

AMENDMENTS

The Board can amend the Sharesave in any way. However, shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to eligibility; the limit on the number of shares which may be issued or transferred out of treasury; the maximum contribution for a participant; the basis for determining the option price; any rights attaching to options and the shares or the basis for determining a participant's entitlement.

Minor amendments can be made without shareholder approval to benefit the administration of the Sharesave, to maintain its UK tax-advantaged status, to comply with or take account of the provisions of any proposed or existing legislation or any changes to that legislation, or, to obtain or maintain favourable tax, exchange control or regulatory treatment of the Company, any subsidiary or any present or future participant.

TERMINATION

The Sharesave may be terminated by the Company at any time.

The rules of the Sharesave (marked up to show the amendments for which approval is sought as referred to in respect of Resolution 14) will be available for inspection: (i) at the AGM venue from 15 minutes before the AGM until it ends; and (ii) on the National Storage Mechanism from the date of this Notice of AGM.

Action to be taken

As detailed in the notes to the notice convening the Annual General Meeting, you will not receive a Form of Proxy for the Annual General Meeting in the post. Instead, you can vote online at www.signalshares.com. To register, you will need your Investor Code, which can be found on your share certificate; once logged on, click on the 'Vote Online Now' button to vote. Proxy votes should be submitted as early as possible and in any event, no later than 48 hours before the start of the meeting (excluding weekends and public holidays). Shareholders attempting to attend the meeting will be refused admission.

You may request a hard copy proxy form directly from the registrars, MUFG Corporate Markets on 0371 664 0391. (Calls cost 12 pence per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate.) Lines are open between 9.00a.m. to 5.30p.m., Monday to Friday, excluding public holidays in England and Wales.

Additional information for shareholders

The following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into UK law. The structure of the Company's issued share capital is shown in note 27.

Details of ordinary shares held in trust owned by the Company can be found in note 27.

The total cost of the research and development expenditure is set out on page 10 of the Strategic Report and in note 7.

Employees are provided with regular updates by the senior management team on the Company's performance and its wider market through online briefings and meetings with the CEO and CFO. Further details on the Company's employee benefits are set out on page 22.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Directors' report continued

Report on the affairs of the Group

The Directors are authorised to issue and allot shares and to undertake purchases of the Company's shares. Appropriate resolutions to renew these authorities are proposed to be passed at the Annual General Meeting as detailed above and notice of which is on pages 153 to 156.

Ordinary shares

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person and entitled to vote shall have one vote for every ordinary share held and, on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the Annual General Meeting on pages 153 to 156 specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the Annual General Meeting.

All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are made available at the Annual General Meeting and are published on the Company's website after the meeting. No person holds securities carrying special rights with regard to control of the Company.

Restrictions

There are no restrictions on the transfer of ordinary shares in the Company other than:

- + certain restrictions may from time-to-time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- + pursuant to the Listing Rules of the FCA whereby all employees of the Company require the approval of the Company to deal in the Company's securities.

Articles of Association

The Company's Articles of Association may only be amended by a Special Resolution at a general meeting of the shareholders. Directors are reappointed by Ordinary Resolution at a general meeting of the shareholders.

Appointment and replacement of Directors

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act and prevailing legislation.

The Board can appoint a Director but anyone so appointed must be elected by an Ordinary Resolution at the next general meeting. All Directors are required to submit themselves for re-appointment every year at the AGM (see: Re-election of Directors, above) in line with the UK Corporate Governance Code.

A Director may be removed by the Company in certain circumstances set out in the Articles of Association or by an Ordinary Resolution of the Company.

Significant interests

Directors' interests in the share capital of the Company are shown in the table on page 46

Major interests (i.e. those greater than 3%) of which the Company has been notified are shown on page 46

Company share schemes

The Xaar plc ESOP Trust holds 1.39% (2024: 0.18%) of the issued share capital of the Company in trust for the benefit of employees of the Group and their dependants. Xaar Trustee Limited holds 0.11% (2024: 0.11%). The voting rights in relation to these shares are exercised by the Trustees.

Change of control

The Company is not party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid. Depending on the achievement of performance conditions, share-based payment arrangements may vest on change of control but this is subject to the approval and exercise of the discretion of the Remuneration Committee.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 37.

The Group reported a loss after tax for the year ended 31 December 2025 of £3.4 million. Note 28 includes a description of the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

At 31 December 2025, the Group held cash and cash equivalents of £5.3 million and had borrowings of £0.5 million under its invoice discounting facility, resulting in a net cash position of £4.9 million. The Group also has access to a £10.0 million revolving credit facility.

Going concern assessment

The Directors have undertaken a rigorous assessment of the Group's ability to continue as a going concern for the next year.

The assessment has been based on detailed cash flow forecasts prepared from the Board-approved budget for 2026, updated to reflect actual cash positions to the end of February 2026, conservative revenue assumptions (based on green/amber/red status), known commitments including tax settlements, ongoing restructuring costs and planned capital expenditure, and utilisation of the revolving credit facility in the first half of 2026 to support investment in business growth.

The base case forecast demonstrates that the Group will maintain adequate liquidity and remain in compliance with all banking covenants throughout the going concern period.

Stress testing and sensitivities

The Directors have modelled downside scenarios to assess the Group's financial resilience and conducted a reverse stress test to determine the point at which liquidity would be materially constrained. This analysis demonstrates that revenue opportunities would need to decline considerably (79% of 'amber' revenue) before the Group's liquidity position would be significantly impacted, representing revenue performance materially below the 2025 actual results. The Directors consider such an outcome to be remote.

Available mitigating actions

The Group retains significant operational flexibility to respond to any unexpected deterioration in trading conditions and maintains minimal long-term financial debt, which provides substantial flexibility to reduce inventory purchases in response to lower demand.

Banking facilities

As of 23 March 2026, the Group has a revolving credit facility available of £10 million with an additional £5 million accordion which provides additional liquidity headroom beyond the cash resources included in the forecasts. The Group also maintains an invoice discounting facility to support working capital management.

Conclusion

The Directors have carefully considered the forecasts and scenario mapping, including the plausible downside cases and the reverse stress test. The base case forecasts are derived from detailed bottom-up sales pipeline analysis, with strong commercial traction evident in key growth areas including battery coating, wax printing and desktop 3D printing applications. The Directors consider the reverse stress test scenario – which would require performance materially below 2025 actual levels – to be remote given current market conditions and the strength of the sales pipeline.

Based on the analysis performed, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next year. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Directors also confirm that Xaar plc provides continued financial support to all Group subsidiary companies, ensuring that all entities within the Group are able to continue as going concerns for the foreseeable future.

Viability Statement

In accordance with Provision 31 of the UK Corporate Governance Code 2024, the Directors have assessed the longer-term viability of the Group over a three-year period, covering the financial years 2026 to 2028 inclusive. The three-year horizon has been selected because it corresponds with the Group's rolling medium-term strategic planning cycle and reflects the development timescales of Xaar's core technology platforms and the typical order-to-revenue conversion cycles in our key markets (battery coating, wax printing and desktop 3D printing).

The Board recognises that the Group operates in an environment characterised by external uncertainties and internal operational risks which could affect delivery of the strategy. The principal risks and uncertainties are detailed on page 11.

As part of the Group's risk governance process, each principal risk is assigned to a designated Executive Committee member who is responsible for managing the risk and ensuring the effectiveness of associated mitigating controls. This structure ensures that significant risks are appropriately embedded within the financial planning models used in the preparation of the three-year plan. The viability assessment considered the potential impact of the principal risk categories over the three-year period and incorporated stress-testing financial models and scenarios with conservative assumptions applied throughout to reflect the uncertainty in the Group's markets.


The resulting assessment confirms that, even under a severe but plausible downside scenario, the Group retains sufficient financial resilience throughout the viability period, reflecting the Group's strong cash position, available committed facilities, operational flexibility and the absence of material long-term financial debt.

Taking account of the Group's current financial position, operating performance, strategic plan, principal risks and uncertainties, and the viability assessment analysis, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year viability assessment period to 31 December 2028.

Auditor

PKF Littlejohn LLP have been the Group's auditor since 2023 and were re-appointed at the 2025 AGM. They have expressed their willingness to continue in office as auditor and a resolution to appoint them will be proposed at the forthcoming AGM.

Directors' statement as to disclosure of information to auditor

 **The Directors who were members of the Board at the time of approving the Directors' report are listed on page 45**

Having made enquiries of fellow Directors, each of these Directors confirm that:

- + To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor is unaware
- + Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board:



Pheobe Greenwood
Company Secretary

23 March 2026

Section 172 statement

The Companies Act 2006 (the 'Act'), as amended by the Companies (Miscellaneous Reporting) Regulations 2018, requires companies to include a 'Section 172(1) Statement' in the Strategic Report describing how directors have had regard to the matters set out in Section 172 (1) (a) to (f) of the Act when performing their duties.

Section 172 of the Act requires directors of a company to act in a way they consider, in good faith, would be likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

1. Likely consequences of any decision in the long term,
2. Interests of the company's employees,
3. Need to foster the company's business relationships with suppliers, customers and others,
4. Impact of the company's operations on the community and the environment,
5. Desirability of the company maintaining a reputation for high standards of business conduct, and
6. Need to act fairly as between members of the Company.


The Directors' duties under Section 172 are embedded in all of the decisions that the Board and its Committees make, together with a range of other factors, including alignment with our strategy and our values. Accordingly, information on how s.172 matters have been considered during the year is detailed throughout this Annual Report.

The Board understands the importance of effectively engaging with the Company's key stakeholders, in order to better understand their views and interests, and the potential impact of the Directors' decisions on them.

The Board is aware that the interests of stakeholders may not always align with each other and that it may not always be possible to provide a positive outcome for all stakeholders from a given decision.

The Board strives to follow best corporate governance practice and has a governance framework in place that allows it to make reasoned and informed decisions. Further information on how the Board and its Committees operate can be found in the Corporate Governance statement on pages 56 to 63 of this Annual Report.

The identification and assessment of risk is an integral part of the Board's decision-making process, particularly when it comes to considering the longer-term consequences and the sustainability of the Company's business model and strategy. The Group maintains a risk register, which the senior leadership team maintain, which is presented to the Board on an annual basis.

 [More details of our approach to risk management are set out on pages 12 to 24](#)

Stakeholder engagement

The Directors have ongoing engagement with all of our key stakeholders:

- + our Investors
- + our People
- + our Communities
- + our Partners.

The Directors continually review the impact that any decisions will have on these key stakeholders.

The Board regularly reviews the Company's principal stakeholders, and how it engages with them. This is achieved through information provided by management and by direct engagement with the stakeholders themselves.


Shareholders

All Board decisions are made to promote the long-term success of the Group for the benefit of our shareholders.

We maintain strong relationships with shareholders, ensuring they understand our strategy, the progress and performance against key milestones and that we understand how they view our business. We engage with our shareholders through Investor Roadshows and webinar presentations led by the CEO and CFO, in addition to written communication from and meetings as required with the Chairman, Committee Chairs and Executive Directors.

The Group's brokers provide independent feedback to the Board on shareholder opinions and their views on our meetings with investors. Regular trading updates are provided as well as the Annual Report and Interim Report.


Information provided at analysts' meetings and financial press releases are made available on the Group's website. We engage with investors to gain and maintain support for our strategy, and feedback received has informed the Board's discussions and decisions on Group strategy.

 [More details of our engagement with our shareholders and the results of those engagements are set out in the Corporate Governance statement on pages 56 to 63 and the Directors' Remuneration report on pages 70 to 92.](#)

Employees

Our people are a highly skilled, technical, and valued workforce. They are essential to the Group's ability to stay ahead in a fast-moving world.


Our people play a crucial role in helping us pursue our strategic goals and are core to the success of the business. We engage and support them to achieve their full potential. There are regular internal communications from the management team and feedback from employee working and representative groups. Regular engagement with employees improves open dialogue channels, collaboration, visibility of achievements and progress across the business, as well as transparency.

 [The health and safety of our employees is of the highest importance to us. More details of our engagement with our employees and the results of those engagements are set out in Sustainability and responsible business on pages 25 to 28.](#)

Community

As a Group, we have a wide-reaching indirect impact on the communities and environments we interact with and are committed to making sure that this impact is as positive as possible.

Xaar is a responsible citizen within our communities, offering local recruitment, supporting educational institutions and the local economy. Xaar offers a range of employment opportunities for apprentices and we work closely with educational establishments. We look to minimise our impact on the environment. We are investing to reduce greenhouse gas emissions and have transferred electrical supply over to 100% renewable source, invested in electric vehicle chargers and installed LED lighting.

 [More details of our engagement with our communities and the results of those engagements are set out in Sustainability and responsible business on pages 25 to 28.](#)


Customers

Our customers depend on us to supply high-quality products in a timely manner. We also support them in the development of their next-generation products. They expect us to operate in a responsible manner, maintaining the highest standard of business ethics.

The Board is regularly updated on the timeliness and quality of product deliveries to our customers as well as developments with targeted customers, new customer wins and a sales pipeline, including how the product roadmap aligns. Our sales and engineering teams engage with our customers and solicit feedback which is used to inform our technology roadmaps.

The key account management structure across the business encourages meaningful, consistent and ongoing engagement with OEM and UDI customers. There are regular exchanges with our customers on their new programmes, especially through engineer-to-engineer interactions so that we can better understand their emerging needs.

We invested £4.7 million in R&D during 2025, focusing on those areas where we see the opportunity to support our customers' next-generation product developments.

 [More details of our engagement with our customers and the results of those engagements are set out in our business model on page 2.](#)

Suppliers

Our relationships with our suppliers and partners are integral to the delivery of quality products to our customers and the operational success of our business.

The supply of goods and services to our operations is critical to our overall success. We regularly review the performance of our suppliers and work with them to implement improvement programmes.

The Group has established a comprehensive set of policies covering the areas of business ethics. We require our suppliers to operate to the same high standards and these are set out in our Supplier Code of Conduct which they are required to adhere to. Thus ensuring high standards throughout our Tier 1 supply chain, by measuring and auditing our key suppliers against specific criteria, including human rights (human trafficking, anti-slavery, prohibition of child labour) and conflict minerals policies.

CASE STUDY

Approving our new facility in China

In 2025, following Board approval, we expanded our footprint with a new facility in Dongguan, China, focused on ink delivery systems, back-end printhead processes and customer demonstration.

The new facility aims to support the business by expanding manufacturing capacity and increasing resilience, enabling the delivery of high-quality, cost-effective products to our customers.

s.172 – How the Board considered different stakeholders in making its decision

The new facility is fully aligned with our EPICC strategy as its delivery will result in a more efficient and competitive commercial organisation.

Investors: The new facility supports revenue growth through capacity expansion and cost reduction. The improvements to availability will also strengthen customer loyalty, increasing demand for our products. The new facility also underpins confidence in the future growth and overall success of the business.

Our people: Our colleagues benefit from the increased strength of our business, creating more opportunities for career development within a larger-scale business.

Customers: The facility will provide customers with improved access to our products. The efficiencies created in our supply chain can also be passed onto our customers who will benefit from lower-cost products.

Suppliers and distributors: The ability of suppliers to meet requirements in terms of quality, volume, price and standards of raw materials was considered before making decisions to invest in the expansion. The expansion will provide opportunities to build partnerships with new and existing trusted suppliers.

Corporate Governance statement

Throughout 2025, Xaar was subject to the requirements of the UK Corporate Governance Code 2024 (the 'Code'). During the year, we have complied with the Code other than:

- + Provisions 40 and 41, employee engagement on executive remuneration. The Remuneration Committee has not undertaken consultation with the workforce when considering executive remuneration, however the Committee has considered wider pay practices across the Group and is mindful when applying salary increases.
- + Provision 5, adoption of a workforce engagement mechanism. During 2025, the Board did not have in place one of the three workforce engagement mechanisms. However, during Q1 2026 the Board reviewed and as a result formalised its workforce engagement programme. Further details will be provided in the 2026 Annual Report.
- + Provision 13, individual performance review of the Chair to be carried out by the Senior Independent Director. Ben Stocks joined the Company as Chair on 1 October 2026. The Senior Independent Director determined that it was too early to conduct a meaningful evaluation of his performance for the 2025 reporting period. The SID has committed to conducting a review for the 2026 reporting period.

In accordance with the Code, the Board is required to make a number of statements. These are set out in the table below.

Requirement	Board statement	More information
UK CORPORATE GOVERNANCE CODE 2024 COMPLIANCE	Throughout the financial year ended 31 December 2025, except as explained above, the Company has complied with the Code.	Pages 56 to 61
GOING CONCERN	The Directors are satisfied that the Group has sufficient financial resources to continue operating for at least 12 months from the date of signing of the 2025 Annual Report and Accounts and, therefore, have adopted the going concern basis in preparing the Group's 2025 Financial Statements.	Pages 52 and 53
VIABILITY STATEMENT	The Directors have assessed the viability of the Group over a three-year period ending 31 December 2028, taking into account the principal risks identified by the Board as set out on pages 11 to 24. This assessment led the Board to the reasonable expectation that the Group will remain viable and continue in operation and meet its liabilities as they become due over the viability period.	Page 53
FAIR, BALANCED, AND UNDERSTANDABLE	The Directors consider that the 2025 Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the necessary information for all stakeholders to assess the Group's position and performance and its business model and strategy.	Page 93
ASSESSMENT OF THE GROUP'S PRINCIPAL AND EMERGING RISKS	The Directors confirm that they have undertaken a robust assessment of the principal and emerging risks facing the Group.	Page 11
ANNUAL REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS	The Board undertook, throughout the year, a review of the effectiveness of the Group's risk management framework and internal controls, including those over the financial reporting period, and concluded that these provided assurance that there were no control failures in the year which could materially impact the financial statements or the future financial performance of the Group.	Pages 12 to 24
STAKEHOLDER ENGAGEMENT	The Board has taken steps to understand stakeholders' views and has considered them in its discussions and decision-making process.	Pages 54 and 55

How we have applied the Code's core principles

Code principles	Application	Where further information is available
Board leadership and Company purpose		
A THE BOARD'S ROLE	<p>The Board discharges its responsibilities through a programme of activities that include an annual strategy-focused event held over two days where the Board and Executive Leadership Team review and approve the Group's strategic priorities. The Board also receives regular progress reviews of its execution and implementation, discussion on arising key issues and monitoring of performance, to enable the Group to deliver sustainable and profitable growth.</p>	<p>BOARD FOCUS AND PRINCIPAL MATTERS CONSIDERED IN 2025 Pages 42 and 43</p> <p>Matters reserved for the Board can be found on our website: www.xaargroup.com/investor-centre/governance-framework/</p>
B PURPOSE AND CULTURE	<p>The Board endorses the Group's vision statement: 'a world where you can print anything you can imagine' which is encapsulated by our mission to help companies and industries be more colourful, creative and productive through our world-class technology and pintheads.</p> <p>During the year, the Board held meetings in May 2025 to consider the Group's strategy. It has reviewed several cultural indicators, including regular updates received from the Chief People Officer and sentiments gained during interactions between the Board and employees. In early 2026, the Board reviewed and as a result formalised its workforce engagement programme with the introduction of a designated Non-Executive Director for Workforce Engagement, details of which will be provided in the 2026 Annual Report.</p> <p>The Executive Directors also attended Xaar's 35th Anniversary Celebration where they met and celebrated with employees and will continue to be invited to our global town hall events throughout 2026 to provide employees with key updates and participate in live Q&As.</p>	<p>HOW WE REALISE OUR VISION Pages 2 and 3</p> <p>CHAIR'S STATEMENT Page 4</p> <p>CHAIR'S GOVERNANCE LETTER Page 40</p> <p>CULTURE Pages 25 to 28</p>
C RESOURCES AND CONTROLS	<p>The Board regularly reviews the Group's financial and non-financial resources to ensure that it has the resources available to deliver its strategy. During the year, the Board attended a two-day strategy-focused meeting to agree strategic priorities and approved the budgets required to deliver these strategic priorities. The Board through the Audit Committee regularly reviews the risks that may impact the Company and oversees the measures implemented to reduce or mitigate risks.</p> <p>The Board through the Audit Committee has continued to monitor the ongoing internal controls programme to support the Committee's conclusions on the integrity of the financial statements and the review of the wider control environment in anticipation of the revised requirements of the Code.</p>	<p>THE GROUP'S KPIS Pages 9 and 10</p> <p>THE GROUP'S RISK MANAGEMENT FRAMEWORK Pages 12 to 24</p> <p>AUDIT COMMITTEE REPORT Pages 64 to 67</p>

Corporate Governance statement continued

Code principles	Application	Where further information is available
Board leadership and Company purpose continued		
D STAKEHOLDER ENGAGEMENT	<p>A number of mechanisms have also been established to facilitate shareholder, workforce and wider stakeholder engagement and ensure that the Directors consider all relevant stakeholder issues and concerns.</p> <p>The Board and Directors seek to build on a mutual understanding of objectives between the Group and its institutional shareholders by providing the opportunity to meet at least twice per year, following interim and annual results, to provide an update on trading and obtain feedback.</p> <p>The Board uses the AGM to communicate with investors and to encourage their participation.</p> <p>Following a general meeting, voting results are published on the Company's website. If the votes against a resolution exceeded 20%, an explanation would also be published on the website. At the most recent AGM in 2025, the majority of resolutions had less than 1% of votes cast against the Board's recommendation. The exception being Resolution 12 (the power to allot securities) with 21.96% of votes cast against the Board's recommendation.</p> <p>The Company engaged with shareholders both throughout the year and specifically in respect of resolutions where noteworthy votes were against the Board's recommendation, in order to better understand shareholders' thoughts and align resolutions with the members' views.</p> <p>The Board recognises that the Group's most important asset is its workforce and that the successful delivery of our strategic goals is contingent on retention and development of our workforce. In 2026, the Board designated a Non-Executive Director for Workforce Engagement to provide the Board with an understanding of workforce sentiments.</p>	ENGAGING STAKEHOLDERS AND SECTION 172 STATEMENT Pages 54 to 55
E WORKFORCE ENGAGEMENT	<p>The Board has ensured that workforce policies and practices are consistent with the Group's values and has established mechanisms, including a whistleblowing/speaking-up facility, to allow the workforce to raise concerns anonymously.</p>	

Code principles	Application	Where further information is available
Division of responsibilities		
F THE CHAIR'S ROLE	<p>The Chair was independent on appointment and is responsible for the leadership of the Board. The Chair effectively facilitates robust discussions at Board meetings and active participation from all Board members.</p>	<p>The Board's key roles and responsibilities can be found on our website: www.xaargroup.com/investor-centre/governance-framework/</p>
G DIVISION OF RESPONSIBILITIES	<p>The Board includes five Non-Executive Directors and two Executive Directors. Their responsibilities are clearly defined.</p>	<p>The Board's key roles and responsibilities can be found on our website: www.xaargroup.com/investor-centre/governance-framework/</p> <p>The division of responsibilities between the roles of the Chair and Chief Executive Officer; and, the responsibilities of the Senior Independent Director can be found on our website: www.xaargroup.com/investor-centre/governance-framework/</p>
H TIME COMMITMENT, CONSTRUCTIVE CHALLENGE AND STRATEGIC GUIDANCE	<p>All Directors have demonstrated that they have sufficient time to fulfil their duties and responsibilities, including taking into account any new significant external appointments during the year. In their roles, the Non-Executive Directors have provided constructive challenge, strategic guidance and held management to account.</p> <p>The Board and Nomination Committee regularly review the skills and experience of its members to ensure that the Board continues to be effective.</p>	<p>NOMINATION COMMITTEE REPORT Pages 68 to 69</p> <p>BOARD EVALUATION Pages 62 to 63</p>

Corporate Governance statement continued

Code principles	Application	Where further information is available
I EFFECTIVE AND EFFICIENT BOARD	<p>During the year, there were three virtual Board meetings and eight in-person Board meetings, including a visit to our Waterbeach research and development and manufacturing sites and a two-day strategy meeting. Following a review of our Board meeting cadence and effectiveness, in 2026 we plan to hold eight Board meetings, five in person and three via video conference.</p> <p>The Non-Executive Directors met formally on one occasion during the year without the Chair and Executive Directors present.</p> <p>All Directors have access to an encrypted electronic portal system which enables them to receive accurate and timely information. The Board works with the Company Secretary to ensure it has processes in place to function effectively and efficiently. For scheduled meetings, agendas are drafted based on a previously agreed annual forward agenda schedule and are then reviewed with the relevant Board or Committee Chair. Agendas may then be amended, if deemed appropriate, to reflect current business priorities.</p> <p>The Company Secretary and the Deputy Company Secretary attend all Board meetings. External advisers also attend meetings where independent guidance and expertise is required to facilitate the Board in carrying out its duties. Members of Executive Leadership Team (who are not Board members) and other senior executives regularly attend relevant parts of meetings to make presentations and provide their input on a range of topics.</p>	<p>BOARD FOCUS AND PRINCIPAL MATTERS CONSIDERED IN 2025 Pages 42 and 43</p> <p>BOARD EVALUATION Pages 62 to 63</p>
Composition, succession and evaluation		
J BOARD APPOINTMENTS AND SUCCESSION	<p>A Nomination Committee is established and Board appointments are made in accordance with a formal, rigorous and transparent procedure, with diversity a key consideration as well as relevant knowledge, skills and experience. The Nomination Committee regularly considers Board and senior management succession.</p> <p>For all independent Non-Executive and Executive Director appointments, the Board engages international search and selection firms to provide support, most recently using firms including Korn Ferry. None of them have any connection with the Group, or any Director, other than they may be engaged to assist with Board and senior management appointments and ordinary course succession planning from time to time.</p>	<p>NOMINATION COMMITTEE REPORT Pages 68 to 69</p>
K COMBINATION OF SKILLS, EXPERIENCE AND KNOWLEDGE, WITH REGARD ALSO TO TENURE	<p>Our Board is balanced and diverse and its members have proven leadership capabilities as well as relevant engineering, technology, operational skills, financial expertise and experience. Board member tenure is such that there is a balance of deep knowledge of the Company and fresh perspective and challenge.</p>	<p>DIRECTORS' BIOGRAPHICAL INFORMATION Page 41</p> <p>BOARD MEMBER TENURE Page 39</p>

Code principles	Application	Where further information is available
L ANNUAL EVALUATION	<p>In compliance with the Code, during 2025, the Board undertook an evaluation of its performance and that of its Committees. The evaluation was by way of a questionnaire, the conclusions of which are contained within this report.</p> <p>The Non-Executive Directors meet with the Chair, without the Executive Directors present, to discuss performance against agreed objectives. Led by the Senior Independent Director, the Non-Executive Directors also meet without the Chair to appraise his performance. The Chair provides performance feedback to each Non-Executive Director throughout the year as and when the need arises.</p>	BOARD EVALUATION Pages 62 and 63
Audit, risk and internal control		
M INDEPENDENT AND EFFECTIVE INTERNAL AND EXTERNAL AUDIT FUNCTIONS	<p>The Board has delegated a number of responsibilities to the Audit Committee including oversight of the Group's financial reporting processes, and ensuring the effectiveness and independence of the external and internal auditors. The Audit Committee Chair regularly briefs the Board on how the Committee has discharged its responsibilities. The Audit Committee assesses throughout the year the effectiveness of the internal and external audit functions, including a formal assessment, taking into consideration management's views, once per year.</p>	AUDIT COMMITTEE REPORT Pages 64 to 67
N FAIR, BALANCED AND UNDERSTANDABLE ASSESSMENT	<p>The Board has established procedures and processes to ensure that reports and other information published by the Group are fair, balanced and understandable.</p>	AUDIT COMMITTEE REPORT Pages 64 to 67
O RISK MANAGEMENT AND INTERNAL CONTROLS	<p>The Board is ultimately responsible for overseeing how we manage both internal and external risks (current and emerging) that could impact our business model and strategic goals. The Board also determines the Group's risk appetite and monitors adherence to it through reports received by the Audit Committee. The Board regularly reviews the Group's principal risks and, on an annual basis, reviews the effectiveness of our risk management and internal control systems and undertakes horizon scanning to identify new emerging risks. The Audit Committee reviews the Group's risk management and internal control systems regularly throughout the year.</p> <p>During 2025, the Board has directly, or through delegated authority to the Audit Committee, monitored and reviewed the Group's risk management activities and processes, including a review of the effectiveness of all material risk mitigations and the financial, operational and compliance internal controls. Following this review, the Board is satisfied that the Group's risk management and internal control framework provided assurance that there were no control failures in the year that could have a material impact on the Group's financial statements or its future financial situation.</p>	RISK MANAGEMENT Pages 12 to 24 PRINCIPAL AND EMERGING RISKS Page 11 AUDIT COMMITTEE REPORT Pages 64 to 67

Corporate Governance statement continued

Code principles	Application	Where further information is available
Remuneration		
P REMUNERATION POLICY AND PRACTICES	The Group's Remuneration Policy, which was approved by shareholders at the 2023 AGM, is designed to support our strategy, be aligned to our vision and our employee and shareholder interests, and promote long-term sustainable success. We will be tabling proposed changes to our Policy for approval by shareholders in 2026, following a consultation exercise with our key shareholders.	REMUNERATION POLICY Pages 73 to 83 DIRECTORS' REMUNERATION REPORT Pages 70 to 92
Q DEVELOPMENT OF REMUNERATION POLICY AND PACKAGES	The Remuneration Committee reviews remuneration packages of Executive Leadership Team members to ensure that they support our strategy and provide an appropriate balance between motivating and challenging our senior leaders. Executive Directors are not involved in making decisions on their own remuneration.	REMUNERATION POLICY Pages 73 to 83 DIRECTORS' REMUNERATION REPORT Pages 70 to 92
R INDEPENDENT JUDGEMENT AND DISCRETION	Following a formal procedure, the Remuneration Committee sets the remuneration for the Executive Directors and oversees the remuneration of senior management. In doing so it applies judgement and, if required, discretion to ensure a considered outcome on remuneration issues.	DIRECTORS' REMUNERATION REPORT Pages 70 to 92

Board performance evaluation

2025 BOARD PERFORMANCE EVALUATION PROGRESS REPORT AND 2024 BOARD PERFORMANCE EVALUATION

In 2024 the Board undertook an evaluation of its effectiveness as required by the Code (details of which are set out in the 2024 Annual Report and Accounts). Information about the key priorities arising from this evaluation and progress to date is set out below.

In Q4 2025 the Board undertook a questionnaire-based evaluation. The questionnaire included both quantitative and qualitative questions. The Company Secretariat analysed the results and provided reports for the Board and Board Committees, with unattributed scoring and comments. The reports and key findings were discussed at the Board and Committee meetings, with each considering the evaluation outcomes and any appropriate actions.

The key findings from the 2025 Board evaluation process, including the actions agreed to address recommendations resulting from the review process, are set out below.

INDIVIDUAL DIRECTOR EVALUATION

As part of the annual evaluation process, there is a review of the effectiveness and commitment of individual Directors. In respect of the Non-Executive Directors this includes a review of an individual's commitment of time to the Company in light of their other commitments (as noted in their biographies on pages 41). All Non-Executive Directors were considered to be highly capable, governance aware and committed, providing valuable input and robust challenge to management, and therefore the Board is recommending all Non-Executive Directors for re-election at the 2026 AGM.

BOARD CHAIR EVALUATION

Ben Stocks joined the Company as Chair of the Board on 1 October 2025. The Senior Independent Director determined that it was too early to conduct a meaningful evaluation of his performance for the 2025 reporting period. However, for the 2026 reporting year, the Senior Independent Director has committed to leading the evaluation and providing feedback to the Board Chair following the review of his performance.

Progress in relation to actions arising from the 2024 Board performance evaluation

Actions	Progress
TO REVIEW AND IMPROVE FINANCIAL REPORTING TO THE BOARD AND THE STRUCTURE OF THE BOARD PAPERS.	The Company Secretary worked with paper authors during the year, to ensure that papers are concise, drafted at the appropriate level, there is clear presentation of the input required by the Board and consistency in the quality of information provided. The Board noted an improvement in the quality of Board papers in the 2025 Board performance evaluation.
TO FURTHER DEVELOP THE RISK MANAGEMENT FRAMEWORK.	Management worked hard during the year to implement improved risk management processes. The results of the 2025 Board evaluation noted that the Board felt that these processes are in place and well understood across the organisation, however, improvement is ongoing to embed the practices further, particularly in relation to the early identification, analysis, and escalation of risks.
TO DEVELOP THE COMPANY'S INVESTOR RELATIONS STRATEGY	The Board approved the appointment of Berenberg and Singer as joint brokers as well as making changes to its investor relations function in order to further develop and improve its investor relations strategy.
TO FOCUS ON THE DEVELOPMENT OF THE EXECUTIVE MANAGEMENT TEAM AND TALENT ACROSS THE BUSINESS	The Board, through its Nomination Committee, continued to focus on people and talent, particularly reviewing senior management succession plans and ensuring that top talent is in place across all verticals. Succession planning remains a priority for the Board in 2026.

2025 Board performance evaluation

Overall, the Board was considered to be operating at a high standard. The Board felt confident in its oversight, and in the performance of its sub-committees. The priority recommendations arising from the Board evaluation and proposed actions are set out below.

Findings	Actions for 2026
FORMAL REVIEW AND AGREEMENT OF KEY STRATEGIC AND OPERATIONAL OBJECTIVES; WITH PROGRESS REPORTS IN MONTHLY REPORTS AND BOARD MEETINGS.	The Board to review and agree key strategic objectives. Management to ensure that Board papers report progress against these key objectives.
INTRODUCE A FORMAL WORKFORCE ENGAGEMENT PROGRAMME	The Board to discuss and agree a suitable process for formal workforce engagement.
ESTABLISH REGULAR NON-EXECUTIVE DIRECTOR ONLY DISCUSSIONS	The Company Secretariat to ensure that NED only sessions are scheduled to provide Non-Executive Directors with a forum to have open discussions without management.

Audit Committee

The Committee met three times during 2025. Please see page 39 for details of the Committee membership and the number of Committee meetings attended.

The Company Secretary, the Deputy Company Secretary, the Group Financial Controller and the Financial Controls Manager attend meetings to provide information and support to the Committee to enable it to carry out its duties effectively. At the Committee's request, other members of the Board and senior management may also be invited to attend the Audit Committee's meetings.

