



2022 Full Year Results

Tuesday 28th March 2023



Agenda

- 》 Overview
- 》 Strong financial performance
- 》 Significant strategic progress
- 》 Exciting future
- 》 Summary and outlook



John Mills
CEO



Ian Tichias
CFO

Good results putting us in a strong position for the future



Strong performance; revenue up 23% with adjusted profit of £2.8m



Printhead business delivered strong growth except China



EPS, Megnajet and FFEI delivered ahead of expectations



Launched Aquinox with very positive customer response



Successfully completed factory re-layout



Strong position to drive future profitable growth



Strong Financial Performance

Strong financial performance across the group

£M	2022	2021	Var	% Var
Revenue	72.8	59.3	13.5	+23%
Gross Margin	39%	34%		+5 pts
Total Opex	(25.5)	(20.5)	(5.0)	+24%
aEBITDA	6.2	3.2	3.0	+95%
aPBT	2.8	(0.6)	3.4	

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

£M	2022	2021	Var	% Var
Trade WC	30.1	19.2	10.9	+57%
Cash	8.5	25.1	(16.5)	-66%
Net Assets	71.8	68.8	3.0	+4%

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

23% revenue growth across the Group, 8% like-for-like

5 pts improvement in gross margin

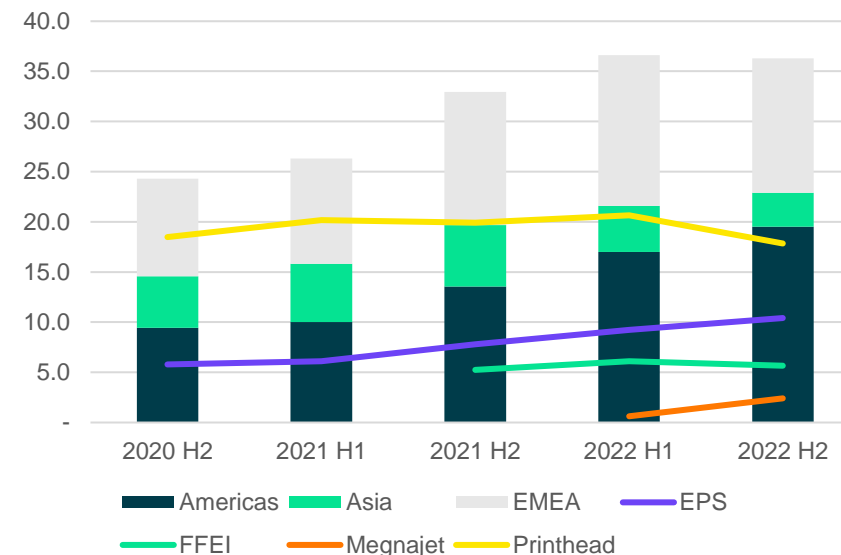
Positive aEBITDA across each of the business units

Ahead of expectations despite challenging macro environment

Adjusted profit before tax (aPBT) for the year

Working capital increase due to proactive investment

Group Revenue by Region and Business Unit

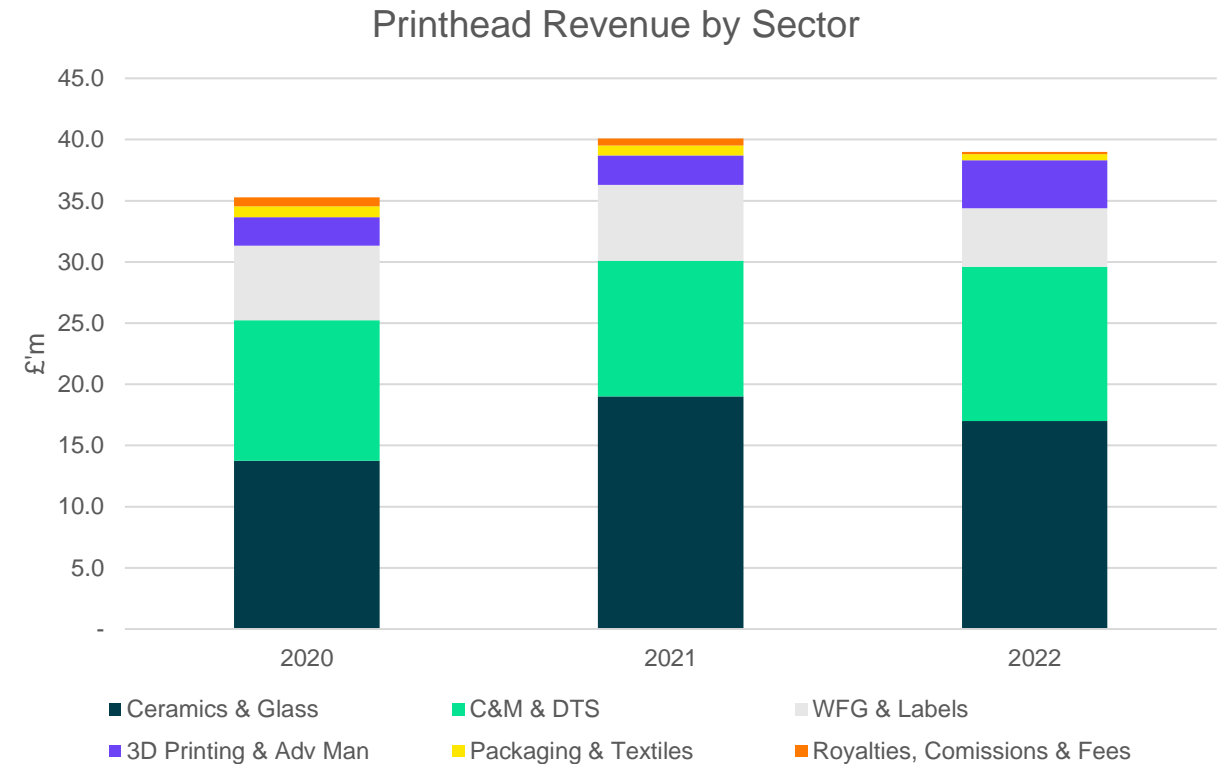


Robust balance sheet

Printhead business unit continues to improve

Printhead				
£M	2022	2021	Var	% Var
Revenue	39.0	40.1	(1.1)	-3%
Gross Margin	43%	38%		+5 ppts
Total Opex	(17.2)	(15.5)	(1.7)	+11%
aEBITDA	2.0	2.8	(0.9)	-26%
aPBT	(0.8)	(0.5)	(0.4)	-44%

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



Strong Revenue growth in US offsetting a COVID-19 related slowdown in China machine sales

Significant increase in gross margin vs 2021

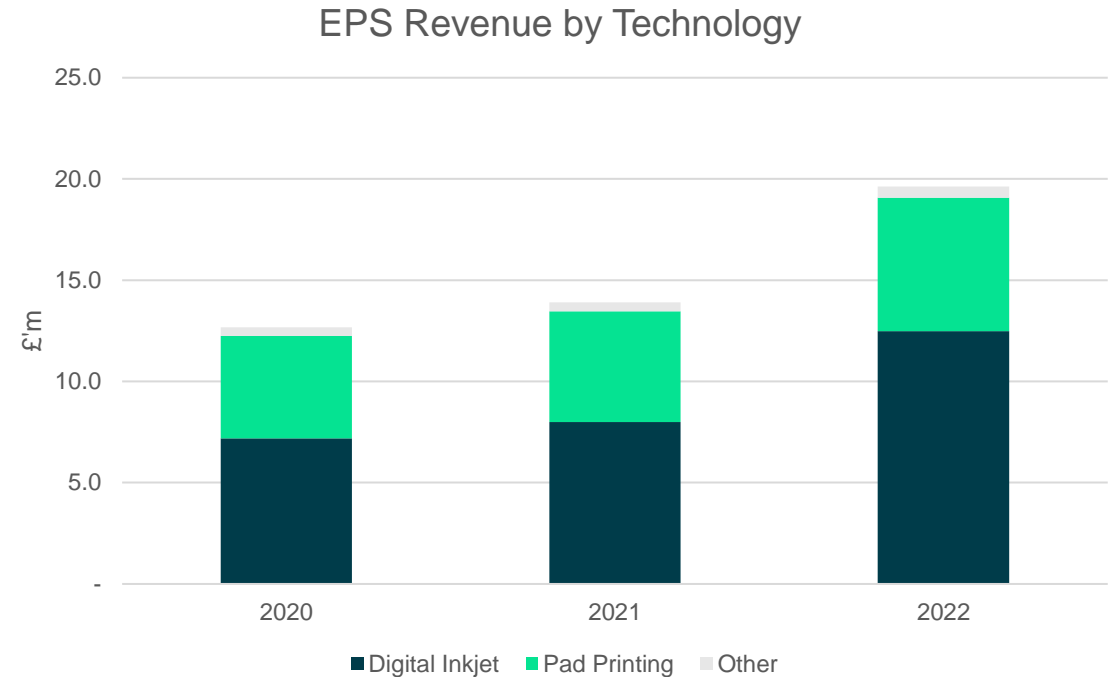
Higher OPEX due to planned investment in key infrastructure

aEBITDA positive

EPS business unit transformed and showing strong revenue growth

EPS				
£M	2022	2021	Var	% Var
Revenue	19.6	13.9	5.7	+41%
Gross Margin	40%	23%		+17 pts
Total Opex	(5.0)	(3.9)	(1.1)	+27%
aEBITDA	3.1	(0.4)	3.5	
aPBT	2.8	(0.8)	3.6	

