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INTERIM RESULTS 2022

SEPTEMBER 2022

STRONG LICENSING PROGRESS

01.

XFILTER LICENSED IN 2022

License agreement signed June 2022 with Hanning, a leading domestic washing machine component supplier.

Products expected to be in market in late 2023 ahead of legislative deadline of January 2025.

02.

DOMESTIC LAUNDRY LAUNCHING IN 2022

IFB India to launch Xeros domestic washing machine later this year.

Machines built and ready to start consumer trials

IFB placing first bulk order of XOrbs ahead of launch.

03.

DENIM MAJOR BRAND TRIALS

Trials with major brands were completed with the first denim jeans sold to consumers.

Discussing financial proposal with investment team of large European retailer.

MOMENTUM BUILDING

04.

XFILTER PIPELINE

In commercial licensing discussions with large Asian domestic washing machine OEM.

Three component suppliers approached Xeros on Hanning announcement – one large European company signed a development agreement in September 2022

05.

LEADERSHIP

Neil Austin appointed as CEO
1 August 2022

06.

MARKETING

New brand launched and plans in place to drive marketing activity in support of growth

FINANCIAL SUMMARY

01.

CASH

Cash at 31 August 2022 £2.6m.

Net monthly cash burn of £0.5m per month.

Trading in line with expectations and Board comfortable with current forward guidance

02.

FUNDING

Conditional Placing and Open Offer to raise up to £7.0m announced 30 September 2022

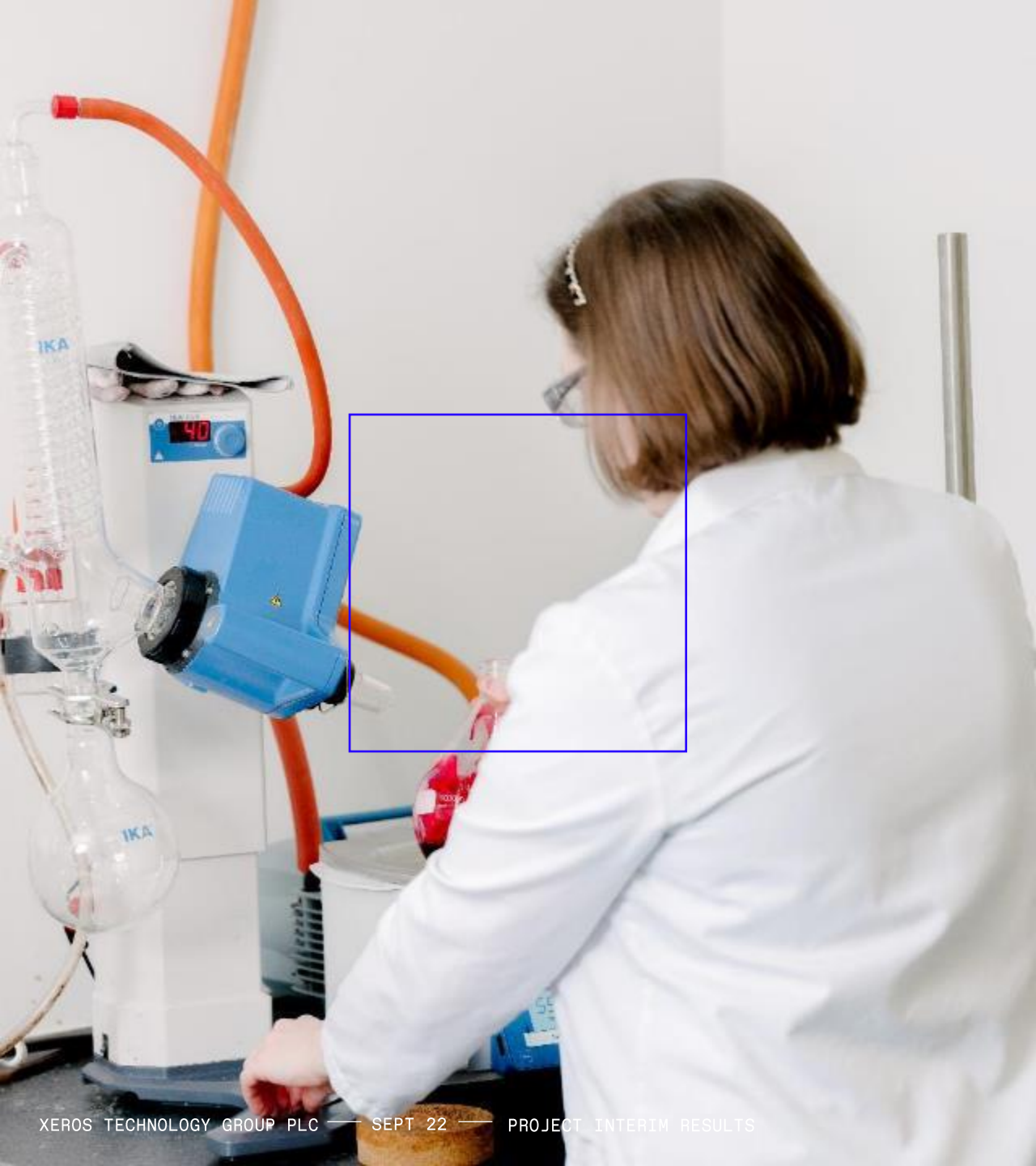
03.

