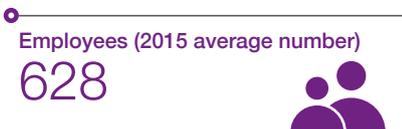


Our business at a glance

# Delivering transformational solutions

## Who we are

We are a world leader in the development of digital inkjet technology and an award-winning manufacturer of piezoelectric drop-on-demand industrial inkjet printheads.



## Our business model

Xaar is the world's leading supplier of industrial printheads, with 25 years of success in a variety of markets. Our core business is the design, manufacture, marketing and sale of printheads, printhead systems and associated products. Xaar also receives licensee royalty income from its legacy licensing model.



### Xaar designs

Xaar invests a substantial proportion of sales (over 20% in 2015) in Research and Development (R&D) to remain a world leader in inkjet technology.

Xaar's innovative products are used in a wide range of applications around the globe, from ceramic tiles to semi-conductors.

Xaar has more than 250 patents and patent applications and continues to add to its Intellectual Property (IP) portfolio.

Our headquarters and R&D activities are based on the prestigious Cambridge Science Park, Cambridge, UK. At 31 December 2015 R&D staff totalled 145, representing 24% of the total workforce.



### Xaar sells

Xaar sells direct to OEMs around the world through its global sales team. Xaar's highly skilled application engineers offer the highest level of technical support to assist OEMs in the successful design, build, commissioning, and ongoing maintenance of printing systems. Europe, Asia and North America are the primary locations of our current OEM partners.



### Xaar manufactures

Xaar manufactures its printheads in Huntingdon, UK and Järfälla, Sweden. The Sweden plant will close in 2016.

Xaar's manufacturing is relatively capital intensive; the Group has invested over £60 million in assets and production facilities in Huntingdon since the plant opened in 2007.



### Xaar markets

Xaar offers a wide range of industrial inkjet printheads and printhead systems which are designed and produced to meet the customer-driven requirements of a range of manufacturing applications. Primary markets include wide-format graphics, ceramic tiles, labels, packaging, coding and marking, 3D printing, advanced manufacturing and decorative laminates.

## Our strategy

Our strategy is to drive the development of inkjet technology into selected multiple applications and industries, delivering sustainable profitable growth.

### New products and new technology

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### Building the eco-system

[Read more on page 16](#)

### Converting multiple markets

[Read more on page 17](#)

### Enhancing our capability

[Read more on page 18](#)

## Strategy in action

We manage our product development programmes across three horizons: short term by delivering updates and improvements; medium term by developing new products or derivatives using existing technologies; and longer term through research and development of novel technologies. Alongside our internal development programmes we seek opportunities to access, through acquisition or partnership, new products and technology from external sources.

To penetrate any market successfully, an eco-system of technical and commercial partnerships must be formed to drive and support market conversion.

The markets and applications that use Xaar's printheads can be diverse but can be grouped to have similar characteristics and general imaging requirements.

In order to develop new products and new technology successfully, and to sustain or grow sales into multiple end markets, we must constantly develop our capability in terms of our human and other resources, specifically both our R&D and manufacturing capacity and capability, and the structure of our organisation. External opportunities will also be identified and evaluated to support the expansion of our capability.

## What we did in 2015

Our Thin Film programme progressed to plan in 2015, and we saw the launch of several new products, including:

- Xaar 1002 GS12U printhead – perfect for UV applications such as Direct-to-Shape and packaging
- Xaar Print Bar System – a new product which incorporates the Xaar 1002 family of high-precision industrial printheads into a standalone printing system

Xaar developed various partnerships and collaborations in 2015.

A new ceramic ink partnership with Sinocera Create-Tide in China was announced in May 2015.

Collaborations with Lawter and with Guangdong Dowstone Technology Co Ltd were also announced in the year.

In ceramic tile manufacturing, we continue to lead the market with innovative solutions which unlock previously inaccessible opportunities for our partners.

Our collaboration with KHS to deliver an innovative solution for Martens brewery in Belgium marks a further step forward in the Direct-to-Shape sector.

Under the leadership of our new Chief Executive we reviewed and updated our strategy in 2015. The strategy is more externally focussed than ever; we must understand our markets, our customers and our partners, and apply our internal resources to deliver value-adding solutions which achieve truly transformational benefits.

## Our plans for 2016

We have an exciting range of bulk piezo product launches planned for 2016, including a new family of printheads for coding and marking applications as announced in December 2015.

We expect to be demonstrating our Thin Film technology at drupa from 31 May 2016 to 10 June 2016.

We continue to work with the leading OEMs in our target sectors as well as the appropriate fluid suppliers, hardware and software integrators, and substrate suppliers.

New partnerships and collaborations are expected to be announced throughout 2016.

We have a number of product launches planned in 2016 for a variety of market applications.

The Xaar Print Bar System launched in September 2015 is proving popular, with deliveries against the first customer orders expected in the next few months.

We look increasingly to access new products and new technology through acquisitions and partnerships.

We continue to invest in our already world-class staff to expand our capability, to deliver our strategic plan.