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



Revenue up 41% vs 2021 driven by growth in digital machine sales

Gross margin up 17 pts vs 2021

Significant improvement in aEBITDA and aPBT

Balance sheet remains strong

FFEI and Megnajet performing ahead of expectations

FFEI				
£M	2022	2021	Var	% Var
Revenue	11.6	5.3	6.3	+124%
Gross Margin	30%	36%		-6 ppts
Total Opex	(3.2)	(1.1)	(2.1)	+188%
aEBITDA	0.5	0.8	(0.3)	-37%
aPBT	0.2	0.7	(0.5)	-73%

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

Strong financial performance across both business units

aEBITDA positive and aPBT positive

Megnajet	
£M	2022
Revenue	2.5
Gross Margin	33%
Total Opex	(0.2)
aEBITDA	0.6
aPBT	0.6

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

Businesses integrated into Group, and already supporting overall business strategy of more vertically integrated products

Strong demand for our print engines and ink systems which both support wider technology offering

Successfully investing for future growth

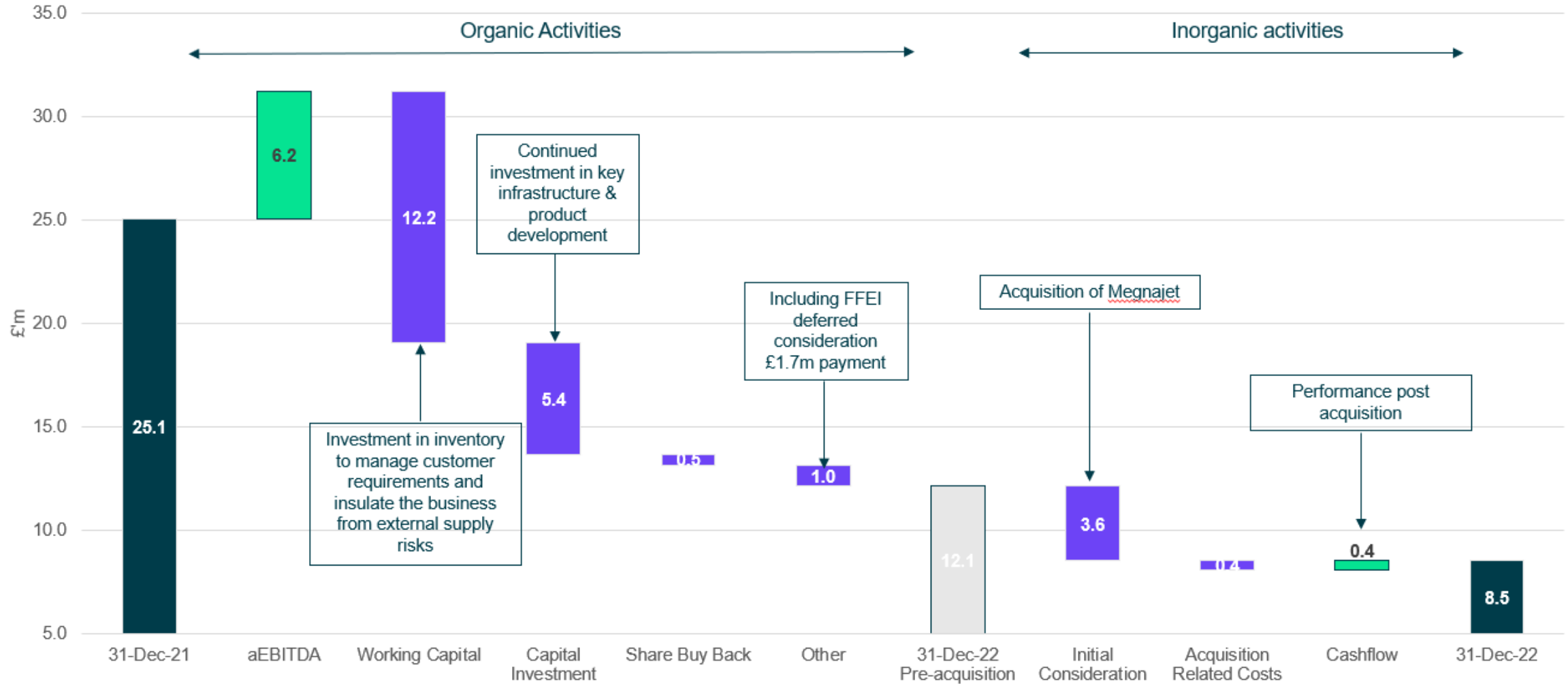


- Maintenance and upgrade of facilities across the Group
- Invested in supply chain to mitigate supply issues
- Acquired Megnajet to increase capability and widen product offering



- In Q1 we successfully completed reconfiguration of factory on time and on budget
- Delivers operational improvements:-
 - Modern equipment
 - More efficient processes
 - Halve our energy usage to mitigate against cost inflation

Breakdown of investment in year



Financial summary and take away highlights



Strong **Revenue growth** of **23%**, **8%** on like-for-like basis



Adjusted profit reported for the year. Positive aEBITDA across all business units



Working capital investment of **£12.1m** to mitigate supply chain risks

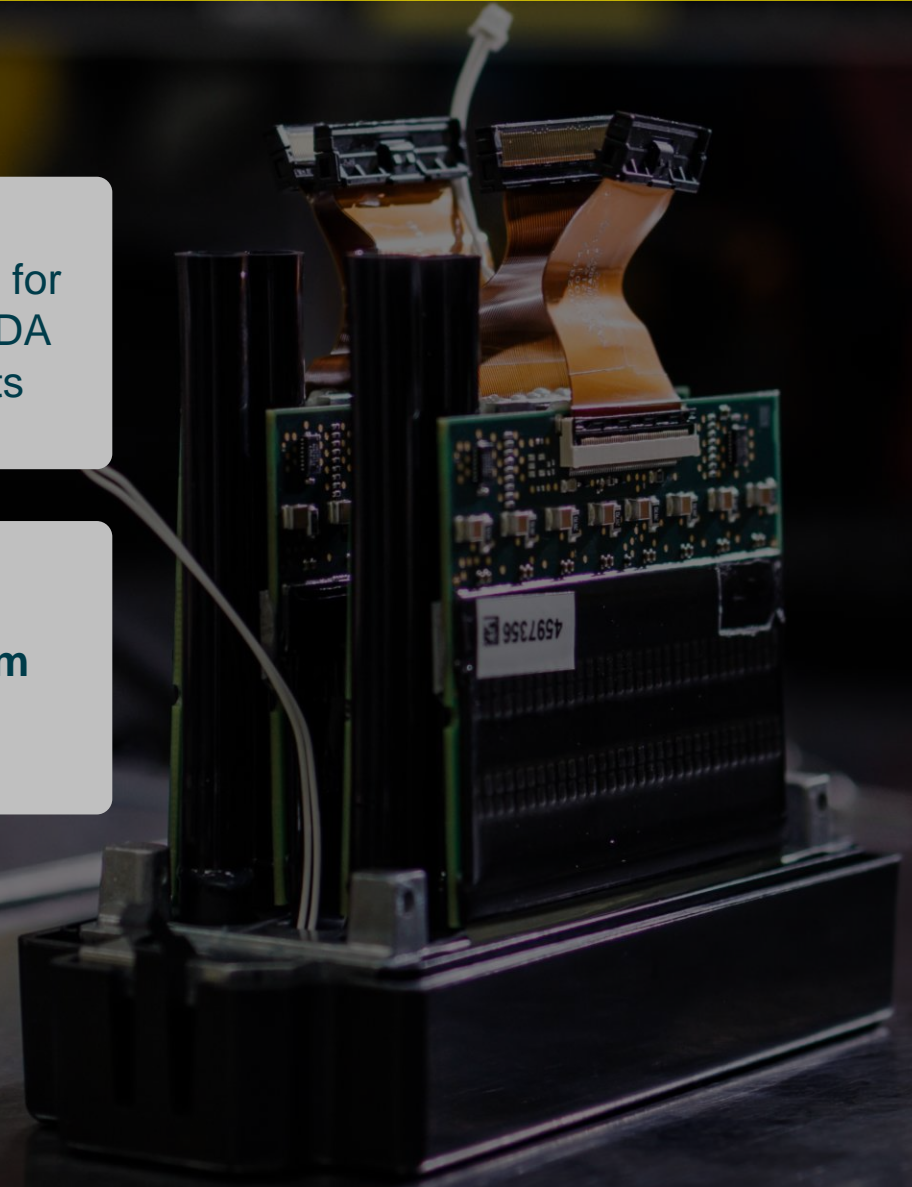


Strong balance sheet provides **stable platform** for future growth



Outlook

Delivered a strong financial performance
Achieved full year profitability
Remain well positioned for the future