USE OF FUNDS

Current cash balance runs to Q1 2023.

Current portfolio of licensees' contracts is capable of delivering Xeros break even in 2024. Exact phasing of 2024 revenue is unknown. We expect further clarity over next 12 months.

Funding allows execution of current contracts and further building of contract pipeline.



TECHNOLOGIES

FILTRATION, CARE, FINISH

Xeros is revolutionising the way we make and care for our clothes.

Our textile technologies have been developed as part of our ongoing mission to innovate new solutions to reduce waste wherever possible.

FILTRATION

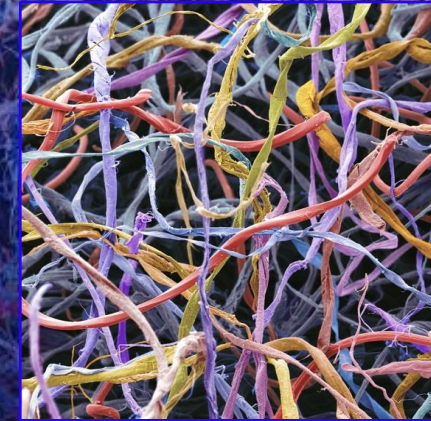
XFILTER LICENSED TO HANNING

Partnering with a leading European component supplier

XFilter will be available as a licensed product, ready for incorporation by washing machine manufacturers, from our partner, Hanning Elektro-Werke, a leading component manufacturer in the industry.

- 8.5m washing machines sold globally containing Hanning components¹
- 24.2m washing machines sold in Europe (2020), 95.7m sold worldwide²
- Royalties of single-digit € per device – the exact amount is commercially confidential
- Revenues are expected from late 2023 ahead of 2025 legislative deadline
- Potentially transformational for Xeros

1. XEROS ESTIMATE
2. EUROMONITOR



XEROS
TECHNOLOGY

SUBJECT:
POLYCOTTON

OBSERVATION: MIXED
POLYMER FIBRES

MAGNIFICATION:
@15.8MM 400X/300µM

FILTRATION

XFILTER PERFORMANCE ACCREDITATION

Captures over 99% of microplastics

Independent validation from a leading German testing agency shows a more than 99% capture rate for microplastics. Agreement with leading Asian domestic washing machine OEM proceeding to plan. Expect to move to licensing discussions in Q3 2022.

Development agreement with European component supplier to domestic washing machine OEMs signed September 2022.

