Quarterly report

for the first quarter of 2024

XTPL S.A.

May 22, 2024

Ladies and Gentlemen, Dear Shareholders and Investors,

We are glad to share our Quarterly Report that summarizes the most important events and achievements of XTPL. It has been 6 months since we adopted the XTPL 2023–2026 Strategy that provides for rapid rescaling of our organization as our key development direction. Our goal is to generate PLN 100 million in commercial sales by the end of 2026, and put XTPL's proprietary technology on industrial lines of global manufacturers of advanced electronics. The Company's activities in Q1 2024 chiefly focused on realizing this ambitious development vision and preparing ourselves for the significant increase in revenues anticipated over the Strategy horizon.

In Q1 this year, XTPL completed 4 deliveries of Delta Printing System (DPS) devices, which were the key contributor to our revenues. Total revenues in the quarter came in at PLN 2.9 million. Revenues from the sale of products and services (excluding grants) were PLN 2.7 million. At the same time, 2024 saw return to the regular seasonality that characterizes the development of this business line, with most orders carried out in the second half of the year. The investments we completed helped halve the duration of processes related to the production of DPS devices. As a result, we are in a position to handle and deliver more devices in the second half of the year compared to what we were able to achieve with our production capacity last year. A good example is the DPS device ordered at the end of March this year by an industrial client based in California, USA – the order will be delivered already this month.

We mentioned the sale of the DPS device to the USA for a reason: this is where we are strongly increasing our activity in 2024. Early this year, we were joined by an experienced Managing Director for North America, who has an extensive network of contacts and expertise in conducting sales activities in that market. Responding to the interest in our technology and recognizing the business potential in this key market for additive technologies, we decided to set up our first Demo Center specifically in the United States. The establishment is to be opened in Boston in the second half of 2024. For example, it will be equipped with a laboratory that will allow potential customers to find out about how the XTPL technology operates, and carry out first tests. This significantly shortens the long initial period of customers verifying the technological capabilities of our solution. At the same time, we are not forgetting about other markets, including Asia and the Pacific, where we have another Managing Director with international background and an impressive track record of systems sold. This is double joy for us because after just a few months we see a surge in interest in our offer, and the decision of those experts to work with XTPL is testament to the maturity and high sales potential of the products we offer and commercialize world-wide.

The significant increase in outlays in Q1 represents our conscious effort to boost the sales potential that we plan to leverage in the second half of the year and beyond. The first months of the year saw an unprecedented increase in new staff hirings with 91 people onboarded as at the end of March compared to 53 people in the year-ago period. We primarily strengthened our sales, production and R&D areas. These initiatives were accompanied by the acquisition of new equipment, implementation of processes within the organization and an increase in orders for key components for the construction of DPS devices and industrial modules, which ensures efficient management of the expected increase in orders within each of our business lines. In the first quarter, we also worked on a new marketing and communication strategy. The effects of those efforts included the unveiling of our completely new website, SEO activities, significant exposure on industry websites thanks to expert articles and blogs. Above all, we strongly increased our presence and visibility at international shows and conferences. This year, we will be taking part in a number of major industry events, where we will be showcasing our devices, and our sales team will be starting new and continue existing business processes.

All those initiatives are part of our Strategy with the clearly quantified goal: to achieve revenues of PLN 100 million from the sale of products and services by the end of 2026. Given the specific nature of how new microelectronics technologies are deployed on international markets, we are likely to achieve this goal in an exponential and dynamic manner, with the largest growth driver being the first full industrial implementations with global manufacturers of advanced electronics. We have started about 20 such processes in total, 9 of which are at least at the second stage of progress, and 2 at a very advanced fourth stage – Development Stage – which includes building a prototype industrial device with our module in it, for final testing on the end customer's pilot line. And our end customers are global entities responsible for the production of next generation electronics, including a leading Chinese manufacturer of machines for the sector of modern displays – this is our latest client, who in April this year decided to proceed directly to the fourth stage and ordered a module for industrial

implementation. Another order for our industrial module came in April this year from HB Technology, our South Korean partner that has already built and transported an industrial-scale device to the end customer, a leading global manufacturer of FPDs from South Korea. The construction of the second device will speed up the testing process to be carried out in parallel at the end customer's laboratory and at HB Technology. Step by step, we are making progress in this key business line and we strongly believe that over the Strategy horizon we will have the pleasure of announcing positive test outcomes and the transition to the fifth stage – full industrial implementation, with regular orders for significantly larger numbers of our industrial modules. In addition to having a direct impact on revenue growth, the first full implementation will also be the final confirmation of the readiness of our technology to become part of the global value chain related to the production of advanced electronics by the world's largest manufacturers.

We encourage you to read this Quarterly Report and stay in touch with us through our Investor Relations unit or during our regular earnings calls.

Yours faithfully,

Dr Filip Granek

Jacek Olszański

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1. INFORMATION ABOUT THE REPORT AND A GLOSSARY OF TERMS AND ABBREVIATIONS

XTPL Spółka Akcyjna, a joint stock company having its registered office at ul. Stabłowicka 147, 54-066 Wrocław, entered in the business register of the National Court Register kept by the District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register under KRS No. 0000619674 ("**XTPL**", "**XTPL S.A.**", "**Company**", "**Entity**", "**Parent Company**", "**Issuer**"), NIP: 9512394886, REGON: 361898062.