A man wearing safety glasses and a black jacket is leaning over a desk, focused on a task. He is holding a small tool or component. In the background, there is a laptop displaying a technical diagram, a black office chair, and various pieces of electronic equipment, including a blue device with a screen. The scene is set in a professional or industrial environment.

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

Successfully completed operational efficiency improvements



3-year plan to increase manufacturing efficiency



Circa £10m investment over the next 3 years



First step – factory re-layout completed



Achieved 100% delivery of customer orders through re-structure



Immediate significant positive impact:

- Energy consumption reduced by 40%
- Significant improvement in operational flow and efficiency
- Created space for new equipment to increase capacity, improve yield and lower product cost



ESG

XAAR
Group

Great progress on ESG roadmap

- 1

Fully committed to ESG on every level of the business

- 2

Our products helping our customers transform their sustainability

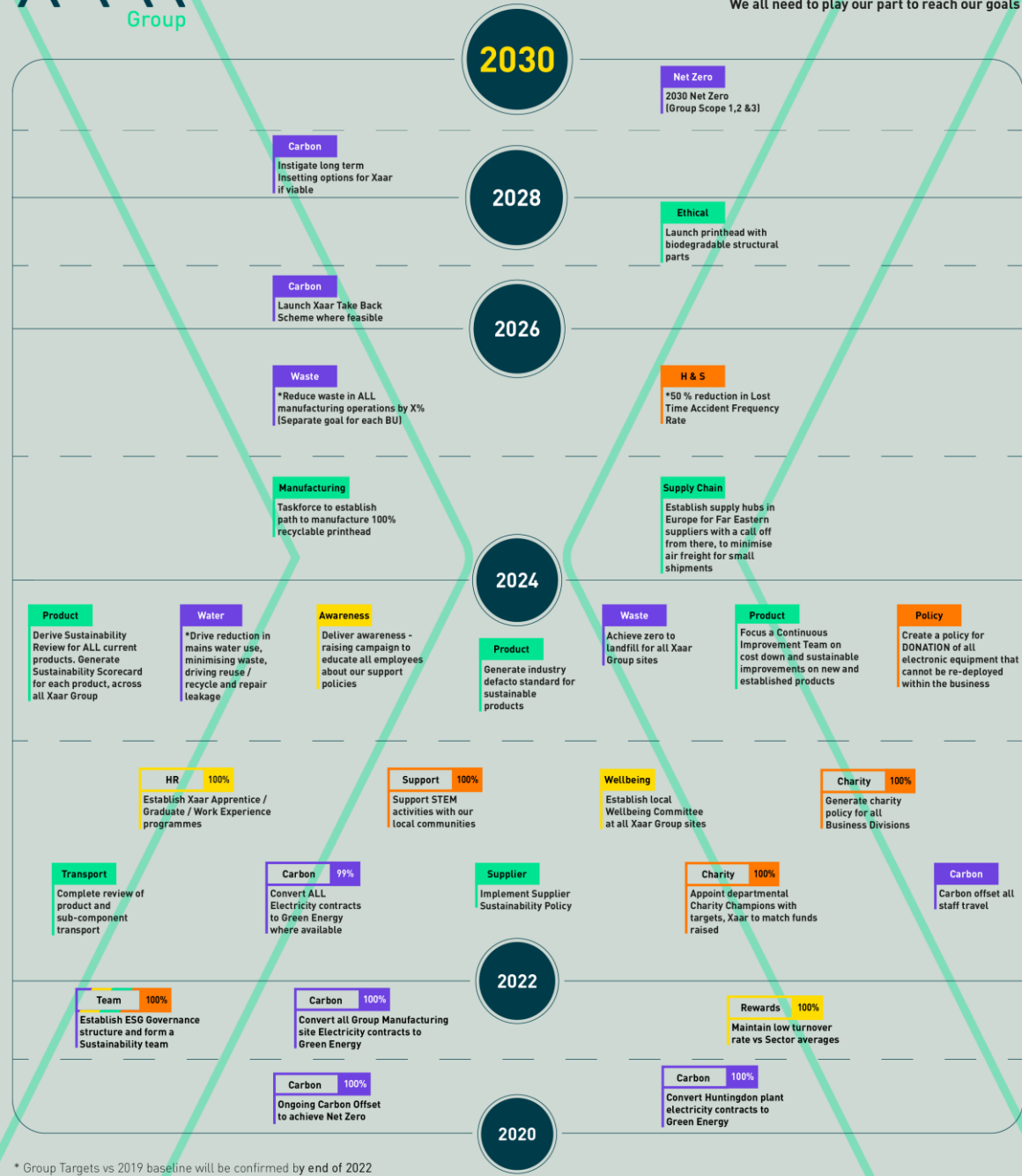
- 3

Operating in a more sustainable way



Sustainability Roadmap

We all need to play our part to reach our goals



* Group Targets vs 2019 baseline will be confirmed by end of 2022



Helping our customers transform their industries

- ESG committee and sustainability team leading the programme
- Clear focus on four pillars and making great progress to achieve goals:

Environment

Leading the way in environmental sustainability for the industrial inkjet technology sector

People

Be employer of choice by putting our people, their potential and wellbeing at the heart of all we do

Innovation

Encouraging more sustainable approaches to design, manufacture, technology and collaboration across the whole Product Lifecycle