France legislation for microfibre filters on washing machines is in place for 1 January 2025. UK draft legislation for 1 January 2025 proceeding through Parliament. Legislation is in process in the EU, California & Australia.

Commercial XFilter is licensed to Girbau, a leading European commercial washing machine manufacturer, with an expected market launch in mid-2023.



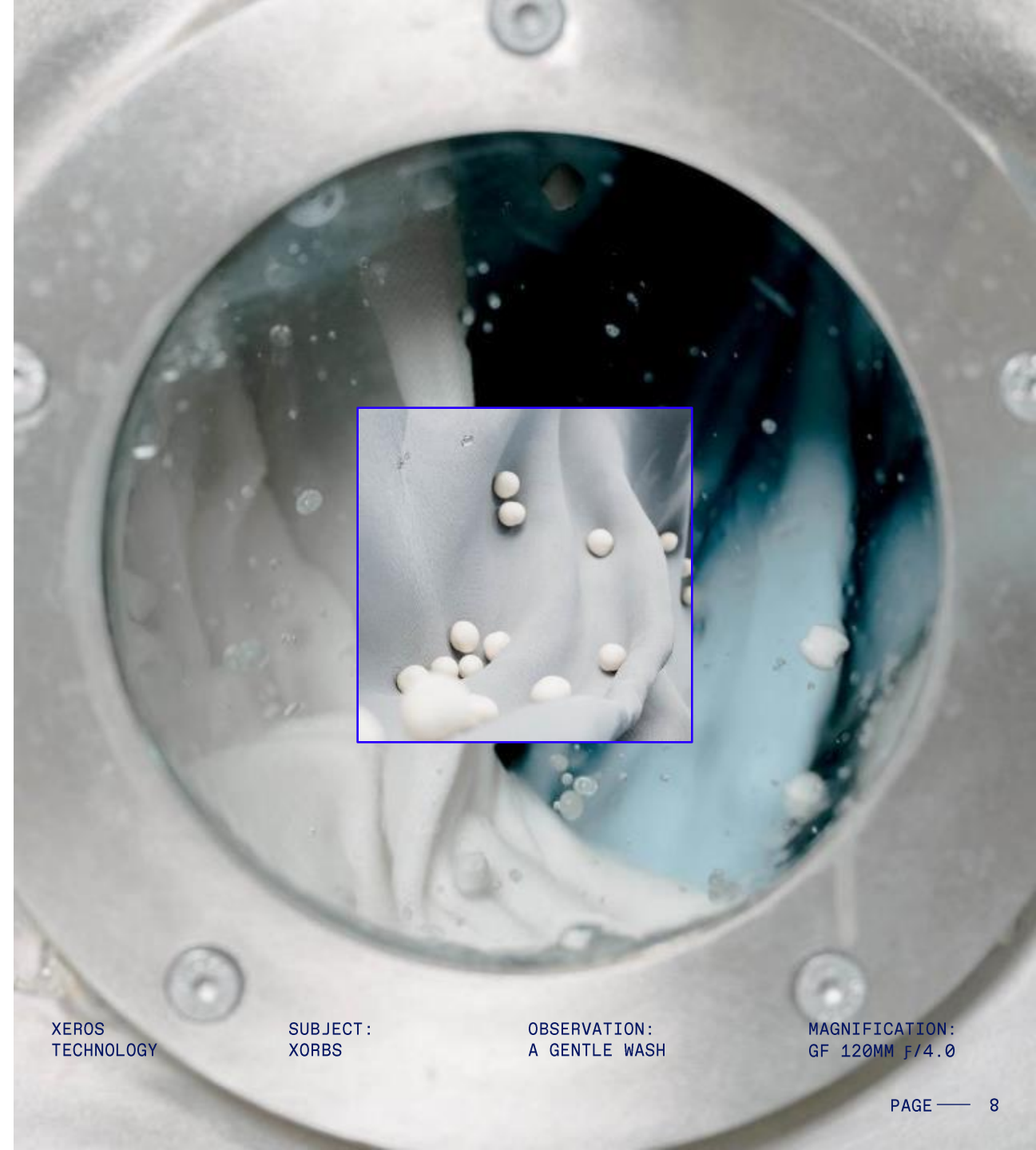
CARE

IFB DOMESTIC LAUNCH

Domestic washing machine to launch in India in 2022

Xeros is working closely with IFB to continue to prepare the XCI care technology for launch in India later this year.