As at March 31, 2024 ("**Balance Sheet Date**"), the share capital of XTPL S.A. amounted to PLN 234,987.70 and consisted of 2,349,877 shares with a nominal value of PLN 0.10 each ("**Shares**").

This document ("**Report**") contains the Report of the Management Board of XTPL S.A. on the activities of XTPL Group ("**Group**", "**XTPL Group**") and on the activities of XTPL S.A. for the first quarter of 2024 ("**Management Report**"), and the unconsolidated and consolidated financial statements of XTPL S.A. and XTPL Group, respectively.

The Group includes the parent company and subsidiaries: XTPL Inc. with its registered office in the USA, and TPL Sp. z o.o. with its registered office in Wrocław, fully controlled by XTPL S.A. ("**Subsidiaries**", "**Subsidiary Undertakings**", "**XTPL Inc.**", "**TPL sp. z o.o.**").

Unless indicated otherwise, the source of data in the Report is XTPL S.A. The Report publication date ("**Report Date**") is May 22, 2024.

The consolidated financial statements mean the condensed consolidated financial statements (including the Company and the Subsidiaries) for the period from January 1, to March 31, 2024 prepared in accordance with the International Financial Reporting Standards approved for application in the EU. The standalone financial statements contained in the Report mean the Parent Company's financial statements for the period from January 1 to March 31, 2024 ("**Reporting Period**"), prepared in accordance with the International Financial Reporting Standards approved for application in the EU.

"**WSE**" – Warsaw Stock Exchange: Giełda Papierów Wartościowych w Warszawie S.A.

"**CCC**" – the Act of September 15, 2000 – Commercial Companies Code.

"**Regulation on current and periodic reports**" means the Finance Minister's Regulation of March 29, 2020 on current and periodic reports released by the issuers of securities and the conditions for equivalent treatment of the information required by the laws of non-member states.

"**Articles of Association**" – the articles of association of XTPL S.A. available to the public at https://ir.xtpl.com/pl/materialy/korporacyjne/.
"**Public Offering Act**" – the Act of July 29, 2005 on public offering, conditions governing the introduction of financial instruments to organized trading and public companies.

"**Accounting Act**" – the Accounting Act of September 29, 1994.

Due to the fact that the activities of XTPL S.A. have a dominant impact on the Group's operations, the information presented in the Management Report relates to both to XTPL S.A. and XTPL Group, unless stated otherwise.

Unless stated otherwise, the financial data are presented in thousands.

DEFINITIONS

Ω (ohm) means a unit of electrical resistance
Ω / □ means resistance per square, or surface resistance
µm means micrometer, i.e. one millionth of a meter (1/1,000,000 m)
nm means nanometer, i.e. one billionth of a meter (1/1,000,000,000 m)
Adhesion means the tendency of different materials to stick together
Particle agglomeration means joining fine particles into larger parts
AMOLED (active-matrix organic light-emitting diode) means OLED diode with an active matrix
CAD means Computer Aided Design
CAGR (Compound Annual Growth Rate) means the average rate of annual growth over the period under analysis, assuming that annual increases are added to the base value of the next period
Dispensing means depositing a material locally
Ink formulation means precise formulation of the ink, giving it the desired physicochemical properties
FHE (Flexible Hybrid Electronics) means an electronic circuit made on a flexible substrate containing rigid electronic components, i.e. components not susceptible to bending
FPD (Flat-Panel Display) means a flat display
IP (Intellectual Property) means intellectual and industrial property
Conductance means electrical conductivity, which is the inverse of resistance
Viscosity – a physical property of materials (fluids) that characterizes their internal frictional force during the flow of a fluid (for example, the viscosity of water, is a low-viscosity liquid, is about 1 cP, and the viscosity of honey varies from 2,000 to 10,000 cP)
Hydrophilic material means a material whose tendency is to attract water molecules
Hydrophobic material means a material whose tendency is to repel water molecules
Additive method means adding material to obtain a specific structure; it is the opposite of the subtractive method whereby material is subtracted to obtain a specific structure
micro-LED (uLED, µLED) means flat display technology based on semiconductor electroluminescent diodes (LED), in which each pixel is a microscopic LED diode
NDA (Non-Disclosure Agreement) means a confidentiality agreement
ODR (Open Defect Repair) means repairing defects in the form of broken conductive paths in the electronic system
OLED (organic light-emitting diode) means an LED based on organic material
UPD (ultra-precise dispensing) means a technology of ultra-precise printing of structures developed by the Company
PCB means printed circuit board made of insulating material with electronic connections, intended for assembly of electronic components
Sintering process means mutual binding of particles after heating them to a temperature lower than the temperature need to needed to melt them
Proof of concept means one of the first phases of cooperation involving the implementation of a client's idea to prove that it is fit for purpose
R&D means Research and Development
Resistance means electrical resistance
SEM means scanning electron microscope
Flash sintering means a method of curing a material using high-energy light within milliseconds
TEA means a Technology Evaluation Agreement

FINANCIAL HIGHLIGHTS

2. FINANCIAL HIGHLIGHTS

The selected financial data presented below contain basic figures (in thousands of zlotys and converted into euro) summarizing the financial position of the Company and XTPL Group.

Exchange rates applied

Balance sheet items have been converted at the average euro exchange rate announced by the National Bank of Poland, effective as at the balance sheet date.

The items of the income statement and the statement of cash flows were converted at the average EUR exchange rate being the arithmetic mean of the average EUR exchange rates announced by the National Bank of Poland and effective as at the last day of each completed month.