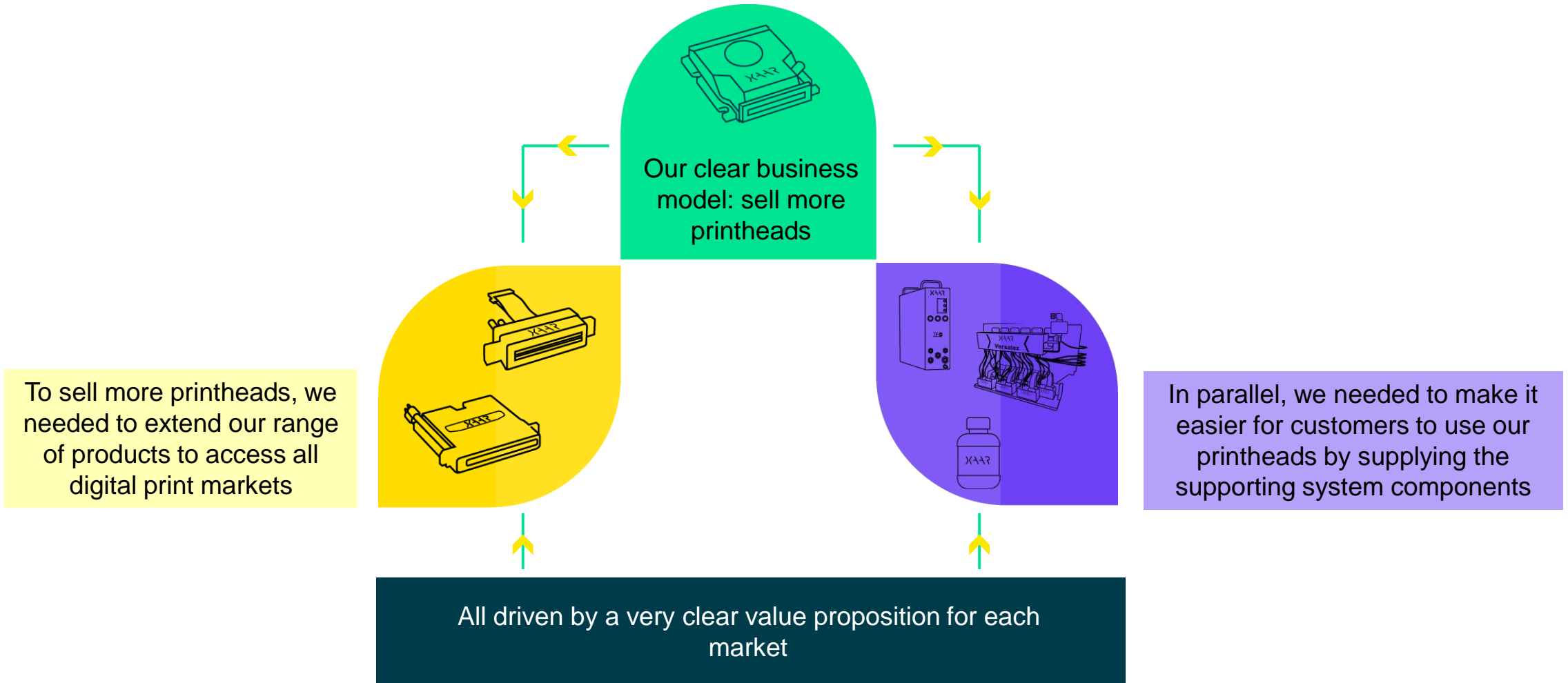
Community

Actively engaging with our communities to provide practical, lasting support that benefits society

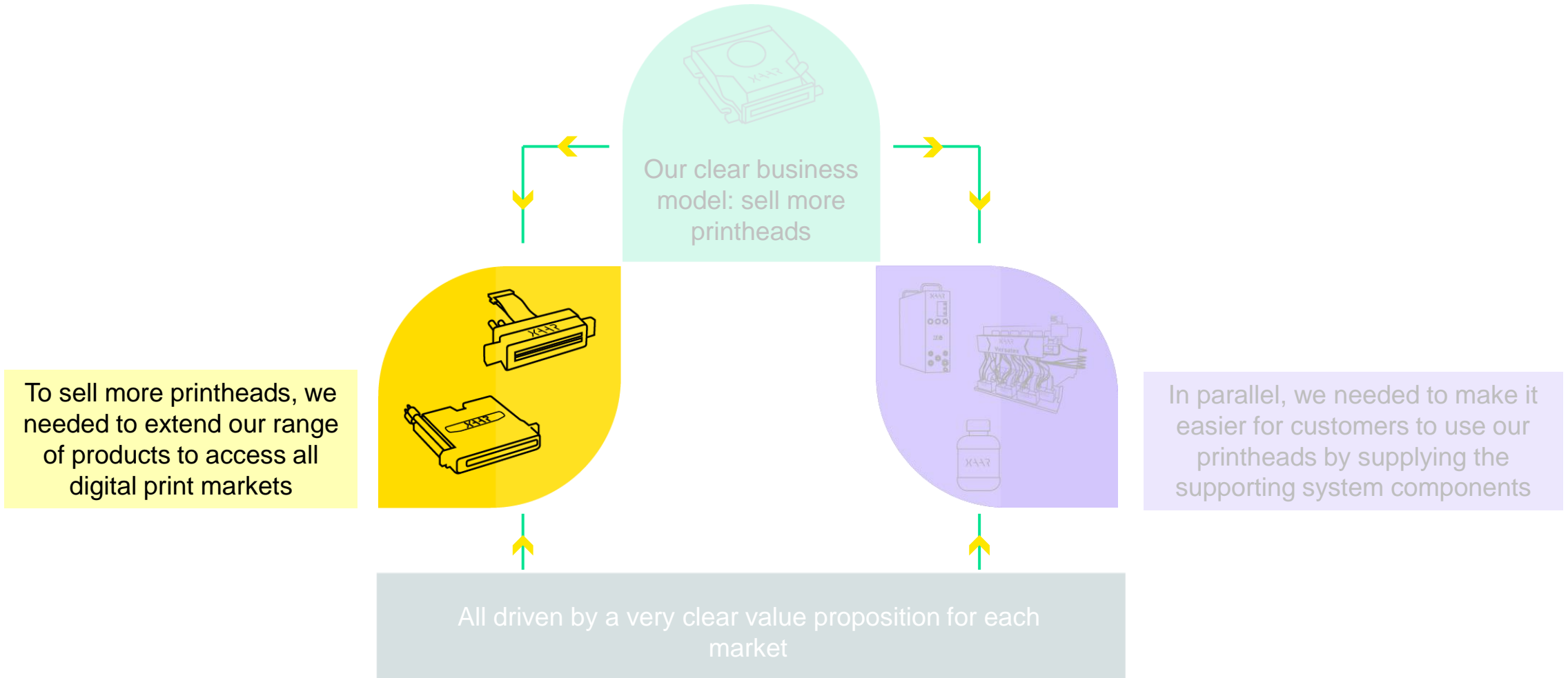


A Clear strategy

The business model is delivering increased customer engagement

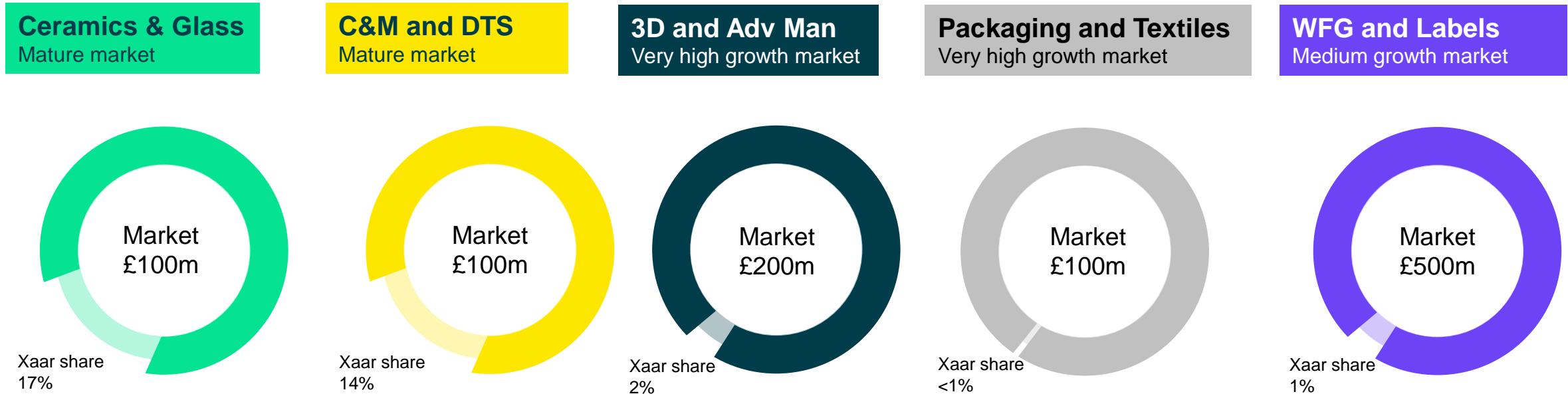


We continue to successfully extend our printhead range



Product roadmap will deliver total addressable market of £1bn

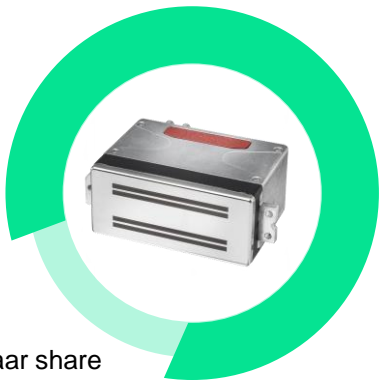
- ✓ Xaar historically focused on Ceramics and C&M – Total addressable market <£200m
- ✓ Strategy is to have compelling product in each of the 5 major markets giving total addressable market of £1bn
- ✓ We have launched new products in 4 of the 5 markets to date