- First XOrb order to Xeros to be placed by IFB ahead of launch
- Machine design and cycle programming complete
- Machines built and ready for consumer trials
- First machine royalties, just over 4.0% of the retail price, will flow from early 2023
- IFB sell approximately 600,000 front-loading machines p.a.



XEROS
TECHNOLOGY

SUBJECT:
XORBS

OBSERVATION:
A GENTLE WASH

MAGNIFICATION:
GF 120MM F/4.0

CARE

COMMERCIAL LAUNDRY

Xeros commercial laundry machines in India & China

IFB and SeaLion are now both in the market with a range of commercial washing machines

IFB machines sold in India and Europe

SeaLion continues to be negatively impacted by regional Covid lockdowns in China. Travel restrictions, factory shutdowns and the knock-on impact on the hospitality industry have led to reduced expectations for growth from China in the short/medium term



XEROS
TECHNOLOGY

SUBJECT:
XORBS

OBSERVATION:
TEXTURED SURFACE

MAGNIFICATION:
@59.6MM 30X/4MM

FINISH

DENIM MANUFACTURE

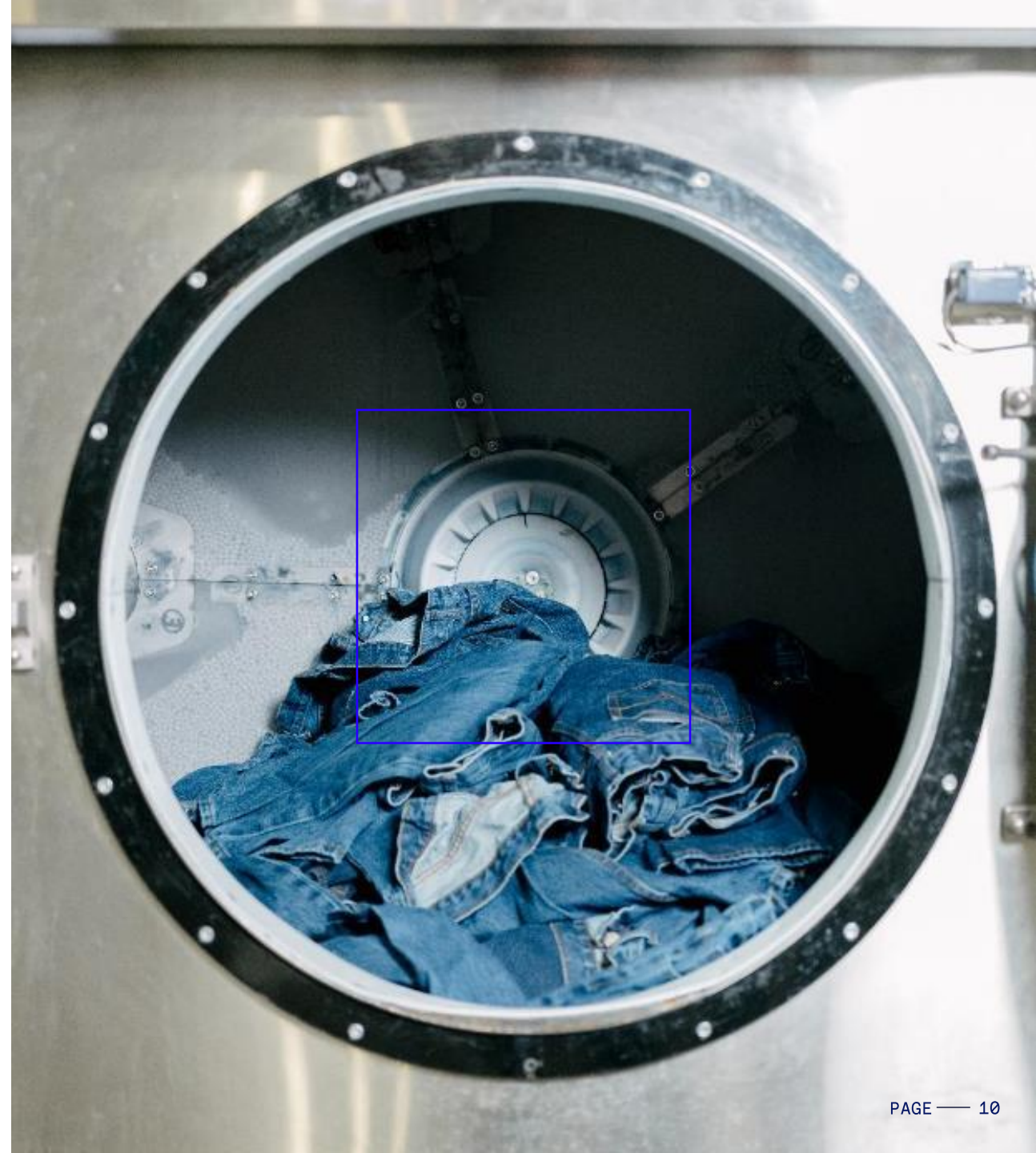
Jeans manufactured for leading retail brands using Xeros technology

