In what has been a challenging year across global economies, I am pleased to report excellent progress at Xaar. Our challenge has not only been the impact of the COVID-19 pandemic and new ways of working, but also, under new leadership, refocusing the business on our core competencies and developing a strategy for growth exploiting the fundamental strength of our bulk piezo inkjet technology.

A number of changes have been made in the business: a realignment of our go-to-market approach with a clear focus on the value chain and customers, a revitalisation of our brand and corporate identity and, importantly, a focus on the technical and competitive advantages of the Xaar bulk piezo product range with a pipeline of new product developments that we plan to exploit as a part of our new ImagineX platform.

It has been most pleasing to see the energy and enthusiasm of the Xaar team, matched only by the response we have had from customers, with both existing and new OEMs and end-users seeking to deploy Xaar technology in their next generation products.

Our Printhead business has performed very strongly this year. Sales were higher than levels achieved in 2019 and, against the challenging economic backdrop created by the pandemic, our order book has remained consistently strong. We have been particularly pleased with efficiency gains made in our printhead operations, which resulted in both improved gross margins and strong cash generation from more efficient use of working capital.

Development of this core platform is a priority for the Board in 2021 and beyond. Our product print business, EPS, based in North America, was impacted by a fall in demand through the worst of the pandemic but, with a small grant from the US Government, made only a small loss and remains a valuable contributor to the Group.

Xaar 3D was similarly impacted by COVID-19 restrictions and progress has been slower than expected. Xaar’s position in the 3D business is one of technology enabler and our end goal remains one of supplying Xaar printheads for use in 3D applications as opposed to becoming an OEM in the sector. As a result of programme delays in 2020, and following a re-evaluation of the further cash investment required and extended timescales to full commercialisation of the product, we have determined that it is in Xaar’s best interests to bring forward the planned sale of Xaar’s shares in Xaar 3D. The terms of the proposed revised option arrangement will be published in due course and subject to Xaar shareholder approval.

The past 12 months have seen much change at Xaar. We entered the year with optimism and a renewed sense of purpose but of course had no idea of the extent of challenge we would all face. It is to the great credit of the whole team at Xaar, in all businesses and in the many countries around the world where colleagues live and work, that they have adapted, committed to and succeeded in delivering both solid financial results and a platform for continued growth.

The Board is encouraged by our progress this year and, with the prospect of some return to better market conditions later in 2021, looks forward with confidence.

Andrew Herbert
Chairman
27 April 2021