Ceramics and Glass – Regaining market share with higher resolution 2002

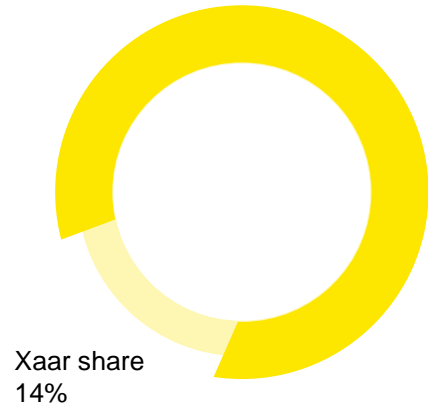
Ceramics & Glass
Mature market

Market £100m



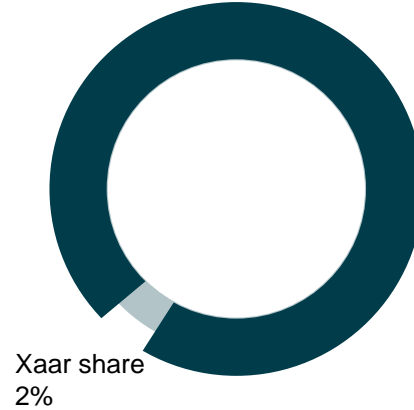
C&M and DTS
Mature market

Market £100m



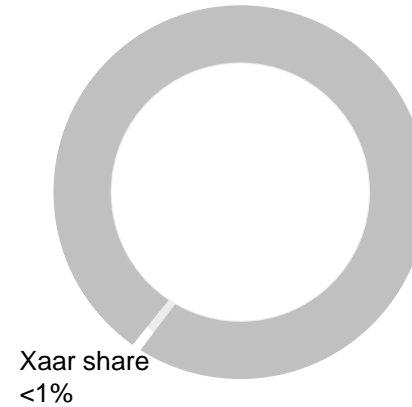
3D and Adv Man
Very high growth market

Market £200m



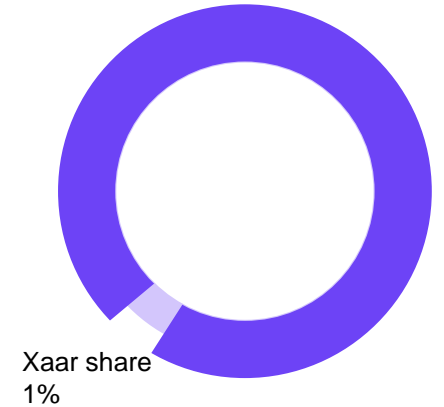
Packaging and Textiles
Very high growth market

Market £100m



WFG and Labels
Medium growth market

Market £500m



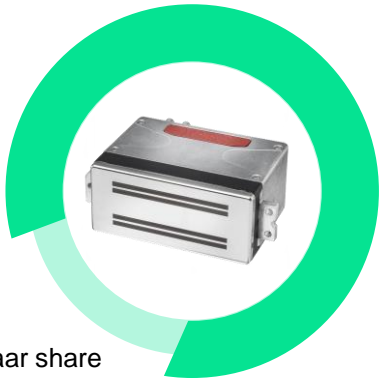
Xaar market share opportunity



Xaar Irix – Demonstrated class leading throw distance

Ceramics & Glass
Mature market

Market £100m



Xaar share
17%

C&M and DTS
Mature market

Market £100m



Xaar share
14%

3D and Adv Man
Very high growth market

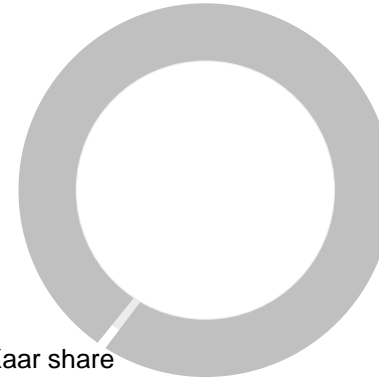
Market £200m



Xaar share
4%

Packaging and Textiles
Very high growth market

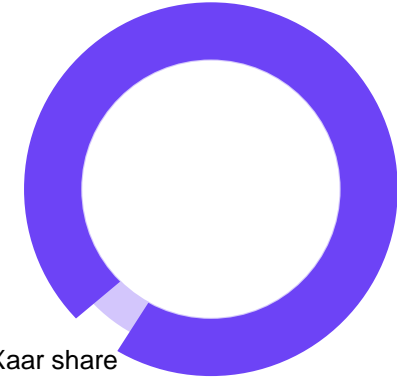
Market £100m



Xaar share
<1%

WFG and Labels
Medium growth market

Market £500m



Xaar share
1%

Xaar market share opportunity



Xaar Nitrox – Increased speed and ink performance

Ceramics & Glass

Mature market

Market £100m



C&M and DTS

Mature market

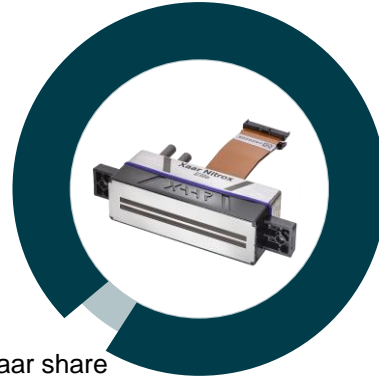
Market £100m



3D and Adv Man

Very high growth market

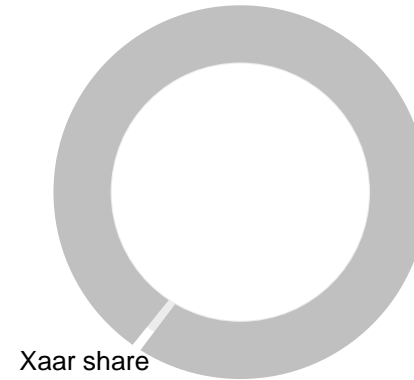
Market £200m



Packaging and Textiles

Very high growth market

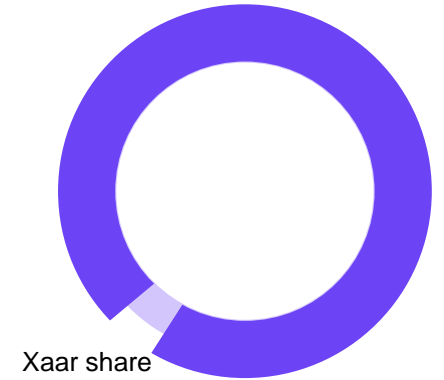
Market £100m



WFG and Labels

Medium growth market

Market £500m



Xaar market share opportunity

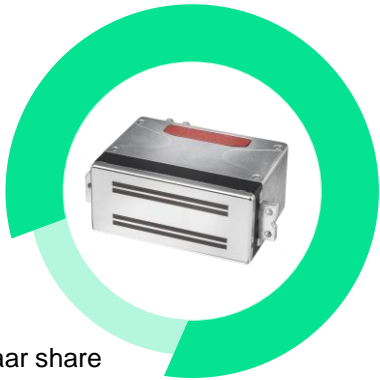


Xaar Aquinox – Our most significant product launch to date

Ceramics & Glass

Mature market

Market £100m



C&M and DTS

Mature market

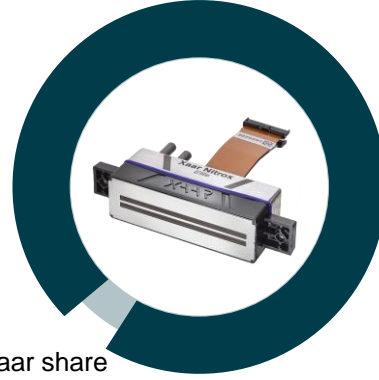
Market £100m



3D and Adv Man

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Market £200m



Packaging and Textiles

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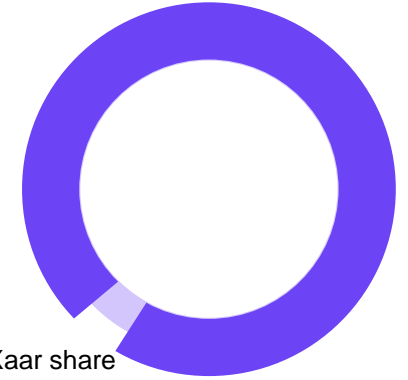
Market £100m

A donut chart with a light gray border and a very small segment highlighted in a lighter shade of gray. In the center is an image of a silver component. Below the chart, the text reads 'Xaar share <1%'.