The table below contains the euro exchange rates used to convert the data in this report.

	2024 January–March		January – March/ December 2023	
exchange rates used in the financial statements	**EUR**	**USD**	**EUR**	**USD**
for balance sheet items	4.3009	3.9886	4.3480	3.9350
for profit or loss and cash flow items	4.3211	3.9941	4.7005	4.3630

2.1 Selected standalone figures

	January 1 – March 31, 2024 (PLN '000)	January 1 – March 31, 2023 (PLN '000)	January 1 – March 31, 2024 (EUR '000)	January 1 – March 31, 2023 (EUR '000)
Net revenue from the sale of products and services	2,748	2,975	636	633
Revenue from grants	118	605	27	129
Profit (loss) on sales	-620	1,797	-143	382
Profit (loss) before tax	-5,330	-301	-1,233	-64
Profit (loss) after tax	-5,330	-301	-1,233	-64
Depreciation/amortization	668	270	155	57
Net cash flows from operating activities	-5,338	-802	-1,235	-171
Net cash flows from investing activities	-1,603	-1,045	-371	-222
Net cash flows from financing activities	-679	-325	-157	-69
	March 31, 2024 (PLN '000)	**December 31, 2023 (PLN '000)**	**March 31, 2024 (EUR '000)**	**December 31, 2023 (EUR '000)**
Equity	30,122	32,479	7,004	7,470
Short-term liabilities	7,820	9,370	1,818	2,155
Long-term liabilities	4,805	4,970	1,117	1,143
Cash and cash equivalents	18,420	26,043	4,283	5,990
Short-term receivables	5,136	4,107	1,194	945
Long-term receivables	48	33	11	8

2.2 Selected consolidated figures

	January 1 – March 31, 2024 (PLN '000)	January 1 – March 31, 2023 (PLN '000)	January 1 – March 31, 2024 (EUR '000)	January 1 – March 31, 2023 (EUR '000)
Net revenue from the sale of products and services	2,744	2,975	635	633
Revenue from grants	118	605	27	129
Profit (loss) on sales	-624	1,797	-144	382
Profit (loss) before tax	-5,746	-289	-1,330	-61
Profit (loss) after tax	-5,750	-290	-1,331	-62
Depreciation/amortization	668	270	155	57
Net cash flows from operating activities	-5,578	-659	-1,291	-140
Net cash flows from investing activities	-1,603	-1,225	-371	-261
Net cash flows from financing activities	-679	-325	-157	-69
	March 31, 2024 (PLN '000)	**December 31, 2023 (PLN '000)**	**March 31, 2024 (EUR '000)**	**December 31, 2023 (EUR '000)**
Equity	30,832	33,592	7,169	7,726
Short-term liabilities	7,826	9,380	1,820	2,157
Long-term liabilities	4,805	4,970	1,117	1,143
Cash and cash equivalents	19,412	27,275	4,513	6,273
Short-term receivables	4,999	3,974	1,162	914
Long-term receivables	48	33	11	8

MANAGEMENT BOARD'S REPORT

3. MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF XTPL S.A. AND XTPL GROUP

3.1 Key information about the Issuer

Business name:	XTPL Spółka Akcyjna
Registered Office:	Wrocław
Address:	Stabłowicka 147, 54-066 Wrocław
Country:	Poland
KRS:	0000619674
NIP:	9512394886
REGON:	361898062
Registry Court:	District Court for Wrocław-Fabryczna, VI Comm. Div. of the Court Register
Country of registration:	Poland
Share capital:	PLN 234,987.70, paid up in full.
Phone number:	+48 71 707 22 04
Website:	www.xtpl.com
Email:	investors@xtpl.com

The Company has the status of a public (listed) company. Since February 20, 2019, its shares have been listed on the regulated (parallel) market operated by the Warsaw Stock Exchange (WSE ticker: XTP). The Company is member of the following indexes: WIG, SWIG80, WIGTECH, WIG140, INNOVATOR, WIGtechTR, sWIG80TR, WIG-Poland, GPWB-CENTR and CEEplus.

Since March 2020, the Company has also been listed on the Open Market at Deutsche Börse in Frankfurt (FRA ticker: 5C8).
As regards financial reporting, the Group and the Company use IASs/ IFRSs.
The Group's and the Company's financial year is from January 1 to December 31.

3.2 Issuer's governing bodies

Management Board
As at the Balance Sheet Date and the Report Date, the Management Board performed its duties in the following composition:

As at the Balance Sheet Date:	As at the Report Date:
Filip Granek, PhD, CEO	Filip Granek, PhD, CEO
Jacek Olszański – Management Board Member	Jacek Olszański – Management Board Member

Supervisory Board

As at the Balance Sheet Date and as at the Report Date, the Supervisory Board (SB) performed its duties in the following composition:

As at the Balance Sheet Date:	As at the Report Date:
Wiesław Rozłucki, PhD – SB Chairman, an independent SB Member	Wiesław Rozłucki, PhD – SB Chairman, an independent SB Member
Bartosz Wojciechowski, PhD – SB Deputy Chairman	Bartosz Wojciechowski, PhD – SB Deputy Chairman
Beata Turlejska – SB member	Beata Turlejska – SB member
Piotr Lembas – an independent SB member	Piotr Lembas – an independent SB member
Prof. Herbert Wirth – an independent SB Member	Prof. Herbert Wirth – an independent SB Member

