

Company Registration No. 02469592

XAAR TECHNOLOGY LIMITED

Annual report and unaudited financial statements

For the year ended 31 December 2021

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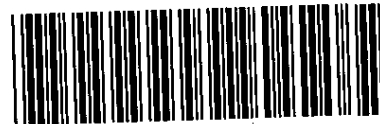


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XAAR TECHNOLOGY LIMITED

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XAAR TECHNOLOGY LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of Xaar Technology Limited ('the company'), together with the financial statements for the year ended 31 December 2021.

The directors' report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

The directors have taken advantage of the small Companies' exemption provided by section 414B of the Companies Act 2006 not to provide a strategic report.

Xaar Technology Limited is a private company limited by shares.

Results and dividends

Turnover for the year was £267,000 (2020: £545,000) and mainly comprises of royalty fees. The loss for the year after taxation was £833,000 (2020: £52,011,000). No dividends were paid to Xaar plc in the current and preceding year. The directors did not recommend the payment of a final dividend for the current and preceding year.

Market trends and future developments

As the patents associated with current licensee arrangements mature, we expect royalties from our licensees to reduce in the longer term.

Going concern

The company made a loss of £833,000 (2020: £52,011,000) for the year ended 31 December 2021 and has net liabilities of £490,000 (2020: net assets £335,000) as at 31 December 2021. The directors have received a formal letter of support from the company's parent undertaking, Xaar plc, guaranteeing continued financial support to enable the company to meet its liabilities to creditors as they fall due for the foreseeable future. The directors have assessed that Xaar plc has sufficient resources to provide such support, notwithstanding the risks and uncertainties disclosed in its annual report. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Financial risk management objectives and policies

The company's activities expose it primarily to the financial risks of liquidity risk and credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing the cash flows generated by its operations, applying cash collection targets and maintaining adequate reserves.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss. Company policies are aimed at minimising such losses, including to only dealing with creditworthy counterparties. Licensees report and pay royalties quarterly, per the licensee contractual agreements in place.

Directors

The directors, who served during the year and to the date of this report, were as follows:

R Mills
I Tichias

The directors also served as directors of Xaar plc during the same periods. Details of their remuneration and share based payment arrangements are included in the Directors' Remuneration Report in the Annual Report and Financial Statements of Xaar plc for the year ended 31 December 2021.

DIRECTORS' REPORT (continued)

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 period. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Directors' liabilities

Xaar plc, the ultimate parent company has granted an indemnity to one or more of the directors of Xaarjet Limited 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 remains in force as at the date of approving the directors' report.

Approved by the Board of Directors and signed on behalf of the Board



I Tichias

Director

75 August 2022

3950 Cambridge Research Park
Waterbeach, Cambridge
CB25 9PE

XAAR TECHNOLOGY LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
Turnover	3	267	545
Cost of sales		(371)	(400)
Gross (loss)/profit		(104)	145
Administrative expenses		(714)	(1,045)
Restructuring expenses		-	(105)
Intra-group balance waived		-	(51,000)
Operating loss		(818)	(52,005)
Interest receivable and similar income	5	1	2
Interest payable and similar expenses	6	-	(6)
Loss before taxation	4	(817)	(52,009)
Tax on loss	8	(16)	(2)
Loss for the financial year		(833)	(52,011)

All activities derive from continuing operations.

There were no other comprehensive income or expenses other than the profit for the current financial year and the loss for the preceding financial year. Accordingly no Statement of total comprehensive income has been prepared.