WFG and Labels

Medium growth market

Market £500m



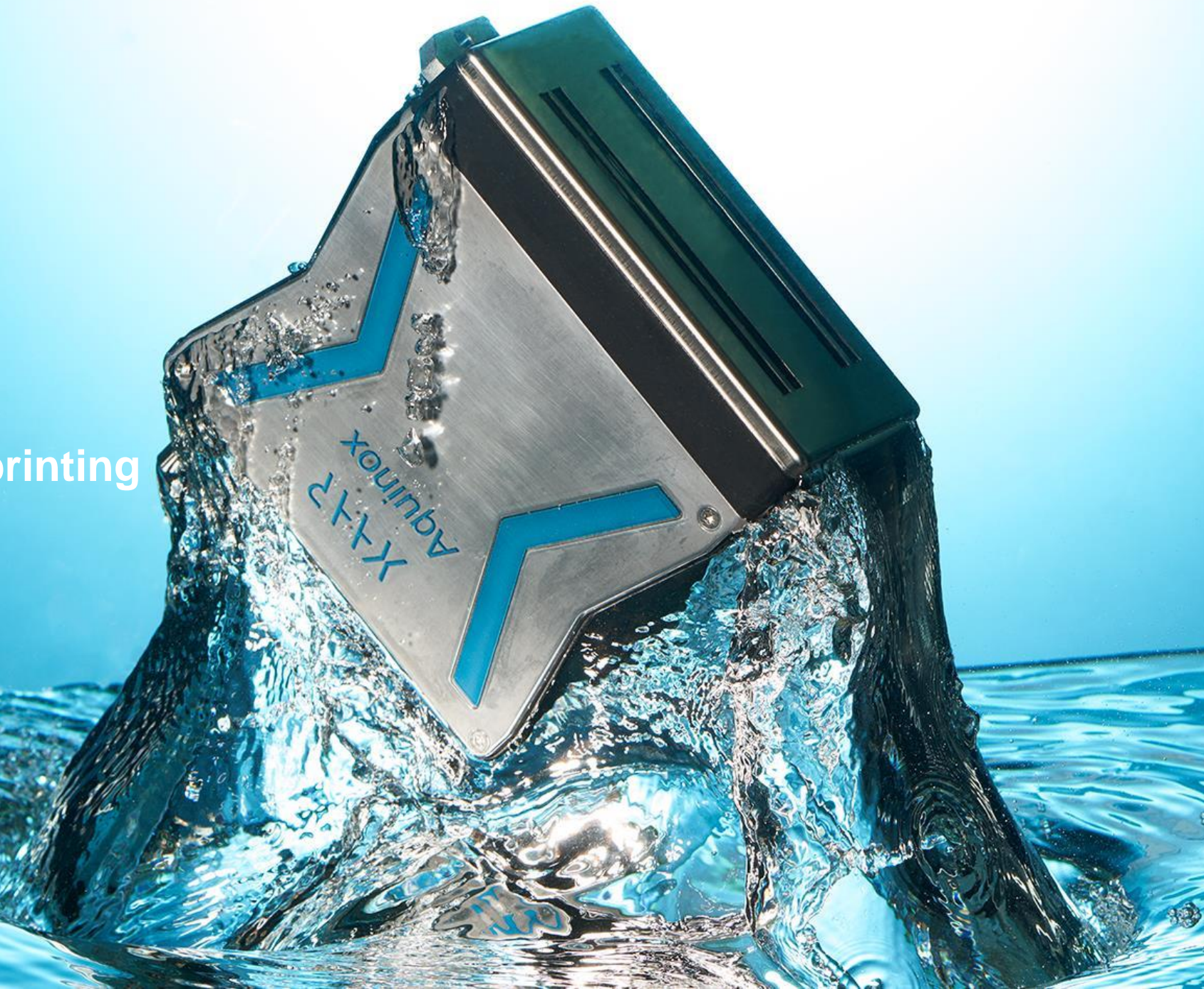
Xaar market share opportunity



Xaar Aquinox

A revolution in aqueous printing

X-112

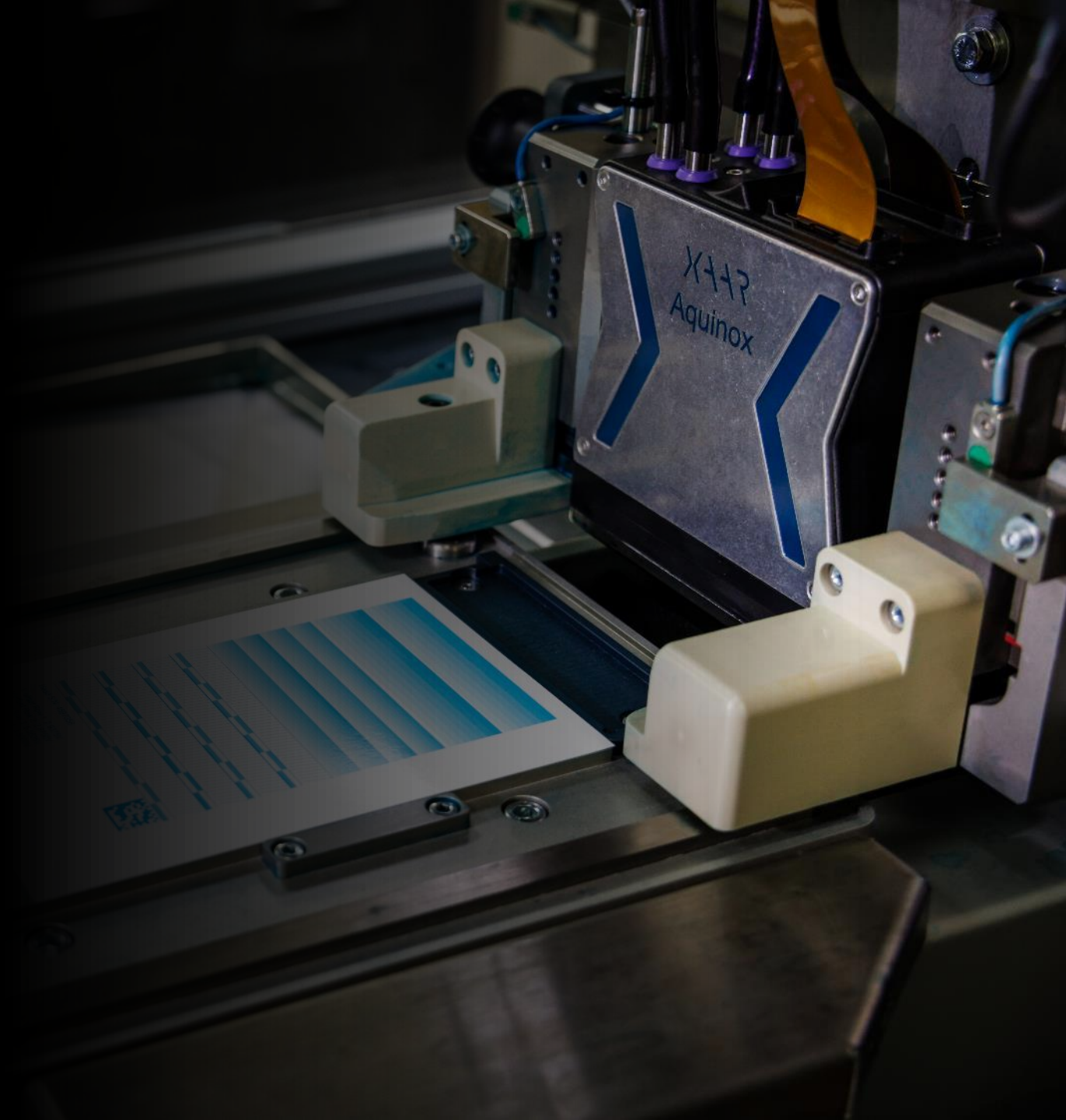


aQ Power
TECHNOLOGY



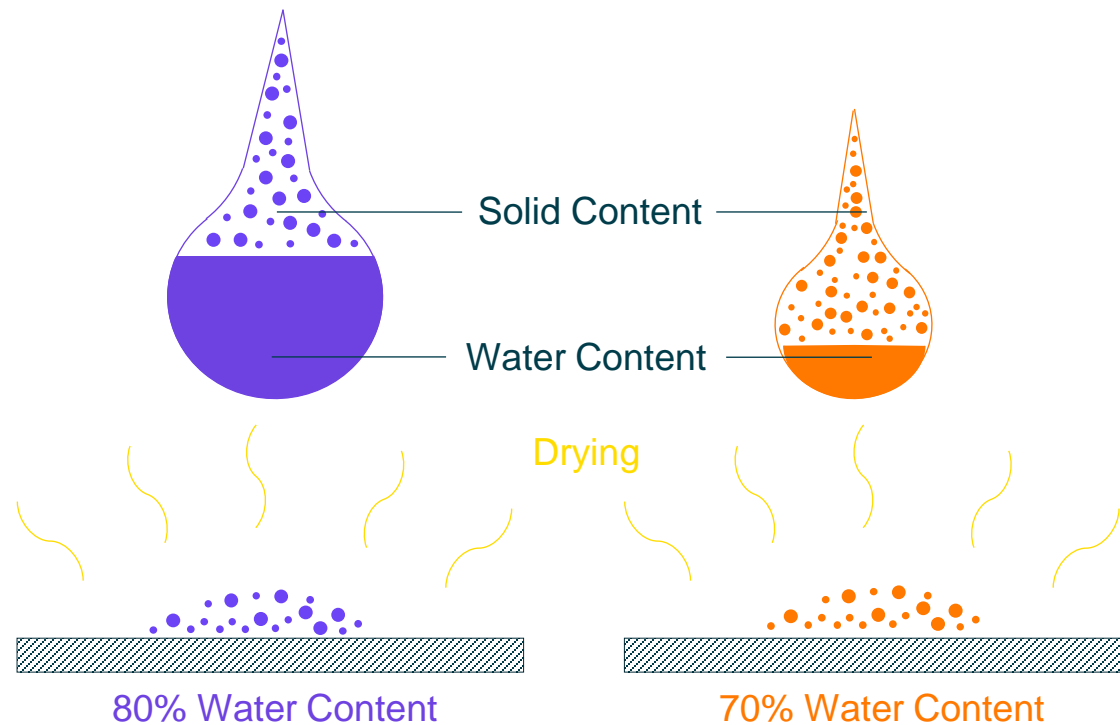
A radically new approach to how water-based inks are jetted, delivering a revolutionary increase in aqueous lifespan and robustness

- Redesigned internal architecture optimised for aqueous fluids
- New materials compatible with water-based fluids and extending the working range of acceptable pH levels
- A patented and revolutionary new drive system enabling optimum drop ejection

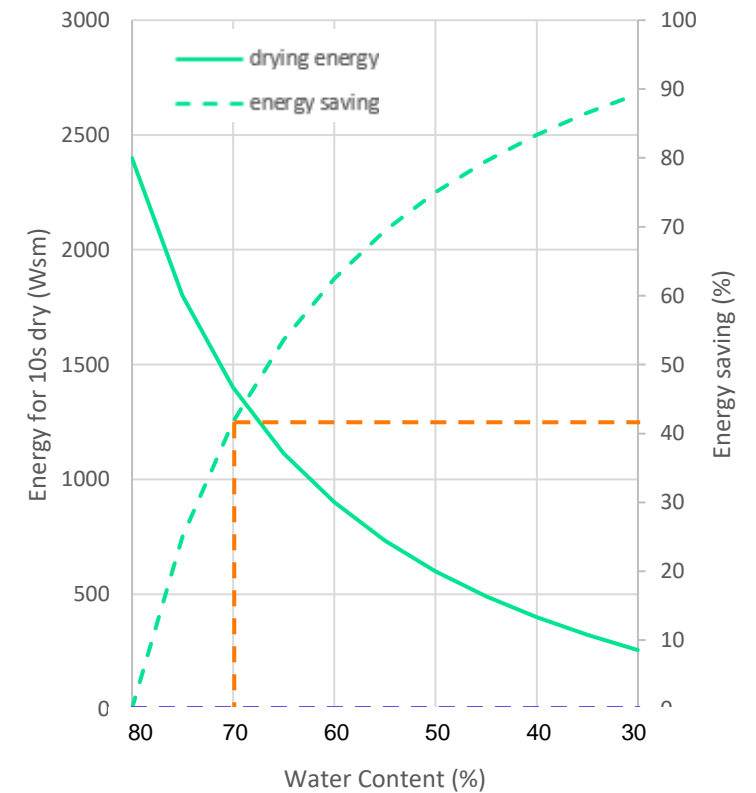


ESG – Impact of reduction of water content

A decrease from 80% to 70% water content can result in Energy saving of >40%



Drying Energy vs Solids Content



Engineered to deliver
exceptional reliability, the Xaar
Aquinox is a revolutionary
aqueous printhead that's truly
built to last