Audit Committee:

As at the Balance Sheet Date and the Report Date, the Audit Committee ("AC") performed its duties in the following composition:

As at the Balance Sheet Date:	As at the Report Date:
Piotr Lembas – Chairman of the Audit Committee, independent Audit Committee member	Piotr Lembas – Chairman of the Audit Committee, independent AC member
Wiesław Rozłucki, PhD – Member of the Audit Committee of the Audit Committee, independent AC member	Wiesław Rozłucki, PhD – Member of the Audit Committee of the Audit Committee, independent AC member
Professor Herbert Wirth – Member of the Audit Committee, independent AC member	Professor Herbert Wirth – Member of the Audit Committee, independent AC member

3.3 Group structure

3.3.1 Group characteristics

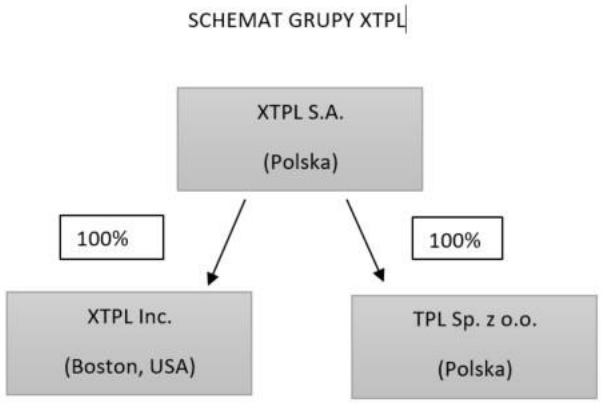
The corporate group XTPL S.A. was established on January 31, 2019.

On January 31, 2019, XTPL S.A. acquired all shares in XTPL Inc., a newly formed entity based in the state of Delaware, United States. The share capital of XTPL Inc. is USD 5,000. XTPL S.A. acquired 100% of the stock at the nominal price. XTPL Inc. is consolidated using the line-by-line method.

On November 3, 2020, the Issuer acquired all shares in TPL sp. z o.o. based in Wrocław. The shares in the share capital of TPL were acquired without remuneration, but as a donation from each of the TPL shareholders to the Issuer.

Under an agreement with the Issuer, TPL acts as the administrator of the Issuer's employee incentive scheme, which is an important part of managing and motivating the Issuer's employees and collaborators, contributing to the Issuer's business development and value generation.

The Company has no plants or branches.
Structure of XTPL Group as at the Report Date:



a) Details of the subsidiary XTPL Inc.

Business name:	**XTPL Inc.**
Country:	United States
Registered Office:	Boston
Address:	90 CANAL STREET WEST END, 4TH FLOOR City or town, State, Zip code, Country: BOSTON, MA 02114
NIP:	001726856

b) Details of the subsidiary TPL Sp. z o.o.

Business name:	**TPL Sp. z o.o.**
Country:	Poland
Registered Office:	Wrocław
Address:	The company's registered office address is: ul. Stabłowicka 147 / 54-066 Wrocław

KRS number:	0000553991
Court designation:	District Court for Wrocław Fabryczna in Wrocław, 6th Commercial Division of the National Court Register
REGON:	361312719
NIP:	8943061516

Management and supervisory bodies of the Group

Members of the Management Board of the parent company XTPL S.A.

The Management Board was appointed on June 30, 2023.
The term of office of the Management Board is joint and lasts 3 years.
In the period from January 1, 2024 to March 31, 2024, the Management Board consisted of:
Filip Granek – Management Board President (CEO) since June 6, 2017
Jacek Olszański – Management Board Member since June 30, 2020.
The composition of the Management Board remained unchanged until the date of preparation of this Report.

Members of the Management Board of the subsidiary XTPL Inc.

The Management Board was appointed on November 24, 2023.
The term of office of the Management Board is joint and the term of office is indefinite.
In the period from January 1, 2024 to March 31, 2024, the Management Board consisted of:
Filip Granek – President and CEO
Filip Granek – Treasurer
Urs Berger - Secretary
Stan Lewandowski – Assistant Secretary
The composition of the Management Board remained unchanged until the date of preparation of this Report.

Management Board members of the subsidiary TPL Sp. z o.o.

The Management Board was appointed on May 29, 2020.
In the period from January 1, 2024 to March 31, 2024, the Management Board consisted of:
Jacek Olszański – Management Board President since May 29, 2020
The composition of the Management Board remained unchanged until the date of preparation of this Report.

3.3.2 Changes in the Group organization

Not applicable. In the Reporting Period, no changes were made in the organization of the Group.

3.4 Employment and information about the Issuer's employee team

As at the Balance Sheet Date, the Company employed 91 people.

Our Team:

The development of XTPL ultra-precise printing technology is a success of the Company's entire team, which, using its interdisciplinary knowledge and experience, keeps achieving further technological and business goals. Technological progress is the result of intensive cooperation of engineers and specialists who pool competences of many areas of technology, business and operations.

What distinguishes the XTPL technology team is its interdisciplinary knowledge in fields such as physics, optics, chemistry, mechanics, electronics and programming. The technology team represents 51.4% of all employees and carries out work in individual laboratories: Application Laboratory, Nanoinks and Nanomaterials Laboratory, Mechatronic Laboratory, Material Characterization and Pre-Post Treatment Laboratory, and Numerical Simulations Laboratory.