XAAR TECHNOLOGY LIMITED

BALANCE SHEET

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	-	-
Right of use asset	11	-	-
Investments	12	-	-
		-	-
Current assets			
Debtors	13	62	293
Cash at bank and in hand		1,145	822
		1,207	1,115
Creditors: amounts falling due within one year	14	(1,697)	(780)
Net current (liabilities)/assets		(490)	335
Total assets less current liabilities, being net (liabilities)/assets		(490)	335
Capital and reserves			
Called up share capital	15	4,445	4,445
Share premium account		1,105	1,105
Capital contribution reserve		531	523
Reserve for own shares	16	(20)	(20)
Profit and loss account		(6,551)	(5,718)
(Deficit)/equity attributable to shareholders		(490)	335

For the year ended 31 December 2021, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Xaar Technology Limited, registered number 02469592, were approved by the Board of Directors and authorised for issue on 21 August 2022.

Signed on behalf of the Board of Directors



I Tichias
Director

XAAR TECHNOLOGY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Notes	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Reserve for own shares £'000	Profit and loss account £'000	Total £'000
At 1 Jan 2020		4,445	1,105	522	(20)	46,293	52,345
Total comprehensive loss for the year		-	-	-	-	(52,011)	(52,011)
Credit to equity for share-based payments	17	-	-	1	-	-	1
At 31 Dec 2020		4,445	1,105	523	(20)	(5,718)	335
Total comprehensive loss for the year		-	-	-	-	(833)	(833)
Credit to equity for share-based payments	17	-	-	8	-	-	8
At 31 Dec 2021		4,445	1,105	531	(20)	(6,551)	(490)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and preceding year unless otherwise stated, are set out below.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments (IFRS 9), financial instruments disclosure (IFRS 7), capital management, presentation of a cash-flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers (IFRS 15), disclosure of remuneration of key management personnel and related party transactions.

Where relevant, equivalent disclosures are given in the consolidated financial statements of Xaar plc. The group accounts of Xaar plc are available to the public and can be obtained as set out in note 18.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Xaar plc.

The company has taken the exemption from an audit for the year ended 31 December 2021 by virtue of s479A of the Companies Act 2006. In order to allow the company to take the audit exemption, the ultimate parent company, Xaar plc has given a statutory guarantee of all the outstanding liabilities of the company as at 31 December 2020.

Under s479C of the Companies Act 2006, the ultimate parent company, Xaar plc has guaranteed all outstanding liabilities to which the company was subject at the end of 31 December 2021 until they are satisfied in full. Such guarantees are enforceable against Xaar plc by any person to whom any such liabilities is due.

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards.

Going concern

The company made a loss of £833,000 (2020: £52,011,000) for the year ended 31 December 2021 and has net liabilities of £490,000 (2020: net assets £335,000) as at 31 December 2021. The directors have received a formal letter of support from the company's parent undertaking, Xaar plc, guaranteeing continued financial support to enable the company to meet its liabilities to creditors as they fall due for the foreseeable future. The directors have assessed that Xaar plc has sufficient resources to provide such support, notwithstanding the risks and uncertainties disclosed in its annual report. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Gains or losses arising from a change in exchange rates subsequent to the date of the transactions are included in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Turnover

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Revenue from goods and services is recognised in accordance with IFRS 15 when control has been transferred to the customer. Sale of goods and service revenue are recognised at a point in time, unless specific conditions have been satisfied allowing revenue to be recognised over a period of time.

Development fees gained from joint development agreements are treated as income over the periods necessary to match them with the related costs. Royalties are recognised on an accruals basis in accordance with the actual turnover trend in the most recent quarterly statements received from each licensee.

Pension costs

The company's employees are members of the Xaar plc group's defined contribution pension scheme. Amounts charged in the profit and loss account comprise employer's contributions payable to the company's defined contribution group personal pension scheme in respect of pensionable payroll costs for the accounting period.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on 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 and is accounted for using the balance sheet liability method. 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 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

To the extent that the company receives a tax deduction relating to share-based payment transactions, deferred tax is provided 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. As a result, the deferred tax impact of share options will not be derived directly from the expense reported in the profit and loss account.

Deferred tax assets and liabilities are measured on an undiscounted basis.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Effective interest method

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. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the differences 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Share-based payments

The company has applied the requirements of IFRS 2 Share-based Payment.