Dear Shareholder

I am pleased to present the Audit Committee report, which outlines how the Committee has discharged its responsibilities during the year. Our work has again focused on ensuring the integrity of the Group's financial reporting, assessing the effectiveness of internal controls, and overseeing the external audit process in an increasingly demanding operating and regulatory environment.

Key areas of responsibility

The Audit Committee's main responsibilities, as outlined in its terms of reference, are:

- + To approve and monitor key financial and accounting policies and practices
- + To monitor the integrity of the financial statements, announcements and review significant financial reporting judgements contained therein
- + To keep under review the adequacy and effectiveness of internal controls
- + To review procedures, systems and controls for whistleblowing, fraud detection and bribery prevention
- + To review, approve and monitor internal audit activities
- + To monitor and review the Group's external auditor's independence, objectivity and effectiveness
- + To monitor and approve any non-audit services provided by the external auditor
- + To conduct any tender process and make recommendation to the Board on the appointment, remuneration and terms of engagement of the external auditor.

The Committee is not responsible for the identification of key risks or the review of the adequacy of arrangements to mitigate those risks, which remains the responsibility of the Board.

The Committee is required to report its findings to the Board at least annually, identifying any matters on which it considers that

action or improvement is needed, to make recommendations on the steps to be taken, and to ensure that the required actions are implemented.

The Committee shall review its terms of reference annually and may recommend to the Board any amendments. The Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the UK Corporate Governance Code. The terms of reference of the Committee are available on the website: www.xaargroup.com/investor-centre/governance-framework.

Year in review

The Committee has spent considerable time reviewing the judgements and estimates underpinning the Group's financial statements, monitoring progress in strengthening the internal control environment, and in particular, understanding developments in one of our overseas jurisdictions, where, as we announced on 1 October 2025, historic tax compliance issues required enhanced oversight. We also continued work on the internal controls framework in preparation for the declaration required under the UK Corporate Governance Code 2024 from FY 2026.

We have maintained a constructive and transparent relationship with our external auditor, PKF Littlejohn LLP. The Committee considered the areas of audit focus in detail, challenged both management and the auditor where appropriate, and monitored progress against the audit timetable. The Committee also met privately with the auditor to support open dialogue and to confirm their independence.

I would like to thank my fellow Committee members, management, and the wider finance and control teams for their commitment throughout the year.

Key areas of management judgement

The Committee has reviewed, discussed with and challenged management in respect of the approaches taken for the following areas of key accounting judgement and estimation:

Critical accounting judgements CAPITALISATION OF DEVELOPMENT COSTS

The Group capitalises costs for qualifying product development projects. As at 31 December 2025, the carrying amount of capitalised development costs was £3,372,000 (2024: £2,411,000).

Development costs can be capitalised when they relate to a project that is technically feasible, there is the intention and are adequate resources to be able to complete the project, there are secure future economic benefits in excess of the development costs incurred and all such costs can be reliably measured.

During a printhead product development programme many sub-systems are evaluated in parallel and carry their own levels of risk. For most internal projects, technical feasibility is typically only deemed to have been achieved at the end of a project; as a result, internal costs of development activities are typically not capitalised.

The Committee reviewed and challenged this approach and was satisfied that it was appropriate and aligned with IAS 38 criteria for capitalisation.

DISCONTINUED OPERATIONS

During 2025, the FFEI Digital Print business was migrated to XaarJet Limited (XaarJet) with all relevant assets sold to XaarJet and the FFEI Life Science business also earned its final revenues. The Committee reviewed and endorsed management's view that FFEI meets the criteria of a discontinued operation.

TIMING OF REVENUE RECOGNITION

The assessment used by the Group to determine the timing of revenue recognition could have a significant impact on the amount and timing of revenue recognised. Under certain contracts entered into by the Product Print Systems and, historically, the Digital Imaging segments, revenue has been recognised over time (rather than at a point in time) following judgements taken as to the existence of alternative uses for the custom-built printing solutions being sold and whether the Group has an enforceable right to payment.

Firstly, the assessment of which customer projects include significant customisation (therefore have no alternative use) is based on the extent to which each machine is made to specific, detailed measurements at the request of a customer and takes into consideration the commercial reality underlying each contract.

Whilst unlikely, it remains possible that custom-built machines may have an alternative use and could potentially be sold to a different customer. Nevertheless, this remote possibility is not deemed to change the determination of the timing of revenue recognition because selling to an alternative customer would necessitate modifications to the printhead/machinery, therefore, significant additional cost. Secondly, when determining the timing of revenue recognition an assessment is made as to whether the contract contains an explicit enforceable right to payment for performance completed to date, being recovery of labour hours and other costs incurred in satisfying the performance obligations plus a reasonable profit margin.

Where these two factors are assessed to be the case, the performance obligation under the contract is deemed to be satisfied over time.

The Audit Committee concurs with the assessments made by management in respect of all applicable, material contracts with customers.

Estimation uncertainty INVENTORY

The valuation of inventory involves inherent estimation uncertainty due to the judgements applied in assessing net realisable value and obsolescence across the Group. These estimates require management to evaluate future demand, product ageing, expected selling prices and specific product risks. Differences in provisioning methodologies and reliance on historic usage and forecast pipelines, increase sensitivity to changes in assumptions. As a result, actual outcomes may differ from the amounts provided.

HISTORICAL TAX LIABILITIES

The Group faces estimation uncertainty in determining the potential liability arising from historical overseas tax non-compliance. Work is ongoing to settle the liability and, due to the fluid nature of discussions with the local tax authorities, management's estimated exposure, currently assessed as £2.7 million, remains judgemental, and the final liability may differ from the amount provided.

FAIR VALUE MEASUREMENT OF CONTINGENT CONSIDERATION

An element of the consideration receivable for the Group's divestment in November 2021 of its remaining interest in the share capital of Xaar 3D Limited remains contingent on achievement of certain revenue milestones and performance targets. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial asset, it is subsequently remeasured to fair value at each reporting date with any revaluation gains or losses being recognised in the Consolidated Income Statement. Fair value is estimated using the Monte Carlo simulation. Certain inputs into this statistical model involve estimation; namely, the risk adjusted discount rate and revenue volatility. These estimates are subject to rapid changes in market conditions that cannot always be fully anticipated. In light of the materiality of contingent consideration held in the Consolidated Statement of Financial Position, this uncertainty is considered to represent a key source of estimation uncertainty. Contingent consideration with an estimated fair value of £10,863,000 was recognised at the acquisition date and remeasured to £4,534,000 as at the reporting date. Future developments may require further revisions to the estimated fair value. The maximum consideration potentially receivable at the acquisition date was £16,691,000. Full sensitivity to changes in these estimates is provided in note 29.

During 2025 it was concluded that the fair value of the contingent consideration assessed by the 2024 valuation should be rolled forward, with adjustments for FX.

Management's view is that £1,862,000 will be received in 2026 as a result of the passing of the second major revenue milestone. The Audit Committee concurs with the assessment made by management that the fair value of this asset is appropriately measured, and the impact of the estimation uncertainty is adequately disclosed in the financial statements.

ASSESSMENT OF THE CARRYING VALUE OF GOODWILL AND OTHER INTANGIBLE ASSETS

The Group reviews goodwill for impairment on at least an annual basis and more frequently where there are indicators of potential impairment.

This review requires the value-in-use of each CGU to be estimated; these calculations are based on a number of assumptions. The assumptions relating to future cash flows, estimated useful economic lives and discount rates are based on forecasts and are, therefore, inherently judgemental. The assumptions used in the impairment test are detailed in note 15. The assumptions relating to future cash flows, estimated useful economic lives and discount rates are based on forecasts and are, therefore, inherently judgemental. Future events could result in the assumptions used needing to be revised, changing the outcome of the impairment test and resulting in impairment charges being recognised in the Consolidated Income Statement.


Furthermore, it is agreed that the disclosures provided in note 15 are proportionate and appropriate in light of the levels of headroom available.

As detailed in note 15, as part of a planned business reorganisation, the FFEL and Megnajet goodwill have consequently been allocated to the Printhead CGU, which is in line with IAS 36: Impairment of Assets. In accordance with IAS 36, a pre-reorganisation impairment assessment was carried out using the original CGUs and no impairment was required. At year end 2025 a value-in-use assessment was performed for the Printhead CGU, which demonstrated significant headroom, comfortably exceeding the carrying amount of the CGU including the allocated Megnajet and FFEL goodwill.

REVENUE RECOGNITION – ESTIMATING STAGE OF COMPLETION OF CONTRACTS

Revenue receivable under contracts for the manufacture of bespoke machinery and the provision of research and development consultancy services is recognised over time within the Product Print Systems and Digital Imaging segments, based on the stage of completion of each contract. Progress was historically measured using an input method (labour hours and costs incurred relative to total estimated costs), but during the year the Group adopted an output-based method, reflecting objectively verifiable milestones such as design completion, assembly, and factory acceptance testing. This approach provides a more faithful measure of contract performance, though estimates of project costs and completion stages remain subject to uncertainty. The aggregate transaction price allocated to partially satisfied and unsatisfied performance obligations under open contracts with customers as at the balance sheet date is set out in note 6.

The Audit Committee concurs with the assessment made by management that the Group's revenue for those contracts, as presented, is materially accurate.

 **Additional disclosure in relation to key sources of estimation uncertainty and critical accounting judgements is provided in the Group financial statements – note 4 on pages 112 to 114**

Audit Committee continued

Key activities

In discharging its responsibilities, the Committee has completed the following activities:

- + Reviewed the Annual Report, financial statements and the half-yearly financial results including disclosures made therein, and confirms that taken as a whole, they are fair, balanced and understandable, and provide the information necessary for shareholders to assess the position, performance, strategy, and business model of the Company
- + Reviewed Going Concern and Viability Statements and supporting assessments
- + Reviewed reports from the external auditor on their work and findings
- + Reviewed the effectiveness of the Group's internal control environment
- + Reviewed and oversaw the implementation of plans to address historic local tax control failings.
- + Reviewed the accounting policies in preparation for the 2025 accounts
- + Reviewed the accounting papers and reviews prepared as part of the half-yearly and full-year results processes
- + Reviewed preparations for implementing the internal controls provisions of the UK Corporate Governance Code 2024, which will apply to FY 2026 reporting

Internal controls and compliance

To assist the Board with its responsibilities to effectively determine the nature and extent of the Group's significant risks (as described on page 11), the Committee carries out a robust annual assessment of the principal risks and uncertainties facing the Group.

The Board remains ultimately responsible for determining the nature and extent of the effectiveness of the risk management and internal controls systems which mitigate potential impacts on shareholder investments and the Company's assets. The Corporate Risk Register is reviewed and challenged biannually by the Audit Committee.

Following a detailed review of local tax compliance practices by the management team, the Audit Committee was made aware that the Group had certain previously unidentified tax liabilities to settle in an overseas jurisdiction. The issue arose from a failure of internal controls under the previous management team, with tax obligations neither identified nor monitored over several years. The amounts are historic and not expected to impact future trading. The aggregate liability was disclosed in the October trading statement as in the range of £3 million to £4 million. Subsequent analysis has shown that the exposure is below this range at approximately £2.7 million. Work is ongoing to settle the liability and will continue over the next 18 months to two years.

The issue highlighted the need for improved governance and integration of the Group's internal control framework. The management team, with appropriate oversight and scrutiny from the Audit Committee, has implemented plans to address these historic failures and prevent recurrence.

The Committee having performed the annual review of the Group's internal control processes considers the systems to be effective and in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting as issued by the FRC. In order to support the growth of the business and the implementation of Company strategies, the Committee recognises the need to continue to review the adequacy and effectiveness of our control framework.

The Committee undertakes this evaluation having:

- + Reviewed the internal financial controls and risk management systems
- + Reviewed fraud detection and the systems and controls for the prevention of bribery including employee confirmation of abiding by the Code of Conduct, Anti-bribery & Corruption, and Whistleblowing policies

In line with the provisions of the UK Corporate Governance Code, the Committee monitors the need for an internal audit function. During the year under the review, the Committee concluded that it was not required.

The Committee remains of the view that the statement made regarding the Company's viability period continues to be an accurate assessment of the Company's viability as at the date of the report. The Viability Statement can be found in full on page 53.

External audit

The Audit Committee provided a forum for reporting and discussion with the Group's external auditor in respect of the Group's full-year results.

The Committee dedicated time for these activities and reviewed the audit work with emphasis on significant risk areas identified and discussed by the external auditor in their report.

The scope of the audit work to be undertaken by the auditor was reviewed and agreed in December 2025. The Committee also approved the fees to be paid to the external auditor relating to their services rendered for the annual audit.

The independence and objectivity of the external auditor was assessed by the Committee.

The Chairman of the Audit Committee will be available at the AGM to answer any questions about the work of the Committee.

External auditor

PKF Littlejohn LLP was appointed as the Company's auditor in August 2023 after a competitive tender. Daniel Hutson is the senior statutory auditor. The Committee has met with the auditor on three occasions during the year and it is expected that the Committee will continue to meet with the auditor a minimum of two times each year. The CEO and CFO and other relevant managers and Board members, may attend these sessions by invitation, except for a period of each meeting where the Committee members may meet with the auditor without any member of executive management present.

The Committee is required to assess the qualifications, expertise, resources, and independence of the external auditor, and the objectivity and effectiveness of the audit process. The Committee reviews the type of work, effectiveness of, and level of fees charged by the auditor on an annual basis and recommends to the Board the appointment, reappointment, term, remuneration, and terms of engagement of the external auditor.

The Committee safeguards auditor objectivity and independence through maintaining a dialogue with the auditor and by monitoring all fees paid. It is the policy of the Group not to engage the statutory auditor in any non-audit related services. This includes tax services. Specifically, the policy states that the preparation of tax forms, payroll tax, calculation of indirect tax and the provision of tax advice cannot be provided by the statutory auditor.

Note 7 to the consolidated financial statements includes disclosure of the auditor's remuneration during the year. The Committee, taking into consideration relevant UK professional and regulatory requirements, regularly considers the independence and objectivity of the auditor. The Committee receives an annual statement from the auditor detailing their independence policies and safeguards, and confirming their independence, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditor. The Committee considers the effectiveness of the external audit and the Group's relationship with the external auditor on an ongoing basis. In completing the review of the effectiveness of the annual audit in 2025 the Committee was able to conclude the audit undertaken by PKF Littlejohn LLP was effective. This review consisted of considering a number of key points together with the senior financial management of the Group. A similar exercise will be undertaken following completion of audit procedures on the 2025 results and reported on in next year's Annual Report.

Review of the Audit Committee's effectiveness

The Committee has reviewed and considered the effectiveness of its performance during the year. The review included the views of members of the Committee and of regular attendees at the various meetings (including the Executive Directors). No significant matters of concern were identified. I am satisfied that the degree of rigour and challenge applied in performing the Committee's responsibilities is appropriate and effective.

On behalf of the Audit Committee.



Richard Amos
Chair of the Audit Committee

23 March 2026

Nomination Committee

The Committee met six times during 2025. Please see page 39 for details of the Committee membership and the number of Committee meetings attended.

The Company Secretary, the Deputy Company Secretary and the Chief People Officer attend meetings to provide information and support to the Committee to enable it to carry out its duties and responsibilities effectively.

Dear Shareholder

I am pleased to present the Nomination Committee report, which summarises how the Committee discharged its duties during the year.

Key areas of responsibility

The Nomination Committee's main responsibilities, as outlined in its terms of reference, are:

- + Reviewing the size, structure, composition and independence of the Board and its Committees
- + Identifying and nominating candidates to fill Board vacancies as the need arises
- + Ensuring adequate succession planning is in place for Executive Directors, Non-Executive Directors and members of the senior management team
- + Making recommendations to the Board on the appointment of new Executive and Non-Executive Directors and their reappointment following retirement by rotation
- + Reviewing the results of the annual Board performance evaluation process.

The Committee shall review its terms of reference annually and may recommend to the Board any amendments.

The Committee's terms of reference are available on the website: www.xaargroup.com/investor-centre/governance-framework/.

The Nomination Committee's role in the composition, succession and evaluation of the Board is disclosed in the Corporate Governance statement.

Year in review

During the year, the Committee has continued to focus on reviewing and recruiting the best executive and non-executive talent to the Board. As announced in 2025, the Committee recommended to the Board the appointment of Ben Stocks as our new Chair with effect from 1 October 2025, replacing Andrew Herbert who stepped down on 30 September 2025 after 9 years on the Board.

The Committee also recommended to the Board the permanent appointment of Paul James as Chief Financial Officer with effect from 15 January 2025, following his appointment as Interim Chief Financial Officer on 20 November 2024.

The Committee also oversaw the evolution of the senior leadership structure, approving the promotions of Pheobe Greenwood to the Executive leadership position of General Counsel & Company Secretary and Karl Forbes to the Executive leadership position of Chief Technology Officer as well as the appointment of Amanda Miller to the Executive leadership team as Chief People Officer. They are each strong additions to the Executive leadership team and, with their leadership, we are in an even stronger position to deliver our strategy.

Board and Committee composition

During the year, the Committee reviewed the composition of Board Committees and recommended changes which were approved by the Board. The composition of the Board Committees and changes during the year are set out on page 39.

Diversity

The Board believes that initiatives such as the FTSE women leaders review, the Parker Review and the FCA Listing Rules play an important role in enhancing diversity and inclusion in UK businesses, however such targets are not always appropriate depending on a company's size and the sector it operates in. Given the Board's relatively small size, the Board's Diversity Policy, which was reviewed and approved by the Board in early 2026, states that the Board should consist of at least two men and at least two women. The Board expects to have no more than seven Directors.

The Committee will continue to monitor Board diversity in all respects, including experience, skills, personal attributes, age and ethnicity. In all instances individuals will continue to be appointed on merit and the Committee will remain focused on always ensuring that the Board has the relevant skills and expertise to perform effectively.

As part of our ongoing diversity and inclusion strategy, our target is to have one female Board member to be in the role of Chair, CEO, CFO, or Senior Independent Director by 2032; and 40% of Board members to be women by 2032, currently 29%. We will also continue to encourage candidates from ethnic minorities and will review the need to set targets in respect of ethnic minority Board members periodically.

In 2026 the Committee and the Board will continue to monitor the ongoing development of diversity, equity & inclusion and wellbeing initiatives across the Group.

Relevant skills and expertise

The Board benefits from a wide variety of relevant skills, experience and knowledge, details of which are set out in the biographies on page 41.

Board appointments

Appointments to our Board are made solely on merit with the overarching objective of ensuring that the Board maintains the correct balance of diversity, experience, skills, length of service and knowledge of the Group to successfully establish and oversee the delivery of the Group's strategy, whilst also providing constructive challenge as necessary. Appointments are made based on the recommendation of the Nomination Committee with due consideration given to the benefits of diversity in its widest sense, including gender, social and ethnic backgrounds. The Nomination Committee also reviews the ongoing commitments of candidates prior to making recommendations for the appointment of new Directors. Directors are required to seek Board approval prior to taking on additional significant commitments to ensure that existing roles and responsibilities continue to be met and conflicts are avoided or managed.

Board recruitment process

An external search consultancy is appointed to advise on each appointment to the Board and seek suitable candidates. In the case of Executive Directors, the Committee seeks to include candidates, if appropriate, from the existing employees.

Candidates from an initial list are interviewed by the Chair and Chief Executive. Following selection by the Chair and Chief Executive, shortlisted candidates are then interviewed by the other Directors. Once a suitable candidate has been identified, the Chair of the Committee recommends to the Board that the Company make a formal offer of employment to the candidate.

2025 ACTIVITIES

Following the announcement on 5 August 2025 that Andrew Herbert would resign from the role of Chair of the Board, having served on the Board for nine years, the Board engaged Korn Ferry, executive search consultants, which is independent and has no connection with either the Company or its Directors, to conduct a search for a new Chair of the Board. An initial list of candidates was interviewed by Richard Amos, our Senior Independent Director, and John Mills, our CEO. Shortlisted candidates were then invited to meet the other Committee members. Following agreement by the Committee members, the Senior Independent Director recommended that Ben Stocks be invited to join the Board as Chair.

Reappointment of Directors

All Directors are subject to annual election or re-election and will be proposed for election or re-election by shareholders at the AGM to be held on 27 May 2026. Following evaluation, all Directors continue to be effective and have the time available to commit to their role, and the Board has therefore recommended that all Directors are put forward for election or re-election.

Non-Executive Directors are initially appointed for a three-year term and retiring Directors, if willing to act, will be deemed to be re-appointed unless the resolution for their re-election is not approved.

Talent and succession planning

An equally important role for the Committee is ensuring that we have an appropriate pipeline of future talent within the business. The Committee reviews succession plans, not only for the Board, but also for the Executive Leadership Team. In support of Xaar's succession planning, the Committee received reports on talent management and diversity, equity & inclusion and wellbeing initiatives.

Board tenure

Director tenure and independence was reviewed as part of the annual Board review. None of the Director's tenures exceeded the recommended nine years, and it was concluded that each Non-Executive Director ('NED') remained independent.

Board induction, training and development

On joining the Board, all Non-Executive Directors participate in a formal induction programme. The programme is monitored by the Chair of the Board (other than in relation to his own induction, which is guided by the Senior Independent Director) and is the responsibility of the Company Secretary. Its purpose is to ensure that each newly appointed Non-Executive Director is able to contribute to Board discussions as quickly as possible.

Each induction programme is tailored to the individual Director's needs based on their skills and experience. Ben Stocks' induction to the Board included meeting with members of the Board and senior management team, attending Board and Committee meetings as an observer prior to appointment, meetings and presentations from management to provide insight into the Group's strategy, culture and operations and meetings with the Company Secretariat to inform him about the governance and compliance processes and procedures we operate.

During the year the Board received updates and training from the Group's senior management and external advisors covering a range of topics.

We continued to advance Board knowledge through training sessions and updates provided to both Remuneration and Audit Committees by external advisors. Training focused on matters specific to their respective Committee activities, including corporate governance updates, executive remuneration, corporate reporting and audit updates. In line with the results of the Board and Committee evaluation, we will focus on appropriate training in 2026.

All Directors have access to the advice and services of the Company Secretary and, through her, have access to independent professional advice in respect of their duties, at the Group's expense.

Committee performance evaluation

The Committee conducted an evaluation of its performance in the form of a detailed questionnaire, the results of which were highly rated overall. Matters identified for attention in 2026 are set out on page 63.

Copies of all Non-Executive Directors' appointment letters are available for inspection at the Company's registered office.

On behalf of the Nomination Committee.

Ben Stocks

Ben Stocks

Chair of the Nomination Committee

23 March 2026

Directors' Remuneration report

Statement from the Chair of the Remuneration Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration report for 2025. Following my statement, we have set out our proposed Remuneration Policy, which will come into immediate effect if approved at the AGM, and the Annual Report on Remuneration which sets out how we implemented the Remuneration Policy in 2025 and how we propose to implement the new Policy in 2026. The Remuneration Policy will be subject to a binding vote and the Annual Report on Remuneration to an advisory shareholder vote at the 2026 AGM.

Remuneration in the context of our business performance and our approach to wider workforce remuneration

I have described below, with the detail later in the report, how the performance in the year and across the last three years is reflected in the outturns for the 2025 annual bonus and 2023 LTIP awards respectively.

In January 2025 we implemented a tiered pay increase, ranging from a 6.5% base salary increase for our most junior employees to 2.5% for our senior employees, including the Executive Directors. We also had a 2% budget for discretionary spend throughout the year. In December, for Production operatives, we incorporated the guaranteed shift pay into their base pay. Our flexible benefit scheme is very well received and we have good participation in the Company Sharesave scheme. Our inclusion and diversity initiatives during 2025 have been well received and we have taken significant steps in development and succession planning throughout the business.

Annual bonus and LTIP outturns for the year ended 31 December 2025

2025 ANNUAL BONUS

For the financial year ended 31 December 2025, the CEO and CFO were eligible for an annual bonus of up to 125% and 110% of base salary respectively. At the start of the year annual bonus targets were set based on performance measures against adjusted Group profit before tax and cash generated from operations.

Cash generated was above the maximum target level, however, the cash element is subject to an underpin linked to the achievement of adjusted PBT. Adjusted PBT is assessed after the cost of bonuses to all eligible participants. As such, payment of the overall bonus is at 50% of maximum. Full details of the targets and performance achieved can be found on page 85.

John Mills and Ian Tichias were granted LTIP awards over 325,180 and 144,524 shares respectively on 9 May 2023.

The awards were based 60% on cumulative adjusted EPS for the three-year period ending 31 December 2025 and 40% on relative TSR performance against the companies in the FTSE SmallCap Index measured over the same period. Both the financial performance in relation to the TSR and EPS targets were below threshold; as a result the award lapsed in full.

When considering outturns for annual bonuses and LTIPs, the Committee always takes a holistic view, including in relation to the employee and wider stakeholder experience, in addition to performance relative to the targets and objectives set. The Committee believes the incentive outcomes in respect of 2025 are an appropriate reflection of wider performance and the Committee has not exercised any discretion in relation to formulaic remuneration outcomes.

LTIP awards granted in 2025

The 2025 LTIP awards were granted at 150% of base salary for the CEO and 100% of salary for the CFO.

The awards are based on cumulative adjusted profit before tax performance (40% of the award), relative TSR performance against the companies in the FTSE SmallCap Index (40% of the award) and cumulative revenue (20%). All measures will be measured over a three-year performance period to 31 December 2027. Each award will be subject to a further two-year holding period following the end of the performance period.

Directors' Remuneration Policy

In this report, we have put forward our proposed Remuneration Policy which, if approved, will apply with immediate effect from the AGM. Our new Policy is proposed in the context of the business's continuing strategic progress and future growth aspirations.

Over the life of the current Policy, investment in R&D has successfully transitioned the Group to providing market-leading technology across several markets with the aim to grow revenue beyond historic levels in the medium term. The focus on new product launches has also led to a more resilient portfolio of products and services allowing avenues for growth in a diverse range of markets. Together, this means that Xaar has a stable foundation for the future which allows us to concentrate on the accelerated uptake in markets with substantial long-term and repeat revenue potential.

Therefore, the Policy renewal has been considered in the context of retaining and appropriately incentivising the management team to deliver on these opportunities for the benefit of all stakeholders. Our current Policy was approved at the 2023 AGM with over 97% votes in favour.

During 2025, the Remuneration Committee has reviewed the Policy taking into account: i) the views of the Non-Executive Directors and management, ii) the Group's refreshed strategy, and iii) current and emerging market and best practice. Following this review, the Committee concluded that the current Policy continues to be aligned to business strategy, allows the Company to attract, retain and incentivise Executive Directors with the skills and experience to lead the business and appropriately meets governance requirements and market practice. Therefore, no substantial changes are proposed to the existing Policy with only minor amendments made to ensure the Committee has flexibility to operate the Policy as desired over its three-year life.

This additional flexibility can be found in relation to the annual bonus and LTIP. The new Policy allows operational flexibility for the annual bonus to permit, in unusual circumstances, assessment of performance over periods other than a year and to emphasise that usually the majority of the bonus will be based on financial measures. For the LTIP, there is operational flexibility to allow for dividend equivalents in line with market norms.

Implementation of the Policy in 2026

A summary of our approach to pay increases for the wider workforce for 2026 is set out above.

For 2026, both the CEO and CFO's salaries have been increased by 2.5% in line with the lowest increases awarded to the wider workforce.

	Salary effective 1 January 2025	Salary effective 1 January 2026
CEO – John Mills	£409,753	£419,997
CFO – Paul James ¹	£300,000	£307,500

¹ Paul James' base salary was set at £300,000 on appointment as permanent CFO on 15 January 2025.

No other major changes are proposed for 2026; minor changes to the performance measures have been made as detailed in the Implementation report. The annual bonus and long-term incentive opportunities will remain the same as in FY25, at 125% and 110% of salary for the annual bonus and 150% and 125% for the LTIP, for the CEO and CFO respectively.

Further details of the implementation can be found on page 90.

Looking ahead – key focus areas for the Committee for 2026

During the course of 2026 we will implement reward under our new policy (subject to approval at our forthcoming AGM) and continue to keep abreast of market developments.

Board Chair and Non-Executive Directors

BOARD CHAIRMAN

Ben Stocks was appointed as Chair on 1 October 2025; his annual fee is £134,514. The Committee considers that the fee is in line with market practice for comparable businesses.

NON-EXECUTIVE DIRECTORS

Under delegated authority from the Board, the Executive Directors and the Chair have reviewed fees for the other Non-Executive Directors. The outcome was that the base fee of £51,402 for the Non-Executive Directors' fees is market competitive. The base fee will be increased by 2.5%, in line with the lowest rate of increase for the wider workforce for 2026, to £52,687. The additional fees in respect of acting as a Committee Chair or Senior Independent Director will be increased to £7,688 and £3,075 respectively. In 2026, a Non-Executive Director responsible for Workforce Engagement was appointed with an additional fee of £3,075.

EMPLOYEE ENGAGEMENT

As explained in the Annual Report last year, our workforce engagement sessions are held at least twice a year. These include regular business forums with Non-Executive Directors and senior management update calls to all employees. These have provided an upward channel for views, comments and debate, as well as an opportunity to provide positive feedback on the Group's focus on the wellbeing and health and safety of our employees.

SHAREHOLDER ENGAGEMENT

We remain committed to a responsible approach to executive pay, as I trust this Directors' Remuneration report demonstrates. We believe that the Policy operated as intended and consider that the remuneration received by the Executive Directors in respect of 2025 was appropriate, taking into account Group and personal performance and the experience of shareholders and employees. On behalf of the Board, I would like to thank you, our shareholders, for your engagement, and I hope that we will continue to receive your support at the forthcoming AGM on 27 May 2026.



Inken Braunschmidt

Chair of the Remuneration Committee

23 March 2026

Directors' Remuneration report continued

Directors' remuneration at a glance

Element	Approach for 2025	Approach for 2026
BASE SALARY	<p>Salaries from 1 January 2025:</p> <ul style="list-style-type: none"> + John Mills (CEO) – £409,753 + Paul James (CFO) – £300,000 	<p>After full consideration of the broader context and approach for the wider workforce, salary increases of 2.5% have been awarded to both the CEO and CFO. This is in line with the overall increase offered to the wider workforce.</p> <p>Salaries from 1 January 2026:</p> <ul style="list-style-type: none"> + John Mills (CEO) – £419,997 + Paul James (CFO) – £307,500
BENEFITS	<p>Executive Directors receive base benefits including car allowance, private medical insurance, and basic levels of other insurances (such as income protection cover).</p> <p>Additionally, Executive Directors are provided a flexible benefits allowance of up to 5% of base salary.</p>	No change for FY 2026
RETIREMENT BENEFITS	The CEO and CFO receive an employer contribution of 6% of salary in line with the workforce rate.	No change for FY 2026
ANNUAL BONUS	<p>Maximum annual bonus of 125% of salary for the CEO and 110% of salary for the CFO.</p> <p>Performance measures:</p> <ul style="list-style-type: none"> + Adjusted profit before tax (70%) + Cash generated from operations (30%) 	<p>No changes in opportunity for FY 2026.</p> <p>Performance measures:</p> <ul style="list-style-type: none"> + 100% cash generated from operations + Adjusted profit before tax underpin
LONG-TERM INCENTIVE PLAN	<p>Maximum annual award levels of 150% for the CEO and 125% for the CFO.</p> <p>Performance measures:</p> <ul style="list-style-type: none"> + 40% relative TSR + 40% aPBT + 20% revenue <p>Awards vest after three years subject to the performance measures being met and are subject to a holding period to the fifth anniversary of grant of the award.</p> <p>Malus and clawback provisions apply.</p>	<p>No change in opportunity for FY 2026</p> <p>Performance measures:</p> <ul style="list-style-type: none"> + 60% aPBT + 40% relative TSR
SHAREHOLDING GUIDELINES	<p>200% of salary</p> <p>Post-employment shareholding guidelines of 200% during the first year after stepping down and 100% during the second year.</p>	No change for FY 2026

Directors' Remuneration Policy

Our approach to the new Directors' Remuneration Policy

INTRODUCTION

The proposed new Directors' Remuneration Policy is set out below. In the statement from the Committee Chair on pages 70 to 71, the approach to the determination of the new Policy is addressed.

In determining the new Policy, the Committee had regard to the following key principles:

- + We remunerate people in a manner that allows for stability of the business and the opportunity for sustainable long-term growth.
- + We seek to remunerate fairly and consistently for each role with due regard to our assessment of what is competitive and appropriate according to the size and complexity of the business, the calibre and experience of individuals in each role, internal consistency and the Company's ability to pay.
- + A significant element of the total package rewards near and longer-term achievements that are clearly linked to performance and Company strategy.

This part of the report sets out the Company's Directors' Remuneration Policy, for which approval will be sought at the 2026 AGM. The Policy is determined by the Remuneration Committee (the 'Committee'). The Directors' Remuneration Policy is not audited.

Policy table for Executive Directors

The table below describes each of the elements of the remuneration package for the Executive Directors.

Base salary

OBJECTIVE	Core element of fixed remuneration that provides the basis to recruit and retain talent necessary to deliver the business strategy.
OPERATION	<p>Normally reviewed annually and any increases generally apply from 1 January (but may be reviewed more frequently if required).</p> <p>When determining base salary levels, consideration is given to the following:</p> <ul style="list-style-type: none"> + Role, responsibility and experience of the individual + Corporate and individual performance + Market conditions including typical pay levels for comparable roles in companies of a similar size and complexity + The range of salary increases awarded across the Group.
OPPORTUNITY	<p>No maximum salary opportunity has been set out in this policy report to avoid setting expectations for Executive Directors and employees.</p> <p>Whilst there is no maximum, increases will normally be within or below the range of salary increases awarded (in percentage of salary terms) to other employees in the Group. However, higher increases may be awarded in appropriate circumstances, such as:</p> <ul style="list-style-type: none"> + on promotion or in the event of an increase in scope of the role or the individual's responsibilities; + where an individual has been appointed to the Board at a salary set at a level that is lower than the Committee's view of a market salary to allow for growth in the role, in which case larger increases may be awarded to move salary positioning to a market level as the individual gains experience; + change in size and/or complexity of the Group; and/or + significant market movement. <p>Such increases may be implemented over such time period as the Committee deems appropriate.</p> <p>The base salaries effective as at 1 January 2026 are shown on page 90.</p>
PERFORMANCE MEASURES	Not applicable.