The technology team is backed up by an operations team, which provides support in the areas of finance, law, HR, procurement, IT and project management. At the same time, the Marketing Department is responsible for marketing and PR/IR activities. Making inroads into new markets and establishing new customer relations is the responsibility of the Business Development and Customer Service Team.

Women accounted for 40.0% of the full XTPL team. At the same time, in the technology team, women represented 30.6% of the staff.

Team training and development:

Upskilling training courses are implemented in consultation with the team leaders and the Company's management board. Most training courses are organized on the employees' initiative. The development of the XTPL team is promoted by regular participation in domestic and foreign conferences, as well as in on-site an online industry events. Some of those events were held remotely due to the pandemic.

Benefits:

XTPL offers its employees a benefits package in the form of a non-wage benefits program. XTPL offers: private medical care, health & life insurance, funding for a sports program, program of awards for patent applications, employee referral program, remote working options (depending on the nature of the job), access to the XTPL corporate library and funding for English language courses.

3.5 Description of operations and basic products and services

XTPL operates in the nanotechnology and microelectronics segment. The Company develops and commercializes its globally innovative platform technology of ultra-precise printing of nanomaterials, protected by an international patent application. The breakthrough nature of the XTPL method is based on the unique combination of features such as additive material dispensing, dispensing accuracy, inks with high concentration of silver nanoparticles, and no need to use an electric field on the substrate during the printing process. In addition, the method ensures major time and material savings, and uses the traditional advantages of printing such as scalability, cost effectiveness, simplicity and speed. Thanks to dedicated inks, the XTPL method can be used to make prints that are have been so far unachievable by means of any other methods. Due to its platform character, the Company's solution will find application in the broadly understood printed electronics industry.

XTPL's strategic goal is commercialization of its platform technology of ultra-precise printing of nanomaterials in the area of advanced electronics.

TECHNOLOGY:

The Ultra Precise Deposition (UPD) technology developed and patented by the Company in response to the three market megatrends in the production of modern electronics. The industry is currently strongly focused on further miniaturization of the size and weight of electronic devices, modifying their forms and properties, and moving towards an increased flexibility and three-dimensionality. A critical global trend is also environmental protection based on efficient use of limited resources while reducing the production waste, which is enabled by additive technology.

One of the biggest achievements of XTPL is the innovative Ultra Precise Deposition (UPD) technology. The XTPL printing head, equipped with a special nozzle, applies ink to the substrate to create designed structures with a width as small as 1 µm. For comparison, most of the methods of printing electronic materials available on the market with difficulty reach the value of 20 µm, and only single manufacturers declare that they achieve values around 10 µm. The Company's solution can be used on various types of substrates, including flexible or curved ones. The UPD technology can be used to print both simple lines as well as patterns and microdots. Simplicity, unparalleled precision, speed and versatility are the features that make the Company's solution unique.

PRODUCTS

Ultra-Precise Dispensing System (UPD System)

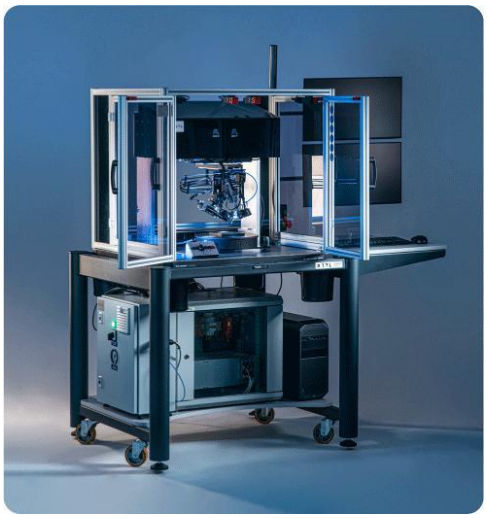
Developed by the Issuer, the UPD System product line is a modular UPD dispensing device for integration with industrial systems, In this way, industrial integrators and end customers can print functional structures with high resolution and packing density. These innovative printing modules with compatible nanoinks enable the ultra-precise creation of conductive lines on the customer's selected technological substrate in low and high-volume applications. The UPD System integrates all the functions required by the XTPL® UPD technology along with electronic control and the proprietary XTPL® UPD Process Control Software package. In addition to the strong market interest in the evaluation of UPD System, XTPL is conducting advanced talks on the commercialization of UPD System solutions with three global producers of consumer electronics (in Europe, South Korea and the USA) and five industrial integrators and producers of industrial machines (in Taiwan, South Korea and the USA).

By the Report Date, the Company had sold 5 devices:

- 1 device to a partner from Taiwan, as a printing module, a prototype of a device for the production of semiconductors for the target customer: one of the world's largest semiconductor manufacturers;
- 1 device to one of the key global manufacturers of industrial machines, including machines for the semiconductor and display industries, member of the NASDAQ 100 index;
- 2 devices to HB Technology – listed on KOSDAQ 078150.KQ in South Korea;

- 1 device to a leading Chinese manufacturer of machines for the FPD (Flat Panel Displays) industry.

Delta Printing System (DPS)



The Delta Printing System is an independent research and development and prototype system designed to test the capabilities of XTPL's UPD technology on various substrates and with the use of the Issuer's nanoinks. The role of the device is also to promote the Issuer's technology among global opinion leaders from the deep-tech industry – including the best academic and scientific centers as well as R&D institutes of electronics manufacturers.
The Issuer began the commercialization of this business line late in 2020/ early in 2021.