Xeros is working on trials with denim manufacturers in Bangladesh for 3 leading global retailers (2 European & 1 UK brand).

Denim produced to a sufficiently high quality that jeans have been sold to consumers made with Xeros technology.

Validation of environmental and financial benefits. Recent trial data shows:

- 54% water saving
- 33% chemistry (enzyme) saving
- Cycle time and energy reduction – CO2e reduction
- Zero pumice cycles are also possible
- Value of savings between £30k - £60k p.a. per machine



FINISH

DENIM CASE STUDY

“At Sparrow Apparels Ltd and Crown Wears Ltd, we have a strong focus on sustainability and looking after the environment with every garment we produce. We have looked for a sustainable solution to denim production for a long time now to reduce water usage and effluent as well as the removal of pumice stone from our process, whilst achieving a comparable finish to traditional stone wash effects. With these goals in mind, we decided to trial the Xeros XOrb solution at our bulk production site in Dhaka.

The team chose to undertake a direct performance comparison on a leading high street brand’s jean style which uses a pumice stone process using stone in both the de-size and abrasion steps, so a true torture test of the technology’s capabilities.

The results from the Xeros XOrb solution were impressive with a match to the standard process on abrasion levels along with improved back staining all supported by no pumice stone used in the process. On top of this, there were further beneficial savings through reduced water with a saving of 900 Litres in the cycle, along with a chemistry reduction of 200gs which directly contributes to less effluent discharge and zero pumice stone sludge.”

Vice President (Wash & Technical)
Sparrow Group, Bangladesh, April 2022
sparrow-group.com

“This technology will certainly contribute to our company’s drive on sustainability to deliver on our plans for the future. We have already engaged with our brands to discuss this becoming the lead solution for denim production from our site.”

FINISH

ADOPTION AND ACCELERATION

Denim strategy and leather business evidence

The key to success for Xeros' Finishing business is widespread retail brand adoption.

- Drive use of technology in the manufacturing supply chain
- Provide finance for machine purchase
- Market the environmental benefits to consumers

Our strategy in this market is evolving. 2021 was all about proving the technology works in live production. 2022 is about working with retail brands to adopt the technology with the goal of being the technology of choice in the manufacture of 1.2bn pair of jeans p.a.

