

Welcome to our 2022 Annual Report



**A world where you
can print anything
you can imagine**

About us

We are a world leader in the development of digital inkjet technology. We design and manufacture printheads which we sell globally to Original Equipment Manufacturers (OEMs) and User Developer Integrators (UDIs).

Our technology drives the conversion of analogue printing and manufacturing methods to digital inkjet, which is more efficient, more economical and more productive than the traditional methods it replaces.

In addition to printheads (Xaar), we develop print systems for product decoration (EPS) which use our inkjet technology, as well as fluid management systems (Megnjet) which are robust, reliable, easy to integrate. We also produce high performance digital imaging technology (FFEI) for two main applications – inkjet printing and digital pathology.

We put innovation and collaboration at the core of our global partnerships, helping our customers to unleash the true power of our technologies and open up a world of opportunities for their business, today and into the future.

Sustainability at the heart of our business

We are investing for sustainability and long-term growth



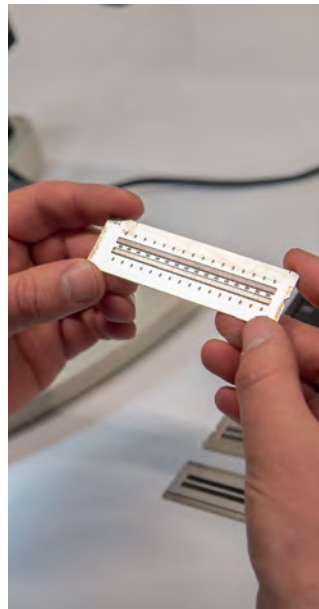
+ Environment

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, effective, lasting support that benefits society.

What's new?

New acquisitions

In March, Xaar completed the acquisition of Megnajet, one of the market leaders in the design and manufacture of industrial fluid management systems for digital inkjet.

New products

In November, we launched our revolutionary printhead – the Xaar Aquinox – delivering exceptional reliability, creativity, and sustainability for printing aqueous fluids.

New technology

We also launched aQ Power Technology which provides a radically new approach to how water-based fluids are jetted reliably, delivering a truly transformational industrial printhead.

Our business units

Printhead

Xaar

Our Printhead business unit focuses on the design, manufacture, marketing and sales of printheads and associated products which are used in a variety of applications such as Ceramic Tile Decoration, Graphics, Décor, Textiles, Labels and Packaging as well as 3D Printing and Additive Manufacturing.

Highlights

- Xaar Aquinox launched successfully with excellent customer response
- New technology centre opened in Sweden; new inkjet printing lab in China

 [Read more about Printhead on page 20](#)

Fluid Management Systems

Megnajet

Fluid management systems specialist Megnajet provides robust, reliable, easy to integrate products so that OEMs can get to market quickly with reduced development costs.

Highlights

- Integration into the Group completed successfully
- First phase of site improvements completed

 [Read more about Megnajet on page 23](#)

Digital Imaging

FFEI

Our digital imaging company, FFEI Ltd, focuses on high performance digital imaging solutions – from digital inkjet label presses to digital pathology scanners.

Highlights

- Growth in demand for printbars for label embellishments
- Life Sciences Microscan and Sierra showing strong demand

 [Read more about FFEI on page 24](#)

Product Print Systems

EPS

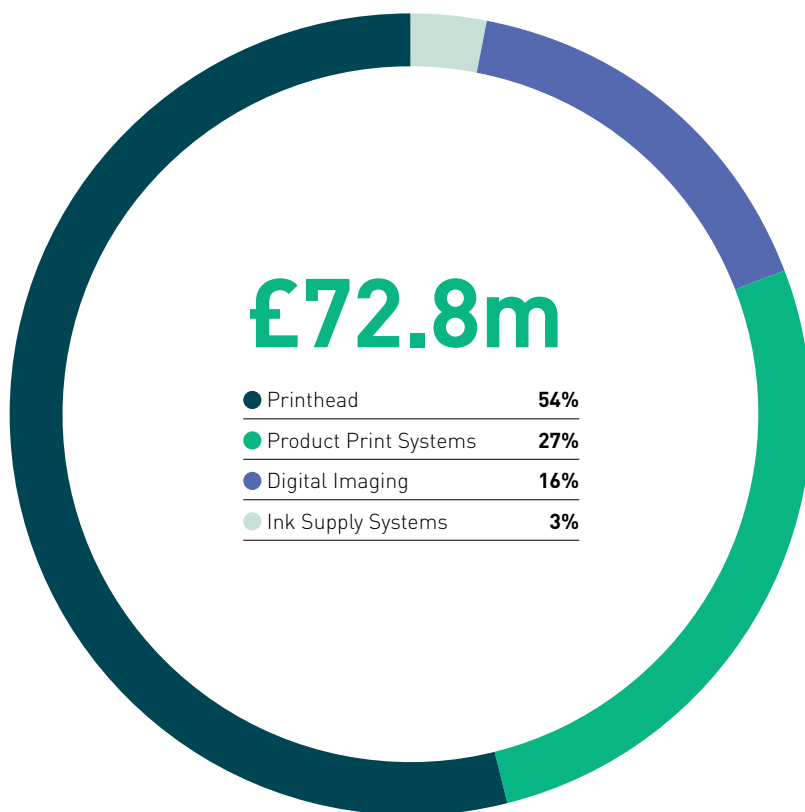
Product Print involves printing all kinds of industrial and promotional objects such as medical equipment, automotive parts, tools, apparel, appliances, sports equipment and toys. Xaar company EPS manufactures and sells a range of highly customised print systems for these applications, including some using Xaar's inkjet printheads.

Highlights

- New and strong leadership
- Excellent growth in sales

 [Read more about EPS on page 25](#)

Our performance



Revenue – continuing operations

£72.8m

2022	£72.8m
2021	£59.3m

Achieved through both strong organic growth and new acquisitions

Gross margin – continuing operations

39%

2022	39%
2021	34%

Increased from 34% in 2021, benefiting from operational leverage in the business

R&D spend

£6.7m

2022	£6.7m
2021	£5.7m

By continuing operations of £6.7 million, up £1.0 million on 2021 with investment focused on the ImagineX platform and product roadmap

Net cash (outflow)/inflow

(£16.5m)

2022	(£16.5m)
2021	£5.0m

Current year includes £5.3 million outflows for business acquisitions and 2021 benefited from £9.3 million of inflows from the sale of subsidiaries.

Refer cash flow statement on page 120

Cash & Treasury Deposits

£8.5m

2022	£8.5m
2021	£25.1m

Strong closing balance sheet with net cash including benefit of invoice discounting facility of £0.4 million (2021: nil)

Strategic Report

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