By the Report Date, the Company had sold 26 devices:

- to the University of Stuttgart, Germany (Q1 2021)
- to Karlsruhe Institute of Technology "KIT", Germany (Q3 2021)
- to PORT in Poland (Q4 2021)
- to the Glasgow University, UK (Q4 2021)
- to the University of Brescia in Italy (Q4 2021)
- to the IRIS Adlershof Institute from the Humboldt University of Berlin, Germany (Q3 2022)
- to Yi Xin HK Technology Co., China (Q3 2022)
- to an industrial entity, United States (Q3 2022)
- to Yi Xin HK Technology Co., China (Q4 2022) – three devices for end buyers:
  - Southeast University School of Electronic Science Engineering in Nanjing
  - Harbin Institute of Technology in Harbin, China
  - Tianjin University School of Precision Instrument and Opto-Electronics Engineering in Tianjin, China;
- to HB Technology, Korea (Q4 2022)
- to Yi Xin HK Technology Co., China (Q1 2023) – four devices for end buyers:
  - South China University of Technology from Guangzhou, China
  - University of Electronic Science and Technology of China from Chengdu, China
  - Beijing Institute of Technology from Beijing, China
  - School of Integrated Circuits, Guangdong University of Technology, China
- to Yi Xin HK Technology Co., China (Q2 2023) – one device for end buyer:
  - Tianjin University in Tianjin, China
- to the Electrical & Computer Engineering Department at Northeastern University in Boston (Q2 2023)
- to the Germany-based laboratory of the German-American consortium developing hardware and software for advanced data analysis and machine learning (Q2 2023)
- to the CENIMAT|i3N scientific research center in Portugal (Q3 2023)
- to Yi Xin HK Technology Co., China (Q3 2023) – one device for the end buyer: Research Institute of Tsinghua University in Shenzhen, China
- to the Technical University of Hamburg in Germany (Q4 2023)

- to DETEKT Technologies Inc. in Taiwan (Q4 2023)
- to Ontos Equipment System INC in the USA (Q4 2023)
- to the University of Surrey in the UK (Q4 2023)
- to a new industrial client based in California, USA (Q1 2024).
- to the Italian Institute of Technology in Pisa, Italy (Q1 2024).

The Issuer is gradually delivering the devices to the buyers.

High Performance Materials (nanoinks)

Since the start of the commercialization of nanoinks developed by the Company's internal R&D department, the XTPL materials line has been developed as a complementary and at the same time independent business line. During this time, the Company has reported a significant increase in activity in terms of the nanoinks on offer alongside expansion of the customer base and improving sales performance. The offer of this business includes both conductive nanopastes with a unique formula enabling the full use of the potential of the UPD method, as well as a line of inks and pastes based on silver nanoparticles intended for use in other printing technologies, such as inkjet printing, LIFT (Laser Induced Forward Transfer), aerosol printing (with pneumatic systems) and micro-dispensing. With the small size of silver nanoparticles, in the range of 35 to 50 nm, their high stability and high electrical conductivity after the sintering process, the product is highly attractive both in the context of the UPD technology and for customers/ end users of other commercial technologies.

As of the Report Date, the Company sold HPM line products in over 100 transactions to customers in 22 countries, gaining the trust of 18 returning customers.

In 2023, the HPM line portfolio was strengthened with the introduction of R&D contract services for products tailored to specific customer requirements. XTPL's cooperation with the NASDAQ-listed Israeli company Nano Dimension Ltd perfectly illustrates the type of service. In 2023, the Company successfully completed the technological phase of the agreement with Nano Dimension, focusing on the development of a new highly conductive and high-performance nanoink for industrial applications in Nano Dimension products intended for PCB production.

In Q1 2024, the Issuer expanded its product portfolio within the HPM line with a new innovative product: conductive paste based on gold nanoparticles. In this way, XTPL's offer currently includes inks and pastes based on two different types of metallic nanoparticles: silver and gold. Introduced as part of the “early access” program addressed to the current customer base, the new product offers an exceptionally high charge of the metallic component (90wt%) while being able to efficiently dispense the paste, even when using very thin printing nozzles. With this technological breakthrough, XTPL enables its customers to apply connections and electrodes of an unprecedented width of merely several micrometers. This is a step forward in the revolution of sensor printing or densely packed connections in semiconductor technologies, opening new possibilities in the design of advanced electronic devices.

The dual expertise of the XTPL team in both printing technology and materials engineering enables the Issuer to provide high-performance materials as a supplier and partner in contract research. The combination of the two areas of expertise is unique on the market and constitutes a competence advantage over the competition. The Company's departments are constantly working on improving the materials on offer to flexibly respond to the needs of the market and individual customers.

APPLICATION:

At present, the Company is focusing on commercialization of its technology in selected application fields. The first field is displays, where XTPL intends to offer open defect repair (ODR) in the first place. Along with the development of displays, increasing their resolution and functionality, the level of their miniaturization and the density of conductive paths also increases. A side effect of this development is a greater likelihood of critical defects, including broken conductive paths. For manufacturers, this means losses generated already on the production line as a result of the need to reject panels that fails quality tests. XTPL stands the chance to be the first and, for the time being, the only market player to introduce a proprietary solution, which will ensure a significant reduction of production losses without compromising the quality of the repaired displays. Next, the Company plans to provide the display industry with solutions that will help achieve a significant increase in the resolution of a new class of displays, also for new, flexible substrate types.