Directors' Remuneration report continued

Policy table for Executive Directors continued

Benefits

OBJECTIVE	<p>Provide a market-competitive benefits package to recruit and retain Directors of the calibre required for the business.</p> <p>Participation in the Company's Sharesave scheme (SAYE) encourages share ownership and alignment with the wider workforce.</p>
OPERATION	<p>Executive Directors receive base benefits including car allowance, private medical insurance, and basic levels of other insurances (such as income protection cover).</p> <p>All UK staff, including Executive Directors, are also provided with a benefit allowance which they can apply to a range of benefits, including pension contributions. In some circumstances, and subject to Committee approval, the allowance may be paid in cash rather than utilised to purchase benefits.</p> <p>The SAYE is a tax qualifying share plan for all employees facilitating the acquisition of shares in the Company at a discount.</p> <p>Other benefits may be provided based on individual circumstances, such as, but not limited to: housing or relocation allowances, travel allowance or other expatriate benefits.</p>
OPPORTUNITY	<p>Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.</p> <p>The flexible benefits allowance is currently up to 5% of base salary. The Committee may review and amend this rate as appropriate.</p> <p>Individuals have the choice to invest all or part of this amount in their pension scheme, in addition to the benefits outlined in the 'Retirement benefits' section of this table.</p> <p>SAYE limit as permitted in accordance with the relevant tax legislation.</p>
PERFORMANCE MEASURES	Not applicable.

Retirement benefits

OBJECTIVE	<p>Provide market-competitive post-employment benefits to recruit and retain Directors of the calibre required for the business.</p>
OPERATION	<p>Executive Directors are eligible to participate in the defined contribution pension scheme (or such other pension plan as may be deemed appropriate).</p> <p>In appropriate circumstances, Executive Directors may take a salary supplement instead of some or all of the contributions into a pension plan.</p>
OPPORTUNITY	<p>6% of base salary subject to any increase to reflect increases in the pension opportunity for the wider workforce.</p>
PERFORMANCE MEASURES	Not applicable.

Annual bonus

OBJECTIVE	Rewards performance against targets (typically assessed on an annual basis) which support the strategic direction of the Company.
OPERATION	<p>Targets are set annually and any pay-out is determined by the Committee after the period-end, based on performance against those targets. The Committee has discretion to vary the bonus pay-out should any formulaic output not produce a fair result for either the Executive Director or the Company, taking account of the Committee's assessment of overall business performance, or be inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the bonus period, or in the event of other circumstances determined by the Committee.</p> <p>30% of any bonus will ordinarily be deferred in shares and subject to a two-year deferral period with the balance delivered in cash. However, if the amount to be deferred would be below £5,000, the Committee has discretion to pay the whole amount of the bonus in cash.</p> <p>On the exercise of a deferred bonus award, the Committee has the discretion to decide that Executives can receive additional shares to reflect the dividends paid or payable on the award shares over the period ending on vesting of the award. This amount may assume the reinvestment of dividends (on such basis as the Committee determines).</p>
OPPORTUNITY	Overall maximum annual bonus is 125% of salary for the Chief Executive Officer and 110% for any other Executive Director.
PERFORMANCE MEASURES	<p>Stretching performance targets are set each year reflecting the business priorities that underpin Group strategy.</p> <p>Performance may be based on operational targets (which may be financial or strategic measures) and/or individual objectives. Usually, the majority of the annual bonus opportunity will be based on financial measures.</p> <p>Subject to the Committee's discretion to override formulaic outturns, for financial measures, normally up to 20% of the maximum for any financial element is earned for threshold performance, normally rising to up to 50% of the maximum for any financial element for on-target performance and 100% of the maximum for the financial element for maximum performance.</p> <p>Subject to the Committee's discretion to override formulaic outturns, vesting of the bonus in respect of strategic measures or individual objectives will be between 0% and 100% based on the Committee's assessment of the extent to which the relevant metric or objective has been met.</p>

Directors' Remuneration report continued

Policy table for Executive Directors continued

Long-Term Incentive Plan

OBJECTIVE

Drive and reward the achievement of longer-term objectives aligned closely to shareholders' interests.

Support longer-term sustainable profitability.

Provide alignment with shareholders' interests.

Support retention and promote share ownership.

OPERATION

LTIP awards take the form of performance shares (zero-priced share awards) which vest subject to satisfaction of performance conditions, ordinarily assessed over a period of three years. Following the end of the performance period, there is a further two-year holding period which may be operated on the basis that either (1) the Executive Director can acquire shares following the end of the performance period but that other than as regards sales to cover tax, may not sell shares until the end of the holding period; or (2) the Executive Director may not acquire shares until the end of the holding period.

On the vesting/exercise of an LTIP award, the Committee has the discretion to decide that Executives can receive additional shares to reflect the dividends paid or payable on vested shares over the period ending on the date on which the vested shares can first be acquired. This amount may assume the reinvestment of dividends (on such basis as the Committee determines).

The Committee has discretion to vary the vesting outturn should any formulaic output not produce a fair result for either the Executive Director or the Company, taking account of the Committee's assessment of overall business performance, or be inappropriate in the context of circumstances that were unexpected or unforeseen at grant, or in the event of other circumstances determined by the Committee.

The Committee may at its discretion structure awards as Approved Long-Term Incentive Plan (ALTIP) awards.

ALTIP awards enable the participant and Company to benefit from tax qualifying tax treatment in respect of part of the award, without increasing the pre-tax value delivered to participants. ALTIP awards may be structured either as a tax-qualifying option for the part of the award up to the applicable limit in the tax legislation with a non-qualifying option for the balance and a 'linked award' to fund the exercise price of the tax-qualifying option, or as a tax qualifying option and an LTIP award, with the vesting of the LTIP award scaled back to take account of any gain made on the exercise of the tax-qualifying option.

OPPORTUNITY

The maximum award in respect of any year will be:

- + as regards the Chief Executive Officer, an award over shares with a value of 150% of salary; and
- + as regards any other Executive Director, an award over shares with a value of 125% of salary.

These limits do not include the value of shares subject to any tax-qualifying option granted as part of an ALTIP award.

PERFORMANCE MEASURES

Performance will be based on operational targets (which may be financial or strategic measures). Ordinarily at least 75% of the LTIP will be based on financial measures.

Subject to the Committee's discretion to override formulaic outturns, up to 25% of the maximum for any element is earned for threshold performance.

Shareholding guideline

In-service guideline

To align the interests of Executive Directors with those of shareholders, the Committee has adopted formal shareholding guidelines in accordance with which Executive Directors are required to build and maintain a shareholding with a value of at least 2x salary. Executive Directors are required to retain half of the after-tax number of shares they acquire pursuant to the LTIP or deferred bonus until this level of holding is achieved. Shares which are fully owned with no outstanding vesting criteria count towards the share ownership guideline together with shares subject to deferred bonus awards and shares subject to LTIP which have vested but which are in a holding period (in each case, on a net of tax basis where relevant).

Post-employment requirement

The Committee has adopted a post-employment shareholding requirement. Shares are subject to this requirement only if they are acquired from share plan awards (LTIPs and deferred bonus awards) granted after 1 January 2023.

Following employment, an Executive Director must retain:

- + for the first year after employment, such of their shares which are subject to the post-employment requirement as have a value for these purposes equal to the shareholding guideline that applies during employment; and
- + for the second year after employment, such of those shares as have a value for these purposes equal to 50% of the shareholding guideline that applies during employment;

or, in either case and if fewer, all of those shares.

The Committee retains discretion to vary the application of the in-service guidelines and/or the post-employment requirement in exceptional circumstances.

Malus, clawback and underpin provisions

The Committee has the right to:

- + Reduce any LTIP awards which have not yet vested or annual bonus opportunity (i.e. a malus provision); and
- + Recover any vested LTIP awards, paid cash bonuses or deferred bonus awards (i.e. a clawback provision).

Malus and clawback provisions may be applied in the event of: (1) a material misstatement of the Company's financial results; (2) a material loss for the Company, any Group member or a relevant business unit; (3) reputational damage to the Company, any Group member or a relevant business unit; (4) corporate failure in any Group member or a relevant business unit; (5) serious misconduct on the part of the participant; and (6) an error in assessing any performance condition or in information or assumptions on which an award is granted, vests or is released.

Clawback may ordinarily be applied until the second anniversary of vesting in the case of an LTIP award, until the normal vesting date in the case of a deferred bonus award and until the second anniversary of payment in the case of a cash bonus.

Operation of share plans

All discretion available under the Company's share plans will be available under this Policy, except where explicitly limited under this Policy, including that Committee may amend the terms of awards and options under its share plans in accordance with the plan rules in the event of a variation of the Company's share capital or a demerger, special dividend or other similar event. Awards may be settled, in whole or in part, in cash, although the Committee would only settle an Executive Director's award in cash in appropriate circumstances, such as where there is a regulatory restriction on the delivery of shares, or in respect of any tax liability arising in respect of an award.

Awards under the Company's share plans may vest in the event of a change of control (or other relevant event) as follows:

- + unvested awards under the LTIP will be released to the extent determined by the Committee taking into account the relevant performance conditions (and the Committee may vary the weightings of the applicable performance measures) and, unless the Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the vesting period that has elapsed;
- + vested awards under the LTIP which remain subject to a holding period will be released to the extent they vested;
- + deferred bonus awards will vest in full;
- + SAYE awards will vest to the extent determined in accordance with the rules of the plan, to the same extent as for all other participants.

Directors' Remuneration report continued

Chair of the Board and Non-Executive Directors

The table below sets out an overview of the remuneration of Non-Executive Directors:

Alignment with strategy/purpose	Approach of the Company
CHAIR OF THE BOARD AND NON-EXECUTIVE DIRECTORS' FEES Provide an appropriate reward to attract and retain Directors of the calibre required for the business.	<p>The remuneration of the Chair of the Board is set by the Committee. Fees are set at a level which reflects the skills, knowledge, and experience of the individual, whilst taking into account appropriate market data.</p> <p>The Chair of the Board and the Chief Executive Officer are responsible for deciding Non-Executive Directors' fees. Fees are set taking into account several factors, including the size and complexity of the business, fees paid to Non-Executive Directors of UK listed companies of a similar size and complexity, and the expected time commitment and contribution for the role. Fees include a base fee plus additional fees for holding the position of Chair of a Board Committee or the office of Senior Independent Director. Additional fees may be paid to reflect additional roles and/or time commitments.</p> <p>The fees may be paid wholly or partly in cash or Company shares (including a non-performance based nil or nominal cost award over Company shares, which may incorporate a right to 'dividend equivalents' over the award's vesting period). Overall fees paid to Directors will remain within any applicable limit as referred to in our Articles of Association or as otherwise approved by shareholders.</p> <p>Non-Executive Directors do not participate in any incentive scheme.</p> <p>Directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.</p>

Explanation of performance metrics chosen

Performance measures for the LTIP and annual bonus are selected to reflect the Group's strategy. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

The Committee retains the discretion to adjust the performance targets and measures for the annual bonus and/or the LTIP where it considers it appropriate to do so (for example, to reflect changes in the structure of the business and to assess performance on a fair and consistent basis from year to year).

Pay policy for other employees

The Company values its wider workforce and aims to provide a remuneration package that is market competitive, complies with any statutory requirements, and is applied fairly and equitably across the wider employee population. Where remuneration is not determined by statutory regulation, the key principles of the compensation philosophy are as follows:

- + We remunerate people in a manner that allows for stability of the business and the opportunity for sustainable long-term growth.
- + We seek to remunerate fairly and consistently for each role with due regard to the marketplace, internal consistency and the Company's ability to pay.
- + The Company operates a tax-qualifying SAYE and invites all employees to participate, therefore encouraging wider workforce share ownership.

Illustrations of application of Remuneration Policy

The charts set out below give an illustration of the Remuneration Policy, in line with the policy above, and include base salary, pension, benefits and incentives in four different scenarios. The charts provide an illustration of the proportion of total remuneration made up of each component of the policy and the value of each component.

For these purposes:

- + base salary reflects the salary at 1 January 2026;
- + benefits are calculated as 5% of salary for each of the Chief Executive Officer and Chief Financial Officer;
- + pension is calculated as 6% of salary for each of the Chief Executive Officer and Chief Financial Officer; and
- + variable pay assumes a bonus opportunity of 125% of salary for the Chief Executive Officer and 110% of salary for the Chief Financial Officer and an LTIP award of 150% of salary for the Chief Executive Officer and 125% of salary for the Chief Financial Officer, with vesting as set out below.

Four scenarios have been illustrated for each Executive Director

MINIMUM PERFORMANCE

- + Salary, benefits and pension as set out above.
- + No bonus pay-out.
- + No vesting under the LTIP.

PERFORMANCE AT MID POINT

- + Salary, benefits and pension as set out above.
- + 62.5% of salary pay-out under the annual bonus for the CEO, 55% for the CFO.
- + 50% of shares vesting under the LTIP (75% of salary for the CEO, 62.5% of salary for the CFO).

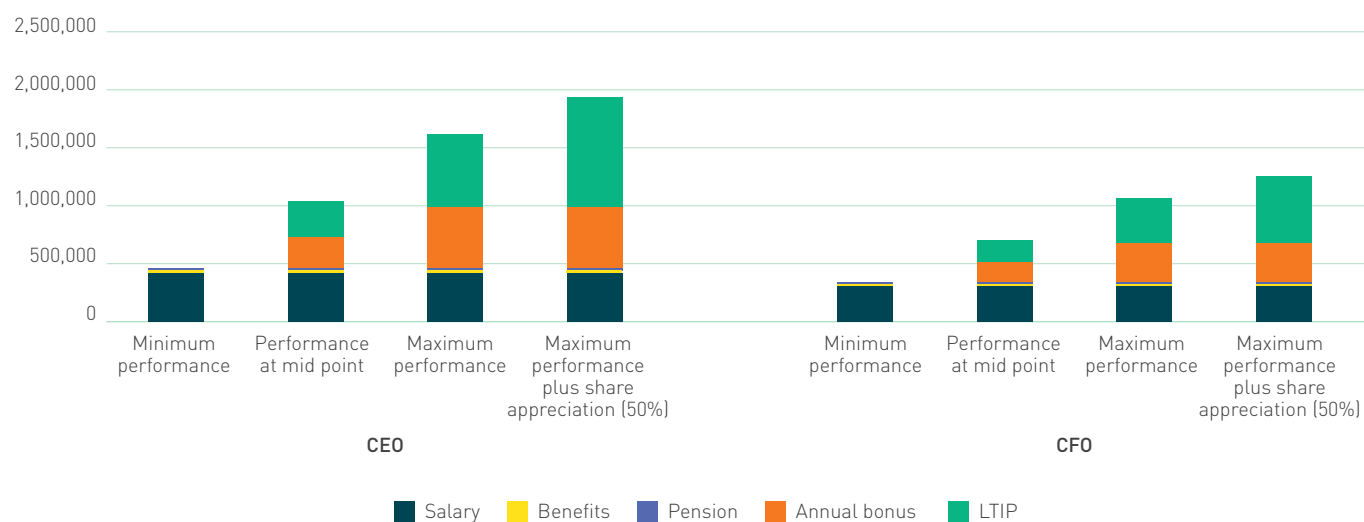
MAXIMUM PERFORMANCE

- + Salary, benefits and pension as set out above.
- + 125% of salary pay-out under the annual bonus for the CEO, 110% for the CFO.
- + 100% of shares vesting under the LTIP (150% of salary for the CEO, 125% of salary for the CFO).

MAXIMUM PERFORMANCE PLUS SHARE APPRECIATION (50%)

- + Salary, benefits and pension as set out above
- + 125% of salary pay-out under the annual bonus for the CEO, 110% for the CFO.
- + 100% of shares vesting under the LTIP (150% of salary for the CEO, 125% of salary for the CFO) and an assumed 50% increase in the share price for the purposes of the LTIP element.

Scenario charts for Executive Directors



Directors' Remuneration report continued

Approach to recruitment remuneration

When appointing a new Executive Director, whether with an internal or external candidate, the Committee will typically seek to use the policy detailed in the table on pages 73 to 76 to determine the Executive Director's ongoing remuneration package.

To facilitate the appointment of candidates of the appropriate calibre required to implement the Group's strategy, the Committee also retains the discretion to include any other remuneration component or award which is outside the policy. The Committee will not use this discretion to make a non-performance related incentive payment (for example, a 'golden hello'). In determining appropriate remuneration, the Committee will take into consideration all relevant factors (including the quantum and nature of remuneration) to ensure that the arrangements are in the best interests of the Company and its shareholders. This may, for example, include (but is not limited to) the following circumstances:

- + An interim appointment being made to fill an Executive Director role on a short-term basis
- + Exceptional circumstances require that the Chair of the Board or a Non-Executive Director takes on an Executive function on a short-term basis
- + An Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. The quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis
- + The Executive received benefits in their previous engagement which the Committee considers it appropriate to offer
- + If the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.

The Committee may also alter the performance measures, performance period, vesting period and holding period of the annual bonus or long-term incentive, subject to the rules of the scheme, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained.

In determining appropriate remuneration arrangements on hiring a new Executive Director, the Committee will take into account relevant factors such as the calibre of the individual, local market practice, the existing remuneration arrangements for other Executives and the business circumstances. It will seek to ensure that arrangements are in the best interests of both the Company and its shareholders and not seek to pay more than is appropriate.

The Committee may make an award or payment to 'buy-out' remuneration arrangements forfeited on leaving a previous engagement. In doing so the Committee will take account of relevant factors regarding the forfeited arrangements which may include the form of any forfeited awards (e.g. cash or shares), any performance conditions attached to these awards (and the likelihood of meeting those conditions), and the time over which they would have vested. It will generally seek to structure buy-out awards and payments on a comparable basis to remuneration arrangements forfeited. These awards or payments are excluded from the maximum level of variable pay referred to below; however, the Committee's intention is that the value awarded or paid would be no higher than the expected value of the forfeited arrangements.

Appropriate costs and support will be covered if the recruitment requires the relocation of the individual. All buy-out awards and payments will normally be liable to forfeiture or 'clawback' on early departure. For Executive Directors, early departure is typically defined as being within the first two years of employment although the Committee has the ability to amend this definition in appropriate circumstances.

The maximum level of variable pay which may be awarded to new Executive Directors, excluding buy-out arrangements, would normally be in line with the maximum level of variable pay that may be awarded under the annual bonus plan and LTIP, but in any event the Committee would not make awards of variable pay in respect of any year above:

- + In the case of the CEO – a bonus of 125% of salary and an LTIP award of 150% of salary; and
- + In the case of any other Executive Director – a bonus of 125% of salary and an LTIP award of 125% of salary.

The Committee may determine that such awards will be forfeited if performance or continued employment conditions are not met and it is deemed appropriate to do so.

Any share awards referred to in this section will be granted as far as possible under the Company's employee share plans. If necessary, and subject to the limits referred to above, in order to facilitate the awards mentioned above, the Committee may establish a new plan in line with the Listing Rules which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of a Director.

Where a position is fulfilled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees payable to a newly-appointed Chair of the Board or Non-Executive Director will be in line with the fee policy in place at the time of appointment.

Service contracts

Executive Directors

It is the Group's policy that Executive Directors should have contracts with an indefinite term, providing for one year's notice.

	Date of contract	Date of appointment	Notice from the Company	Notice from Director
John Mills	31 May 2019	1 August 2019	12 months	12 months
Paul James	15 January 2025	20 November 2024*	12 months	12 months

* Paul James was appointed on 20th November 2024 on an interim basis; he was appointed as CFO on a permanent basis on 15th January 2025.

Non-Executive Directors

All Non-Executive Directors are appointed for an initial three-year term with provision for two further three-year terms, subject to satisfactory performance.

	Date of letter of appointment	Date of appointment	Remaining term of contract on 31 December 2025
Ben Stocks	4 August 2025	1 October 2025	34 months
Richard Amos	31 May 2023	1 June 2023	6 months
Inken Braunschmidt	29 May 2024	1 June 2024	18 months
Stuart Widdowson	23 February 2024	27 February 2024	14 months
Jacqueline Sutton	26 October 2023	1 November 2023	11 months

All Directors offer themselves for annual re-election at each AGM in accordance with the UK Corporate Governance Code.

Letters of appointment are available for inspection at the registered office address of the Company.

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached is set out below. Where the Committee retains discretion, as outlined below, it will be used to provide flexibility in certain situations, taking into account the particular circumstance of the Director's departure.

NOTICE PERIOD ON TERMINATION BY EMPLOYING COMPANY	12 months. The Committee has the discretion to determine what proportion of the notice period will be utilised in active service.
TERMINATION PAYMENT	<p>Payments in lieu of notice are limited to no more than one year's salary plus benefits in kind (including company car or car allowance and private health insurance) and pension contributions (which may include salary supplements).</p> <p>Benefits provided in connection with termination of employment may also include, but are not limited to, outplacement and legal fees and payments in respect of accrued but untaken holiday. In appropriate circumstances, the Committee may agree that certain benefits (such as medical insurance) may be continued for a reasonable period following termination of employment.</p>

Directors' Remuneration report continued

Leaver provisions

	Reason for cessation	Calculation of vesting/payment	Timing
ANNUAL BONUS	Termination with cause.	No bonus paid.	Not applicable.
	Resignation.	No bonus is paid unless the Committee in its absolute discretion (and on a case-by case basis) determines otherwise. Any bonus paid will typically be pro-rated to reflect time served in the performance period.	If a bonus is paid, it is paid at the usual time including with deferral applied in accordance with the Company's usual arrangements.
	Redundancy, disability, illness, injury, death or any other reason as determined by the Committee.	Typically bonus amounts will be determined by reference to the applicable performance targets, pro-rated for time served in the performance period.	The bonus will normally be paid at the usual time including with deferral applied in accordance with the Company's usual arrangements. The Committee retains discretion to pay the bonus early (and to assess performance accordingly) and to pay the full bonus in cash in compassionate circumstances.
DEFERRED BONUS SHARES	Termination with cause.	Shares forfeited.	Not applicable.
	All other reasons.	Award retained.	Ordinarily, the deferred bonus shares will vest following the end of the originally anticipated deferral period. The Committee has discretion to permit early vesting.
LTIP	Termination with cause.	Lapse.	Not applicable.
	Resignation before vesting.	Normally lapse but with Committee discretion to determine otherwise; if the award continues, its vesting will be subject to the satisfaction of the applicable performance condition and a pro-rata reduction to reflect the proportion of period worked during the vesting period. The Committee can decide not to pro rate.	If an award is retained, it will vest at the usual time and the post-vesting holding period will continue to apply.
	Redundancy, disability, illness, injury, death or any other reason as determined by the Committee.	Performance condition applies (with early assessment if applicable) and vesting then pro-rated to proportion of period worked during vesting period. The Committee can decide not to pro rate.	The award will ordinarily vest at the usual time. The post-vesting holding period will continue to apply other than in the case of death, ill-health, injury or disability, when it will cease to apply unless the Committee decides otherwise. The Committee retains discretion to vest the award before the usual vesting date (and to assess performance accordingly) and/or to disapply the post-vesting holding period in circumstances where the default would be for it to apply.
	Leaving during the holding period.	If employment is terminated for cause, the award is forfeit. If employment terminates in any other circumstances, the award is retained to the extent vested.	The post-vesting holding period will continue to apply unless the Committee determines otherwise (other than in the case of death, ill-health, injury or disability, when it will cease to apply unless the Committee decides otherwise).
SAYE	Governed by the plan rules which reflect the applicable legislation and which cover certain leaver provisions.		

Non-Executive Directors

Under the terms of their engagement, the notice period to be given by the Non-Executive Directors on the Company is six months and the Company is obliged to give the same length of notice. Discretion is retained to terminate with or without due notice or paying any payment in lieu of notice dependent on what is considered to be in the best interests of the Company in the particular circumstances.

Statement of consideration of employment conditions elsewhere in the Company

Salary, benefits and performance-related reward provided to employees is taken into account when setting policy for Executive Directors' remuneration (although employees are not formally consulted in relation to the setting of the policy). This includes consideration of:

- + Salary increases for the general employee population
- + Company-wide benefit (including pension) offerings
- + Overall spend and participation levels in the annual bonus and LTIP
- + Relevant ad-hoc information.

Existing contractual arrangements

The Committee reserves the right to make any remuneration payments and payments for loss of office notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed:

- (i) before the policy came into effect (provided that, in the case of any payments agreed on or after 14 May 2014 they are in line with any applicable shareholder-approved Directors' Remuneration Policy in force at the time they were agreed or were otherwise approved by shareholders), or
- (ii) at a time when the relevant individual was not a Director of the Company (or other person to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company (or such other person).

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Statement of consideration of shareholder views

In the interests of ensuring ongoing and transparent dialogue with shareholders, the Committee is committed to open dialogue with shareholders in advance of proposing substantial changes to remuneration. For this policy review, as no substantial changes were made, the Committee informed major shareholders in advance of the publication of the report and invited them for a meeting should they have any concerns.

Directors' Remuneration report continued

Annual Report on Remuneration

This part of the report sets out the actual payments made by the Company to its Directors with respect to the year ended 31 December 2025. The information provided in this part of the Directors' Remuneration report is subject to audit.

Single figure table (audited)

The aggregate remuneration provided to Directors who have served as Directors in the year ended 31 December 2025 is set out below, along with the aggregate remuneration provided to such Directors for the financial year ended 31 December 2024.

YEAR ENDED 31 DECEMBER 2025

	Year ending	Salary/fees £'000	Benefits ¹ £'000	Bonus ² £'000	Long-term incentives ³ £'000	Pension ⁴ £'000	Loss of office remuneration £'000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive										
John Mills	31 Dec 2025	410	31	256	–	25	–	722	466	256
	31 Dec 2024	400	30	–	64	24	–	518	454	64
Paul James ⁵	31 Dec 2025	304	25	145	n/a	17	–	491	346	145
	31 Dec 2024	48	–	–	–	–	–	48	48	–
Ian Tichias ⁶	31 Dec 2025	–	–	–	–	–	–	–	–	–
	31 Dec 2024	236	23	–	25	14	306	605	579	26
Non-Executive										
Ben Stocks										
(Chair) ⁷	31 Dec 2025	34	–	–	–	–	–	34	34	–
	31 Dec 2024	n/a	–	–	–	–	–	n/a	n/a	–
Andrew Herbert ⁸	31 Dec 2025	135	–	–	–	–	–	135	135	–
	31 Dec 2024	131	–	–	–	–	–	131	131	–
Richard Amos	31 Dec 2025	62	–	–	–	–	–	62	62	–
	31 Dec 2024	59	–	–	–	–	–	59	59	–
Inken Braunschmidt ⁹	31 Dec 2025	59	–	–	–	–	–	59	59	–
	31 Dec 2024	33	–	–	–	–	–	33	33	–
Alison Littley ¹⁰	31 Dec 2025	–	–	–	–	–	–	–	–	–
	31 Dec 2024	30	–	–	–	–	–	30	30	–
Jacqueline Sutton	31 Dec 2025	51	–	–	–	–	–	51	51	–
	31 Dec 2024	50	–	–	–	–	–	50	50	–
Stuart Widdowson ¹¹	31 Dec 2025	51	–	–	–	–	–	51	51	–
	31 Dec 2024	43	–	–	–	–	–	43	43	–

1 Benefits currently include a car allowance, private medical insurance and basic levels of other insurances (such as income protection cover). Executives also receive a cash allowance of 5% of salary which they can apply to a range of benefits such as life insurance and critical illness insurance. The CEO took £1,718 of the allowance as cash whilst the CFO took £1,815 as cash.

2 The value of the bonus earned in respect of the year, including the amount paid in cash and the amount deferred into shares. 30% of any bonus earned is usually deferred into shares for two years. Awards are subject to service conditions but have no additional performance conditions.

3 The value of LTIP awards vesting is in respect of performance periods which ended in the relevant year. The value of SAYE options granted is based on the fair value of the options/shares at grant. The 2023 LTIP award vested at 0% of maximum. John Mills and Ian Tichias had 0 shares vest as a result. The 2022 LTIP award vested at 38.25% of maximum. John Mills and Ian Tichias had 79,522 and 31,420 shares vest as a result. The share price on the date of vesting was 80p and has been restated in the table above. The share price was 259p on the date of grant. As such the shares have depreciated by £142,921 and £56,461 for John Mills and Ian Tichias respectively.

4 Executives participate in the defined contribution scheme and receive an employer contribution of 6% of salary in line with the workforce rate.

5 Paul James joined the Board on 20 November 2024 as the Interim CFO. From 20 November 2024 to 14 January 2025, he received a gross daily fee equivalent to £2,000; this equated to £47,500 in 2024 and £14,000 in 2025.

6 Ian Tichias stepped down from the Board on 20 November 2024. He received a payment for loss of office of 12 months' salary and benefits in accordance with the terms of his contract.

7 Ben Stocks joined the Board on 1 October 2025.

8 Andrew Herbert stepped down from the Board on 30 September 2025.

9 Inken Braunschmidt joined the Board on 1 June 2024.

10 Alison Littley stepped down from the Board on 30 June 2024.

11 Stuart Widdowson joined the Board on 27 February 2024.

Additional notes to the single total figure of remuneration

Base salary, fees and service agreements

John Mills' salary was increased by 2.5% from £399,750 to £409,753 effective on 1 January 2025. Paul James was appointed as CFO on a salary of £300,000 with effect from 15 January 2025. The Executive Directors are engaged under the terms of service agreements, which can be terminated with 12 months' notice, in accordance with the Directors' Remuneration Policy.

Benefits

UK benefits principally comprise a car allowance, private medical insurance and basic levels of other insurances (such as income protection cover). In addition, UK Executive Directors are provided with an allowance of 5% of base salary which they can apply to a range of benefits such as life insurance and critical illness insurance. The CEO and CFO take a portion of the 5% as cash; this is detailed in footnotes to the table.

Pension

The CEO and CFO receive an employer contribution of 6% of salary in line with the workforce rate. The Chair and other Non-Executive Directors do not receive pension contributions.

Annual bonus (audited)

For the financial year ended 31 December 2025, the CEO and CFO were eligible for a maximum annual bonus of up to 125% and 110% of base salary respectively. Annual bonus targets were set based on performance against adjusted Group profit before tax and cash generated from operations. After assessing the cost of bonuses, the actual adjusted Group PBT was £0.8 million. Cash generated was £4.5 million which exceeds the maximum target but pay-out of cash generated is subject to an underpin linked to the achievement of the adjusted PBT element. As such, payments are at target, i.e. 50% of maximum.

The table below summarises the performance targets and achievement against them.

	Threshold (0% of maximum vests)	Target (50% of maximum vests)	Maximum (100% vesting)	Actual	Pay-out (% of total maximum)
70% Adjusted Group PBT ¹	£0.7m	£0.7m	£11.3m	£0.8m	35%
30% Cash generated from operations ²	£2.8m	£3.1m	£3.3m	£4.5m	15%
Overall outturn (% of maximum)					50%

1 Target performance for adjusted PBT is assessed after the cost of bonuses to all eligible participants. Threshold is assessed on adjusted PBT prior to any bonus payments.

2 Payments under the cash element are subject to an underpin linked to achievement on the adjusted PBT element. As such, payments are at the target level despite outperformance on this metric.

Overall, the bonus paid out at 50% of maximum resulting in bonuses of £256,000 and £145,000 respectively for the CEO and CFO. 30% of any bonus earned is deferred into shares for a two year period.

Long-term incentives vesting in respect of 2025 (audited)

The 2023 LTIP awards vested by reference to the performance from 1 January 2023 to 31 December 2025. Both the financial performance in relation to the TSR and EPS targets were below threshold; as a result the award fully lapsed. When considering the outturns the Committee has taken a holistic view, including in relation to the employee and wider stakeholder experience, in addition to performance relative to the targets and objectives set. The Committee believes that the outcomes are an appropriate reflection of wider performance and the Committee has not exercised any discretion in relation to formulaic remuneration outcomes.

Details of the performance measures, the outturns against them, and the basis of the calculation of the values included in the single total figure of remuneration are set out below. Awards are usually subject to a further two-year holding period following the end of the performance period.

Executive	Date of grant	Shares granted	Grant value (% of salary)	Shares vested	Performance period	Vesting date
John Mills	9 May 2023	325,180	150%	0	1 January 2023 to 31 December 2025	May 2026
Ian Tichias	9 May 2023	144,524	100%	0	1 January 2023 to 31 December 2025	May 2026

Award	Performance condition	Threshold vesting (25%)	Maximum vesting	Vesting basis	Performance outturn	Vesting percentage
2023 LTIP	40% TSR ¹	Median	Upper quartile	Straight line between threshold and maximum	Below median	0%
	60% EPS	12.9p	18.9p	Straight line between threshold and maximum	5.4p	0%

1 Total shareholder return relative to the TSR of the companies constituting the FTSE SmallCap Index over the three-year performance period – 1 January 2023 to 31 December 2025.

Directors' Remuneration report continued

Long-term incentives and deferred bonuses awarded during the financial year (audited)

The table below outlines awards made under the LTIP to Executive Directors in 2025. Due to the 2024 annual bonus lapsing in full there were no DBP awards made to Executive Directors in 2025. John Mills and Ian Tichias received Performance Share Plan grants of 150% and 125% of salary respectively. These awards are subject to a further two-year holding period following the end of the performance period.

Date of grant	Executive	Award basis	Performance condition	Number of shares ¹	Vesting at threshold	Performance period	Vesting date
6 May 2025	John Mills	Performance Share Plan awards	40% Relative TSR (against the FTSE SmallCap Index), 40% aPBT & 20% Revenue	612,791	25% of award	1 January 2025 to 31 December 2027	May 2028
6 May 2025	Paul James	Performance Share Plan awards	40% Relative TSR (against the FTSE SmallCap Index), 40% aPBT & 20% Revenue	373,878	25% of award	1 January 2025 to 31 December 2027	May 2028

¹ The share price used to calculate the face value of the Performance Share Plan award on 6 May 2025 was £1.003 being the closing average share price on the three business days preceding the grant award date.