In 2019 Xeros licensed its leather finishing technology to Qualus, together with the first contract at a tannery in Mexico. After 2 years of market building, Qualus are processing leather in Mexico, Brazil, India and Vietnam. First royalties from Qualus will flow to Xeros in 2022.



XEROS
TECHNOLOGY

SUBJECT:
DENIM

OBSERVATION:
DYED DENIM FIBRES

MAGNIFICATION:
@20.9MM 200X/500µM

FINANCIAL SUMMARY

Adjusted EBITDA* loss increased by 36.9% to £3.9m (2021: loss £2.8m)

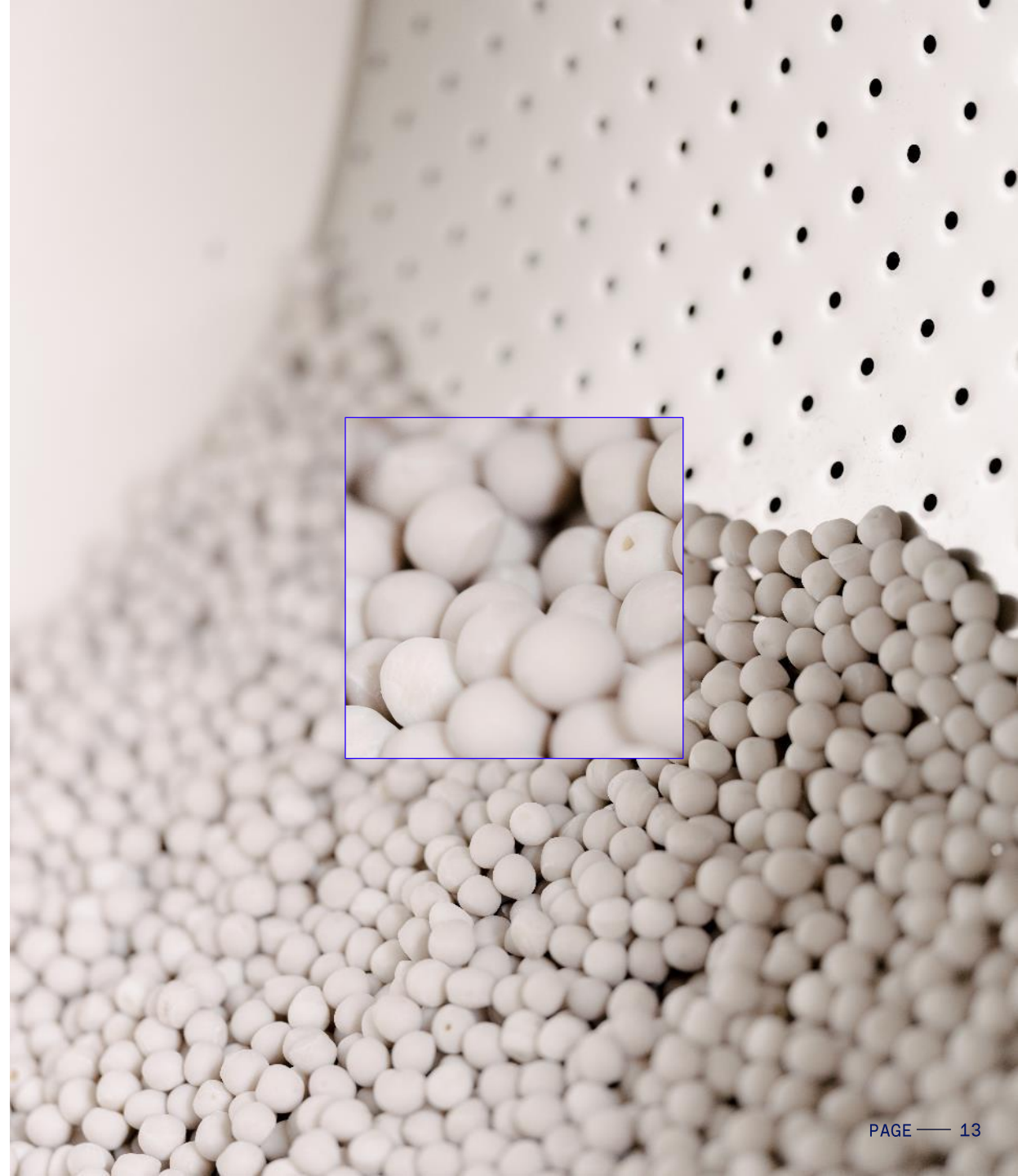
Net cash outflow from operations increased by 15.1% to £3.9m (2021: £3.4m)