Xaar plc (the parent company) issues equity-settled share-based payments to certain of the group's employees. These payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

There were no critical accounting judgements or assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. TURNOVER

	2021	2020
	£'000	£'000
Turnover by class of business:		
Printheads	267	545

The company's operations are primarily located in Europe, with a presence in Asia. The following table provides an analysis of the company's sales by geographical market, irrespective of the origin of the goods:

	2021	2020
	£'000	£'000
EMEA	27	175
Asia	240	370
	267	545

4. LOSS BEFORE TAXATION

	2021	2020
	£'000	£'000
Loss before taxation is stated after charging:		
Depreciation - right of use asset	-	451
Restructuring expenses	-	105
Intra-group balance waived	-	51,000

During the current and preceding year, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Hence there is no audit fees payable to the company's auditors for the audit of the company's annual accounts. There is also no non-audit fees that were payable to the company's auditor in the current or previous year.

There were no restructuring expenses in 2021. Restructuring expenses of £105,000 related to costs incurred in relation to a reorganisation in 2020.

Intra-group balance waived in 2020 related to an exercise that took place to simplify the intra-group position and historic trading balances, with the majority of XaarJet Limited's debtor balance being waived (£51,000,000), which was included as a line item in the income statement.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£'000	£'000
Bank interest receivable	1	2

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INTEREST PAYABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
IFRS 16 lease interest expense	-	6

7. STAFF COSTS

	2021 £'000	2020 £'000
Employee costs during the year amounted to:		
Wages & Salaries	231	344
Social Security	22	33
Other pension costs	13	18
Share-based payments	8	-
	274	395

The average monthly number of persons employed by the company was as follows.

	2021 No.	2020 No.
Administration	6	5

The directors did not receive any remuneration during the current and preceding year in respect of their services provided to the company. They are remunerated by the parent company, Xaar plc.

8. TAX

	2021 £'000	2020 £'000
Current tax		
Adjustment in respect of prior years	16	2
Total current tax charge	16	2

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TAX (continued)

The UK had a corporation tax rate of 19% for 2021 (2020: 19%). The differences in the tax charge is explained below:

	2021 £'000	2020 £'000
Loss before tax	(817)	(52,009)
Tax on ordinary activities at standard rate of 19% (2020: 19%)	(155)	(9,882)
Effects of:		
Expenses not deductible for tax purposes	-	9,706
Current year losses not recognised	99	102
Group relief	56	74
Adjustment in respect of prior years	16	2
Total tax expense for the year	16	2

The Finance Act 2021, which was substantively enacted on 10 June 2021, amended the main rate of corporation tax to 25% from the financial year 2023. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances at December 31, 2021 have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

The closing deferred tax liability at 31 December 2021 has been calculated at 19% and 25%, reflecting the tax rates at which the deferred tax liability is expected to be reversed in future periods.

The company has estimated losses of £1,848,738 to carry forward against future trading profits. A deferred tax asset of £462,185 has not been recognised as it is not expected to crystallise in the foreseeable future.

9. INTANGIBLE FIXED ASSETS

	Intellectual property £'000	Software £'000	Total £'000
Cost			
At 1 January 2021/31 December 2021	6,300	591	6,891
Amortisation			
At 1 January 2021/31 December 2021	6,300	591	6,891
Net book value			
At 31 December 2021	-	-	-
At 31 December 2020	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Plant and machinery £'000	Furniture, fitting and equipment £'000	Total £'000
Cost				
At 1 January 2021/31 December 2021	1,127	801	1,291	3,219
Amortisation				
At 1 January 2021/31 December 2021	1,127	801	1,291	3,219
Net book value				
At 31 December 2021	-	-	-	-
At 31 December 2020	-	-	-	-

11. RIGHT OF USE ASSET

The company had leases for its office and production building. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability (see note 1).