Given the turnaround position of the Company, the Board considers the performance targets for the LTIP awards granted in 2025 to be commercially sensitive information at this time but, as in past years, will fully disclose the exact measurements retrospectively. The portion of the awards based on TSR will vest subject to the satisfaction of the following performance conditions:

Company's TSR performance relative to the comparator group	Portion of the TSR element that vests
Median	25%
Between median and upper quartile	Pro-rata between 25% and 100%
Upper quartile	100%

Shareholding guidelines and total shareholdings of Directors (audited)

Executive Directors are required to retain half of the after-tax number of shares they acquire pursuant to the LTIP or deferred bonus until they have achieved a shareholding with a value of 200% of salary. The extent to which each Executive Director has met the shareholding guideline is shown in the table below. Following employment, an Executive Director must retain their shareholding requirement (on shares subject to this requirement) for the first year and for the second year 50% of their shareholding requirement. In both years, if personal holdings are lower than the shareholding requirement, then the lower level applies.

Name	Shareholding guidelines	Current shareholdings % of salary	Type	Owned outright	Vested	Unvested		Total as at 31 December 2025 (or, if earlier, date of retirement from the Board)
						Subject to performance conditions	Not subject to performance conditions	
Executive Directors								
John Mills	200% of salary	34%	Shares	130,295				2,115,762
			LTIP Options		798,242	1,122,387	–	
			DBP and SAYE Options		64,838	–	–	
Paul James	200% of salary	8%	Shares	22,730				396,608
			LTIP Options		–	373,878	–	
			DBP and SAYE Options		–	–	–	
Non-Executive Directors								
Ben Stocks			Shares	16,114				16,114
Andrew Herbert ¹			Shares	100,000				100,000
Richard Amos			Shares	30,800				30,800
Jacqueline Sutton			Shares	9,107				9,107
Stuart Widdowson ²			Shares	25,000				25,000
Inken Braunschmidt			Shares	4,000				4,000

¹ The number of shares held by Andrew Herbert is stated as at 30 September 2025, being the date on which he stepped down as the Board Chairman.

² Stuart Widdowson is appointed as a representative of Odyssean Capital LLP which has a holding of 17,600,000 shares.

Shares that count towards the guideline are those owned outright and the net of tax shares subject to DBP and LTIP awards the vesting of which is not subject to the satisfaction of any further performance condition. The shares are valued at closing price on 31 December 2025.

There have been no changes in the current Directors' holdings in the share capital of the Company, as set out in the table above, between 31 December 2025 and 23 March 2026. Ben Stocks, Richard Amos, Inken Braunschmidt, Jacqueline Sutton and Stuart Widdowson hold no options in the Company.

Outstanding Directors' share awards (audited)

The awards held by Executive Directors of the Company under the LTIP are shown below:

LTIP

The outstanding awards granted to each Executive Director of the Company under the Xaar plc 2017 LTIP are as follows. All options under the LTIP are nil-cost options such that no exercise price is payable.

Name	As at 1 January 2025	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2025 (or if earlier date of retirement from the Board)	Grant date	Share price at date of grant	Earliest date of exercise	Expiry date
John Mills	177,623	–	–	–	177,623	4 October 2019	£0.452	4 October 2022	4 October 2029
	365,000	–	–	–	365,000	4 June 2020	£0.59	4 June 2025	4 June 2030
	176,087	–	–	–	176,087	14 October 2021	£1.61	March 2026*	14 October 2031
	207,932	–	–	128,399	79,533	6 April 2022	£2.70	March 2027*	6 April 2032
	325,180	–	–	–	325,180	9 May 2023	£1.799	March 2028*	9 May 2033
	509,596	–	–	–	509,596	29 April 2024	£1.1767	March 2029*	29 April 2034
	–	612,791	–	–	612,791	6 May 2025	£1.0450	March 2030*	6 May 2035
Total	1,761,418	612,791	–	128,399	2,245,810	–	–	–	–
Paul James	–	373,878	–	–	373,878	6 May 2025	£1.0450	March 2030*	6 May 2035
Total	–	–	–	–	373,878	–	–	–	–

* The options vest on the dealing day following the announcement by the Company of its annual results or, if later, the date on which the Remuneration Committee determines whether the performance condition and any other condition has been satisfied (in whole or in part) and are exercisable two years after this date.

DBP

The outstanding awards granted to each Executive Director of the Company under the Xaar 2020 Deferred Bonus Plan are as follows. All options under the DBP are nil-cost options such that no exercise price is payable.

Name	As at 1 January 2025	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2025 (or if earlier date of retirement from the Board)	Grant date	Share price at date of grant	Earliest date of exercise	Expiry date
John Mills	23,249	–	–	–	23,249	14 October 2021	£1.61	March 2023*	14 October 2031
	11,944	–	–	–	11,944	6 April 2022	£2.70	March 2024*	6 April 2032
	29,645	–	–	–	29,645	9 May 2023	£1.80	March 2025*	9 May 2033
Total	64,838	–	–	–	64,838	–	–	–	–
Paul James	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–	–

* The options vest on the dealing day following the announcement by the Company of its annual results.

Directors' Remuneration report continued

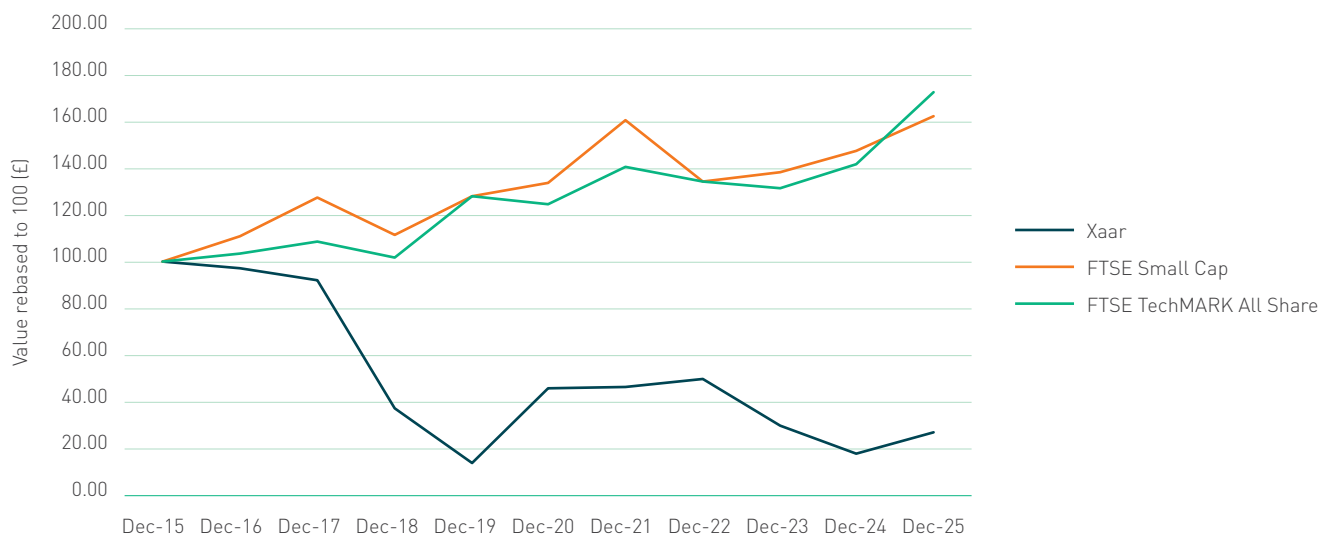
Payments for loss of office and payments to past Directors made during the year (audited)

No payments were made for loss of office during the year. Ian Tichias stepped down from the Board with effect from 20 November 2024. The LTIP awards made in October 2023 (with a performance period of 1 January 2023 – 31 December 2025) will vest in May 2026. Ian Tichias was a beneficiary of these; however, the award lapsed in full.

Performance graph and table

The graph on this page shows the Company's performance measured by total shareholder return (TSR), compared with the performance of the FTSE TechMARK All Share Index and FTSE SmallCap Index of which Xaar is a member, which the Remuneration Committee considers to be the most appropriate indices for comparison because they illustrate the Company's TSR performance against a broad equity market index of similar UK companies.

Total shareholder return



Source: CapIQ

This graph shows the value, by 31 December 2025, of £100 invested in Xaar on 31 December 2015, compared with the value of £100 invested in the FTSE TechMARK All Share and FTSE SmallCap Indices on the same date on a yearly basis. The other points plotted are the values at intervening financial year-ends.

The table below shows details of the total remuneration, annual bonus (as a percentage of maximum opportunity) and LTIP vesting percentage for the Chief Executive Officer over the last ten financial years.

	Total remuneration	Annual bonus as a % of maximum opportunity	LTIP as a % of maximum opportunity
Year ended 31 December 2025	722	50%	0%
Year ended 31 December 2024	518	0%	38.25%
Year ended 31 December 2023	625	0%	60%
Year ended 31 December 2022	1,592	39.51%	99.50%
Year ended 31 December 2021	454	26.26%	n/a
Year ended 31 December 2020	511	43.27%	n/a
Year ended 31 December 2019 – John Mills ¹	122	0%	0%
Year ended 31 December 2019 – Doug Edwards ²	357	0%	0%
Year ended 31 December 2018	502	12%	0%
Year ended 31 December 2017	594	0%	50%
Year ended 31 December 2016	429	12.5%	0%

¹ John Mills did not earn a performance bonus in respect of 2019. He received a buy-out bonus to compensate him for loss of income to join Xaar.

² Doug Edwards was CEO from 1 January until 10 October 2019, and John Mills was CEO from 11 October to 31 December 2019.

Percentage change in Directors' remuneration

The table below shows the percentage change in each Director's salary/fees, benefits and bonus and average remuneration of full-time employees on a full-time equivalent basis between the year ended 31 December 2024 and the year ended 31 December 2025 and the average percentage change in the same remuneration over the same period in respect of the employees of Xaar plc on a full-time equivalent basis. For the purposes of the table below, the comparator employee group average employee within the UK is the employees of Xaar plc. This comparator group was chosen because it is the most relevant sub-set of employees and can be used consistently.

	Year	John Mills	Paul James	UK employees
% increase in salary	2024 – 2025	3%	n/a	3%
	2023 – 2024	3%	n/a	3%
	2022 – 2023	8%	n/a	5%
	2021 – 2022	14%	n/a	46%
	2020 – 2021	5%	n/a	11%
	2019 – 2020	–	–	3%
% increase in benefits	2024 – 2025	3%	n/a	6%
	2023 – 2024	3%	n/a	7%
	2022 – 2023	6%	n/a	1%
	2021 – 2022	9%	n/a	494%
	2020 – 2021	4%	n/a	10%
	2019 – 2020	–	n/a	3%
% increase in bonus	2024 – 2025	100%	n/a	100%
	2023 – 2024	0%	n/a	0%
	2022 – 2023	-100%	n/a	-100%
	2021 – 2022	72%	n/a	149%
	2020 – 2021	-36%	n/a	6%
	2019 – 2020	-21%	n/a	–

	Year	Ben Stocks	Andrew Herbert	Richard Amos	Jacqueline Sutton	Inken Braunschmid
% increase in fees	2024 – 2025	n/a	3%	3%	3%	3%
	2023 – 2024	n/a	1%	7%	3%	n/a
	2022 – 2023	n/a	2%	n/a	n/a	n/a
	2021 – 2022	n/a	7%	n/a	n/a	n/a
	2020 – 2021	n/a	3%	n/a	n/a	n/a
	2019 – 2020	n/a	3%	n/a	n/a	n/a

1 Average employee – Full-time equivalent median employee of Xaar plc. Benefits calculated as the cost of benefits provided by Xaar to all employees at no cost to each employee (life cover etc.) plus 5% flexible benefits allowance for Executive Directors, and 3% flexible benefits allowance for comparator employee and any car allowance where applicable.

CEO pay ratio

The following table sets out the ratio of the CEO's total remuneration in respect of FY 2025 (taken from the single figure table on page 84), to that of the 25th percentile, 50th percentile (i.e. the median) and the 75th percentile full-time equivalent (FTE) of the Group's UK employees. In line with the applicable regulations, the corresponding ratios for the previous years are also included.

Year	Method	25th percentile	Median pay ratio	75th percentile
2025	Option A	22:1	18:1	11:1
2024	Option A	17:1	12:1	8:1
2023	Option A	26:1	20:1	12:1
2022	Option A	62:1	41:1	29:1
2021	Option A	16:1	11:1	7:1
2020	Option A	15:1	11:1	8:1
2019	Option A	17:1	12:1	8:1

The median and quartile figures have been determined based on Option A as this was stated in government guidance as the most statistically accurate method. Remuneration for other employees for the purposes of the calculations was as at 31 December in each year.

In line with the applicable regulations, we have set out below for the same employee percentiles (and for the CEO) their total remuneration in respect of 2022 and 2023 and the salary component of that remuneration.

Directors' Remuneration report continued

YEAR TO 31 DECEMBER 2025

	CEO total remuneration	25th percentile employee	Median employee	75th percentile employee
Salary (£000)	410	28	34	48
Total pay and benefits (£000)	722	32	40	63

The median ratio has increased this year largely due to the bonus that paid out this year. Bonuses were paid to both the Executive Directors as well as to the UK workforce. The Committee is aware that pay ratios can be sensitive in comparison year to year when there are instances of no bonus pay-outs or long-term incentives followed by years of pay-outs. As such, the Committee believes the median pay ratio is consistent with the pay, reward and progression policies for the UK employees taken as a whole. On average, UK employees receive higher salary increases compared to Executive Directors.

Relative importance of the spend on pay

The table below sets out the Group's distributions to shareholders by way of dividends and total Group-wide expenditure on pay for all employees (including employer social security, pension contributions and share-based payments), as reported in the audited financial statements for the financial year ended 31 December 2025.

	2025 £'000	2024 £'000	Change %
Dividends paid to shareholders	–	–	n/a
Group-wide expenditure on pay for all employees (note 10)	25,770	25,210	2%

Implementation of Directors' Remuneration Policy for the financial year commencing 1 January 2026

Information on how the Company intends to implement the Policy for the financial year commencing 1 January 2026 is summarised below.

Basic salary and fees

The table below details the Executive Directors' salaries as at 1 January 2025 and salaries which are effective 1 January 2026, with the next salary review taking place in 1 January 2027 in line with the wider workforce.

	Base salary at 1 January 2025	Base salary at 1 January 2026	% increase
John Mills	£409,753	£419,997	2.5%
Paul James	£300,000	£307,500	2.5%

The Committee also reviewed fees for the Non-Executive Directors. The base fee will be increased by 2.5%, in line with the lowest rate of increase for the wider workforce for 2026 to £52,687. The additional fees in respect of acting as Senior Independent Director, Audit and Remuneration Committee Chair will also be increased by 2.5%, from £3,000 to £3,075 and from £7,500 to £7,699 respectively. In 2026 a Non-Executive Director responsible for Workforce Engagement was appointed with an additional fee of £3,075.

Annual bonus

The maximum opportunity for the CEO and CFO will be 125% and 110% of base salary respectively for 2026. The performance metrics for the bonus for 2026 are 100% cash generated from operations with a Group-wide adjusted profit before tax underpin. If this threshold level of adjusted profit before tax is not met none of the annual bonus will pay-out regardless of performance in cash generation.

30% of any bonus earned will be deferred in shares and subject to a two-year deferral period. The Committee has discretion to amend formulaic outputs such that in addition to overall business performance, circumstances that were unexpected or unforeseen (or any other reasons at the discretion of the Committee) will be considered. As part of this assessment, the Committee will take into account progress against Xaar's Sustainability Roadmap that will push Xaar towards its Net Zero by 2030 goal and our wider ESG commitments.

The Board considers the Group profit and cash targets for 2026 to be matters that are commercially sensitive and should therefore remain confidential to the Company. They provide our competitors with insight into our business plans, expectations and our strategic actions.

However, the Remuneration Committee will disclose on a retrospective basis how the Company's performance relates to any annual bonus payments made.

Long-term incentives

The maximum LTIP award in 2026 will be capped at 150% of base salary for the CEO and 125% of salary for the CFO. The Committee intends to grant awards subject to 60% adjusted PBT and 40% relative TSR. Compared to 2025 the Committee has removed the revenue target to allow more focus on growing value as a result of delivering growth. The relative TSR metric will be measured against the Deutsche Numis Smaller Companies Index (excluding Investment Trusts and Financial Services). 25% of the element will vest for median performance with full vesting for upper quartile performance. Straight-line vesting will apply between points.

As for 2025, given the turnaround position of the Company, the Board considers the performance targets for the LTIP awards to be granted in 2026 to be commercially sensitive information at this time but, as in past years, will fully disclose the exact measurements retrospectively.

Consideration by the Directors of matters relating to Directors' remuneration

MEMBERSHIP

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the UK Corporate Governance Code 2024. The terms of reference of the Remuneration Committee can be obtained by contacting the Company Secretary. Please see the tables on page 39 for details of the Committee members in the year and the number of Committee meetings attended.

The Remuneration Committee is currently chaired by Inken Braunschmidt, since 1 July 2024. The other members during the year ended 31 December 2025 were Andrew Herbert (until 30 September 2025), Ben Stocks (from 1 October 2025), Richard Amos and Jacqueline Sutton. All members of the Remuneration Committee are considered independent within the meaning of the UK Corporate Governance Code 2024.

ROLE AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Remuneration Committee's primary responsibilities are:

- + To make recommendations to the Board on the Group's policy for executive remuneration, and review the ongoing appropriateness and relevance of the policy taking into account workforce-related pay and policies and the alignment of incentives and rewards with culture.
- + To determine, on behalf of the Board, the specific remuneration and other benefits of Executive Directors, senior management and the Company Secretary (including pension contributions, bonus arrangements, long-term incentives and service contracts).
- + To review the design of all share incentive plans and oversee any major changes in employee benefit structures.
- + To ensure appropriate stakeholder input into the work of the Committee with specific focus on employees through regular employee engagement.

The fees paid to the Non-Executive Directors are determined by the Chief Executive Officer and the Chairman. The fees paid to the Chairman are determined by the Chief Executive Officer and the Non-Executive Directors.

The members of the Remuneration Committee have no personal financial interest, other than as shareholders, in the matters to be decided, no actual or potential conflicts of interest arising from other directorships and no day-to-day operational responsibility within the Company. Executive Directors are not entitled to accept more than one non-executive directorship outside the Group.

Key issues and activities

The key activities of the Remuneration Committee during 2025 are shown below:

REMUNERATION COMMITTEE'S KEY ACTIVITIES IN 2025

EXECUTIVE DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION	Assess 2024 bonus and LTIP outturns
	Finalise and approve 2025 bonus and LTIP targets
	Review update on market practice and corporate governance
SHARE INCENTIVE PLANS	Review eligibility for LTIP awards
	Approve grant of LTIP awards
	Approve grant of SAYE awards
GOVERNANCE	Consider and approve the Annual Report on Remuneration
WIDER WORKFORCE	Review proposed annual pay increases for the wider workforce. Review proposed bonus payments for the wider workforce. Agree improved processes for the Remuneration Committee to monitor wider workforce pay and policies

Advisors to the Remuneration Committee

The Remuneration Committee is assisted in its work by Xaar's human resources department. The Chief Executive Officer is consulted on the remuneration of those who report directly to him and also of other senior executives. No Executive Director or employee is present or takes part in discussions in respect of matters relating directly to their own remuneration.

During the financial year, the Committee received independent advice from Deloitte LLP, which was appointed by the Committee, in relation to the Committee's consideration of matters relating to Directors' remuneration. Deloitte LLP was appointed in 2019 following a formal tender process. Fees for advice provided to the Remuneration Committee during the year were £32,500. Fees were charged on a time and disbursements basis. Following a tender exercise in 2025, the Committee appointed Mercer Limited as its independent advisor from January 2026.

Deloitte LLP and Mercer Limited are members of the Remuneration Consultants Group and voluntarily operate under its code of conduct in their dealings with the Remuneration Committee. The Remuneration Committee is satisfied that all advice received was objective and independent.

Deloitte also provides advice to the Company on the operation of its employee share plans.

Directors' Remuneration report continued

Shareholder voting

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration report for the year ended 31 December 2024 at the 2024 AGM and the Directors' Remuneration Policy at the 2023 AGM.

Number of votes	For (including discretion)	Against	Withheld
Directors' Remuneration report for the year ended 31 December 2024	60,026,090 (99.98%)	12,434 (0.02%)	0
Directors' Remuneration Policy 31 December 2023	58,994,131 (97.62%)	1,441,100 (2.38%)	197

Approval

This report was approved by the Board on 23 March 2026 and signed on its behalf by:



Inken Braunschmidt
Chair of the Remuneration Committee

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have also chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- + Select suitable accounting policies and then apply them consistently
- + Make judgements and accounting estimates that are reasonable and prudent
- + State whether applicable UK accounting requirements have been followed, subject to any material departures disclosed and explained in the financial statements
- + Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- + Select and apply accounting policies in accordance with IAS 8
- + Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- + Provide additional disclosures when compliance with the specific requirements in UK-adopted IAS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- + Make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations the Directors are also responsible for preparing a Strategic report, Directors' report, and Directors' Remuneration report that comply with that law and those regulations.

Website publication

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- + The Group and Company financial statements, prepared in accordance with the relevant financial reporting framework (UK-adopted International Accounting Standards for Group and UK GAAP FRS 101 for Parent Company), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company and the undertakings included in the consolidation taken as a whole;
- + The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- + The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors of Xaar plc are listed on page 39

In the case of each Director in office at the date the Directors' report is approved so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:



John Mills
Chief Executive Officer

23 March 2026



Paul James
Chief Financial Officer

Independent auditor's report

to the members of Xaar plc

Opinion

We have audited the financial statements of Xaar Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- + the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's loss for the year then ended;
- + the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- + the parent company financial statements have been properly prepared in accordance with FRS 101 reduced disclosure framework United Kingdom Generally Accepted Accounting Practice) and as applied in accordance with the provisions of the Companies Act 2006; and
- + the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included the following audit procedures:

- + Obtaining and documenting our understanding of the controls in place around the preparation of the going concern forecast and future plans for the group through discussions with management;
- + Obtaining management's assessment for going concern for the period to 31 March 2027 and checking the mathematical accuracy of the cash flow forecasts and budgets prepared;
- + Comparing budgeted performance for the year ended 31 December 2025 against actuals to assess management's historical forecasting accuracy;
- + Challenging management where appropriate on the reasonableness of key inputs and assumptions underpinning the going concern model. These challenges included but were not limited to:
 - + Performing sensitivity analysis on key inputs and assumptions to assess the headroom across the going concern period. Key inputs and assumptions included: (i) sales growth rates, (ii) long-term profitability/margins, (iii) levels of operating and capital expenditure, and (iv) cost-saving initiatives;
 - + Assessing management's reverse stress testing performed and corresponding mitigating actions;
 - + Assessing management's assumptions against external factors and market trends for appropriateness;
 - + Agreeing the opening cash position in the going concern forecast to the audited position as at 31 December 2025; and
 - + Assessing the prospective accuracy of management's forecast in 2026 against post year-end bank statements and management accounts;
- + Reviewing the terms of revolving credit facility within the group to confirm the availability across the forecast period;
- + Assessing the associated covenants and conditions of the revolving credit facility impact on the preparation of the going concern basis;
- + Undertaking a review of subsequent events on matters impacting the going concern assessment; and
- + Considering the adequacy of the disclosures and accounting policy in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of audit procedures on the individual financial statement line items and disclosures, and evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

	Financial statements – group	Financial statements – parent company
OVERALL MATERIALITY	£420,000 (2024: £430,000)	£419,000 (2024: £429,000)
BASIS FOR DETERMINING OVERALL MATERIALITY	0.7% of revenue (2024: 0.7% of revenue)	1% of gross assets, capped at overall group materiality (2024: 1% of gross assets, capped at overall group materiality)
RATIONALE FOR THE BENCHMARK APPLIED	The nature of the business activities and operations results in the group being revenue-driven, and revenue is considered to be a core driver of the overall business. Revenue is a key performance metric for internal reporting purposes by group management and is a key figure within the financial statements for users of the financial statements, shareholders and wider stakeholders. On this basis, revenue was determined to be an appropriate basis for determining overall materiality.	Considering the nature of the parent company, being a holding company for the entities within the group, gross assets was determined to be an appropriate basis for the calculation of the overall materiality, given the significant asset base as at 31 December 2025.
PERFORMANCE MATERIALITY	£294,000 (2024: £301,000)	£293,000 (2024: £300,000)
BASIS FOR DETERMINING PERFORMANCE MATERIALITY	70% of the group overall materiality (2024: 70% of the group overall materiality)	70% of the parent company overall materiality (2024: 70% of the parent company overall materiality)
RATIONALE FOR THE BENCHMARK APPLIED	For determining the performance materiality, we have considered the following factors: <ul style="list-style-type: none"> + The level of significant judgements and estimates; + The risk assessment and aggregation of risk, and the effectiveness of controls; + The control environment and the group's financial reporting controls and processes; and + The stability of key management personnel. 	

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the nature and extent of our testing of account balances, classes of transactions, and disclosures, for example in determining sample sizes.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £21,000 (2024: £21,500) for the audit of the group financial statements, and £21,000 (2024: £21,450) for the audit of the parent company financial statements as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

For each component in scope of the group audit, we allocated performance materiality to each entity based on their contribution to overall group revenue. The range of performance materiality allocated across the components was between £66,000 and £235,000 (2024: between £75,000 and £240,000).

Our approach to the audit

In designing our audit approach, we determined materiality and assessed risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgements made by management, including revenue recognition, the carrying amount and recoverability of goodwill and intangible assets, the carrying value and recoverability of investments and intra-group receivables, and the valuation of contingent consideration. Procedures were then performed to address the risks identified and for the most significant assessed risks of misstatement, the procedures performed are outlined below in the key audit matters section of this report. We re-assessed the risks throughout the audit process and concluded that the scope remained in line with that determined at the planning stage of the audit.

An audit was performed on the financial information of the group's full and specific components which, for the year ended 31 December 2025, were located in the United Kingdom (UK) and the United States of America (USA).

For management reporting purposes, the group is organised into three continuing reportable business units – Printhead, Product Print Systems and Ink Supply Systems (2024: four reportable business units – Printhead, Product Print Systems, Digital Imaging and Ink Supply Systems).

As a result of our materiality and risk assessments, we determined which components required a full scope audit of their financial information with consideration to their significance to the group based on their contribution to overall revenue, the presence of material classes of transactions and account balances, and other risk characteristics. On this basis, three components (2024: four components) required a full scope audit of their financial information. Seven (2024: five) components were subject to a specific scope audit whereby procedures were performed on one or more classes of transactions, account balances or disclosures. The remaining three (2024: five) components were not in scope due to the nature and conditions present in each component, and lack of material classes of transactions, account balances, and disclosures.

All components of the group were audited by us in our London, UK office. As group auditor, we performed an on-site visit of the full scope component located in Vermont, USA.

Independent auditor's report continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

REVENUE RECOGNITION (NOTE 6)

Under ISA (UK) 240, there is a rebuttable presumption that revenue recognition is a significant fraud risk.

Revenue is a key driver of the results of the Group and therefore there is a perceived incentive to manipulate revenue recognition to meet targets.

Business Unit	2025 €'000	2024 €'000
Printhead	43,030	33,472
Product Print Systems	14,460	16,076
Ink Supply Systems	2,565	2,510
Digital Imaging	314	9,350
Total	60,369	61,408

We assess the risk in relation to the potential manipulation of the revenue recognised arises through manual journal entries and management override.

There is also a significant judgment involved around the recognition of revenue at a point in time or over time. Where the revenue is recognised over time (in the Engineered Printing Solutions component within the product print systems CGU) on the long-term contracts crossing over the year-end, there is significant estimation required of management in order to establish the extent that the performance obligations have been satisfied in the year and how much is recorded as a contract asset/liability as at the year-end.

Management's methodology on long term contracts and contract liabilities is based on the stage of completion of each contract on the basis of the output method under IFRS 15 Revenue from contracts with customers, with reference to key milestones and deliverables explicit within the contracts and internal implicit milestones achieved to date.

As a result, there is a risk of fraud or error relating to revenue recognition, meaning this is a significant risk and key audit matter for the year ended 31 December 2025.

How our scope addressed this matter

In addition to the procedures required by ISA (UK) 240, our work on this key audit matter included:

- + Obtaining and documenting an understanding of the internal control environment in operation and undertaking walkthroughs to assess whether the key controls within the revenue processes and systems had been designed and implemented effectively in the year;
- + Reviewing the revenue recognition policy against the requirements under IFRS 15 Revenue from contracts with customers, ensuring classification of revenue between point in time and over time was appropriate, and assessing the adequacy and completeness of disclosures made within the financial statements;
- + Obtaining management's accounting memorandum on the revision of the accounting estimate over the measurement of stage of completion on revenue recognition from the input method to the output method during the financial period and assessing this change and implementation in conjunction with the requirements of IFRS 15;
- + Performing substantive tests of detail on a sample of point in time revenue transactions in Xaarjet, EPS and Megnajet by agreeing to underlying supporting documentation such as sales order/invoice and delivery information, to ensure the occurrence and accuracy of revenue being recognised;
- + Substantively reviewing all external and internal milestones for overtime revenue under the revised output revenue recognition policy and accounting estimate to ensure continued compliance with IFRS 15;
- + Substantively testing a sample of contract revenue in EPS by agreeing to underlying documentation, and challenging management on key estimates such as percentage of completion allocated to each milestone which is used in the output method for the revenue recognition;
- + Discussing the status of projects with the operations teams (outside the finance teams), physically verifying the stage of completion of the inventory associated with the revenue recognised as part of the audit team's site visit, and corroborating the revenue recognised with relevant support such as customer correspondence and test results;
- + Obtaining and reviewing the post year-end revenue ledger to assess for unusual postings or irregular recognition/back-dating of revenue that was recognised in the year ended 31 December 2025;
- + All material revenue journal entries posted during the preparation of the financial statements in all full scope entities and Megnajet were investigated by agreeing to underlying documentation and through discussion with management to assess the appropriateness of the accounting treatment;
- + Reviewing contract asset and liability balances in EPS on a sample basis, reviewing the post-year-end positions of the samples selected, and ensuring the balances have been appropriately recognised;
- + Testing revenue cut-off by selecting samples from pre and post year-end revenue listings to ensure that the revenue was recognised in the correct period; and
- + Performing an audit of revenue disclosures in line with the applicable accounting framework.

KEY OBSERVATIONS

Based on the audit procedures performed above, we did not identify any instances of management override and are satisfied that revenue has been recognised in accordance with the recognition criteria set out in IFRS 15.

Key audit matter

How our scope addressed this matter

CARRYING AMOUNT AND RECOVERABILITY OF GOODWILL AND INTANGIBLE ASSETS (NOTE 15 AND NOTE 16)

Goodwill and other intangible assets are material balances in the Consolidated Statement of Financial Position.

Under IAS 36 Impairment of Assets, goodwill and other intangible assets with an indefinite useful life must be tested for impairment annually by comparing their carrying amounts with the recoverable amount. As at 31 December 2025, a goodwill balance of £6,576k (2024: £6,959k) is presented in the Consolidated Statement of Financial Position, alongside other intangible assets totalling £5,677k (2024: £5,136k).

Management performs an impairment assessment by calculating the recoverable amount of each cash-generating-unit (CGU). This requires the identification of future cash flows, extrapolated growth rates and an applicable discount rate to calculate a value-in-use (VIU) figure. Management determines CGUs based on the internal reporting to the Chief Operating Decision Maker, who is the individual primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

Significant judgments and estimation are required in relation to future cash flows, estimated useful economic lives, and discount rates, all of which are inherently uncertain and could result in changing outcomes of the impairment test.

On this basis, goodwill and other intangible assets were deemed to be significant risk and a key audit matter for the year ended 31 December 2025.

Our work on this key audit matter included:

- + Obtaining and documenting an understanding of the relevant controls and procedures in place over the impairment of goodwill and other intangible assets;
- + Engaging an audit specialist to assess the appropriateness of the weighted average cost of capital (WACC) used in the VIU calculations;
- + Ensuring that all CGUs, or groups of CGUs, have been properly identified in accordance with IAS 36;
- + Reviewing management's impairment memorandum and models, and challenging management on the key inputs and assumptions underpinning the assessments. Key assumptions include future cash flows and growth, discount rates, and forecasted economic conditions. Assumptions will be benchmarked against reliable external party sources, such as comparing long term growth rates to UK and US long term inflation;
- + Assessing the accounting treatment over the goodwill reallocation resulting from the reorganisation of business units in the group, ensuring compliance with requirements under IAS 36;
- + Comparing the forecasted results for CGUs with post year-end actuals in order to assess management's forecasting accuracy;
- + Reviewing the discounted cash flows for each CGU, performing downward sensitivity analysis on key inputs and estimates and assessing the corresponding VIU against the carrying value of the corporate assets; and
- + Assessing the adequacy of disclosures made in the financial statements in line with the requirements under UK-adopted international accounting standards.

KEY OBSERVATIONS

Based on the audit procedures performed, we are satisfied with management's assessment and conclusions regarding the impairment of goodwill and other intangible assets recognised within each CGU.

VALUATION OF CONTINGENT CONSIDERATION (NOTE 28)

Stratasys Solutions Limited completed the acquisition of the remaining 55% equity stake that Xaar 3D Holdings Limited held in Xaar 3D Limited on 6 October 2021. The purchase price consideration consisted of £9.3m paid in cash, an additional potential payment of up to USD 21.2m based on specific milestones, and a 3% earn-out consideration tied to Xaar 3D Limited's future revenues.

On the date of the transaction, the group recognised a financial asset of £10.9m, measured at fair value through profit and loss under IFRS 9 Financial Instruments, in relation to the contingent consideration. As at 31 December 2025, the fair value of the contingent consideration was £4.5m (2024: 4.9m). Management uses an external expert to perform the Monte Carlo Simulation Model used in the valuation.

Determining the fair value of the contingent consideration is complex and involves significant judgments, estimation and uncertainty of the forecasted revenue which forms the basis of the valuation model. As such, there is a risk of material misstatement. Therefore, the valuation of contingent consideration is deemed a significant risk and a key audit matter.

Our work on this key audit matter included:

- + Obtaining and documenting an understanding of the method used by management's valuation expert to determine the fair value of the contingent consideration at the year-end;
- + Assessing management expert's competence, capability, and objectivity based on their qualifications and professional standards;
- + Using our valuations team as an audit specialist and assessing the appropriateness of the key inputs of the Monte Carlo Simulation model used by management's expert. This included a review of the methodology and reasonableness of assumptions, and calculating a point estimate;
- + Challenging management on the appropriateness and consistency of the forecasted revenue amounts provided by Stratasys Solutions Limited;
- + Recalculating the 3% earn-out consideration based on Xaar 3D Limited's reportable revenue within the relevant reporting periods;
- + Recalculating the year-end closing fair value movement recorded in the income statement and comparing this to management's calculation;
- + Performing a stand-back procedure and analysing the corresponding contingent consideration financial liability balance recognised Stratasys Ltd (SSYS), a NASDAQ-listed entity and the ultimate controlling entity of Stratasys Solutions Limited, and comparing to the financial asset held within Xaar 3D Limited; and
- + Ensuring the adequacy and accuracy of the associated disclosures and that they were in line with the requirements of UK-adopted international accounting standards.