Cash at 31 August: £2.6m with average £0.5m per month burn rate

Conditional Placing and Open Offer to raise up to £7.0m announced September 2022

EBITDA profitability and cash breakeven expected in 2024

* Adjusted EBITDA comprises loss on ordinary activities before interest, tax, share-based payment expense, other exceptional charges & credits, depreciation and amortisation.



SUMMARY STRONG MARKET PROGRESS

With the increasing adoption of our licensing model, Xeros is well placed to drive growth in future years.

We now have the evidence and the voice to market our technology to brands, manufacturers, consumers and governments around the world.

This evidence and the significant market potential mean that we are confident of achieving profitability in 2024.



FINANCIAL STATEMENTS

PROFIT AND LOSS

	Unaudited six months ended 30 June 2022 £'000	Unaudited six months ended 30 June 2021 £'000
REVENUE	40	341
Cost of Sales	(43)	(117)
GROSS PROFIT	(3)	224
Administrative expenses	(4,160)	(3,577)
Adjusted EBITDA*	(3,899)	(2,849)
Share-based payment expense	(184)	(403)
Depreciation of tangible fixed assets	(80)	(101)
OPERATING LOSS	(4,163)	(3,353)
Net finance income	(1)	1
LOSS BEFORE TAXATION	(4,164)	(3,352)
Taxation	(1)	-
LOSS AFTER TAX	(4,165)	(3,352)
Other comprehensive expense	(6)	(16)
TOTAL LOSS AFTER TAX	(4,171)	(3,368)
LOSS PER ORDINARY SHARE		
Basic and diluted on loss from continuing operations	(17.51)p	(15.24)p

* Adjusted EBITDA comprises loss on ordinary activities before interest, tax, share-based payment expense, other exceptional charges & credits, depreciation and amortisation.

CASH FLOW & FINANCING – OPERATING ACTIVITIES

	Unaudited six months ended 30 June 2022 £'000	Unaudited six months ended 30 June 2021 £'000
OPERATING ACTIVITIES		
Loss before tax	(4,164)	(3,352)
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	80	101
Share-based payment	184	403
(Increase)/decrease in inventories	(3)	11
(Increase)/decrease in trade and other receivables	(3)	(281)
Increase/(decrease) in trade and other payables	5	(270)
Finance income	(9)	(3)
Finance expense	10	2
CASH USED IN OPERATIONS	(3,900)	(3,389)
Tax (payments)/receipts	(1)	-
NET CASH OUTFLOW FROM OPERATIONS	(3,901)	(3,389)

CASH FLOW & FINANCING – INVESTING ACTIVITIES

	Unaudited six months ended 30 June 2022 £ '000	Unaudited six months ended 30 June 2021 £ '000
INVESTING ACTIVITIES		
Finance income	9	3
Finance expense	(10)	(2)
Cash withdrawn from/(placed) on deposit	4,353	(8,093)
Purchases of property, plant and equipment	(12)	(10)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	4,340	(8,102)
FINANCING ACTIVITIES		
Proceeds from issue of share capital, net of costs	-	8,504
Payment of lease liabilities	(86)	(36)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(86)	8,468
Increase/(decrease) in cash and cash equivalents	353	(3,023)
Cash and cash equivalents at start of year	2,483	5,158
Effect of exchange rate fluctuations on cash held	4	(1)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,840	2,134

THANK YOU