The right-of-use assets carried as non-current assets resulting from leases are presented as follows:

	Land and buildings £'000
Cost	
At 1 January 2021	6,263
Disposal	(6,263)
At 31 December 2021	-
Depreciation	
At 1 January 2021	6,263
Disposal	(6,263)
At 31 December 2021	-
Carrying amount	
At 31 December 2021	-
At 31 December 2020	-

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

	2021 £'000	2020 £'000
At 1 January	-	507
Additions	-	-
Accretion of interest	-	6
Payments	-	(513)
At 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENTS

Subsidiary undertaking	£
Cost and net book value	
At 1 January 2021/31 December 2021	2

The entire issued and paid ordinary share capital of Xaar Trustee Limited is owned by Xaar Technology Limited (2 ordinary shares of £1 each). The registered office address for Xaar Trustee Limited is 3950 Cambridge Research Park, Waterbeach, Cambridge, CB25 9PE.

13. DEBTORS

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Trade debtors	-	66
Amounts owed by group undertakings	-	2
Prepayments and accrued income	62	225
	62	293

Amounts owed by group undertakings are trading balances under normal commercial terms and interest is not charged. Group undertakings consists of companies within the Xaar group where Xaar plc is the ultimate controlling company. An exercise took place in 2020 to simplify the intra-group position and historic trading balances, with the majority of XaarJet Limited's debtor balance being waived (£51,000,000), which was included as a line item in the income statement.

14. CREDITORS

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Amounts owed to parent undertaking	811	563
Amounts owed to group undertakings	871	200
Corporate tax creditor	-	2
Other payables and accruals	15	15
	1,697	780

Amounts owed to group and parent undertakings are trading balances and interest is not charged. Group undertakings consists of companies within the Xaar group where Xaar plc is the ultimate controlling company.

15. CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Allotted, called up and fully paid		
4,445,322 ordinary shares of £1 each	4,445	4,445

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. RESERVE FOR OWN SHARES

	£'000
At 1 January 2021/31 December 2021	20

An Employee Benefit Trust was established in 1995 to hold shares for the benefit of the employees of the company. Xaar Trustee Limited was formed during 1995 to act as trustee to the Trust. At 31 December 2021 and 2020, there were 91,250 10p ordinary shares in Xaar plc held in trust by Xaar Trustee Limited at a cost of £20,000. In accordance with UITF 38, this amount was transferred to reserves in 2005. The aggregate market value of these shares at 31 December 2021 was £166,000 (2020: £163,000). There has been no movement in the number of shares held in trust by Xaar Trustee Limited during the year.

17. SHARE BASED PAYMENTS

Equity-settled share option scheme

The parent company, Xaar plc, has share option schemes which are open to all employees of the group. Options are exercisable at a price equal to the average quoted market price of the company's shares on the date of grant. The standard vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, or 42 months in the case of the Share Save Scheme, or five years in the case of the Share Incentive Plan, (being the contractual lives), the options expire. Save as permitted in the share option scheme rules, options lapse on an employee leaving the Group.

The Xaar 2007 and 2017 Share Save schemes provide an opportunity to all UK employees to save a set monthly amount (up to £500) over three years towards the exercise of a discounted share option, which is granted at the start of the three years.

The Xaar Share Incentive Plan provides an opportunity for all UK employees to buy shares from their pre-tax remuneration up to the limit permitted by the relevant tax legislation (£1,500 per year for awards made in 2013 and 2014, £1,800 for awards from 2015) and are awarded additional shares for free on a matching basis; the company currently operates the plan on the basis of a 1:1 match but may award matching shares up to the maximum ratio permitted by the relevant tax legislation (currently a 2:1 ratio).

Options and awards under the Xaar 2007 and 2017 Share Save Schemes and Xaar Share Incentive Plan are not subject to performance conditions.