KEY OBSERVATIONS

Based on the audit procedures performed, we are satisfied that the valuation methodology, key inputs, and assumptions therein to determine the fair value of the contingent consideration were reasonable and not materially misstated, and in line with the requirements of UK-adopted international accounting standards.

Independent auditor's report continued

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- + the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- + the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- + adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- + the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- + certain disclosures of directors' remuneration specified by law are not made; or
- + we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's and parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- + Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 52 and 53;
- + Directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on pages 52 and 53;
- + Directors' statement on whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities set out on pages 52 and 53;
- + Directors' statement that they consider the annual report and the financial statements, taken as a whole, to be fair, balanced and understandable set out on page 93;
- + Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 12;
- + The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 12; and
- + The section describing the work of the audit committee set out on Pages 64 to 67.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- + We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- + We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from :
 - + The Companies Act 2006;
 - + UK-adopted International Accounting Standards;
 - + United Kingdom General Accepted Accounting Practice;
 - + The UK Corporate Governance Code;
 - + General Data Protection Regulation;
 - + UK employment law;
 - + US Federal Labor Standards Act;
 - + Bribery Act 2010;
 - + Serious Organised Crime and Police Act 2005;
 - + Proceeds of Crime Act 2002;
 - + Listing Rules;
 - + Disclosure Guidance and Transparency Rules;
 - + UK tax legislation; and
 - + Tax legislation applicable in other jurisdictions.

+ We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:

- + Making enquiries of management in relation to known or suspected instances of non-compliance with laws and regulations;
- + Reviewing Regulatory News Service announcements;
- + Reviewing minutes from Board and other committee meetings; and
- + Reviewing legal expenditure nominal ledger accounts.
- + As disclosed in Note 31 to the financial statements, the Directors identified an indirect tax liability arising from non-compliance with taxation laws in an overseas jurisdiction. We have obtained sufficient and appropriate audit evidence in respect of the provision recognised for the year ended 31 December 2025 and the prior period restatement in line with IAS 37 Provisions, contingent liabilities and contingent assets and IAS 8 Accounting policies, changes in accounting estimates and errors and the disclosures made thereon.
- + We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to revenue recognition, the carrying amount and recoverability of goodwill and intangible assets, the carrying value and recoverability of investments and intra-group receivables, and the valuation of the contingent consideration. We addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates. Please refer to the Key Audit Matters section of our report for further information.
- + As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation.

This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit Committee on 14 August 2023 to audit the financial statements for the period ending 31 December 2023 and subsequent financial periods. Our total uninterrupted period of engagement is three years, covering the periods ending 31 December 2023 to 31 December 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Hutson

Daniel Hutson
Senior Statutory Auditor
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

23 March 2026

Consolidated income statement

Year ended 31 December 2025

	Note	Year ended 31 December 2025			Year ended 31 December 2024 restated*		
		Adjusted £'000	Adjusting Items** £'000	Total £'000	Adjusted £'000	Adjusting Items** £'000	Total £'000
Revenue	6	60,055	–	60,055	53,754	–	53,754
Cost of sales		(36,363)	–	(36,363)	(34,128)	–	(34,128)
Gross profit		23,692	–	23,692	19,626	–	19,626
Selling, general and administrative expenses	7	(17,868)	(4,564)	(22,432)	(15,972)	(8,559)	(24,531)
Research and development expenses	7	(4,676)	549	(4,127)	(4,260)	147	(4,113)
Operating profit / (loss)		1,148	(4,015)	(2,867)	(606)	(8,412)	(9,018)
Finance income	10	67	–	67	85	–	85
Finance costs	10	(461)	–	(461)	(439)	–	(439)
Profit / (loss) before tax		754	(4,015)	(3,261)	(960)	(8,412)	(9,372)
Tax credit	12	109	133	242	277	538	815
Profit/(loss) for the year from continuing operations		863	(3,882)	(3,019)	(683)	(7,874)	(8,557)
Loss for the year from discontinued operations	11	(18)	(354)	(372)	1,225	(3,489)	(2,264)
Total loss for the year		845	(4,236)	(3,391)	542	(11,363)	(10,821)
Earnings / (loss) per share – Total							
Basic earnings / (loss) per share	13	1.1		(4.3)	0.7		(13.7)
Diluted earnings / (loss) per share	13	1.1		(4.3)	0.6		(13.7)
Earnings / (loss) per share – Continuing operations							
Basic earnings / (loss) per share	13	1.1		(3.8)	(0.9)		(10.8)
Diluted earnings / (loss) per share	13	1.1		(3.8)	(0.9)		(10.8)

* Refer to Notes 11 and 31 for prior year restatement details.

** Further information on adjusting items is included in Note 8.

Consolidated statement of comprehensive income

for the year ended 31 December 2025

	Year ended 31 December 2025	Year ended 31 December 2024 restated*
Loss for the financial year	(3,391)	(10,821)
Items that may be reclassified to the income statement in subsequent years		
Exchange (losses)/gains on translation of foreign operations	(238)	88
Other comprehensive expense for the year	(238)	88
Total comprehensive expense for the year	(3,629)	(10,733)
Total comprehensive income for the year is attributable to:		
Continuing operations	(3,257)	(8,469)
Discontinued operations	(372)	(2,264)
	(3,629)	(10,733)

* Refer to Notes 11 and 31 for prior year restatement details.

The Notes on pages 103 to 143 form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2025

	Note	31 December 2025 £'000	31 December 2024 restated* £'000	31 December 2023 restated* £'000
Non-current assets				
Goodwill	15	6,576	6,959	6,873
Other intangible assets	16	5,677	5,136	7,366
Property, plant and equipment	17	12,625	12,490	14,529
Right-of-use assets	18	4,193	4,734	7,826
Deferred tax assets	19	1,734	1,548	1,134
Financial asset at fair value through profit or loss	28	2,672	3,063	8,277
Non-current financial assets	18	100	104	136
		33,577	34,034	46,141
Current assets				
Inventories	20	26,559	27,236	31,035
Trade and other receivables	21	9,320	8,084	8,802
Contract assets	22	514	1,018	2,156
Current tax receivable	12	1,080	346	306
Financial asset at fair value through profit or loss	28	1,862	1,854	2,322
Cash and cash equivalents		5,349	8,711	7,135
		44,684	47,249	51,756
Total assets		78,261	81,283	97,897
Current liabilities				
Trade and other payables	23	(11,158)	(8,782)	(9,568)
Deferred consideration		–	–	(2,115)
Provisions	24	(3,655)	(3,794)	(4,022)
Contract liabilities	22	(1,533)	(1,986)	(2,369)
Borrowings	25	(475)	(557)	(1,403)
Lease liabilities	18	(701)	(1,218)	(1,800)
		(17,522)	(16,337)	(21,277)
Net current assets		27,162	30,912	30,479
Non-current liabilities				
Lease liabilities	18	(4,195)	(4,710)	(6,898)
Provisions	24	(250)	(300)	(300)
Other payables		(15)	–	–
		(4,460)	(5,010)	(7,198)
Total liabilities		(21,982)	(21,347)	(28,475)
Net assets		56,279	59,936	69,422
Equity				
Share capital	26	7,982	7,948	7,923
Share premium		30,011	30,011	29,950
Own shares	26	(1,125)	(566)	(566)
Translation reserve	26	1,277	1,515	1,427
Other reserves	26	6,256	6,256	6,256
Retained earnings	26	11,878	14,772	24,432
Total equity attributable to the equity shareholders of the parent		56,279	59,936	69,422

* Refer to Note 31 for prior year restatement details.

The Notes on pages 103 to 143 form part of these financial statements.

The consolidated financial statements on of Xaar Plc, registered number 3320972, were approved and authorised for issue by the Board of Directors on 23 March 2026 and signed on its behalf by:



John Mills
Chief Executive Officer



Paul James
Chief Financial Officer

Consolidated statement of changes in equity

Year ended 31 December 2025

	Share capital £'000	Share premium account £'000	Own shares £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2024 as previously stated	7,923	29,950	(566)	1,318	6,256	26,624	71,505
Restatement*	-	-	-	109	-	(2,192)	(2,083)
Balance as at 1 January 2024 restated*	7,923	29,950	(566)	1,427	6,256	24,432	69,422
Loss for the year restated*	-	-	-	-	-	(10,821)	(10,821)
Other comprehensive income restated*	-	-	-	88	-	-	88
Total comprehensive income	-	-	-	88	-	(10,821)	(10,733)
Issue of ordinary shares	25	61	-	-	-	-	86
Exercise of share options	-	-	-	-	-	(18)	(18)
Share-based payments	-	-	-	-	-	1,179	1,179
Balance as at 31 December 2024 restated*	7,948	30,011	(566)	1,515	6,256	14,772	59,936
Loss for the year	-	-	-	-	-	(3,391)	(3,391)
Other comprehensive income	-	-	-	(238)	-	-	(238)
Total comprehensive income	-	-	-	(238)	-	(3,391)	(3,629)
Issue of ordinary shares	34	-	-	-	-	-	34
Purchase of ordinary shares	-	-	(900)	-	-	-	(900)
Exercise of share options	-	-	341	-	-	(375)	(34)
Share-based payments	-	-	-	-	-	872	872
Balance as at 31 December 2025	7,982	30,011	(1,125)	1,277	6,256	11,878	56,279

* Refer to Note 31 for prior year restatement details. Refer to Note 26 for details of the reserves.

Consolidated cash flow statement

as at 31 December 2025

	Note	31 December 2025 £'000	31 December 2024 £'000
Adjusted cash generated by operations*	27	4,458	6,796
Exceptional cash outflows	8	(2,654)	(803)
Net income tax (paid)/received		(27)	605
Net cash inflow from operating activities		1,777	6,598
Investing activities			
Interest income received	10	145	134
Purchases of property, plant and equipment	17	(1,950)	(936)
Purchases of intangible assets	16	(998)	(86)
Proceeds from sale of tangible assets		4	-
Cash earn-out received from financial asset at FVTPL	28	207	120
Net cash outflow from investing activities		(2,592)	(768)
Financing activities			
Purchase of own shares		(900)	-
Proceeds from issue of shares		-	69
Lease payments	18	(1,603)	(1,197)
Interest paid		(128)	(87)
Net repayment of invoice discounting facility		(82)	(941)
Payment of deferred consideration		-	(2,133)
Net cash outflow from financing activities		(2,713)	(4,289)
Net (decrease) / increase in cash and cash equivalents		(3,528)	1,541
Cash and cash equivalents at beginning of period		8,711	7,135
Effect of foreign exchange rate changes on cash balances		166	35
Cash and cash equivalents at end of year		5,349	8,711

*New KPI included to reflect the cash generated by operations excluding cash flows of an exceptional nature as disclosed in Note 8.

The Notes on pages 103 to 143 form part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2025

1. Presentation of the financial statements

a) General information

Xaar plc (the Company, and together with its subsidiaries, the Group) is a public limited company whose shares are listed on the London Stock Exchange, is incorporated and domiciled in the UK and is registered in England under the Companies Act 2006.

b) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

The consolidated financial statements include the results of the Company and its subsidiaries (together 'the Group'). The Group's directly and indirectly held subsidiary undertakings are disclosed in note C6 to the Company financial statements.

The consolidated financial statements have been presented in Sterling, the functional and presentational currency of the Company. Certain Group subsidiary entities have functional currencies other than Sterling. The financial position and performance of all such subsidiary entities is translated into the presentational currency (Sterling) in accordance with the foreign currencies accounting policy as detailed in Note 2.

The consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of certain financial instruments. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

c) Alternative performance measures

The alternative performance measures (APMs) used by the Group adjust for both recurring and non-recurring items that the Directors consider are not reflective of the underlying performance of the Group. Recurring items are adjusted each year irrespective of materiality to ensure consistent treatment.

The Directors believe that the 'adjusted profit before tax' and 'adjusted earnings per share' measures presented provide a consistent presentation of the Group's underlying operational performance. They also present shareholders with a clearer insight of performance metrics used by the Chief Operating Decision Maker and mitigate volatility resulting from external factors that are not influenced by the Group, for example exchange rate fluctuations.

These measures are not defined under IFRS; therefore, they may not be directly comparable with the 'adjusted' profit measures of other companies.

The Directors define adjusting items as follows:

- + fair value gains or losses on financial assets at fair value through profit and loss (FVTPL);
- + restructuring and transaction expenses;
- + amortisation of intangible assets arising on business combinations;
- + foreign exchange gains or losses arising on intra-group transactions;
- + research and development expenditure credits;
- + share-based payments charges and employer's tax contributions thereon;
- + asset impairment outside of the ordinary course of business;
- + legal provisions;
- + start up costs of new ventures; and
- + the tax effect of the aforementioned adjusting items.

d) Going Concern

The consolidated financial statements are prepared on a going concern basis. Having considered the Group's forecast financial performance and cash flows, and after making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future and for at least one year from the date that these consolidated financial statements are signed. For these reasons, they continue to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group were unable to continue as a going concern.

In preparing forecasts Xaar considers all external factors that could impact on financial performance and makes appropriate allowances for these. The forecast informing the decision to prepare the consolidated financial statements on a going concern basis considered, among other things; the likelihood of inflationary pressures resulting from macro-economic factors, and the unrest in Ukraine & Gaza and the wider Middle East. The impact of tariffs continues to be evaluated and we are working closely with our customers, suppliers and advisors to navigate and mitigate impacts in this area. Furthermore, forecasts have been subject to sensitivities to assess the impact on revenue generation, profitability and liquidity of wider market disruption in certain customer and supplier markets and uncertainty in timing of revenues expected from significant strategic opportunities.

A reverse stress test has been performed to model the circumstances required to eliminate available liquidity during the going concern period; this includes reducing revenues. This reverse stress scenario would require a reduction in Group revenue in excess of 20% in comparison to the base case, before considering any significant mitigating actions. The Directors believe the possibility of this combination of severe downsides arising to be remote given the recurring revenue base, visibility of committed orders and expected new revenue streams secured from products known to be launching by OEMs throughout 2026.

In the unlikely event of such a scenario materialising, the Group has a range of mitigating actions, focused on reducing the Group's cost base, that could be taken to avoid a liquidity shortfall. Namely, deferring non-committed capital expenditure, delaying or suspending research and development expenditure, and/or ultimately even making headcount reductions. It is worth noting that such actions would only be required in the event of an extreme downside scenario.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

1. Presentation of the financial statements continued

d) Going Concern continued

The Group is continuously monitoring and mitigating, where possible, the impacts of such risks. There is a high degree of predictability within the Group's short-term cash flows as they reflect existing technologies and products, existing OEM adoption and the committed order pipeline. The level of sensitivity testing and reverse stress testing performed is proportionate to this level of predictability.

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 5 to 6.

The Group continues to have a net current assets position and maintains sufficient financial resources as at 31 December 2025. These consisted of cash and cash equivalents of £5,349,000 as well as £5,000,000 of committed, but undrawn, banking facilities made available under a revolving credit facility agreement. Post year-end in March 2026 this revolving credit facility was extended for a further three years to June 2029 and increased to £10,000,000. The revolving credit facility is subject to leverage, interest cover and capital expenditure threshold covenants. In addition, to support the Group's working capital position, alongside the above core banking facilities, the Group also has access to ancillary funding arrangements in the form of an invoice discounting facility, of which £475,000 of the total £3,000,000 committed facility was utilised as at 31 December 2025.

Details of the Group's objectives, policies and processes for managing its capital and its exposure to financial risks, including both credit risk and liquidity risk, are included in Note 28.

2. Principal accounting policies

Revenue recognition

The Group has the following revenue streams:

1. Product sales; and
2. Commissions and services.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is presented after eliminating sales within the Group and is shown net of discounts, VAT and other sales-related taxes.

Goods and services deliverable under a contract are identified as separate performance obligations to the extent that the customer can independently benefit from each good or service and they are distinct. Each such product or service provided has a defined transaction price, being its standalone selling price. Where the criteria to be separately identifiable as distinct performance obligations are not met, the goods and services are aggregated until a separate obligation is identified. Where there are multiple performance obligations, revenue is measured at the value per the contract of the consideration receivable in exchange for the products and/or services, allocated by reference to the relative stand-alone selling prices of each of the performance obligations.

Typically, goods and services provided by the Group meet the definition of separate performance obligations, with the transaction price being allocated to each such obligation. However, certain contracts in the FFEI and EPS segments contain deliverables that are not distinct, such as where the services provided are essential for a customer to be able to derive a benefit from the goods purchased.

1. Product sales

This revenue stream consists of:

- a. the manufacture and sale of finished goods (printheads);
- b. the sale of engineered printing solutions; and
- c. the sale of digital imaging devices.

Revenue is recognised when control has been transferred to the customer. Control is deemed to transfer to the customer at point of delivery or collection of the products. Revenue is generally recognised at a point in time (such as on delivery or collection) and is typically invoiced in arrears.

Certain contractual arrangements in the EPS and FFEI segments require revenue to be recognised over a period of time, such as where the asset produced does not have an alternative use and the Group has an enforceable right to payment for performance completed to date. Where this is the case, the performance obligations are typically not distinct. Sale of Digital Imaging devices in FFEI business unit only relates to prior year.

During the year, the Group changed the method used to measure progress for the long-term revenue contracts in its EPS segment from an input method to an output method. The output method has been adopted because management concluded that it provides a more faithful depiction of stage of completion of the contract and the revenue which can be irrevocably recognised. The output method reflects the contractual value transferred to the customer based on objectively verifiable milestones and deliverables, such as design completion, assembly completion and factory acceptance testing. This change is accounted for as a change in accounting estimate, consistent with IFRS principles for measuring progress toward satisfaction with performance obligations. The change has been applied prospectively to the contracts which were open at 1 January 2025 and any new contracts entered into during the year. The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. See the 'Warranty provisions' accounting policy on page 109 for full details.

2. Principal accounting policies continued

Revenue recognition continued

2. Commissions and services

This revenue stream consists of the provision of consulting and research and development services to customers.

Revenue is recognised over time where the customer simultaneously receives and consumes the benefits of the Group's performance obligations. In order to estimate the stage of completion of the contract when recognising revenue over a period of time, an input methodology (based on total estimated labour hours to deliver the contract) is used. This is considered to best depict the performance conditions.

Where this is not the case, revenue is recognised at a point in time. Payments for this revenue stream are typically in arrears.

Leasing

Leased assets are capitalised on inception of the lease as right-of-use assets. A corresponding lease liability, representing the present value of the lease payments, is also recognised and split between current and non-current liabilities accordingly.

The lease liability includes: fixed payments, variable lease payments dependent on an index or rate (initially measured using the index or rate on the lease commencement date) and in substance fixed payments. The variable aspect of variable payments are recognised when the rate or index takes effect resulting in an adjustment to the liability and right-of-use asset.

The discounted lease liability is calculated where possible using the interest rate implicit in the lease or where this is not attainable the incremental borrowing rate is utilised. The incremental borrowing rate is the rate the Group would have to pay to borrow the funds necessary to obtain a similar asset under similar conditions. The Group calculates the incremental borrowing rate using risk free rate of the country where the asset is held, adjusted for length of the lease and a risk premium.

Lease payments are allocated against the principal and finance cost. Finance costs, representing the unwinding of the discount on the lease liability are charged to the income statement to produce a constant periodic rate of interest on the remaining liability. The Group has elected to not present the capital and interest elements of lease payments separately within cash flows arising from financing activities. Instead, these amounts are presented in aggregate as 'lease payments' in the Consolidated Cash Flow Statement.

Right-of-use assets are measured at cost including; the discounted initial lease liability, lease payments made at or before the commencement date, any dilapidation provisions and initial direct costs and reduced by any lease incentives received.

Right-of-use assets are depreciated over the shorter of the non-cancellable lease period and any extension options that are considered reasonably certain to be taken or the useful life of the asset. The Group's current leases run from 1–20 years.

Modifications to lease agreements result in remeasurement of the lease liability and right-of-use asset.

Short-term leases, defined as less than one year, and also of low value, are recognised on a straight-line basis as rental expense in the Consolidated Income Statement.

Foreign currencies

Foreign currency transactions are booked at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on settlement or retranslation of monetary assets and liabilities are included in the Consolidated Income Statement.

The results of overseas subsidiaries are translated into Sterling using the average exchange rates during the year. Assets and liabilities are translated at the rates ruling at the balance sheet date. Goodwill arising on the acquisition of a foreign operation is treated as an asset of that foreign operation and as such is translated at the relevant foreign exchange rate at the balance sheet date. Exchange differences arising on this translation are recognised through other comprehensive income in the translation reserve.

Other exchange differences are recognised in the income statement in the period in which they arise.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

2. Principal accounting policies continued

Taxation

The tax expense represents the sum of tax currently payable and deferred tax, including UK corporation tax and foreign tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill (taxable temporary differences only) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that is probable that sufficient taxable profits will be available to allow the asset to be recovered.

Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited in Other Comprehensive Income or directly in equity, in which case the deferred tax is also recognised within either Other Comprehensive Income or directly in equity respectively.

To the extent that the Group receives a tax deduction relating to share-based payment transactions, a deferred tax asset is recognised at the appropriate tax rate on the difference in value between the market price of the underlying equity as at the date of the financial statements and the exercise price of the outstanding share options multiplied by the expired portion of the vesting period. As a result, the deferred tax impact of share options will not be derived directly from the expense reported in the Consolidated Income Statement. Where the deductible difference exceeds the cumulative charge to the Consolidated Income Statement the excess of the associated tax benefit is recorded directly to equity rather than in profit or loss.

Deferred tax assets and liabilities are measured on an undiscounted basis and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Business combinations

Business combinations are accounted for using the acquisition method. On the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be reliably measured in which case the value is subsumed into goodwill. Where applicable, on a transaction-by-transaction basis the Group elects to utilise the optional concentration test when assessing whether a transaction consists of a business combination or instead is in substance the purchase of a single asset or group of similar assets. The concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Where the concentration test is met, the transaction is accounted for as an asset acquisition rather than as a business combination. The fair value of the gross assets acquired is calculated as the sum of the consideration transferred plus the fair value of liabilities assumed (other than deferred tax liabilities) less cash acquired. No goodwill arises on such transactions and acquisition costs are capitalised.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year. Where measurement period adjustments are identified, comparative prior period is revised to reflect the change to the acquisition accounting.

Acquisition-related costs are expensed to the Consolidated Income Statement in the period in which they are incurred.

2. Principal accounting policies continued

Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair value of the net assets acquired. Where the fair value of the consideration is less than the fair value of the acquired net assets, the deficit is recognised immediately in the Consolidated Income Statement as a bargain purchase.

Goodwill is not amortised, but is subject to an impairment review at least annually and is carried at cost less accumulated impairment losses.

Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to cash generating units (CGUs). The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the carrying value may not be recoverable.

Intangible assets

Acquisition intangibles

Acquisition intangibles comprise of brands, customer relationships, patents, technology and know-how. These are capitalised at fair value and are amortised on a straight-line basis over their estimated useful lives. Amortisation of these intangibles are included within selling, general and administrative expenses within the consolidated income statement.

The principal expected useful lives are as follows:

Brands	10 years
Customer relationships	6-8 years
Patents, technology and know-how	6 years

Other intangible assets

These comprise software, licence fees and expenditure on developed technology. Costs associated with the development activities are recognised as an asset if and only if they meet the recognition criteria set out in IAS 38 'Intangible Assets', namely that:

- + the project must be technically feasible;
- + there must be the intention to complete the project;
- + there must be adequate resources to be able to complete the project;
- + the ability to use or sell the asset or product is secure;
- + the future economic benefits must exceed the costs; and
- + the ability to reliably measure costs.

Where no internally generated intangible assets can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. All expenditure on research is expensed in the period in which it is incurred.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. Amortisation of these intangibles are included within selling, general and administrative expenses within the consolidated income statement. Assets under construction are not amortised.

The principal expected useful lives are as follows:

Software Licence fees	3 to 15 years
Internally developed technology	1 to 20 years
Capitalised development costs – patent	Life of patent
Capitalised development costs	Life of project

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is included within selling, general and administrative expenses within the consolidated income statement.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, as follows:

Leasehold improvements	1 to 20 years up to the maximum of the lease term
Plant and machinery	3 to 20 years
Furniture, fittings and equipment	3 to 20 years
Buildings	Up to 40 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets under the course of construction are not depreciated.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

2. Principal accounting policies continued

Property, plant and equipment continued

Spare parts are capitalised within property, plant and equipment where it is expected that future economic benefits will flow to the entity and the cost can be measured reliably. This typically relates to critical spares, which must be maintained for business continuity. Depreciation of these assets commences both when the assets are bought and when they are put in use. The former has a longer useful life of six years to account for the 'idle' time whilst the latter is a shorter useful life of three years which is an approximation for the average useful life of a part in use.

Impairment of property, plant and equipment and intangible assets excluding goodwill

A review is undertaken upon the occurrence of events or circumstances which indicate that the carrying amount may not be recoverable. In addition, any assets not yet available for use are tested for impairment annually.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to determine the recoverable amount for an individual asset, the assessment is made for the asset's cash-generating unit (CGU).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out (FIFO) cost formula, by applying the standard cost methodology, with costs including direct materials, direct labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where applicable.

Financial instruments

Financial instruments are recognised and classified according to the substance of the contractual arrangements into which the Group enters.

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Cash and cash equivalents, trade and other receivables (excluding prepayments and contract assets) and financial assets held at fair value through profit or loss are categorised as financial assets.

On initial recognition, financial assets are classified as either fair value through profit or loss, or amortised cost. The classification depends on the purpose for which the financial assets were acquired and their contractual cash flows.

Amortised cost assets are non-derivative debt instruments that meet the following conditions:

- + the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- + the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Interest income is recognised in the Consolidated Income Statement and is included in the 'finance income' line item.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

2. Principal accounting policies continued

Financial assets continued

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with an original maturity of three months or less.

Trade and other receivables

Trade receivables are recognised at cost less allowances for expected credit losses. The provision is based on the Group's expected credit loss, which is calculated using the simplified approach for trade receivables based on historical data adjusted for forward looking information.

Financial liabilities

Financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date.

Interest-bearing loans and borrowings

Interest-bearing loans and bank overdrafts are measured initially at fair value, net of direct issue costs. Interest is subsequently at amortised cost.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables

Trade payables are non-interest bearing and are stated at amortised cost which approximates cost here due to the short term nature of the payables.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the date of the statement of financial position and are discounted where the effect of the time value of money is material.

Restructuring provisions

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it, and the plan has reached a stage where the decision is unlikely to be reversed. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranty provisions

Provisions for the expected cost of warranty obligations under contracts with customers and local sale of goods legislation are recognised in the month of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

For general warranty provisions, this estimate is based on historical trends. For specific warranty provisions, this estimate is based on the known faults in the product sold in the year.

Dilapidation provisions

Provisions for leased property dilapidation are recognised at the commencement of the lease using the Group's best estimate to settle the obligation at the end of the lease term.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

2. Principal accounting policies continued

Contract assets and contract liabilities

A contract asset is recognised when revenue recognised in respect of a customer contract exceeds amounts received or receivable from the customer. This situation arises when the recognition of revenue over time to date is greater than amounts invoiced to the customer and invoicing is conditional on further performance. The carrying amount is reduced by allowances for expected credit losses.

When there is an unconditional entitlement, generally when invoices are raised, the contract asset values are reclassified to trade receivables.

Contract liabilities comprise the Group's obligation to transfer goods or services to a customer for which the Group has received payment from the customer in advance of revenue recognition. This situation arises when the customer is invoiced in advance and the revenue recognised over time is lower than the amounts invoiced to the customer.

Discontinued operations

A discontinued operation is a separate major line of business which has either been disposed of, abandoned or is classified as held for sale. If the asset or disposal groups is not classified as held for sale, the discontinued operations are not separately shown on the Statement of Financial Position.

To meet the classification as held for sale, the non-current asset or disposal group must meet these three criteria:

- + the carrying amount is to be recovered principally through a sale transaction rather than through continuing use
- + be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups)
- + the sale must be highly probable. This is considered the case when the board is committed to a plan to sell, an active program to locate a buyer and complete the plan must have been initiated. And the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value.

Disclosure elections

The results of discontinued operations are presented separately as a single line in the consolidated income statement. Comparatives are restated in the statement of comprehensive income and related notes. In contrast the statement of financial position and cash flow statement is not restated.

Where there is intergroup trading between the continuing and discontinued operations, both external and intragroup transactions are included as a discontinued operation. This method's merit lies in its accurate representation of both entities' performance.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

Own shares

No gain or loss is recognised in the Consolidated Income Statement on the purchase, sale, issue or cancellation of the Group's own shares. Instead, any difference between the carrying amount and the consideration paid is recognised in equity.

Share-based payments

Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Cash-settled share-based payments are measured at fair value at grant date and remeasured at each reporting date and settlement. The liability is recognised in the statement of financial position, with changes in fair value recognised in profit or loss over the vesting period. Upon settlement, any difference between the payment and the liability is recorded in profit or loss.

Share-based payments where vesting is by reference to external, market based performance criteria (such as growth in an external index) are measured using the Monte Carlo simulation. Those which are subject only to internal, non-market based performance criteria and/or service conditions are measured using the Black-Scholes model.

For schemes that have non-market based performance conditions the number of options expected to vest is recalculated at each reporting date based on expectations of leavers prior to vesting. The number of options expected to vest for schemes with internal performance criteria is also adjusted based on expectations of performance against targets. No adjustments are made for expected performance against external, market based targets. Charges recognised in the Consolidated Income Statement in respect of equity-settled share-based payments are credited to the share-based payments reserve in equity.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities under its control (together the 'Group'). Control is achieved when the Company has power to control the financial and operating policies of an entity either directly or indirectly and the ability to use that power to affect the returns it receives from its involvement with the entity.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group. All intra-group transactions, balances, equity, income and expenses are eliminated on consolidation.

3. Changes in accounting policies and disclosures

Except where disclosed otherwise in this note, the accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied when preparing the consolidated financial statements for the year ended 31 December 2024.

New accounting standards, amendments and interpretations adopted by the Group

The following new standards and amendments to existing standards became effective in January 2025 and have been adopted in the consolidated financial statements for the first time during the year ended 31 December 2025.

These have been assessed as having no financial or disclosure impact on these consolidated financial statements.

	Date issued	Effective for accounting periods beginning on or after
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates		
– Provides guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	August 2023	1 January 2025

New standards, amendments and interpretations not yet adopted by the Group

The following standards, amendments and interpretations were in issue but were not yet effective at the balance sheet date. These have not yet been endorsed by the UK Endorsement Board. These standards have not been applied when preparing the consolidated financial statements for the year ended 31 December 2025.

It is not anticipated that the application of the below will have a significant financial or disclosure impact in future years.

	Date issued	Effective for accounting periods beginning on or after
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures		
– Clarifies the classification and measurement of financial instruments.	May 2024	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements		
– Specifies the requirements for presentation and disclosure of information in financial statements for all entities applying IFRS.	April 2024	1 January 2027
IFRS 19 Subsidiaries without Public Accountability		
– Sets out the disclosure requirements an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	May 2024	1 January 2027

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

4. Key sources of estimation uncertainty and critical accounting judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions about the application of its accounting policies which affect the reported amounts of assets, liabilities, revenue and expenses. Actual amounts and results may differ from those estimates.

Judgements and estimates are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revisions to accounting estimates are recognised in the period in which the estimate is revised.

a) Critical accounting judgements

The accounting judgements and assumptions (excluding those which also involve estimates which are covered in the key sources of estimation uncertainty section below) included in the consolidated financial statements which have a material impact on amounts reported are as detailed below.

Capitalisation of development costs

The Group capitalises costs for product development projects. At 31 December 2025, the carrying amount of capitalised development costs was £3,372,000 (2024: £2,411,000). Development costs can be capitalised when they relate to a project that is technically feasible, there is the intention and are adequate resources to be able to complete the project, there are secure future economic benefits in excess of the development costs incurred and all such costs can be reliably measured.

Timing of revenue recognition

The assessment used by the Group to determine the timing of revenue recognition could have a significant impact on the amount and timing of revenue recognised. Under certain contracts entered into by the Product Print Systems and the Digital Imaging segments, revenue has been recognised over time (rather than at a point in time) following judgements taken as to the existence of alternative uses for the custom-built printing solutions being sold and whether the Group has an enforceable right to payment.

Firstly, the assessment of which customer projects include significant customisation (therefore have no alternative use) is based on the extent to which each machine is made to specific, detailed measurements at the request of a customer and takes into consideration the commercial reality underlying each contract. Whilst unlikely, it remains possible that custom-built machines may have an alternative use and could potentially be sold to a different customer. Nevertheless, this remote possibility is not deemed to change the determination of the timing of revenue recognition because selling to an alternative customer would necessitate modifications to the printhead/machinery, therefore, significant additional cost.

Secondly, when determining the timing of revenue recognition an assessment is made as to whether the contract contains an explicit enforceable right to payment for performance completed to date. During the year, the Group changed the method used to measure progress for the long term revenue contracts in its Product Print Systems segment from an input method to an output method. The output method has been adopted because management concluded that it provides a more faithful depiction of stage of completion of the contract and the revenue which can be irrevocably recognised.

Where the above factors are assessed to be present, the performance obligation under the contract is deemed to be satisfied over time.

For revenue recognised over time, management exercises judgement in selecting the most appropriate method to measure progress. The historical method was based on inputted labour hours versus budgeted/forecasted labour hours. Following a review of project delivery patterns and customer value transfer, management determined that an output method based on delivery of defined milestones better reflects the substance of the Group's performance obligations. In making this judgement, management considered:

- + The nature of milestones and customer acceptance points;
- + The extent to which costs incurred correlate (or do not correlate) with value delivered;
- + The availability of reliable data to track progress using each method; and
- + The increased clarity and verifiability provided by milestone based outputs.