In the long run, the Company intends to develop its solution for new market segments. The XTPL technology may be implemented in the semiconductor industry also as a sought-after alternative for photolithography or in new types of connecting integrated circuits with PCBs, and, for example, facilitate the fabrication of innovative security printing solutions, functional and effective biosensors and high-performance photovoltaic panels. The technological revolution in which the Company is to play a vital role is about enabling the manufacture of complex and complicated electronic devices using cheap and scalable printing methods.

3.6 Business model, strategy and development outlook

BUSINESS MODEL:

XTPL is a supplier of advanced ultra-precise technology for nanomaterials printing. It develops and commercializes the technology in a way dedicated to a specific application field, and will rely primarily on the selected model:

- LICENSING:

The Company develops a technological solution dedicated to a particular application field, which is licensed to a partner who on its basis builds devices that allow the technology to be used in industry. In this case, the Company generates revenue from license fees related to the sale of devices equipped with the developed technology.

- STRATEGIC PARTNERSHIP AND DISTRIBUTION AGREEMENTS:

The Company develops a technological solution dedicated to a particular application field; the solution is then commercialized in cooperation with a strategic partner under a joint venture agreement. In this case, commercialization tasks are divided between the partners in accordance with their competencies and potential. The Company participates in profits achieved through the joint venture.

Another possible option is to acquire a distributor for the Company's technology and products in a particular geographical region. In this case, the terms of cooperation and contracts will be determined depending on the market, the distributor's position, and the obligations agreed by the Parties.

- SALE OF PRODUCTS

The Company also develops sales of its proprietary products: Conductive nano-inks, based on silver nanoparticles, intended for use in printed electronics, and also adapted to other printing methods such as Ink Jet, Aerosol Jet and LIFT, and laboratory and prototyping devices complete with the necessary consumables. The Delta Printing System can be both a revenue source when sold to research institutes and industrial R&D departments, and an intermediate step towards licensing revenue in deals with business partners. Cooperation in the two areas will be based on a mutual exchange of experiences and knowledge, while the device will be delivered on commercial terms. In addition, each demonstrator sold will generate a stream of revenue from consumables, such as inks, cartridges, capillaries, as well as services, including consulting, research and maintenance (for the machines and software).

The choice of the optimal business model depends on the specific customer in the particular application field. Current talks take into account all of the above-mentioned business models, and the appropriate model is selected during the relationship-building process.

International Distributor Network

Starting from 2021, the Company began building a distribution network that will facilitate the promotion of XTPL technologies and products on the Issuer's most important markets. The need for that model of operation arose in 2020, when the coronavirus outbreak derailed the organization of on-site industry events. The difficulties building direct relations with potential buyers of XTPL technology prompted the Management Board to look for an alternative solution. As a result, during 2021 XTPL quickly attracted first five distribution companies to represent it on Asian and European markets. In 2022, partnership was forged with another two companies. In addition, in 2019, the Issuer also set up a commercial presence in the form of a subsidiary in the United States.

During the Reporting Period, the Issuer signed two further agreements for the distribution of its technological solutions:

1. **On January 23, 2024, the Issuer entered into a non-exclusive agreement on the distribution of the Issuer's technological solutions in Taiwan and China with Sigma Technology Corporation based in Taiwan and China** (ESPI Current Report No. 7/2024 of on January 23, 2024).
2. **On February 19, 2024, the Issuer entered into a non-exclusive agreement on the distribution of the Issuer's technological solutions in South Korea with YES01, Youngil Education System Co., Ltd.** based in South Korea (ESPI Current Report No. 12/2024 of February 19, 2024).

MARKET ENVIRONMENT AND OUTLOOK

With its technology, the Company is targeting the market of electronics, the production of which could potentially be completely replaced by additive printing. The market is growing fast. In 2022, its value exceeded USD 51 billion, with the display market having the highest share in it (nearly USD 45 billion), according to IDTechEx. According to the same report, the value of components produced solely by printing methods exceeded the USD 6.5 billion in 2022. Other reports, including those published by Grand View Research, suggest that the value of the printed electronics market in 2022 exceeded USD 10 billion, and is expected to reach USD 53 billion in 2030. According to the authors of the report, the value of that market is driven by the increasing demand for energy-efficient thin and flexible consumer electronics.

XTPL's strategic goal is wide commercialization of its platform technology of ultra-precise printing of materials in the area of advanced electronics. The company seeks to adapt its technology for various application fields, and then offer the technological solution to industrial partners through various mechanisms: licensing, strategic partnerships and joint ventures. The overarching objective of XTPL's operations is to implement nanoprinting solutions adapted to market needs in selected industry sectors.

Value of the R&D equipment market

According to the Issuer's estimates based on available market data, the global annual sales of printers for R&D, rapid prototyping and small-lot production in the area of broadly understood printed electronics amount to approx. 250–500 devices per annum. The price of those printers ranges from EUR 50 thousand to more than EUR 500 thousand per device.

Value of the conductive nanoinks market

According to the authors of the report published by IDTechEx, the global market for conductive inks exceeded USD 2.7 billion in 2022, and is expected to reach USD 4.5 billion in 2033. The data published in another market report – Custom Market Insights (CMI) – show that the global market for conductive inks reached USD 3.8 billion in 2021, and is expected to reach USD 9.8 billion in 2030. The market is

buoyed by the growing use of electronics in the rapid urbanization processes, miniaturization of electronic components, as well as by the possibility of reducing production costs while maintaining high electrical conductivity and efficient manufacturing in line with environmental protection standards.