The weighted average share price at the date of exercise for share options exercised during the year was £0.02 (2020: £nil). There were 22,938 options granted in 2021 (2020: 24,846). The options outstanding at 31 December 2021 had a weighted average remaining contractual life of 2.30 years, and a range of exercise prices between 0 pence and 129 pence. The options outstanding at 31 December 2020 had a weighted average remaining contractual life of 2.52 years, and a range of exercise prices between 0 pence and 344 pence.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. SHARE BASED PAYMENTS (continued)

Long Term Incentive Plan

The company's Long Term Incentive Plan is open to all employees of the company. All LTIP share awards granted before 2015 were subject to the achievement of EPS performance conditions, the number of shares that vest depended on the EPS growth of Xaar plc for the three financial years of the company commencing on 1 January of the year of grant, as follows:

- (1) None of the Awards will vest if the company's EPS growth does not exceed growth in the Retail Prices Index (RPI) by at least 4% compound p.a.
- (2) 35% of the Awards will vest if the company's EPS growth exceeds growth in the RPI by at least 4% compound p.a.
- (3) All of the Awards will vest if the company's EPS growth exceeds growth in the RPI by at least 10% compound p.a.
- (4) Awards will vest on a straight-line basis for EPS growth in excess of growth in the RPI of between 4% and 10% compound p.a.

LTIP share awards granted from 2015 are subject to the achievement of different performance conditions depending on the level of the employee. The number of shares that vest will depend on the three financial years of the company commencing on 1 January of the year of grant, and are subject to the condition as set out below:

- (1) For 2015 and 2016 grants, achievement of positive adjusted profit before tax as shown in the consolidated income statement in Xaar plc's Annual Report and Accounts for any of the three years ending during the vesting period. One third of the shares subject to the option granted rounded to the nearest whole share, will vest based on the performance condition being met per year for each of the three years ending in the vesting period. If the adjusted profit before tax as shown in the consolidated income statement in Xaar plc's Annual Report and Accounts for any relevant year is restated before the option becomes exercisable, the restated figure shall, unless the Remuneration Committee determines otherwise, be applied in determining whether the above targets are met. In addition, options shall only become exercisable in respect of any shares if the Committee in its absolute discretion determines that the overall financial performance of Xaar plc over the performance period is satisfactory.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. SHARE BASED PAYMENTS (continued)

In addition, options shall only become exercisable in respect of any shares if the committee in its absolute discretion determines that the overall financial performance of Xaar plc over the performance period is satisfactory. All awards that will vest will be calculated on a straight-line basis.

All awards made under this scheme are nil priced and exercisable within three to ten years after the date of grant. Save as permitted in the Long Term Incentive Plan rules, awards lapse on an employee leaving the Group.

Key individuals have previously been invited to participate in a bonus matching scheme where matching LTIP share awards are granted when the employee invests their bonus in Xaar shares and retains ownership of these shares for the duration of the LTIP share award vesting period. The matching share award is a 1:1 match on the pre-tax value of the bonus used to acquire bonus investment shares. Matching LTIP share awards are subject to the same performance criteria as all other LTIP awards.

The weighted average share price at the date of exercise for LTIP awards exercised during the year was £nil (2020: £nil). There were no Performance Share Awards made during the current and prior year. The performance share awards outstanding at 31 December 2021 had a weighted average remaining contractual life of 2.83 years (2020: 4.38 years).

The company recognised a total charge of £8,000 (2020: £1,000) related to equity-settled share-based payment transactions in the year.

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is incorporated and domiciled in England and Wales. The registered office address is 3950 Cambridge Research Park, Waterbeach, Cambridge CB25 9PE.

At the year-end, the company was a wholly-owned subsidiary undertaking of Xaar plc, a company incorporated in England and Wales, registered number 03320972. The directors consider Xaar plc to be the ultimate controlling party of the company. The largest and smallest group in which the results of the company are consolidated is that headed by Xaar plc, whose registered office is 3950 Cambridge Research Park, Waterbeach, Cambridge CB25 9PE. The consolidated financial statements of the group are available to the public and may be obtained from the above address or at www.xaar.com.