Impact of change in measure of progress

The change from an input method to an output method to measure progress for revenue recognition is accounted for as a change in accounting estimate, consistent with IFRS principles for measuring progress toward satisfaction with performance obligations. The change has been applied prospectively to the contracts which were open at 1 January 2025 and any new contracts entered into during the year. This resulted in a £393,000 decrease in revenue for the year ended 31 December 2025. The impact arises because revenue is now recognised based on milestones delivered, rather than on labour hours expended. The effect on future periods cannot be estimated reliably due to the project specific nature of milestone timing and contract performance.

Classification of the Digital Imaging/FFEI CGU as discontinued operations

During the year, the Group finalised the planned restructuring of the FFEI Cash-Generating Unit ("CGU"). Under this plan, the Printbar part of the FFEI CGU has been migrated into the Printhead CGU, with the remaining FFEI Life Sciences activities ceasing during 2025. Management assessed the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations and concluded that the FFEI CGU, excluding the Printbar activities transferring to the Printhead CGU, should be presented as a discontinued operation. Accordingly, the comparative figures for the year ended 31 December 2024 have been restated to reflect this presentation. Please see Note 11 for further detail.

This assessment required judgement in determining whether the restructuring plan represents the cessation of a separate major line of business.

4. Key sources of estimation uncertainty and critical accounting judgements continued

Management concluded that the Digital Imaging CGU meets the criteria under IFRS 5 due to its distinct operational structure, identifiable financial performance, and the fact that the activities that will cease are not expected to contribute to the Group's future operations after 2025.

Allocation of income and costs between continuing and discontinued operations

IFRS 5 requires that the results of discontinued operations be presented separately from those of continuing operations. Revenues and expenses directly attributable to the abandoned business within the Digital Imaging/FFEI CGU have been included within discontinued operations. However, certain shared costs – particularly central support functions, operational overheads and facilities costs – required allocation between continuing and discontinued operations.

Management exercised judgement in identifying an allocation methodology that is consistent, supportable and reflective of how resources are consumed across the Group. The Group adopted a revenue-based allocation model, whereby shared costs are apportioned based on the relative share of revenue generated by continuing and discontinued operations during the period.

Management considers this method to provide a reasonable and representationally faithful allocation basis because:

- (i) revenue is an objective indicator of operational scale and utilisation of shared resources;
- (ii) the method is aligned with how management historically assessed cost-to-revenue relationships for internal performance monitoring; and
- (iii) it provides a consistent and transparent basis for comparability between current and prior year results.

The judgement applied in selecting and implementing this allocation methodology has a direct impact on the reported results of both continuing and discontinued operations, particularly in relation to operating profit and margin.

Management believes the use of a revenue-based allocation approach is appropriate in the context of the restructuring of the Digital Imaging business and provides users of the financial statements with the most reliable and comparable information.

b) Key sources of estimation uncertainty

The accounting estimates included in the consolidated financial statements which have a material impact on amounts reported are as detailed below.

Fair value measurement of contingent consideration

An element of the consideration receivable for the Group's divestment in November 2021 of its remaining interest in the share capital of Xaar 3D Limited remains contingent on achievement of certain revenue milestones and performance targets. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial asset, it is subsequently remeasured to fair value at each reporting date with any fair value gains or losses being recognised in the Consolidated Income Statement.

Fair value is estimated using the Monte Carlo simulation. Certain inputs into this statistical model involve estimation; namely, the risk adjusted discount rate and revenue volatility. These estimates are subject to rapid changes in market conditions that cannot always be fully anticipated. In light of the materiality of contingent consideration held in the Consolidated Statement of Financial Position, this uncertainty is considered to represent a key source of estimation uncertainty. Full sensitivity to changes in these estimates is provided in Note 28.

Impairment of goodwill and other intangible assets

The cost and carrying amount of goodwill at 31 December 2025 was £6,959,000 (2024: £6,959,000). Goodwill is deemed to have an indefinite useful economic life and is, therefore, not amortised. As a result, the Group reviews goodwill for impairment on at least an annual basis and more frequently where there are indicators of potential impairment. The impairment review requires the value-in-use of each CGU to be determined; and these calculations are based on a number of assumptions. Areas of significant judgement include:

- + the estimation of future cash flows;
- + the selection of risk and the estimation of risk adjustment factors to be applied to cash flows;
- + the selection of an appropriate discount rate to calculate present value; and
- + the selection of an appropriate terminal growth rate.

The assumptions used in the impairment test are detailed in Note 15. The assumptions relating to future cash flows, estimated useful economic lives and discount rates are based on forecasts and are, therefore, inherently judgemental. Future events could result in the assumptions used needing to be revised, changing the outcome of the impairment test and resulting in impairment charges being recognised in the Consolidated Income Statement.

Revenue recognition – estimating stage of completion of contracts

Revenue receivable under contracts with customers for the manufacture of bespoke machinery and equipment as well as for the provision of research and development consultancy services is generally required to be recognised over a period of time in line with the stage of completion of each contract with the customer. Such contractual arrangements are isolated to the EPS and FFEI segments.

During the year, the Group changed the method used to measure progress for the long term revenue contracts in its EPS segment from an input method to an output method. The output method has been adopted because management concluded that it provides a more faithful depiction of stage of completion of the contract and the revenue which can be irrevocably recognised. The output method reflects performance based on objectively verifiable milestones and deliverables such as design completion, assembly completion and factory acceptance testing.

The aggregate transaction price allocated to partially satisfied and unsatisfied performance obligations under open contracts with customers as at the balance sheet date is set out in Note 6.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

4. Key sources of estimation uncertainty and critical accounting judgements continued

Inventory write down

The Group is required to write inventory down to the lower of cost and net realisable value. To determine the write down of inventory the Group estimates the future sales volumes, sales prices, costs to sell inventory and shrinkage. The gross value and write down of inventories, as well as cost of inventory write downs in the period, are disclosed in Note 20. The Group uses a range of different techniques to write down inventory to the lower of cost and net realisable value including a formulaic methodology based on the age of inventory. The aged inventory methodology writes down inventory by a specific percentage based on time elapsed from purchase date and these specific percentages are based on historical data. The uncertainty associated with estimating the write down of inventory is whether the realisable value on sale or disposal of inventory approximates the value of inventory after write downs have been applied. The ultimate sale or disposal of inventory results in a reversal of the write down against the cost of inventory disposed with a potential gain or loss depending upon the accuracy of the estimation.

Tax provision

During the year, the Group recognised a provision relating to indirect tax liabilities in our overseas jurisdictions. The determination of the provision required significant management judgement due to the inherent uncertainty associated with the tax position and the range of potential outcomes. The provision has been calculated with support from external third-party advisors, who assisted in assessing the technical merits of the position and the potential exposure. In estimating the amount to be provided, management considered a range of factors, including but not limited to: (i) eligibility for exemptions on products; (ii) applicable tax rates and interest rates in the relevant jurisdictions; and (iii) the look-back period under assessment.

Because the final resolution of this matter may differ from the amount recognised, the provision represents a key source of estimation uncertainty. Changes in assumptions, future tax authority correspondence, or the outcome of any disclosure process could result in a materially different liability being recognised in future periods.

5. Operating segments

The Group's operating segments are determined based on the internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Chief Executive Officer, with support from the other members of the Board of Directors, being the individual who is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The principal activities of the Group are presented in the following segments: 'Printhead', 'EPS', 'Megnajet' and the discontinued 'FFEI'. This presentation reflects how the Group's operating performance is reviewed internally by management.

In 2024 the 'FFEI' business unit was reorganised into two separate major lines of business, Life Sciences and Printbar. The Printbar part of FFEI was gradually integrated with Printhead, and Life Sciences part of the business was gradually reduced until finally being abandoned in Q1 2025. The FFEI segment has been restated to include only the discontinued operations. Refer discontinued operations note 11.

Income Statement

Year ended 31 December 2025	Printhead £'000	EPS £'000	Megnajet £'000	Head Office Entities £'000	Total Continuing £'000	Discontinued - FFEI £'000	Total £'000
Revenue – total	44,420	14,460	3,779	–	62,659	314	62,973
Revenue – intra segment	(1,390)	–	(1,214)	–	(2,604)	–	(2,604)
Revenue – external	43,030	14,460	2,565	–	60,055	314	60,369
Adjusted operating (loss) / profit	5,712	1,341	799	(6,704)	1,148	(60)	1,088
Adjusting items (Note 8)	(200)	(1,129)	(355)	(2,331)	(4,015)	(360)	(4,375)
Operating (loss) / profit	5,512	212	444	(9,035)	(2,867)	(420)	(3,287)

Year ended 31 December 2024	Printhead* £'000	Product Print Systems (EPS) £'000	Ink Supply Systems (Megnajet) £'000	Head Office Entities £'000	Total Continuing £'000	Discontinued – Digital Imaging (FFEI)* £'000	Total £'000
Revenue – total	37,075	16,807	3,417	–	57,299	7,654	64,953
Revenue – intra segment	(1,908)	(731)	(906)	–	(3,545)	–	(3,545)
Revenue – external	35,167	16,076	2,511	–	53,754	7,654	61,408
Adjusted operating (loss) / profit	3,045	1,211	1,093	(5,955)	(606)	1,273	667
Adjusting items (Note 8)**	(772)	(867)	(363)	(6,410)	(8,412)	(3,481)	(11,893)
Operating (loss) / profit**	2,273	344	730	(12,365)	(9,018)	(2,208)	(11,226)

*Restated Printhead to include the Printbar part of the continuing operations migrated from FFEI.

**Restated as per note 31.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

5. Operating segments continued

Statement of financial position

Assets are allocated to the segment which has responsibility for their control. No information is provided for segment liabilities as this measure is not provided to the CODM.

As at 31 December 2025	Printhead £'000	EPS £'000	Megnajet £'000	Head Office Entities £'000	Discontinued FFEI £'000	Total £'000
Non-current assets	18,038	10,490	1,221	3,824	3	33,576
Current assets	33,138	6,797	2,024	2,422	304	44,685
Total segment assets	51,176	17,287	3,245	6,246	307	78,261

As at 31 December 2024	Printhead £'000	Product Print Systems (EPS) £'000	Ink Supply Systems (Megnajet) £'000	Head Office Entities £'000	Digital Imaging (FFEI) £'000	Total £'000
Non-current assets**	17,294	9,458	1,347	5,236	698	34,033
Current assets	29,884	7,247	2,529	2,295	5,295	47,250
Total segment assets**	47,178	16,705	3,876	7,531	5,993	81,283

Other segment information

Year ended 31 December 2025	Printhead £'000	EPS £'000	Megnajet £'000	Head Office Entities £'000	Discontinued FFEI £'000	Total £'000
Depreciation and amortisation	2,931	266	63	117	–	3,377
Share-based payment charge	276	–	9	546	–	831
Capital expenditure	1,568	392	–	–	–	1,960

Year ended 31 December 2024	Printhead £'000	Product Print Systems (EPS) £'000	Ink Supply Systems (Megnajet) £'000	Head Office Entities £'000	Digital Imaging (FFEI) £'000	Total £'000
Depreciation and amortisation	2,941	284	377	117	1,901	5,620
Share-based payment charge	623	–	33	286	154	1,096
Capital expenditure	586	350	–	–	–	936

* The Digital Imaging/FFEI segment has been restated to include only the discontinued operations.

**Restated for Deferred tax asset as per note 31.

6. Revenue

The Group derives its revenue from the provision of goods and services both at a point in time and over time:

	2025 £'000	2024* £'000
Revenue recognised at point in time	57,545	49,621
Revenue recognised over time	2,510	4,133
	60,055	53,754

* 2024 restated to be from continuing operations as per note 11.

Revenues from the top five customers represent 28% of revenues (2024: 27%). The Group's largest customer represents 12% of its revenues (2024:13%).

Geographical information

Revenues are attributed to regions based primarily on customers' location. The Group's revenue from external customers and information about its non-current segment assets (excluding deferred tax and financial assets) is set out below:

	Revenue		Non-current assets	
	2025 £'000	2024* £'000	2025 £'000	2024* £'000
The Americas	25,729	26,265	7,759	8,090
EMEA	15,688	17,859	19,481	21,081
China	16,650	7,533	480	149
Rest of Asia Pacific	1,988	2,097	-	-
	60,055	53,754	27,720	29,320

* 2024 restated to be from continuing operations. For discontinued operations refer to note 11.

Revenue by operating segment and type

The following table shows the disaggregation of revenue by major product/service lines for continuing operations.

	Product sales		Commissions & services		Total	
	2025 £'000	2024* £'000	2025 £'000	2024* £'000	2025 £'000	2024* £'000
Printhead**	40,811	32,969	2,219	2,198	43,030	35,167
EPS/Product Print Systems	13,681	15,409	779	667	14,460	16,076
Megnajet/Ink Supply Systems	2,565	2,511	-	-	2,565	2,511
	57,057	50,889	2,998	2,865	60,055	53,754

*2024 restated to be from continuing operations as per note 11.

**Printhead 2024 figures restated to include the transferred business from the Digital Imaging (FFEI) CGU.

Partially completed contracts

The operating segments Product Print Systems and Digital Imaging (2024 only) have contracts with customers where the performance obligations are partially unsatisfied at 31 December 2025. The transaction price is allocated between the proportionately satisfied and unsatisfied performance obligations. The satisfied portion has been recognised whilst the transaction price allocated to the unsatisfied portion has not been recognised.

	2025 £'000	2024 £'000
Partially satisfied performance conditions	2,553	3,493
Partially unsatisfied performance conditions	1,587	70
	4,140	3,563

£1,587,000 of partially unsatisfied performance conditions will be recognised in the year ending 31 December 2026 (2024: £935,000 in 2025, £13,000 in future periods).

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

7. Operating (loss) / profit

Operating (loss) / profit for the year is stated after charging / (crediting):

	Notes	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Research and development expenses		4,676	5,256
UK research and development tax credits	8	(549)	(228)
Depreciation of property, plant and equipment	17	2,471	2,751
Impairment losses on property, plant and equipment	17	8	112
Loss on disposal of property, plant and equipment	17	111	126
Depreciation of right-of-use assets	18	774	1,050
Impairment losses on right-of-use assets	18	-	272
Amortisation of other intangible assets	16	443	1,819
Impairment of other intangible assets	16	-	502
Loss on disposal of intangible assets	16	14	-
Profit on disposal of right-of-use assets		(8)	-
Costs of inventories recognised as an expense		20,697	35,230
Write down of inventories as an expense		525	2,741
Impairment losses on financial assets	21	(176)	(78)
Impairment of contract assets	8	-	514
Exceptional legal matters	8	488	354
Net gain / (loss) on foreign exchange		754	(48)

Auditor's remuneration comprised the following:

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Audit Services – Group and Company audit	550	508
Audit Services – related to prior year	40	-
Total audit fees	590	508
Audit related assurance services	-	-
– Interim review	-	72
Total assurance-related fees	-	72
Total auditor remuneration	590	580

The Group's policy on the use of the auditor for non-audit services is set out in the Audit Committee Report on Pages 64 to 67.

8. Adjusting items

The Directors believe that the 'adjusted profit before tax' and 'adjusted earnings per share' alternative performance measures presented provide a consistent presentation of the Group's underlying operational performance. They also present shareholders with a clearer insight of performance metrics used by the Chief Operating Decision Maker and mitigate volatility, resulting from external factors that are not influenced by the Group.

These items are as defined below and have been presented consistently in both the current and prior year.

		Year ended 31 December 2025 £'000	Year ended 31 December 2024 restated £'000
Share-based payments charges	(i)	(831)	(980)
Exchange gains / (losses) on intra-group transactions	(ii)	(463)	110
Restructuring and transaction expenses	(iii)	(2,197)	(730)
Research and development expenditure tax credits	(iv)	549	147
Fair value losses on financial assets at FVTPL	(v)	(182)	(5,561)
Amortisation of acquisition intangibles	(vi)	(330)	(530)
Impairment of contract assets	(vii)	-	(514)
Legal provision	(viii)	(27)	(191)
Tax provision	(ix)	(461)	(163)
System implementation	(x)	(73)	-
Affecting operating profit and profit before tax		(4,015)	(8,412)
Tax effect of adjusting items		133	538
Total adjusting items after tax		(3,882)	(7,874)

- i. Comprises total share-based payment charges of £886,000 (2024: £1,182,000) partially offset by an accrual release of £31,000 (2024: release of £85,000) for the associated employer's social security contributions and are included in selling, general and administrative expenses. Further excluded from the table above is discontinued operations impact of £24,000 (2024: £117,000).
- ii. Comprises exchange gains or losses as a result of USD denominated intra-group loans between UK and US entities. Such costs are included in selling, general and administrative expenses.
- iii. Comprises redundancy related costs of £1,028,000 (2024: £1,132,000), Group's operational efficiency programs £944,000 (2024: £14,000 credit), start up costs relating to the Group's China expansion of £225,000 (2024: £Nil) and M&A transaction costs of £nil (2024: £182,000). Such costs are included in selling, general and administrative expenses.
- iv. Comprises UK corporation tax relief relating to qualifying research and development expenditure. During year ended 31 December 2025, £549,000 (2024: £134,000) related to XaarJet Limited and £Nil (2024: £81,000) related to FFEI Limited. These credits are included in research and development expenses.
- v. Comprises the fair value movement on contingent consideration that arose on the Group's divestment of Xaar 3D Limited. Such amounts are included in selling, general and administrative expenses. Refer to Note 28 for further information.
- vi. The intangible assets consist of the software, patents and customer relationships recognised on acquisition of FFEI Limited in 2021 and the customer relationships and brand value recognised on acquisition of Megnajet Limited in 2022. These costs are included in selling, general and administrative expenses.
- vii. During 2024 it became apparent that we would be unable to collect the full contract value on a contract which commenced in 2021 in our EPS business segment. This contract was therefore impaired to the expected recoverable amount. No profits have been recognised on this contract in the current or preceding year.
- viii. A legal matter provided for in the 2024 annual report dating back to 2021. £27,000 has been recognised as an expense in the current year (2024: £191,000). A cash settlement of £278,000 was made during the 2025 year and a true up made in this regard.
- ix. During 2025, the Directors identified certain indirect tax liabilities to settle in an overseas jurisdiction. The provision, comprised of the tax liability calculated and imputed interest, is reflected in note 24. Potential penalties in respect of this matter have been disclosed as a contingent liability in note 32. Legal and consultants fees incurred in 2025 amount to £396,000 (2024: £nil), a further £65,000 is an increase to the provision raised to cover indirect tax and interest. The prior year has also been restated, refer Note 31.
- x. Comprises the costs incurred for the implementation of a new reporting software application and payroll software migration.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

9. Employees and Directors

The average monthly number of employees including Executive Directors was:

	Year ended 31 December 2025 Number	Year ended 31 December 2024 Number
Research and development	48	52
Sales and marketing	44	46
Manufacturing and engineering	182	198
Administration	59	63
	333	359

Their aggregate remuneration comprised:

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Wages and salaries	21,139	20,557
Social security costs	2,332	2,307
Post retirement benefits	894	1,159
Share-based payments charge	855	1,097
Less: capitalised as development costs	(806)	–
Total staff costs	24,414	25,120

Directors' Remuneration

The remuneration of the Directors, including rewards under share schemes and other contractual benefits, is included in the Directors' Remuneration report on pages 70 to 92.

Key Management Personnel

Key management personnel consist of the Group's Board of Directors.

10. Finance income and costs

	Year ended 31 December 2025 £'000	Year ended 31 December 2024* £'000
Interest receivable	67	85
Finance income from continuing operations	67	85
Interest expense on lease liabilities	(302)	(189)
Interest payable on bank borrowings	(82)	(137)
Interest expense on invoice securitisation / discounting	(52)	(95)
Other interest costs	(25)	(18)
Finance costs from continuing operations	(461)	(439)

* 2024 restated to be from continuing operations as per note 11.

11. Discontinued operations

In 2024 the 'Digital Imaging' business unit (FFEI Limited) was reorganised into two separate major lines of business, Life Sciences and Printbar. The Printbar part of the business was gradually migrated to Xaar Jet Limited for efficiency reasons and the Life Sciences part of the business was gradually reduced until finally being abandoned in Q1 2025.

The abandonment of Digital Imaging represents a discontinued operation as per IFRS 5, as such the following statements and notes have been restated:

- + Consolidated income statement;
- + Consolidated cashflow statement;
- + Note 5 (operating segments);
- + Note 6 (revenue);
- + Note 10 (finance income and costs);
- + Note 12 Tax; and
- + Note 13 (earnings per share).

Due to the integrated nature of the support functions whilst Digital Imaging was operating both Printbar and Life Sciences, the Group was unable to directly isolate all expenses and cashflows of the discontinued operation. Accordingly, all items which are not revenue have been allocated on a basis of the proportion of revenue attributable to the discontinued operation.

Management believes these allocations provide a reasonable approximation of the financial performance of the discontinued operation.

	Year ended 31 December 2025			Year ended 31 December 2024		
	Adjusted £'000	Adjusting Items* £'000	Total £'000	Adjusted £'000	Adjusted Items* £'000	Total £'000
Revenue	314	-	314	7,654	-	7,654
Cost of sales	46	-	46	(5,063)	-	(5,063)
Gross profit	360	-	360	2,591	-	2,591
Selling, general and administrative expenses	(154)	-	(154)	(996)	81	(915)
Research and development expenses	(266)	(360)	(626)	(322)	(3,563)	(3,885)
Operating loss	(60)	(360)	(420)	1,273	(3,482)	(2,209)
Finance income	78	-	78	49	-	49
Finance costs	(16)	-	(16)	(56)	-	(56)
Loss before tax	2	(360)	(358)	1,266	(3,482)	(2,216)
Tax	(20)	6	(14)	(41)	(7)	(48)
Total loss for the year	(18)	(354)	(372)	1,225	(3,489)	(2,264)

* Refer to note 8 for detail regarding adjusting items.

The net cash flows incurred by the discontinued 'Life Sciences' business at FFEI Limited is set out below:

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Net cash (outflow)/inflow from operating activities	(2,774)	2,484
Net cash inflow from investing activities	-	49
Net cash outflow from financing activities	(439)	(201)
Net cash (used in)/generated from discontinued operations	(3,213)	2,332

The losses per share resulting from the discontinued operation were as follows:

(Loss)/earnings per share – Discontinued operations	Pence per share	Pence per share
Basic EPS	(0.5)p	(2.9)p
Diluted EPS	(0.5)p	(2.9)p
Adjusted basic EPS	0.0p	1.5p
Adjusted diluted EPS	0.0p	1.5p

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

12. Tax

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 restated* £'000
Current tax		
Current income tax charge / (credit) – UK	132	(259)
Current income tax charge – overseas	4	238
Adjustment in respect of prior years	(83)	(400)
	53	(421)
Deferred tax		
Origination and reversal of temporary differences	(295)	(376)
Adjustment in respect of prior years	–	(18)
Deferred tax from continuing operations	(295)	(394)
Total tax credit	(242)	(815)

Reconciliation of tax credit

The tax credit for the year differs from the standard rate of corporation tax in the UK of 25%. The differences are explained below:

	Year ended 31 December 2025 £'000	Year ended 31 December 2025 %	Year ended 31 December 2024 restated* £'000	Year ended 31 December 2024 restated* %
Loss before tax from continuing operations	(3,261)	–	(9,372)	–
loss before tax from discontinued operations	(358)	–	(2,215)	–
Loss before tax	(3,619)	–	(11,587)	–
Notional tax charge at the UK corporation tax rate of 25.0% (2024: 25.0%)	(905)	25.0%	(2,897)	25.0%
Effects of:				
Tax effect of non-deductible expenses**	406	(11.2)%	1,829	(15.8)%
Tax effect of non-taxable income	(20)	0.6%	(30)	0.3%
R&D SME tax credit	131	(3.6)%	91	(0.8)%
Adjustments in respect of overseas tax rates	(15)	0.4%	20	(0.2)%
Utilisation of brought forward losses previously unrecognised	605	(16.7)%	650	(5.6)%
Adjustments in respect of prior years	(88)	2.4%	(396)	3.4%
Foreign exchange on translation of balances	12	(0.3)%	(34)	0.3%
Movement in share options***	(354)	9.8%	–	–
Total tax credit and effective tax rate	(228)	6.3%	(767)	6.6%
Tax credit from continuing operations	(242)		(815)	
Tax charge from discontinued operations	14		48	

* Refer to notes 11 and 31 for prior year restatement.

** Expenses not deductible for tax purposes predominantly consist of valuation and exchange rate movements on capital items.

*** Non-deductible and disclosed within non-deductible expenses in prior year.

12. Tax continued

Effective tax rate

The analysis of the Group's effective tax rate between adjusted and total reported activities is as follows:

	Year ended 31 December 2025			Year ended 31 December 2024 restated*		
	Adjusted £'000	Adjusting items £'000	Total reported £'000	Adjusted £'000	Adjusting items £'000	Total reported £'000
Profit/(loss) before tax from continued operations	754	(4,015)	(3,261)	(960)	(8,412)	(9,372)
Profit/(loss) before tax from discontinued operations	2	(360)	(358)	1,266	(3,481)	(2,216)
Profit/(loss) before tax	756	(4,375)	(3,619)	306	(11,893)	(11,588)
Tax credit from continuing operations	109	133	242	277	538	815
Tax credit/(charge) from discontinued operations	(20)	6	(14)	(41)	(7)	(48)
Total tax credit to Income Statement	89	139	228	236	531	767
Effective tax rate – continued operations	(14)%	3%	7%	29%	6%	9%
Effective tax rate – total	(12)%	3%	6%	(77)%	4%	7%

* Refer to notes 11 and 31 for prior year restatement.

Factors affecting the tax charge of future years

Future tax charges, therefore the Group's effective tax rate, may be affected by factors such as acquisitions, disposals, restructuring and tax regime reforms.

The effective tax rate of the Group changes depending on the relative before tax results of our UK and US businesses.

No planned UK corporation tax rate changes have been announced by the UK Government. The corporation tax rate is currently 25%.

No planned US corporation tax rate changes have been announced by the US Government. The federal tax rate is currently 21%.

Reconciliation of tax receivable/(payable)

The below is an enhanced disclosure to aid the user to follow the movement in the current tax asset. This will be disclosed on a prospective basis.

	£'000
Current Tax receivable at 31 December 2024	346
Current Tax (Charge)/credit to income statement	(53)
Current Tax (Charge)/credit for discontinued operations	(14)
RDEC credit through P&L	586
Deferred Income RDEC on capitalised R&D	184
Tax received	23
FX movement on translation	8
Current Tax receivable at 31 December 2025	1,080

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

13. Earnings per share

Basic earnings per share and adjusted basic earnings per share are calculated by dividing the earnings attributable to the equity shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted earnings per share and adjusted diluted earnings per share are calculated on the same basis as basic earnings per share but with a further adjustment to the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. Such potentially dilutive ordinary shares comprise share options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and any unvested shares which have met, or are expected to meet, the performance conditions at the end of the year.

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 restated* £'000
Earnings		
Profit / (loss) attributable to equity shareholders of the parent – adjusted	863	(683)
Adjusting items – continuing operations	(3,882)	(7,874)
(Loss) from attributable to equity shareholders of the parent – reported	(3,019)	(8,557)
(Loss) / profit from discontinued operations – adjusted	(18)	1,225
Adjusting items – discontinued operations	(354)	(3,488)
(Loss) from discontinued operations – reported	(372)	(2,263)
(Loss) attributable to equity shareholders of the parent – reported	(3,390)	(10,820)
* Restated due to discontinued operations – refer to note 11.		
	Number	Number
Number of shares		
Weighted average number of ordinary shares in issue	79,530,296	79,377,941
Less: ordinary shares held by Xaar Trustee Limited and the Xaar Plc ESOP Trust	(516,739)	(313,201)
Weighted average number of ordinary shares for the purposes of basic EPS	79,013,557	79,064,740
Effect of potentially dilutive ordinary shares – share options and awards	1,058,996	2,581,021
Weighted average number of ordinary shares for the purposes of diluted EPS	80,072,553	81,645,761
	Year ended 31 December 2025 Pence per share	Year ended 31 December 2024 restated* Pence per share
Basic loss per share – continuing operations	(3.8)	(10.8)
Basic loss per share – discontinued operations	(0.5)	(2.9)
Basic loss per share	(4.3)	(13.7)
Diluted loss per share – continuing operations	(3.8)	(10.8)
Diluted loss per share – discontinued operations	(0.5)	(2.9)
Diluted loss per share**	(4.3)	(13.7)
Adjusted basic earnings / (loss) per share – continuing operations	1.1	(0.9)
Adjusted basic earnings / (loss) per share – discontinued operations	(0.0)	1.5
Adjusted basic earnings per share	1.1	0.7
Adjusted diluted earnings / (loss) per share – continuing operations	1.1	(0.9)
Adjusted diluted earnings / (loss) per share – discontinued operations	(0.0)	1.5
Adjusted diluted earnings per share	1.1	0.6

* Restated due to discontinued operations – refer to note 11.

** Where the undiluted earnings per share is a loss, potentially dilutive shares are not included as including them would be anti-dilutive. Hence in this situation diluted earnings per share equals basic earnings per share.

14. Dividends

No interim or final dividend was proposed or paid during either the current or preceding year.

The Board of Directors are mindful of the importance of dividends to its shareholders and intends to resume the payment of dividends as soon as conditions allow.

15. Goodwill

	31 December 2025 £'000	31 December 2024 £'000
Cost and carrying amount		
Balance at 1 January	6,959	6,873
Exchange differences	(383)	86
Balance at 31 December	6,576	6,959
Allocated to Printhead CGU	1,350	–
Allocated to Product Print Systems (EPS) CGU	5,226	5,609
Allocated to Digital Imaging (FFEI) CGU	–	689
Allocated to Ink Supply Systems (Megnajet) CGU	–	661
Total	6,576	6,959

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Having performed impairment testing, no impairment has been identified and therefore no impairment loss has been recognised during the current year.

Goodwill balances have been tested for impairment on the following basis:

The outcome of the impairment assessments conducted are dependent on estimates which have been subject to sensitivity analyses before a conclusion on impairment was made. It is management's view that the key assumptions are revenue growth, gross margin % and discount rate. Any reasonable possible change to these sensitivities that could result in an impairment charge have been disclosed below:

EPS impairment review

Using a discount rate of 14.3% (2024: 15.0%) the recoverable amount calculated exceeds the carrying value of the CGU by \$8.3 million (2024: \$11.8 million). The carrying amount of goodwill would exceed its recoverable amount, when compared to the risk adjusted cash flows, if:

- + The recoverable amount of the CGU has been assessed by reference to its value-in-use, which has been estimated using discounted cash flow forecasts and use of terminal values to perpetuity. The basis of these forecasts is the Board approved budget for the next year and management reviewed three-year plans, which have been extrapolated to a five-year view for the CGU, taking into consideration any expected inflationary pressures. Margins are broadly consistent with historic performance and revenues assumed take into account past experience and are reflective of a conservative view of the Group's core strategy;
- + Discount rates used reflect specialist, third party advice and are calculated taking into account geographies, size of businesses and industry risk factors;
- + Long-term growth rates used are 2% (2024: 2%) for all UK based CGUs and 2% (2024: 2%) for those operating in the US (being EPS only). These rates are based on long term target inflation rates.
- + Forecast compound annual revenue growth over the five-year period were to decline from a forecast of 5.7% to 3.2%, representing a movement in revenue from \$19.1 million in 2025 to \$27.5 million in 2030, assuming no mitigating actions were taken; and
- + There was a reduction in assumed direct gross margin from 34% to 32%.

FFEI impairment review

As part of a planned reorganisation resulting in the transfer of the Printbar segment of the FFEI CGU to Printhead, and the abandonment of the residual business (see Note 11) in the year, there is an indicator of impairment as at the reporting date. As it is no longer possible for management to identify and track the FFEI CGU in isolation, in line with IAS 36: Impairment of Assets, goodwill must be tested at the level of the CGU expected to benefit from the business combination.

The FFEI goodwill has consequently been allocated to the Printhead CGU following the reorganisation, which is in line with IAS 36, which now receives all economic benefits associated with the acquisition. A value-in-use assessment was performed for the Printhead CGU, which demonstrated significant headroom, comfortably exceeding the carrying amount of the CGU including the allocated Digital Imaging goodwill.

Notes to the consolidated financial statements continued

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15. Goodwill continued

Megnajet impairment review

During the year, the Group reviewed the strategic direction and future operating model for its ink supply activities. As part of this review, it became clear that the structure and future operation of the business will differ materially from the assumptions that supported the original goodwill. These changes mean that the CGU will not continue in its previous standalone form and that its future financial performance will no longer be separable for impairment testing purposes.

In accordance with IAS 36: Impairment of Assets, a pre-reorganisation impairment assessment was performed for the Megnajet CGU, at the date that the restructuring/reorganisation decision was made. Actual financial performance in 2025 exceeded the assumptions used in the prior impairment model, with stronger revenue, margins and cash generation. No indicators of impairment were identified prior to the commencement of the planned reorganisation, and no impairment was required at the standalone Megnajet CGU level.

Following the planned reorganisation, Megnajet activities, cash inflows and economic benefits will arise entirely within the Printhead CGU. The Megnajet goodwill has therefore been reallocated to the Printhead CGU for impairment testing going forward.

A value-in-use assessment of the Printhead CGU, inclusive of the reallocated Megnajet goodwill, demonstrated substantial headroom over the carrying value. Accordingly, no impairment has been recognised.

No reasonably possible change in assumptions would result in an impairment.