XAAR

Wide Format Graphics and Labels – Biggest single industrial print market

Ceramics & Glass

Mature market

Market £100m



C&M and DTS

Mature market

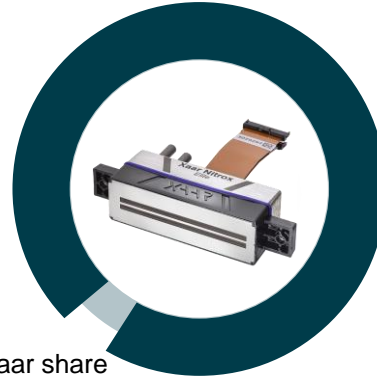
Market £100m



3D and Adv Man

Very high growth market

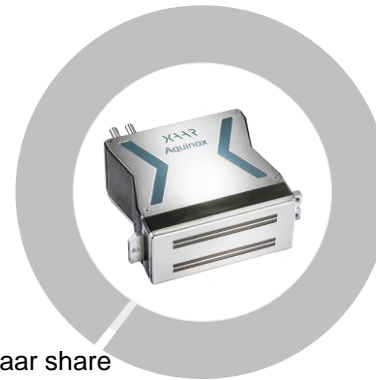
Market £200m



Packaging and Textiles

Very high growth market

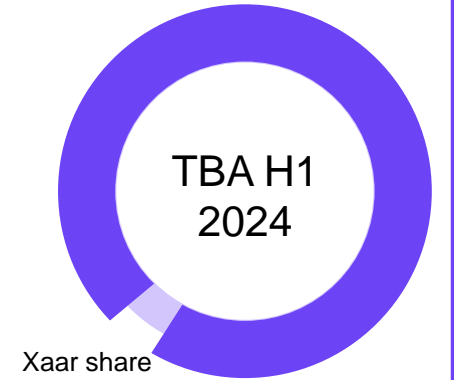
Market £100m



WFG and Labels

Medium growth market

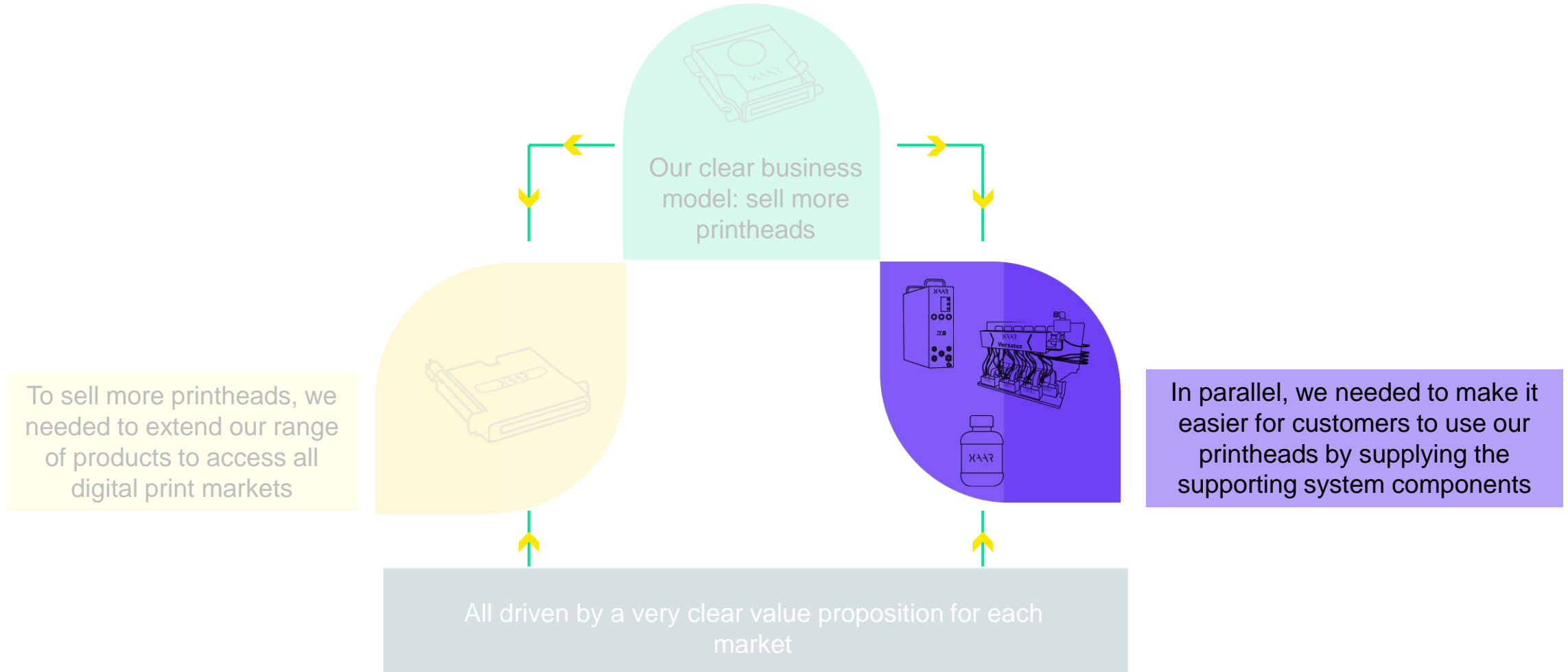
Market £500m



Xaar market share opportunity



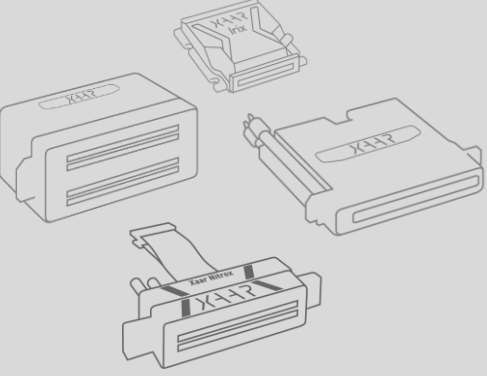
Helping our customers get to market more quickly



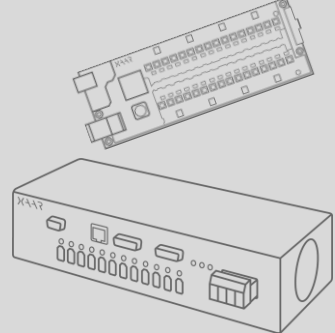
XAAR Group

The Inkjet Opportunity

Printheads



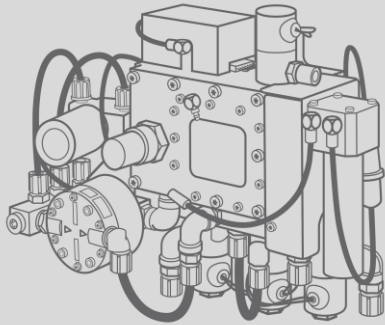
Electronics & datapath



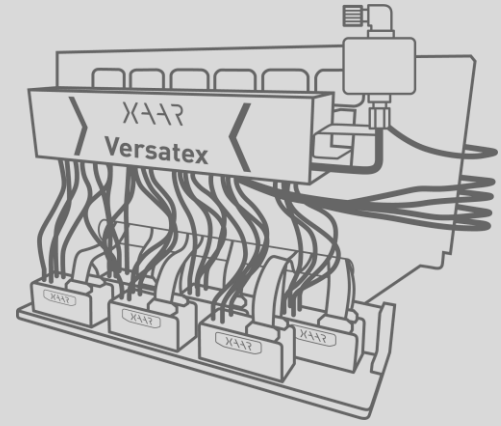
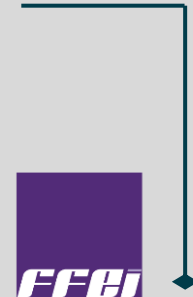
Inks



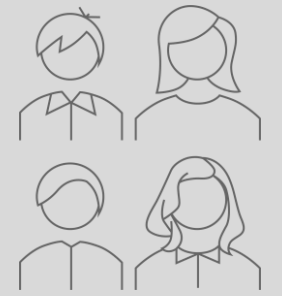
Ink supply systems



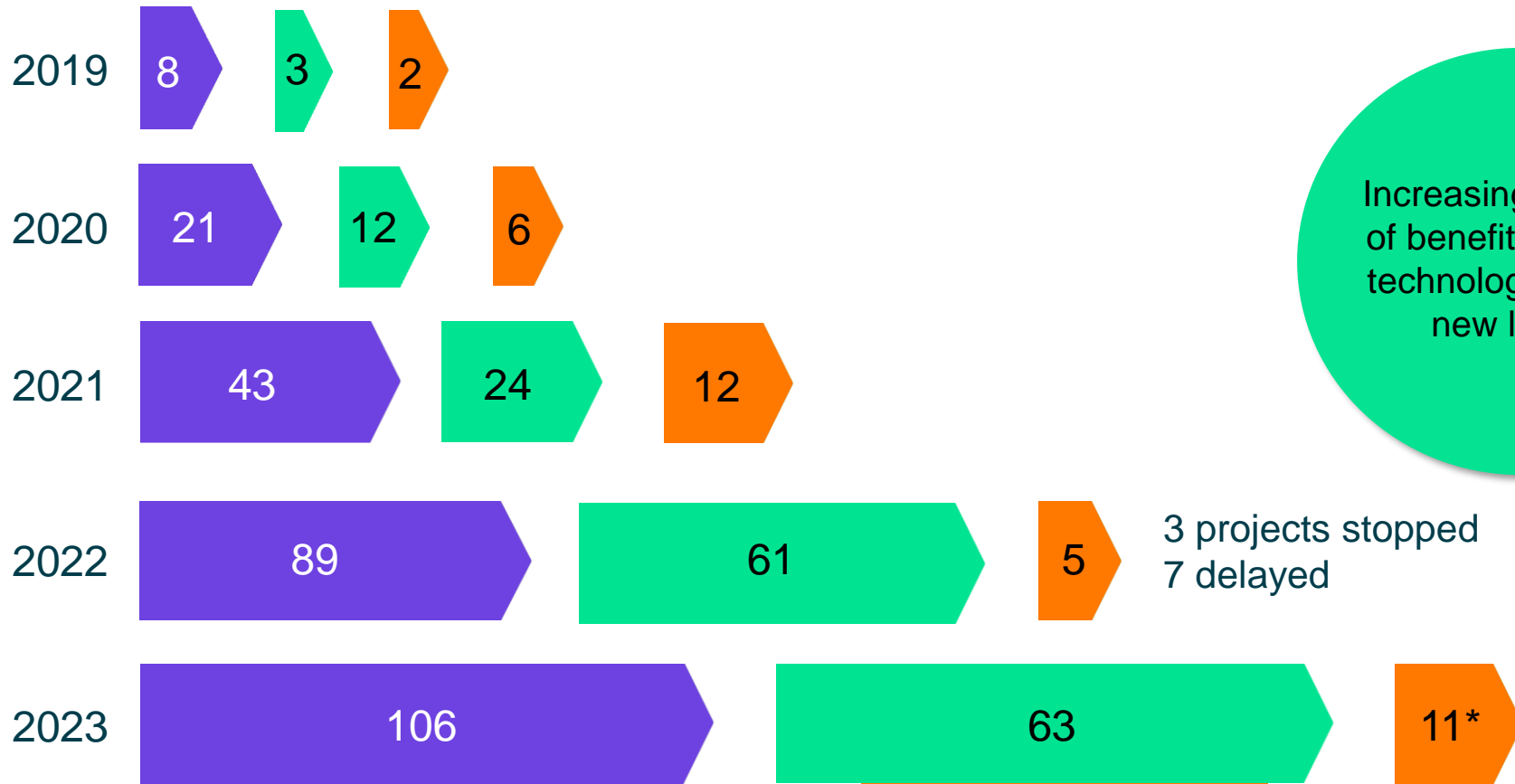
Print engines



Support



Increased number of customers adopting Xaar technology



Increasing visibility of benefits of Xaar technology driving new leads

New aqueous product launch gives us confidence we will further grow the pipeline

Whilst it takes several years from adoption of Xaar technology to significant revenue, we are starting to see the pipeline grow

3 projects stopped
7 delayed

Qualified interest Bought dev kit / In development Machine launches * Projected machine launches in 2023

Good results putting us in a strong position for the future



Strong performance; revenue up 23% with adjusted profit of £2.8m



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EPS, Megnajet and FFEI delivered ahead of expectations



Launched Aquinox with very positive customer response



Successfully completed factory re-layout



2023 full year performance predicted to be in line with expectations

“With the fundamental advantages that our products possess, I believe that within the next decade Xaar will be the number one supplier of industrial inkjet printheads”

John Mills

CEO

XAAAR

Q&A

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A photograph of two men sitting at a table, smiling and looking at each other. The man on the left is older, wearing glasses and a white shirt. The man on the right is younger, wearing glasses and a dark polo shirt. They are in an office setting with a large green plant in the background. The image is partially obscured by a dark overlay on the left side.

Thank you

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