16. Other intangible assets

	Acquisition based				Development costs £'000	Licence fees £'000	Software £'000	Total £'000
	Technology based £'000	Brands £'000	Customer relationships £'000	Sub-total £'000				
Cost								
At 1 January 2024	4,620	281	1,626	6,527	41,098	1,632	3,508	52,765
Additions	-	-	-	-	86	-	-	86
At 31 December 2024	4,620	281	1,626	6,527	41,098	1,632	3,508	52,765
Additions	-	-	-	-	985	-	13	998
Disposals	-	-	-	-	-	-	(68)	(68)
Transfers	-	-	-	-	-	-	5	5
Exchange differences	-	-	-	-	-	-	(7)	(7)
At 31 December 2025	4,620	281	1,626	6,527	42,083	1,632	3,451	53,693
Accumulated amortisation								
At 1 January 2024	1,918	51	598	2,567	38,687	647	3,412	45,313
Charge in the year	1,417	28	253	1,699	-	77	44	1,819
Impairment	-	-	502	502	-	-	-	502
Exchange differences	-	-	-	-	-	-	(5)	(5)
At 31 December 2024	3,335	79	1,353	4,767	38,687	724	3,451	47,629
Charge in the year	249	28	53	330	24	76	13	443
Disposals	-	-	-	-	-	-	(54)	(54)
Exchange differences	-	-	-	-	-	-	(2)	(2)
At 31 December 2025	3,584	107	1,406	5,097	38,711	800	3,408	48,016
At 31 December 2024	1,285	202	273	1,760	2,411	908	57	5,136
At 31 December 2025	1,036	174	220	1,430	3,372	832	43	5,677

Amortisation is recorded in selling, general and administrative expenses. The amortisation periods are in line with the accounting policy in Note 2.

17. Property, plant and equipment

	Land & buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Furniture, fittings and equipment £'000	Total £'000
Cost					
At 1 January 2024	2,055	14,202	66,838	5,226	88,321
Additions in the year	–	112	801	24	937
Disposals in the year	–	(7)	(493)	(742)	(1,242)
Exchange differences	29	–	36	(7)	58
At 31 December 2024	2,084	14,307	67,182	4,501	88,074
Additions in the year	–	127	1,789	45	1,961
Transfers in the year	–	–	932	–	932
Disposals in the year	–	–	(906)	(13)	(919)
Exchange differences	(156)	(2)	(137)	(1)	(296)
At 31 December 2025	1,928	14,432	68,860	4,532	89,752
Accumulated depreciation and impairment					
At 1 January 2024	561	10,193	58,762	4,276	73,792
Charge in the year	26	671	1,605	449	2,751
Impairment	–	2	11	99	112
Disposals in the year	–	(12)	(360)	(745)	(1,117)
Exchange differences	12	–	179	(145)	46
At 31 December 2024	599	10,854	60,197	3,934	75,584
Charge in the year	25	684	1,602	160	2,471
Impairment	–	–	8	–	8
Disposals in the year	–	–	(795)	(13)	(808)
Exchange differences	(46)	(1)	(99)	18	(127)
At 31 December 2025	578	11,537	60,913	4,099	77,128
At 31 December 2024	1,485	3,453	6,985	567	12,490
At 31 December 2025	1,350	2,895	7,947	433	12,625

Included within Plant and Machinery is £2,028,000 (2024: £586,000) of assets under construction.

The transfer in 2025 was from FFEI Limited inventory to Xaar Jet Limited Plant and Machinery.

Capital commitments at 31 December 2025 amounted to £nil (2024: £nil).

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18. Leases

The Group has lease contracts for various items of buildings, equipment and vehicles used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Generally, the Group is restricted from assigning and subleasing the leased assets. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2024	13,470	125	24	13,619
Rental modification	(263)	–	–	(263)
Additions	283	–	–	283
Disposals	(2,611)	(71)	–	(2,682)
Exchange differences	2	–	–	2
At 31 December 2024	10,881	54	24	10,959
Additions	246	26	30	302
Disposals	(75)	(21)	(24)	(120)
Exchange differences	(1)	–	–	(1)
At 31 December 2025	11,051	59	30	11,140
Depreciation				
At 1 January 2024	5,687	94	12	5,793
Charge in the year	1,029	13	8	1,050
Impairment	272	–	–	272
Disposals	(818)	(71)	–	(889)
Exchange differences	(1)	–	–	(1)
At 31 December 2024	6,169	36	20	6,225
Charge in the year	754	13	7	774
Disposals	(11)	(17)	(24)	(52)
Exchange differences	–	–	–	–
At 31 December 2025	6,912	32	3	6,947
At 31 December 2024	4,712	18	4	4,734
At 31 December 2025	4,139	27	27	4,193

Lease deposits

A refundable deposit of SEK 1,237,500 (€100,000) is held on the lease for office premises in Sweden. This deposit would be due for repayment on expiry of the lease, currently due to expire in 2026. This receivable is presented within non-current financial assets on the Consolidated Statement of Financial Position.

Lease liabilities

Lease liabilities are analysed as follows:

	31 December 2025 £'000	31 December 2024 £'000
Current	701	1,218
Non-current	4,195	4,710
	4,896	5,928

18. Leases continued

Lease liabilities continued

The movement in lease liabilities is shown below:

	31 December 2025 £'000	31 December 2024 £'000
At 1 January	5,928	8,698
Additions	307	490
Disposals	(76)	(2,289)
Interest charge	318	244
Lease payments	(1,603)	(1,197)
Exchange differences	22	(18)
At 31 December	4,896	5,928

Maturity analysis of lease liabilities:

	31 December 2025 £'000	31 December 2024 £'000
Amounts falling due within		
Less than one year	1,034	1,442
Between one and five years	3,116	3,985
Later than five years	2,058	2,058
	6,208	7,485

Amounts recognised in the Consolidated Income Statement:

	31 December 2025 £'000	31 December 2024 £'000
Depreciation	774	1,050
Interest charge	318	244
Short-term lease expenses	13	38
	1,105	1,332

19. Deferred tax assets

	Accelerated capital allowances £'000	Share-based payments £'000	Acquired intangible assets £'000	Losses £'000	Other temporary differences £'000	Total £'000
At 1 January 2024 reported	(527)	–	(606)	1,139	574	580
Restatement*	–	–	–	–	554	554
At 1 January 2024 restated*	(527)	–	(606)	1,139	1,128	1,134
(Charge) / credit to income statement restated	(25)	–	488	(404)	335	394
Foreign exchange movement on translation	–	–	–	–	20	20
At 31 December 2024 restated	(552)	–	(118)	735	1,483	1,548
(Charge) / credit to income statement	(692)	(38)	20	1,087	(82)	295
Foreign exchange movement on opening balance	9	1	–	(25)	(94)	(109)
At 31 December 2025	(1,235)	(37)	(98)	1,797	1,307	1,734

* Refer to Note 31 for prior year restatement details.

Unrecognised deferred tax assets

The Group has unrecognised deferred tax assets totalling £29,572,000 (2024: £29,546,000). These consist of the following:

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

19. Deferred tax assets continued

Trading losses

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at 31 December 2025, the Group had unused UK trading losses of £117,801,000 (2024: £113,917,000) available to offset against future UK taxable profits of the same trade. These losses may be carried forward indefinitely.

Whilst the Board believes in the long-term potential and profitability of the Printhead business unit, forecast taxable losses over the immediately foreseeable period mean that the UK trading losses will not be utilised in the short term. The impact of climate change has been considered in the forecast and valuation of future taxable profits and no impacts were noted. Therefore, no deferred tax asset has been recognised in respect of these.

As at 31 December 2025, the Group has an unrecognised deferred tax asset in respect of carried forward UK trading losses of £28,399,000 (2024: £28,078,000).

Capital losses

As at 31 December 2025, the Group has unused capital losses of £1,285,000 (2024: £1,131,000) available for offset against future chargeable gains. No deferred tax asset has been recognised in respect of these capital losses as it is not considered probable that there will be future chargeable gains available. As a result, the Group has an unrecognised deferred tax asset in respect of carried forward UK capital losses of £321,000 (2024: £283,000).

These losses may be carried forward indefinitely.

Other temporary differences

As at 31 December 2025, the Group has £1,173,000 (2024: £1,185,000) of unrecognised deferred tax assets relating to other temporary differences. Within this balance, £603,000 relates to decelerated capital allowances (2024: £731,000), £532,882 relates to unexercised share options (2024: £83,000) and £37,000 relates to other trading items (2024: £371,000). Deferred tax assets arising in these areas have only been recognised to the extent that they offset deferred tax liabilities held by the Group.

Unremitted earnings and withholding tax

No deferred tax liability has been recognised in respect of potential withholding taxes on the distribution of profits from subsidiaries, as the Group does not expect these profits to be distributed in the foreseeable future.

20. Inventories

	31 December 2025 £'000	31 December 2024 £'000
Raw materials	9,746	8,054
Work in progress	5,828	5,436
Finished goods	10,985	13,746
	26,559	27,236

Cost of inventories recognised as an expense and write down of inventories recognised as an expense (and which are included as part of Cost of Sales) are set out in Note 7.

Gross inventory costs are £31,462,000 (2024: £33,020,000) partially offset by provisions of £4,903,000 (2024: £5,784,000).

There is no specific impact on the valuation of the Group's inventories arising from climate related matters. Estimates are based upon the most reliable evidence available at the time the estimates are made.

21. Trade and other receivables

	31 December 2025 £'000	31 December 2024 £'000
Amounts receivable for the sale of goods and services	7,535	6,089
Less: provision for bad and doubtful debts	(273)	(188)
	7,262	5,901
Other receivables	732	698
Prepayments	1,326	1,485
	9,320	8,084

21. Trade and other receivables continued

Ageing of trade receivables

	31 December 2025			31 December 2024		
	Gross £'000	Provision £'000	Net £'000	Gross £'000	Provision £'000	Net £'000
Not past due	3,953	(10)	3,943	4,746	(5)	4,741
Past due						
0 to 30 days	1,276	(9)	1,267	409	(5)	404
30 to 60 days	889	(6)	883	294	(7)	285
60 to 90 days	497	(17)	480	51	(6)	45
More than 90 days	920	(231)	689	589	(165)	424
	3,582	(263)	3,319	1,343	(183)	1,160
Total receivables	7,535	(273)	7,262	6,089	(188)	5,901

Movement in provision for bad and doubtful debts

	31 December 2025 £'000	31 December 2024 £'000
Balance at beginning of year	(188)	(115)
Impairment losses recognised in the income statement	(176)	(73)
Amounts written off	89	1
Exchange differences	2	(1)
	(273)	(188)

The average credit period taken on sales of goods is 44 days (2024: 35 days). No interest is charged on the receivables for the period agreed in the Requirements Contract or, if not specified or applicable, the first 30 days from the date of the invoice. Thereafter, the Group reserves the right to charge interest at a daily rate from 1.5% to the greater of 4.0% per annum above the base rate of the Bank of England from time to time, or the maximum rate of interest allowable under the Late Payment of Commercial Debts (Interest) Act 1998, on all sums outstanding until payment in full is received. Trade receivables over 120 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. The maximum exposure to credit risk is the carrying amount of the financial assets as disclosed in the liquidity section of note 28. Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Credit limits are reviewed at least once per year. Of the trade receivables balance at the end of the year, one (2024: six) customer represented greater than 5% (2024: 5%) of the total receivables balance, totalling £1,495,000 (2024: £2,236,000). The total due from these customers represents 2% (2024: 4%) of the Group's revenue.

The Group has recognised a loss allowance of 1% for receivables aged 60 days or less, 5% for receivables aged between 61 and 90 days and 15% for 91 and 120 days. A loss allowance of 25% is applied for receivables aged over 120 days. The loss allowance calculation excludes receivables with a specific provision as well as those debtors which are fully insured. Most of the debt over 120 days has been provided in full and relates to a small number of customers where none of the debt is expected to be recovered through normal trading. A provision is made against trade receivables until such time as the Group believes the amount to be irrecoverable (such as the bankruptcy of a customer or emerging market risks, which would render the receivable irrecoverable), after which the trade receivable balance is written off.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

22. Contract assets and contract liabilities

	31 December 2025 £'000	31 December 2024 £'000
Contract assets		
– Accrued income	514	1,018
Total current contract assets	514	1,018

Contract assets consist of a small number of contracts relating to the design and production of bespoke machinery or research and development services. Since there is regular contact with all such customers for project management purposes, with robust milestone payments, there is no generic risk in relation to the recoverability of contract assets. The only time when an expected credit loss provision would be recognised is where the Group became aware of a customer being at risk of bankruptcy. The Directors are not aware of any such cases at 31 December 2025 (31 December 2024: none), therefore, no such provision is in place.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

22. Contract assets and contract liabilities continued

	31 December 2025 £'000	31 December 2024 £'000
Contract liabilities		
– Deferred income	(229)	(241)
– Customer deposits	(1,304)	(1,745)
Total current contract liabilities	(1,533)	(1,986)

Both deferred income and customer deposits represent consideration received for performance obligations not yet satisfied under contracts to deliver products or services to customers. All deferred income and customer deposits are anticipated to be recognised in revenue within the next financial year.

Of the £1,986,000 recognised as contract liabilities as at 31 December 2024, £1,982,000 was recognised in revenue during the year ended 31 December 2025.

23. Trade and other payables

	31 December 2025 £'000	31 December 2024 £'000
Amounts falling due within one year		
Trade payables	(3,924)	(2,787)
Accruals and other payables	(7,234)	(5,995)
	(11,158)	(8,782)

At 31 December 2025, the Group had an average of 34 days of purchases (31 December 2024: 23 days) outstanding in trade payables and accruals. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timetable.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

24. Provisions

	31 December 2025 £'000	31 December 2024 restated* £'000
Current		
Tax provision (i)	(2,713)	(2,843)
Legal provision (ii)	(315)	(613)
Warranty provisions (iii)	(180)	(338)
Restructuring provisions (iv)	(447)	–
	(3,655)	(3,794)
Non-current		
Dilapidations (v)	(250)	(300)
	(250)	(300)

Movement in provisions during the year

	Tax provision £'000	Legal provision £'000	Warranty provision £'000	Restructuring provision £'000	Dilapidations £'000	Total £'000
At 1 January 2024 (restated*)	(2,637)	(413)	(476)	(496)	(300)	(4,322)
Provided for during the year	(164)	(200)	(41)	–	–	(405)
Provisions utilised	–	–	135	492	–	627
Provision released	–	–	44	4	–	48
Foreign exchange differences	(42)	–	–	–	–	(42)
At 31 December 2024	(2,843)	(613)	(338)	–	(300)	(4,094)
Provided for during the year	(65)	(19)	(215)	(447)	–	(746)
Provisions utilised	–	295	167	–	50	512
Provisions released	–	–	203	–	–	203
Foreign exchange differences	195	22	3	–	–	220
At 31 December 2025	(2,713)	(315)	(180)	(447)	(250)	(3,905)
	(i)	(ii)	(iii)	(iv)	(v)	

* Refer to Note 31 for prior year restatement details.

24. Provisions continued

- i. During 2025, the Directors identified certain primarily indirect tax liabilities to settle in an overseas jurisdiction. Following a detailed review with the support of external advisors, we have assessed the present obligation associated with this matter to be approximately £2,714,000 including interest and excluding penalties. The provision comprised of the tax liability calculated and imputed interest. Potential penalties in respect of this matter have been disclosed as a contingent liability in note 32, in line with the requirements of IAS 37.
- ii. Historical breach of regulations within one of our operations dating back to 2021. This was provided for in the 2024 annual report and repayments made in August 2025. The remaining provision is for potential damages.
- iii. The warranty and commercial agreements provision represents management's best estimate of the Group's liability related to claims against product warranties or commercial sales agreements. The timing of the utilisation of this provision is uncertain.
- iv. Restructuring provisions in both the current and prior years consist of redundancy costs arising in the context of the Group's streamlining of operations. The 2025 provision is to be settled in 2026.
- v. The Group operates from a number of leasehold premises under full repairing leases. The dilapidation provision recognised reflects the estimated costs of repairs that would be required to put these premises back into the state of repair required under these leases.

25. Borrowings

	31 December 2025 £'000	31 December 2024 £'000
Amounts falling due within one year		
Invoice discounting facility	(475)	(557)

Invoice discounting facility

The facility limit is £3 million (2024: £3 million) and operates on a rolling basis from the original inception date of September 2022. The facility can be cancelled with a three-month notice period. There are no covenants attached to the invoice discounting facility.

Interest on the invoice discounting facility is charged daily when the facility is in an overdrawn position at a rate equivalent to the appropriate base rate +1.75% pa. There is an annual service fee of £25,000 charged monthly, and there was a one-off arrangement fee to open the facility of £10,000. No interest is payable on the unutilised element on the facility.

Eligible debts in GBP and USD denominations are legally assigned to the facility provider as, or soon after, they are raised. The facility makes available 90% of the debts to XaarJet Limited, subject to certain monetary funding limits and concentration percentages by customer. XaarJet Limited remain responsible for collecting the debts as the collection agent for the finance provider and the remittances are made into an account held for the benefit of the finance provider, the balance of which is held as a liability in XaarJet Limited.

No fair value adjustments are deemed necessary for these amounts; however, the receivables are subject to an allowance for doubtful debt. The invoice discounting facility is secured with fixed rate charges over purchased debts and a floating charge over the assets of XaarJet Limited.

It remains the Group's responsibility to appropriately insure, manage and recover the debts assigned under the arrangement, and the transferred assets are subject to recourse at any time. As a result, the Group retains substantially all the risks/rewards of ownership and control of these assets. Therefore, the Group continues to recognise the gross debts assigned under the facility as trade receivables.

Committed facilities

On 19 March 2026, Xaar Plc successfully extended a Revolving Credit Facility (RCF) agreement from £5 million to £10 million, maturing in June 2029, having been extended for an additional three years. The agreement includes an accordion option of a further £5 million which can be requested at any time during the facility term, subject to lender approval and relevant fees. The facility as at 31 December 2025 remained undrawn (2024: undrawn).

The previous £5 million facility bore a floating interest rate of the Sterling Overnight Indexed Average (SONIA) rate plus 2.35% margin. The revised facility bears interest at a floating rate of SONIA plus a margin of 2.25-3.00% depending on leverage ratios. A non-utilisation fee of 40% of the margin is chargeable on undrawn and uncancelled amounts.

The facility is secured by fixed and floating charges over the assets of the Group.

The Group is subject to financial covenants under the facility and has complied with these at all testing points.

Notes to the consolidated financial statements continued

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26. Share capital and reserves

Share capital

	31 December 2025		31 December 2024	
	£'000	Number	£'000	Number
Authorised, issued and fully paid:				
At as 1 January	7,948	79,479,189	7,923	79,230,005
Shares issued during the year (ordinary shares of 10.0p each)	34	337,706	25	249,184
As at 31 December	7,982	79,816,895	7,948	79,479,189

The Company has one class of ordinary shares which carries no right to fixed income.

Retained earnings

Comprises all net gains and losses as well as transactions with owners, such as dividend payments, that are not recognised elsewhere. Amounts are distributable by way of dividends.

The share-based payments reserve, which represents the cumulative charges recognised in relation to equity-settled share option awards, are presented in retained earnings.

Merger reserve

Comprises the premium on shares issued as consideration for Xaar Technology Limited where conditions for merger relief have been satisfied. This is not distributable by way of dividends. These are presented as part of other reserves in the Statement of Changes in Equity.

Non-distributable reserve

Comprises the non-distributable portion of the dividend received by Xaar Plc from Xaar Digital Limited. These are presented as part of other reserves in the Statement of Changes in Equity.

Own shares reserve

Represents shares in the Company held by Xaar Trustee Limited and Xaar Plc ESOP Trust. These shares are held in order to satisfy options granted under the Group's share option schemes.

	31 December 2025		31 December 2024	
	Nominal value £'000	Number	Nominal value £'000	Number
Own shares	1,125	926,536	566	313,201

Of the nominal value £20,000 (2024: £20,000) represents 91,250 ordinary shares held in trust by Xaar Trustee Limited. The remaining value £1,104,447 (2024: £545,733) represents 835,286 (2024: 221,951) shares in the Company purchased in the market at market value and held by the Xaar plc ESOP Trust.

During the year the ESOP Trust sold 143,127 (2024: nil) shares to satisfy options exercised and purchased 756,462 (2024: nil) shares.

Translation reserve

Represents exchange differences on translation of overseas operations.

27. Notes to the cash flow statement

	Notes	31 December 2025 £'000	31 December 2024 restated* £'000
Loss before tax from continuing operations		(3,261)	(9,372)
Loss before tax from discontinued operations		(358)	(2,216)
Total loss before taxation:		(3,619)	(11,588)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	17	2,479	2,863
Depreciation and impairment of right-of-use assets	18	774	1,322
Amortisation and impairment of intangible assets	16	443	2,321
Research and development expenditure credit	8	(549)	(228)
Net interest expense		331	361
Unrealised currency translation losses / (gains)		389	(173)
Share-based payment charge	29	855	1,096
Fair value loss on financial assets at FVTPL	28	177	5,561
Loss on disposal of property, plant and equipment	7	111	126
Gain on disposal of intangible assets	7	14	-
Impairment of property, plant and equipment	7	(8)	-
(Decrease) in provisions	24	(189)	(228)
Operating cash flows before movements in working capital		1,208	1,433
(Increase) / decrease in inventories		(467)	3,846
(Increase) / decrease in receivables		(1,079)	1,886
Increase / (decrease) in payables		2,142	(1,172)
Cash generated by operations		1,804	5,993
Exceptional cash outflows included above		2,654	803
Adjusted cash generated by operations		4,458	6,796

* Refer to Note 11 for discontinued operations restatement details and Note 31 for prior year restatement details.

Analysis of changes in net debt

	Cash and cash equivalents £'000	Lease liabilities* £'000	Borrowings* £'000	Deferred consideration* £'000	Net cash/(debt) £'000
Net debt as at 1 January 2024	7,135	(8,698)	(1,403)	(2,115)	(5,081)
Additions to leases	-	(490)	-	-	(490)
Disposals	-	2,289	-	-	2,289
Cash flow	1,539	1,197	941	2,133	5,810
Finance charges	-	(244)	-	-	(244)
Foreign exchange gain / (loss)	37	18	(95)	(18)	(58)
Net debt as at 31 December 2024	8,711	(5,928)	(557)	-	2,226
Additions to leases	-	(307)	-	-	(307)
Disposals	-	76	-	-	76
Cash flow	(3,528)	1,603	82	-	(1,843)
Finance charges	-	(318)	-	-	(318)
Foreign exchange gain / (loss)	167	(22)	-	-	145
Net debt as at 31 December 2025	5,350	(4,896)	(475)	-	(21)

Total financial liabilities included within net debt comprise of those items marked * and amount to £5,371,000 (2024: £6,485,000).

Liabilities arising from financing activities comprise the Group's RCF and invoice discounting facility (as set out in Note 25) and lease liabilities (as set out in Note 18).

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

28. Financial instruments

	Carrying and fair value	
	31 December 2025 £'000	31 December 2024 £'000
Financial instruments held at amortised cost		
Trade and other receivables	9,320	6,598
Contract assets	514	1,018
Cash and cash equivalents	5,349	8,711
Non-current financial assets	100	104
Trade and other payables	(11,158)	(8,782)
Borrowings and invoice discounting	(475)	(557)
Lease liabilities	(4,896)	(5,928)
Financial instruments held at fair value		
Financial asset at FVTPL	4,534	4,918

The Directors consider there to be no material difference between the carrying value and the fair value of the financial instruments classified as held at amortised cost. For the items classified as held at fair value, the fair value is recognised in the Consolidated Statement of Financial Position as the carrying amount.

Financial instruments held at fair value

The Group has one financial instrument held at fair value through profit/loss (FVTPL), the contingent consideration that arose on the Group's divestment of its remaining interest in Xaar 3D Limited during the year ended 31 December 2021.

In 2021, Xaar 3D Holdings Limited completed the divestment of its remaining interest in the share capital of Xaar 3D Limited. The Group received net cash consideration of £9,272,000 as well as a potential entitlement to additional cash consideration of up to £10,863,000 calculated on an earn-out basis at 3% of revenue per annum, with additional amounts becoming receivable on meeting revenue milestones.

Financial instruments that are measured at fair value are classified using a fair value hierarchy that reflects the source of inputs used in deriving the fair value. The three classification levels are:

- + Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- + Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- + Level 3: from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable market inputs).

The financial asset at FVTPL is deemed to be a Level 3 instrument. Fair value is determined using a Monte Carlo Simulation with significant unobservable inputs being the 20% (2024: 20%) revenue volatility, 8% (2024: 10%) risk-adjusted discount rate and 16% CAGR (2024: 16%). The primary input into the model is the future revenue generation of the disposed 3D business. Management utilises forecasts received from this business and adjusts revenue based on the historical forecasting accuracy. Fair value movements are recognised in the Consolidated Income Statement in selling, general and administrative expenses.

Sensitivity observations on these three inputs show that a +/-1,000bps change in revenue volatility would result in £5,000 decrease and £2,000 decrease respectively, a +/- 100bps change in discount rate would result in £129,000 decrease and £131,000 increase in fair value respectively and a +/- 100bps on the CAGR would result in £118,000 increase and £101,000 decrease in fair value respectively.

Movements in the year are as follows:

	31 December 2025 £'000	31 December 2024 £'000
Balance at 1 January	4,918	10,599
Earn out received	(207)	(120)
Milestone consideration received	-	-
Fair value loss on financial assets at FVTPL*	(177)	(5,561)
Balance at 31 December	4,534	4,918
Current	1,862	1,855
Non-current	2,672	3,063
Balance at 31 December	4,534	4,918

* Includes foreign exchange rate movements.

28. Financial instruments continued

Capital risk management

The capital structure of the Group comprises of cash and cash equivalents, an Invoice Discounting Facility of £3 million which operates for a minimum twelve months from its inception in September 2022, a Revolving Credit Facility of £10 million (with a £5 million additional accordion option) that has a maturity date of June 2029 and equity attributable to the owners of the Company.

The Group maintains a capital structure with the following objectives:

- + to protect the ability of the Group to continue as a going concern and maintain sufficient available resources as protection for unforeseen events;
- + to provide flexibility of resource for strategic growth and investment where opportunities arise; and
- + to provide reasonable returns to shareholders whilst maintaining a limited level of risk.

As part of achieving these objectives the Group identifies the principal financial risk exposures that are created by the Group's financial instruments and monitors them on a regular basis. These are considered to be foreign currency risk (a component of market risk), interest rate risk, credit risk and liquidity risk.

The Group monitors capital using a gearing ratio, which is determined as the proportion of debt to equity. Debt is defined as all long-term and short-term borrowings except for lease liabilities. Equity includes all capital and reserves of the Group attributable to the equity holders of the parent. The Group's policy for its existing business is to use debt where appropriate, whilst maintaining the gearing ratio at a level under 10%. The gearing ratio is as follows:

	31 December 2025 £'000	31 December 2024 £'000
Borrowings (excluding lease liabilities)	475	557
Equity	56,631	62,182
Gearing ratio	1%	1%

Foreign currency risk

This is the risk that a change in currency rates causes an adverse impact on the Group's performance or financial position.

The Group receives approximately 43% (2024: 41%) of its revenues in US Dollars and 6% (2024: 7%) of its revenue in Euros, which are partially naturally hedged by supplies in these currencies; the remainder requires conversion into Sterling in order to fund the remaining costs of the Group's UK operations. The Group has R&D operations in Sweden, therefore, also incurs costs and holds cash balances in Swedish Krona. The Group the gearing up to increase production capacity in China and has entered into lease agreements, therefore incurs costs and holds balances in Chinese Yuan.

The Group is mainly exposed to foreign currency risk resulting from transactions in US Dollars, Euros and Swedish Krona. The following table demonstrates the Group's sensitivity to a 10% increase and decrease in the Sterling exchange rate against the relevant foreign currencies on the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities). 10% represents management's assessment of the reasonably possible movement in exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

	Euro currency impact		US Dollar currency impact		Swedish Krona currency impact		Chinese Yuan currency impact	
	+10% £'000	-10% £'000	+10% £'000	-10% £'000	+10% £'000	-10% £'000	+10% £'000	-10% £'000
31 December 2025								
Equity	(73)	89	(1,176)	1,437	13	(16)	(15)	(18)
31 December 2024								
Equity	(41)	50	(1,713)	2,093	26	(31)	-	-

Interest rate risk

The Group's borrowing facilities, including its invoice discounting facilities, are linked to the Bank of England base rate for GBP values, and the Federal Bank base rate for USD values. An increase in these benchmarks would impact the Group's cost of borrowing which, in turn, would affect the Group's financial performance. Based on the invoice discounting facility balance at the year end, if interest rates had fluctuated +/- 100bps, and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would decrease by £5,000 or increase by £5,000 respectively. There would be no effect on equity reserves.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

28. Financial instruments continued

	2025				2024			
	Fixed rate financial liabilities £'000	Floating rate financial liabilities £'000	Interest free financial liabilities £'000	Total £'000	Fixed rate financial liabilities £'000	Floating rate financial liabilities £'000	Interest free financial liabilities £'000	Total £'000
Lease liabilities	(4,896)	-	-	(4,896)	(5,928)	-	-	(5,928)
Invoice discounting facility	-	(475)	-	(475)	-	(557)	-	(557)
Trade and other payables	-	-	(11,158)	(11,158)	-	-	(8,782)	(8,782)
Deferred consideration	-	-	-	-	-	-	-	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and insuring the suppliers, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across different industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Additional credit insurance coverage is maintained where appropriate against agreed credit terms with customers.

Further information on the Group's trade receivable ageing and impairment can be found in Note 21.

Liquidity risk

This is the risk that the Group will have insufficient funds available in the right currency to settle its obligations as they fall due.

The Group aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the Group. Investment is carefully controlled, with authorisation limits operating up to Group Board level and cash payback periods applied as part of the investment appraisal process. In this way the Group aims to maintain a good credit rating to facilitate fund raising.

In order to mitigate the Group's liquidity risks, the Group can choose to fund significant fixed asset purchases by finance leases repayable over a period of three to five years dependent on the individual asset being financed and interest-bearing loans.

In its funding strategy, the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, bank loans, finance leases and hire purchase contracts. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

On 19 March 2026, Xaar PLC successfully extended a £5 million Revolving Credit Facility (RCF) agreement to £10 million, which matures in March 2029. The agreement includes an accordion option of a further £5 million which can be requested at any time during the facility period, subject to lender approval and relevant fees. The facility as at 31 December 2025 remained undrawn (2024: undrawn).

The Group's policy is to invest any excess cash used in managing liquidity in financial instruments exposed to insignificant risk of changes in market value, being placed on interest-bearing deposit with maturities no more than 12 months.

The maturity profile of financial liabilities shown below represents the Group's gross expected contractual cash flows.

	Less than one year £'000	Between one and five years £'000	Over five years £'000	Total £'000
31 December 2025				
Trade and other payables	11,158	-	-	11,158
Invoice discounting facility	475	-	-	475
Lease rental payments	1,034	3,116	2,058	6,208
	Less than one year £'000	Between one and five years £'000	Over five years £'000	Total £'000
31 December 2024				
Trade and other payables	8,782	-	-	8,782
Invoice discounting facility	557	-	-	557
Lease rental payments	1,442	3,985	2,058	7,485

29. Share-based payments

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Equity-settled share-based payments expense	872	1,182
Cash-settled share-based payments expense	14	–
Social security contributions release	(31)	(85)
	855	1,097

Included in the above is £24,000 of Share-based payments expenses in the discontinued operations (2024: £117,000).

The Group operates a number of share schemes for certain employees of the Group as follows:

- + 2017 Share save scheme (SAYE);
- + 2017 Long term incentive plan (LTIP); and
- + 2020 Deferred bonus plan (DBP).

Options or conditional share grants under each scheme have been aggregated.

Vesting periods range from one to four years. Where options remain unexercised after a period of ten years from the date of grant, or forty-two months in the case of the share save scheme, they expire and are no longer exercisable. Options are forfeited if the employee leaves the Group before they vest, save where the employee is deemed to be a 'good leaver', in which case options awarded are pro-rated to the leaving date.

Save as You Earn Scheme

	Year ended 31 December 2025		Year ended 31 December 2024	
	Number	Weighted average exercise price pence	Number	Weighted average exercise price pence
Outstanding at beginning of year	1,138,548	113p	1,547,502	134p
Granted	498,793	107p	499,954	80p
Forfeited	(294,459)	126p	(841,090)	133p
Exercised		0p	(67,818)	94p
Outstanding at end of year	1,342,882	108p	1,138,548	113p
Number of options exercisable at end of year	175,862	140p	112,033	129p

	Year ended 31 December 2025	Year ended 31 December 2024
Weighted average fair value of options granted	59p	38p
Weighted average share price at date of exercise	0p	130p
Weighted average remaining contractual life	2 years	2 years

The inputs into the Black-Scholes model are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Date of grant	21 October 2025	1 November 2024
Share price at grant (pence)	124.5p	88p
Exercise price	107p	80p
Expected volatility	55.6%	50.3%
Risk-free rate	3.7%	4.3%
Expected term	3.36 years	3.33 years

Expected volatility was determined by calculating the historical volatility of the Group's share price over periods ranging from the previous one to three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

29. Share-based payments continued

Long-Term Incentive Plans

	Year ended 31 December 2025 Number	Year ended 31 December 2024 Number
Outstanding at beginning of year	4,075,629	3,582,275
Granted	1,707,422	1,462,281
Forfeited	(513,563)	(792,708)
Exercised	(463,295)	(176,219)
Outstanding at end of year	4,806,193	4,075,629
Number of options exercisable at end of year	1,236,333	1,410,759
	Year ended 31 December 2025	Year ended 31 December 2024
Weighted average fair value of options granted	90p	88p
Weighted average share price at date of exercise	105p	132p
Weighted average remaining contractual life	8 years	8 years

Fair values of the awards with a performance condition based on non-market conditions, for example earnings per share, are calculated using the Black-Scholes model. The inputs into the models for awards granted in the current and prior years were as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Date of grant	6 May 2025	29 April 2024
Share price at grant (pence)	104.5p	115p
Expected volatility	60.2%	51.5%
Risk-free rate	4.0%	4.2%
Contractual life (years)	3 years	3 years

Fair values of the awards with a performance condition based on market condition (total shareholder return) are calculated using the Monte Carlo model. The inputs into the models for awards granted in the current and prior years were as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Date of grant	6 May 2025	29 April 2024
Share price at grant (pence)	104.5p	115p
Expected volatility	59.7%	51.5%
Risk-free rate	3.7%	4.2%
Contractual life (years)	3 years	3 years

All LTIP awards are subject to achievement of the performance conditions and can be exercised up to ten years after the grant date. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Group.

Long-Term Incentive Plans (Cash settled)

These LTIP awards mirror the criteria of our equity settled LTIPs but are specifically to be settled in cash on vesting date. They are revalued at each reporting date with the gain/loss taken through the profit/loss.

	Year ended 31 December 2025 Number	Year ended 31 December 2024 Number
Outstanding at beginning of year	-	-
Granted	70,000	-
Forfeited	-	-
Exercised	-	-
Outstanding at end of year	70,000	-
Number of options exercisable at end of year	-	-

29. Share-based payments continued

Long-Term Incentive Plans (Cash settled) continued

	Year ended 31 December 2025	Year ended 31 December 2024
Opening balance	-	-
Fair value movement taken to profit and loss	14	-
Settled	-	-
Liability at end of year	14	-

Deferred bonus plan

Under the Group's deferred bonus plan, the Executive Directors are awarded an annual bonus. 70% is achieved in cash and 30% is awarded in the form of shares for which there is a compulsory holding period of two years and a requirement for continued employment before these fully vest to the employees (deferred shares).

	Year ended 31 December 2025 Number	Year ended 31 December 2024 Number
Outstanding at beginning of year	98,187	98,187
Granted	-	-
Forfeited	-	-
Exercised	(17,538)	-
Outstanding at end of year	80,649	98,187
Number of options exercisable at end of year	23,249	34,098

	Year ended 31 December 2025	Year ended 31 December 2024
Weighted average fair value of options granted	n/a	n/a
Weighted average share price at date of exercise	77p	n/a
Weighted average remaining contractual life	7 years	8 years

Fair values of the awards with a performance condition based on non-market conditions, for example earnings per share, are calculated using the Black-Scholes model. No awards were granted during the current year.

30. Retirement benefit schemes

The UK based employees of the Group's UK companies have the option to be members of a defined contribution pension scheme managed by a third party pension provider. For each employee who is a member of the scheme, the Group contributes a fixed percentage of each employee's salary to the scheme. The only obligation of the Group with respect to this scheme is to make the specified contributions.

In addition to the above, the Group complies with all retirement benefit scheme requirements in all other jurisdictions in which it has employees.

The total cost charged to the Consolidated Income Statement in respect of all of the Group's retirement benefit schemes during the year was £894,000 (2024: £1,159,000). As at 31 December 2025 contributions of £150,000 (2024: £198,000) due in respect of the current reporting period had not been paid over to the schemes.

Notes to the consolidated financial statements continued

for the year ended 31 December 2025

31. Restatement of prior period

During 2025, the Directors identified certain indirect tax liabilities to settle in an overseas jurisdiction. Following a detailed review with the support of subject matter advisors, we have assessed the present obligation associated with this matter to be approximately £2,713,000 including interest and excluding penalties. These tax liabilities pre-date 2023 by a number of years and as such the adjustment of £2,192,000 to 2023 Retained Earnings is the cumulative impact of 2023 and all previous years. The provision, comprised of the tax liability calculated and imputed interest, is reflected in note 24. Potential penalties in respect of this matter have been disclosed as a contingent liability in note 32, in line with the requirements of IAS 37.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	31 December 2024 £'000	Equity increase / (decrease) £'000	31 December 2024 restated £'000	31 December 2023* £'000	Equity increase / (decrease) £'000	31 December 2023 restated £'000
Consolidated statement of financial position (extract)						
Current provisions	(951)	(2,843)	(3,794)	(1,385)	(2,637)	(4,022)
Deferred tax asset	951	597	1,548	580	554	1,134
Translation reserve	1,440	75	1,515	1,318	109	1,427
Retained earnings	17,093	(2,321)	14,772	26,624	(2,192)	24,432
Total equity	62,182	(2,246)	59,936	71,505	(2,083)	69,422

*2023 as restated in the 2024 Annual Report.

	2024 reported £'000	Reclassified to Discontinued operations* £'000	Restatement Profit increase / (decrease) £'000	2024 restated £'000
Consolidated Income Statement (extract)				
Selling, general and administrative expenses	(28,253)	3,884	(163)	(24,532)
Operating (loss) / profit	(11,064)	2,209	(163)	(9,018)
(Loss) / profit before tax	(11,425)	2,216	(163)	(9,372)
Tax credit	733	48	34	815
(Loss) / profit for the year attributable to the equity shareholder of the parent	(10,692)	–	(129)	(10,821)

Consolidated statement of comprehensive income (extract)				
(Loss) / profit for the year attributable to the equity shareholders of the parent	(10,692)	–	(129)	(10,821)
Exchange (losses) / gains on translation of foreign operations	122	–	(34)	88
Total comprehensive (expense)/income for the year	(10,570)	–	(163)	(10,733)

Consolidated cashflow statement (extract)				
Loss before tax	(11,425)	–	(163)	11,588
Unrealised currency translation (gains)	(130)	–	(43)	(173)
(Decrease) in provisions	(434)	–	206	(228)

	2024 reported Pence per share	Reclassified to Discontinued operations* Pence per share	Restatement Profit increase / (decrease) Pence per share	2024 restated Pence per share
Consolidated income statement (extract)				
Basic loss per share	(13.5)p	–	(0.2)p	(13.7)p
Diluted loss per share	(13.5)p	–	(0.2)p	(13.7)p
Adjusted basic earnings per share	0.7p	–	–	0.7p
Adjusted diluted earnings per share	0.7p	–	(0.1)p	0.6p

* Reclassified to discontinued operations as per Note 11.

** Note that this restatement for the indirect tax liabilities is considered an adjusting item in both current and previous periods and reflected in note 8

32. Contingent Liability

During 2025, the Directors identified certain indirect tax liabilities to settle in an overseas jurisdiction. The provision, comprised of the tax liability calculated and imputed interest, is reflected in note 24. Potential penalties in respect of this matter do not meet the criteria of a provision under IAS 37 due to the uncertainty around the amount and as such are not reflected in the provision. The estimated penalties are expected to be between £80,000-£460,000 and settled over the next three years. The outcome of penalties is contingent on the acceptance of voluntary disclosures and subsequent waivers of penalties.

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

With the exception of transactions with Directors, there were no other transactions during either the current or preceding year with related parties who are not members of the Group. Details of the remuneration of the Directors is set out in the Directors' Remuneration Report on pages 70 to 92.

34. Subsidiary undertakings exempt from audit

The following subsidiaries, which are incorporated in England and Wales, are exempt from the requirements relating to the audit of individual financial statements for the year ended 31 December 2025 by virtue of Section 479A of the Companies Act 2006.

Company name	Company registration number
XaarJet Limited	03375961
XaarJet (Overseas) Limited	04312431
Xaar Technology Limited	02469592
Xaar Digital Limited	03588121
Xaar Trustee Limited	03025096
Xaar 3D Holdings Limited	11425540
FFEI Limited	03244452
Megnajet Limited	07160441
Technomation Limited	05262517

35. Subsequent events

On 19 March 2026, Xaar PLC successfully extended a £5 million Revolving Credit Facility (RCF) agreement to £10 million, which matures in March 2029.

36. Ultimate controlling party

The Directors believe that there is no ultimate controlling party of the Group.

Company statement of financial position

as at 31 December 2025

	Notes	31 December 2025 £'000	31 December 2024 £'000
Non-current assets			
Right-of-use asset	C5	592	709
Investments in subsidiaries	C6	97,193	97,041
		97,785	97,750
Current assets			
Trade and other receivables	C7	13,696	8,798
Cash and cash equivalents		159	61
		13,855	8,859
Total assets		111,640	106,609
Current liabilities			
Trade and other payables	C8	(32,365)	(24,473)
Provisions	C9	(39)	-
Lease liabilities	C5	(68)	(91)
		(32,472)	(24,564)
Net current liabilities		(18,617)	(15,705)
Non-current liabilities			
Lease liabilities	C5	(441)	(510)
Provisions	C9	(250)	(250)
		(691)	(760)
Total liabilities		(33,163)	(25,324)
Net assets		78,477	81,285
Equity			
Share capital	C11	7,982	7,948
Share premium		30,011	30,011
Own shares		(1,104)	(546)
Other reserves		39,680	39,381
Retained earnings		1,908	4,491
Total equity attributable to the equity shareholders of the parent		78,477	81,285

Xaar plc reported a loss for the financial year ended 31 December 2025 of £3,383,000 (2024: loss of £5,474,000).

The financial statements of Xaar Plc, registered number 3320972, were approved and authorised for issue by the Board of Directors on 23 March 2026. They were signed on its behalf by:

John Mills

John Mills
Chief Executive Officer

Paul James

Paul James
Chief Financial Officer

Company statement of changes in equity

Year ended 31 December 2025

	Share capital £'000	Share premium account £'000	Own shares reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2024	7,923	29,950	(546)	38,630	9,553	85,510
Loss for the year	-	-	-	-	(5,474)	(5,474)
Total comprehensive income	-	-	-	-	(5,474)	(5,474)
Issue of ordinary shares	25	61	-	-	-	86
Own shares disposed of on exercise of share options	-	-	-	-	(18)	(18)
Capital contributions for share-based payments	-	-	-	751	-	751
Share-based payments	-	-	-	-	430	430
Balance as at 31 December 2024	7,948	30,011	(546)	39,381	4,491	81,285
Loss for the year	-	-	-	-	(2,783)	(2,783)
Total comprehensive income	-	-	-	-	(2,783)	(2,783)
Issue of ordinary shares	34	-	-	-	-	34
Purchase of own shares	-	-	(900)	-	-	(900)
Capital contributions for share-based payments	-	-	-	300	-	300
Exercise of share options	-	-	342	-	(376)	(34)
Share-based payments	-	-	-	-	575	575
Balance as at 31 December 2025	7,982	30,011	(1,104)	39,681	1,907	78,477

Notes to the Company financial statements

C1. Presentation of the financial statements

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements have been prepared under the historical cost convention and on the going concern basis.

The financial statements are prepared in Sterling which is both the functional and presentational currency of the Company. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Disclosure exemptions adopted

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- + Business combinations;
- + Share-based payments;
- + Financial instruments;
- + Fair value measurement;
- + Presentation of a Statement of Cash Flows;
- + Key management and related party transactions, including those with subsidiaries;
- + impairment testing related disclosures; and
- + The effects of newly issued but not yet effective IFRSs.

The basis for the above exemptions is that equivalent disclosures are included in the consolidated financial statements which incorporate the financial position and performance of the Company.

C2. Principal accounting policies

The adopted principal accounting policies, which have been applied consistently with the year ended 31 December 2025, are the same as those set out in note 2 to the consolidated financial statements. Those noted below are in addition to those disclosed in the consolidated financial statements and are company specific.

Notes to the Company financial statements continued

C2. Principal accounting policies continued

Investments in subsidiaries

Investments in subsidiaries are stated at cost plus capital contributions arising from intercompany share-based payments arrangements and after provision for impairment, where required.

Where consideration for an investment in a subsidiary consists of the issue of shares qualifying for merger relief, the cost of investment is measured by reference to the nominal value of the shares issued, excluding any premium. The transactions subject to merger relief arose before the adoption of FRS 101. Grandfathering relief has been used, therefore, these legacy amounts were not modified on adoption of FRS 101.

Key area of estimation uncertainty: Impairment of investments

Investments are tested for impairment when there are indicators of potential impairment. The impairment review requires the value-in-use of each company to be estimated, these calculations are based on a number of assumptions. Areas of significant judgement include:

- + the estimation of future cash flows;
- + the selection of risk and the estimation of risk adjustment factors to be applied to cash flows;
- + the selection of an appropriate discount rate to calculate present value; and
- + the selection of an appropriate terminal growth rate.

The assumptions used in the impairment test are detailed in C6. The assumptions relating to future cash flows, estimated useful economic lives and discount rates are based on forecasts and are, therefore, inherently judgemental. Future events could result in the assumptions used needing to be revised, changing the outcome of the impairment test and resulting in impairment charges being recognised.

Share-based payments

The share-based payments reserve represents the cumulative charge recognised in relation to share option awards granted. Only the portion of the charge that relates to awards granted to employees of the Company is recognised in the Income Statement. The remainder of the costs (i.e. those related to employees of other entities in the Group) are recorded as an increase to the cost of investments in subsidiaries and are presented as a capital contribution.

Dividend income

Income is recognised when the Company's irrevocable right to receive the payment is established, it is probable that the economic benefits will flow to the Company and the amount can be measured reliably. This is generally when shareholders approve the dividend.

C3. Income statement

In accordance with the exemption permitted by Section 408 of the Companies Act 2006, the Company has elected to present neither a Company Income Statement nor a Company Statement of Comprehensive Income.

The Auditor's fee for the audit of the Company's financial statements was £40,170 (2024: £39,000).

During the year Xaar PLC received a dividend of £600,000 from FFEI Limited.

C4. Employees and Directors

The average monthly number of employees including Executive Directors was:

	Year ended 31 December 2025 Number	Year ended 31 December 2024 Number
Research and development	1	1
Sales and marketing	2	3
Manufacturing and engineering	3	2
Administration	18	20
	24	26

Their aggregate remuneration comprised:

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Wages and salaries	3,966	3,143
Social security costs	460	443
Post retirement benefits	129	145
Share-based payments charge	546	286
Total staff costs	5,101	4,017

C4. Employees and Directors continued

Directors' Remuneration

The remuneration of the Directors, including rewards under share schemes and other contractual benefits, is included in the Directors' Remuneration Report on pages 70 to 92.

Share-based payments

The Company operates various share-based payments schemes; having adopted the disclosure exemptions available, full details of these schemes are included in Note 29 to the consolidated financial statements and are not duplicated here.

The share-based payments expense recognised by the Company is calculated by reference to the number of options awarded to the employees of the Company, not those of the entire Group.

Post retirement benefits

The UK-based employees of the Company's UK companies have the option to be members of a defined contribution pension scheme managed by a third-party pension provider. For each employee who is a member of the scheme, the Company contributes a fixed percentage of each employee's salary to the scheme. The only obligation of the Company with respect to this scheme is to make the specified contributions.

The total cost charged to the Income Statement in respect of all of the Company's retirement benefit schemes during the year was £129,000 (2024: £145,000).

As at 31 December 2025 contributions of £29,000 (2024: £36,000) due in respect of the current reporting period had not been paid over to the scheme.

C5. Leases

Right-of-use assets

	Buildings £'000
Cost	
At 1 January 2024, 31 December 2024 and 31 December 2025	1,166
Depreciation	
At 1 January 2024	340
Charge in the year	117
At 31 December 2024	457
Charge in the year	117
At 31 December 2025	574
At 31 December 2024	709
At 31 December 2025	592

Lease liabilities

Lease liabilities are analysed as follows:

	31 December 2025 £'000	31 December 2024 £'000
Current	68	91
Non-current	441	510
	509	601

The movement in lease liabilities is shown below:

	31 December 2025 £'005	31 December 2024 £'000
At 1 January	601	689
Interest charge	11	14
Cash outflows	(102)	(102)
At 31 December	510	601

Notes to the Company financial statements continued

C5. Leases continued

Lease liabilities continued

Maturity analysis of lease liabilities:	31 December 2025 £'000	31 December 2024 £'000
Amounts falling due within		
Less than one year	78	102
Between one and five years	460	538
Later than five years	-	-
	538	640
Amounts recognised in the Income Statement:	31 December 2025 £'000	31 December 2024 £'000
Depreciation	117	117
Interest charge	11	14
	128	131

C6. Investments in subsidiaries

	31 December 2025 £'000	31 December 2024 £'000
At 1 January	97,041	99,909
Addition	400	-
Impairment	(548)	(3,619)
Capital contributions arising from share-based payments	300	751
At 31 December	97,193	97,041

Addition

During the year the Company incorporated Xaar Inkjet Technology (Dongguan) Co Ltd, with a capital injection of £400,000.

Impairment

Impairment reviews are undertaken if events or changes in circumstances indicate that the carrying value may not be recoverable and a potential impairment may be required. Impairment reviews have been performed for the investments making up the Printhead cash generating unit, namely XaarJet Limited, Xaar Technology Limited, Xaar Jet (Overseas) Limited, Xaar Inkjet Technology (Shenzen) Limited and Xaar Inkjet (Dongguan) Limited. Additionally, reviews were carried out for FFEI Limited, Megnajet Limited, Technomation limited, Pad Print Machinery of Vermont Inc and Xaar US Holdings Inc.

The remaining revenue streams of the FFEI Limited business have migrated to Xaar Jet Limited. This represents a significant change in the extent or manner in which an asset is used or is expected to be used, which therefore meets the indicator laid out in IAS 36. As a result the investment was tested for impairment, the investment was impaired to the recoverable net asset value, resulting in an impairment of £426,000. The primary driver for the reduction in the net asset value was a dividend declared and paid to Xaar PLC of £600,000.

During the year, the Group reviewed the strategic direction and future operating model for its ink supply activities which relate to the Megnajet and Technomation investment. As part of this review, it became clear that the structure and future operation of the business will change. This change means that the future value of this investment will not continue in its previous standalone form and that its future financial performance will no longer be separable for impairment testing purposes. As a result of this assessment, the investment was impaired to the recoverable net asset value, resulting in an impairment of £122,000.

The Directors believe that the carrying values of investments in the remaining subsidiaries (not identified above) are at least equal to their recoverable amounts. Therefore, no further impairments have been recognised in either the current or previous years.

The investment in XaarJet Limited was tested using discounted future cash flow forecasts to compute the value in use. A discount rate of 13.3% has been used. Revenue growth of 4.2% compounded annual growth rate (CaGR) to 2030 and a terminal growth rate of 2%, would result in a value in use equal to the investment value. Management forecasts expect to exceed this and are supported by a strong pipeline – refer to the strategic opportunities outlined in the Strategic update on pages 5 to 6.

Capital contributions arising from share-based payments

These amounts represent the fair value of equity-settled share options awarded to employees of subsidiary undertakings.

C6. Investments in subsidiaries continued

Subsidiaries

The subsidiary undertakings of the Company are listed below. All subsidiaries are directly owned by the Company except where indicated otherwise

Name	Country of incorporation	Address of registered office	Principal activity	Issued and fully paid up share capital	Proportion of ordinary share capital held by the Company
Xaar Technology Limited	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Research and development	4,445,322 ordinary £1 shares	100%
XaarJet Limited	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Manufacturing, research and development and sales and marketing	2 ordinary £1 shares	100%
XaarJet (Overseas) Limited	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Sales and marketing	1 ordinary £1 share	100%
Xaar Trustee Limited ¹	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Trustee	2 ordinary £1 shares	100%
Xaar Digital Limited	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Treasury	100 ordinary £1 shares	100%
Xaar 3D Holdings Limited	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Holding company	1,100 ordinary shares of £0.01 each	100%
Xaar US Holdings Inc.	USA	1000 Post and Paddock, Suite 405, Grand Prairie, Texas 75050, USA	Holding company	10,000 shares of common stock US\$1 each	100%
Pad Print Machinery of Vermont Inc. ²	USA	201 Tennis Way, East Dorset, VT 05253, USA	Manufacturing, sales and marketing	200 shares of common stock US\$1 each	100%
Xaar Americas Inc. ²	USA	1000 Post and Paddock, Suite 405, Grand Prairie, Texas 75050, USA	Sales and marketing	10,000 shares of common stock US\$1 each	100%
Xaar Inkjet Technology (Shenzhen) Company Limited	China	Room 409, Floor 4, Building 13, Fuhai Industrial Zone, Fuzhou Avenue, Shenzhen, China	Sales and marketing	30 ordinary shares of £10,000 each	100%
FFEI Limited	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Manufacturing, sales and marketing	100,000 ordinary £1 shares	100%
Megnajet Limited	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Manufacturing, sales and marketing	1 ordinary £1 share	100%
Technomation Limited	England & Wales	Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE	Research and development	100 ordinary £1 shares	100%
Xaar Inkjet Technology (Dongguan) Co Ltd	China	No. 1 Yile Road, Songshan Lake High-Tech Industrial Development Zone, Dongguan City, Guangdong Province, China.	Manufacturing, sales and marketing	40 ordinary shares of £10,000 each	100%

1. Xaar Trustee Limited shares are held by Xaar Technology Limited.

2. Xaar Americas Inc and Pad Print Machinery of Vermont Inc. shares are held by Xaar US Holdings Inc.

Notes to the Company financial statements continued

C7. Trade and other receivables

	31 December 2025 £'000	31 December 2024 £'000
Amounts owed by subsidiary undertakings	13,480	8,570
Prepayments	216	228
At 31 December	13,696	8,798

Amounts owed by subsidiary undertakings are unsecured, interest free and repayable on demand.

During the year ended 31 December 2025 the Company made £nil provision for doubtful debts relating to amounts owed by subsidiary undertakings (2024: £nil).

C8. Trade and other payables

	31 December 2025 £'000	31 December 2024 £'000
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	(30,314)	(22,845)
Other payables and accruals	(2,051)	(1,628)
At 31 December	(32,365)	(24,473)

Amounts owed to subsidiary undertakings are unsecured, interest free and payable on demand statements.

C9. Provisions

	31 December 2025 £'000	31 December 2024 £'000
Current		
Restructuring	(39)	–
	39	–
Non-current		
Dilapidations	(250)	(250)
	(250)	(250)

The restructuring provision recognised in 2025 comprises of redundancy costs paid in early 2026.

The Company operates from leasehold premises under a full repairing lease. The dilapidation provision recognised reflects the estimated costs of repairs that would be required to put these premises back into the state of repair required under the lease.

C10. Deferred tax

Unrecognised deferred tax assets

The Company has unrecognised deferred tax assets totalling £1,650,000 (2024: £985,000). These consist of the following.

Trading losses

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at 31 December 2025, the Company had unused UK trading losses of £4,686,000 (2024: £1,984,000) available to offset against future UK taxable profits of the same trade. These losses may be carried forward indefinitely. A deferred tax asset in respect of these losses is only recognised to the extent that there are offsetting deferred tax liabilities. Therefore, no deferred tax asset has been recognised (2024: £nil).

As at 31 December 2025, the Company has an unrecognised deferred tax asset in respect of carried forward UK trading losses of £1,172,000 (2024: £496,000).

Capital losses

As at 31 December 2025, the Company has unused capital losses of £1,094,000 (2024: £1,131,000) available for offset against future chargeable gains. No deferred tax asset has been recognised in respect of these capital losses as it is not considered probable that there will be future chargeable gains available. As a result, the Company has an unrecognised deferred tax asset in respect of carried forward UK capital losses of £274,000 (2024: £283,000).

These losses may be carried forward indefinitely.

Other temporary differences

As at 31 December 2025, the Company has £478,000 (2024: £206,000) of unrecognised deferred tax assets relating to timing differences in respect of the recognition of the cost of share options granted and the future tax relief available on the exercise of these options.

C11. Share capital and reserves

Details of the Company's share capital, share premium and own shares reserves are included in note 27 to the consolidated financial statements.

Other reserves

Comprises the non-distributable portion of the dividend received by Xaar Plc from Xaar Digital Limited, the profit from the sale of a subsidiary and the capital contribution relating to share options granted to employees of subsidiaries.

C12. Dividends

No interim or final dividend was proposed or paid during either the current or preceding year. The Board of Directors are mindful of the importance of dividends to its shareholders and intends to resume the payment of dividends as soon as conditions allow.

C13. Related party transactions

Transactions with subsidiaries

The Company has taken advantage of the available exemption from disclosing related party transactions with other entities within the Group.

Transactions with Directors

Details of the remuneration of the Directors is set out in the Directors' Remuneration report on pages 70 to 92.

Investor information

Five year record

	2025 Continuing operations £'000	2024 Continuing operations (restated) £'000	2023 Continuing operations £'000	2022 Continuing operations £'000	2021 Continuing operations £'000
Summarised consolidated results					
Results					
Revenue	60,055	53,754	70,241	72,782	59,254
Gross profit	23,692	19,626	26,891	28,644	20,190
Adjusted profit/(loss) before tax	754	(960)	2,884	2,716	(571)
Adjusted (loss)/profit after tax	863	(683)	2,820	3,605	(779)
Adjusted diluted (loss)/earnings per share	1.1p	(0.9)p	3.5p	4.4p	(1.0)p
(Loss)/profit before tax	(3,261)	(9,372)	(2,717)	718	994
Basic (loss)/earnings per share	(3.8)p	(10.8)p	(3.0)p	2.0p	0.9p
Diluted (loss)/earnings per share	(3.8)p	(10.8)p	(3.0)p	1.9p	0.9p
Assets employed					
Cash and cash equivalents ¹	5,349	8,711	7,135	8,546	25,051

1. Cash and cash equivalents consist of cash at bank and in hand as well as treasury deposits.

Notice of the Annual General Meeting

Notice is hereby given that the twenty-ninth Annual General Meeting (AGM) of Xaar plc (the 'Company') will be held at Xaar plc, 1 Hurricane Close, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XX on Wednesday, 27 May 2026 at 11:00 am for the following purposes:

To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 1 to 15 will be proposed as ordinary resolutions and Resolution 16 and 17 will be proposed as special resolutions.

Ordinary Resolutions:

1. To receive and adopt the Company's annual financial statements for the financial year ended 31 December 2025, together with the Strategic report, Directors' report and the independent Auditor's report on those financial statements (the 'Annual Report and Accounts 2025').
2. To receive and approve the Directors' Remuneration report for the year ended 31 December 2025, as set out on pages 70 to 92.
3. To approve the new Remuneration Policy as set out on pages 73 to 83.
4. To elect Ben Stocks as a Director of the Company.
5. To re-elect John Mills as a Director of the Company.
6. To re-elect Paul James as a Director of the Company.
7. To re-elect Richard Amos as Director of the Company.
8. To re-elect Inken Braunschmidt as a Director of the Company
9. To re-elect Jacqueline Sutton as a Director of the Company.
10. To re-elect Stuart Widdowson as a Director of the Company.
11. To re-appoint PKF Littlejohn LLP as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which financial statements are laid.
12. To authorise the Directors to determine the remuneration of the auditors.
13. That the amendments to the rules of the Xaar 2017 Long-Term Incentive Plan (the 'LTIP') as shown in the marked-up version of the rules of the LTIP which is produced to the meeting and initial by the Chair for the purposes of identification, the principal features of which are described in the Appendix to this Notice of Annual General Meeting (which is set out on pages 47 to 53) be approved and the Directors of the Company be authorised to adopt the amendments and do all acts and things which they may consider necessary or expedient for the purposes of implementing and giving effect to them.
14. That the amendments to the rules of the Xaar 2017 Sharesave Plan (the 'Sharesave') as shown in the marked-up version of the rules of the Sharesave which is produced to the meeting and initiated by the Chair for the purposes of identification, the principal features of which are described in the Appendix to this Notice of Annual General Meeting (which is set out on pages 47 to 53) be approved and the Directors of the Company be authorised to adopt the amendments and do all acts and things which they may consider necessary or expedient for the purposes of implementing and giving effect to them.
15. That in substitution for all existing authorities, pursuant to and in accordance with section 551 of the Companies Act 2006 ('Act') the Directors of the Company be hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for, or convert any security into, shares in the Company ('Rights') up to an aggregate nominal value of £1,596,368.56 (being the nominal value of approximately 20 per cent. of the issued share capital of the Company as at 23 March 2026).

The authority granted by this Resolution will expire at the conclusion of the Company's next Annual General Meeting after the passing of this Resolution or, if earlier, at the close of business on the date 15 months after the passing of this Resolution, save that the Company may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of any such offer(s) or agreement(s) as if the authority conferred hereby had not expired. This Resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

Special Resolutions:

16. That subject to the passing of Resolution 15, and in addition to any power granted under Resolution 17, in accordance with sections 570 and 573 of the Act the Directors of the Company be authorised to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority conferred by that Resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that such authority shall be limited to the allotment of equity securities or sale of treasury shares to any person up to an aggregate nominal amount of £798,184.28 (being approximately 10 per cent. of the issued share capital of the Company as at 23 March 2026).

Unless previously revoked, varied or renewed by the Company, the authority granted by this Resolution will expire at the conclusion of the Company's next Annual General Meeting after the passing of this Resolution or, if earlier, at the close of business on the date 15 months after the passing of this Resolution, save that, in each case, the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors of the Company may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

This power replaces (except for any power conferred by Resolution 17) all subsisting powers previously given to the directors for the purposes of s 570 which, to the extent unused at the date of this resolution, are revoked with immediate effect, without prejudice to any allotment of equity securities already made, offered or agreed to be made under such powers.

Notice of the Annual General Meeting continued

17. That subject to the passing of Resolution 15, and in addition to any power granted under Resolution 16, in accordance with section 570 and section 573 of the Act the Directors are given power to allot equity securities (as defined in s 560(1) of the Act) of the Company for cash pursuant to the authority conferred by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power will be limited to the allotment of equity securities and/or sale of treasury shares up to an aggregate nominal amount of £798,184.28 (being approximately 10 per cent. of the issued share capital of the Company as at 23 March 2026), such power to be used only for the purposes of financing (or refinancing, if the power is to be used within 12 months after the original transaction) a transaction which the Directors determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

Unless previously revoked, varied or renewed by the Company, the authority granted by this Resolution will expire at the conclusion of the Company's next Annual General Meeting after the passing of this Resolution or, if earlier, at the close of business on the date 15 months after the passing of this Resolution, save that, in each case, the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors of the Company may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

This power replaces (except for any power conferred by Resolution 16) all subsisting powers previously given to the Directors for the purposes of s 570 which, to the extent unused at the date of this resolution, are revoked with immediate effect, without prejudice to any allotment of equity securities already made, offered or agreed to be made under such powers.

18. That, and until the Company's next Annual General Meeting, a general meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

By order of the Board of Directors



Pheobe Greenwood
Company Secretary

23 March 2026

Notes

1. A member entitled to attend the meeting may appoint one or more proxies to exercise all or any of the member's rights, to speak at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint one or more proxies they may do so at www.signalshares.com. If not already registered you will need your Investor Code to do so, this can be found on your share certificate. If you need help with voting online, or require a paper proxy form, please contact our registrar, MUFG Corporate Markets by email at shareholderenquiries@cm.mpms.mufg.com, or you may call MUFG Corporate Markets on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. MUFG Corporate Markets are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
2. To be effective, the proxy vote must be submitted at www.signalshares.com so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's registrars, MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL. If a paper form of proxy is requested from the registrar, it should be completed and returned to MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL to be received not less than 48 hours before the time of the meeting (excluding weekends and public holidays).
3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you select the 'Discretionary' option or if no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.
4. In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that only those members entered on the register of members of the Company as at close of business on 22 May 2026 (or in the event the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting) shall be entitled to vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after close of business on 22 May 2026 (or in the event the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to vote at the meeting.
5. Copies of Directors' service agreements, the terms of appointment of Non-Executive Directors, and the register of Directors' interests kept by the Company under section 808 of the Companies Act 2006 will be available 15 minutes prior to the commencement of the meeting and will remain open and accessible during the continuance of the meeting to any person attending the meeting.
6. Biographical details of all Directors offering themselves for re-appointment are set out on page 41 of the Annual Report and Accounts.
7. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
8. A corporation that is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that they do not do so in relation to the same shares.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Ltd's ('Euroclear') specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11:00am on 22 May 2026. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of the Annual General Meeting continued

11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
13. As at 7am on 23 March 2026, the Company's issued share capital comprised 79,818,428 ordinary shares of 10 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company, and, therefore, the total number of voting rights in the Company as at 7am on 23 March 2026 is 79,818,428. It is proposed that all votes on the Resolutions at the AGM will be taken by way of a poll. On a vote by poll, every ordinary shareholder has one vote for every ordinary share held.
14. Any member has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. You may vote your shares electronically at www.signalshares.com. On the home page, search 'Xaar plc' and then log in or register, using your Investor Code. To vote, click on the 'Vote Online Now' button.
16. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at www.xaar.com.
17. Under section 338 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section, may, subject to conditions, require the Company to give to shareholders notice of a resolution which may properly be moved and is intended to be moved at that meeting.
18. Under section 338A of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business.
19. Unless otherwise indicated on the Form of Proxy, CREST or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting. Alternatively, you may vote via VOTE+. It is a free app for smartphone and tablet provided by MUFG Corporate Markets (the Company's registrar). It offers shareholders the option to submit a proxy appointment quickly and easily online, as well as real-time access to their shareholding records. The app is available to download on both the Apple App Store and Google Play, or by scanning the QR code below.



Company information and advisors

Registered office

3950 Cambridge Research Park
Waterbeach
Cambridge CB25 9PE

Registered number

3320972

Company Secretary

Pheobe Greenwood

Brokers

BERENBERG

60 Threadneedle Street
London EC2R 8HP

SINGER

1 Bartholomew Lane,
London EC2N 2AX

Statutory auditor

PKF LITTLEJOHN LLP

15 Westferry Circus
London E14 4HD

Solicitors

MILLS & REEVE LLP

Botanic House 100 Hills Road
Cambridge CB2 1PH

Principal bankers

HSBC BANK PLC

63–64 St Andrews Street
Cambridge CB2 3BZ

Registrars

MUFQ CORPORATE MARKETS

Central Square
29 Wellington Street
Leeds LS1 4DL

Unsolicited mail:

The Company is obliged by law to make its share register publicly available should a request be received. As a consequence, shareholders may receive unsolicited mail from organisations that use it as a mailing list. Shareholders wishing to limit the amount of such mail should either write to Mailing Preference Service, DMA House, 70 Margaret Street, London W1W 8SS, register online at www.mpsonline.org.uk or call the Mailing Preference Service (MPS) on +44 (0)845 703 4599. MPS is an independent organisation which offers a free service to the public.

Warning to shareholders – boiler room scams:

Each year in the UK, £1.2 billion is lost to investment fraud, with the average victim losing around £20,000. What is more, it is estimated that only 10% of the people that become victims of investment fraud actually report it.

Investment scams are becoming ever more sophisticated – designed to look like genuine investments, they are increasingly difficult to spot. They are targeted at those most at risk, typically people in retirement who are actively seeking an investment opportunity.

Protect yourself:

1. REJECT COLD CALLS

If you have been cold called with an offer to buy or sell shares, it is likely to be a high-risk investment or scam. You should treat the call with extreme caution. The safest thing to do is hang up. If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should get the name of the person and organisation contacting you and take these steps before handing over any money.

2. CHECK THE FIRM ON THE FINANCIAL SERVICES REGISTER AT WWW.FCA.ORG.UK/REGISTER

The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA. Use the details on the Financial Services Register to contact the firm.

3. GET IMPARTIAL ADVICE

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

REMEMBER, if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme if things go wrong.

Report a scam

If you suspect you have been approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on +44 (0)800 111 6768.

If you have lost money to investment fraud, you should report it to Action Fraud on +44 (0)300 123 2040 or online at www.actionfraud.police.uk.

 [Find out more at www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



Xaar plc

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