DEVELOPMENT LINES AND PROSPECTS for the Company and the Group:

An exceptional feature of the XTPL technology is the possibility of its application in many fields of industry.

Presented below are applications in the areas that are currently key for the Company:

Displays:

Currently, commercialization is carried out in a subsector of this market, namely the open defect repair. XTPL offers a new breakthrough solution that allows defects in conductive paths to be repaired at low cost, with precision and speed unparalleled to any other existing solution. The technology developed by the Company will help display manufacturers increase production efficiency and reduce costs associated with material losses.

Another area of application of the technology for flat panel displays is the precise printing of electrical connections for LEDs in micro-LED displays. The Company's technology can be used for printing repeatable conductive structures with a diameter of less than 10 µm and a very aspect ratio. These unique properties are much in demand amongst manufacturers of future micro-LED displays.

FHE (flexible hybrid electronic) sector:

Flexible hybrid electronics is another new market that is in the focus of the Company's attention. Companies such as Boeing, Lockheed Martin, Applied Materials and research centers including Dutch Holst Centre, Belgian IMEC and German Fraunhofer have already confirmed their activities in that field. In the United States, Next Flex was formed, an institution bringing together 90 representatives of the industry and 28 representatives of research universities. This is the largest agency investing in the FHE sector. According to an analysis by Mordor Intelligence, the FHE market in 2019 was valued at USD 95 million, but in already 2025 it may reach USD 235 million. According to IDTechEx, FHE is expected to become “ubiquitous” in 2030 and reach a value of even USD 3 billion.

Semiconductors market

Another market for the Company’s technology is the semiconductor market. Its special application areas include making electronic connections on complex 3D topographies and heterogeneous substrates in advanced integrated circuits or microelectromechanical systems (MEMS). According to an analysis carried out by Mordor Intelligence that takes into account the impact of the COVID-19 pandemic, in 2020, the global market for advanced integrated circuits reached USD 24.93 billion, and by 2026 is expected to grow even to USD 38.62 billion. The size of this market shows great possibilities: not only in terms of potential application of the UPD technology in new areas, but also in the research and prototyping of new systems.

In this area, the Company is conducting active talks (at various levels of advancement) with market leaders.

Moving forward, the growth of the electronics market will be strongly driven by the areas where conventional production methods cannot be applied. By marketing its UPD technology embodied by the Delta Printing System, the Company promotes the innovative, proprietary solution that is used by

pioneering research and scientific centers in their research and development, while at the same time defining breakthrough standards for the production of future electronic devices.

The new, already identified and pre-verified application areas for the XTPL technology include:

– PCB (printed circuit boards) market

– biosensors market

– photovoltaic cells market.

All the Company's R&D work takes place in Poland. Commercialization will be primarily focused on markets of North America (mainly the United States), Asia (China, Korea, Taiwan, Japan) and EMEA.

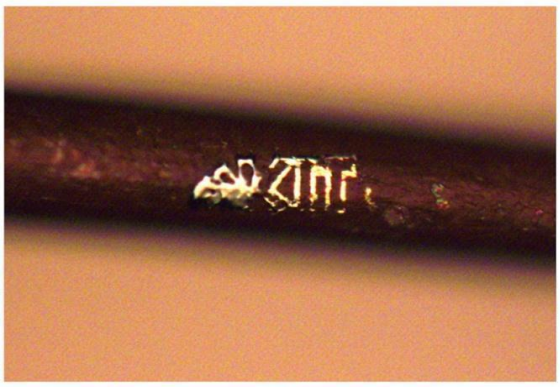
3.7 XTPL'S AND GROUP'S ACTIVITY AND ACHIEVEMENTS IN Q1 2024

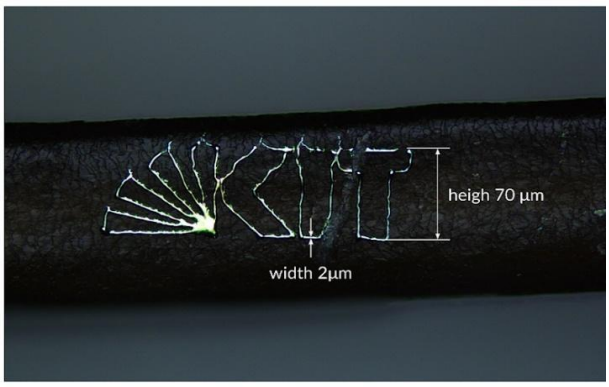
3.7.1 Issuer's progress and achievements in the commercialization of technologies and products

In the first quarter of 2024, the Company continued activities aimed at closing further sales transactions within all business lines.

Delta Printing System:

During the Reporting Period, the XTPL team responsible for the commercialization of the Delta Printing System held numerous talks and engaged in many interactions with potential clients. As a result, the Company generated a list of experts from around the world, operating mainly in the microelectronics, microsystems, semiconductors, biosensors, displays and similar industries, who highly value the technology developed by the Company and are potential buyers of XTPL products in the following years. The unprecedentedly high printing precision, especially when using highly-viscous metallic inks, which is enabled by the Delta Printing System, is the main feature that makes global technological innovators interested in this device. Users of the Delta Printing System users appreciate the device also for its ease of use, platform character and the ability of quick start without long prior preparation, and for not having to clean the printing elements once the work is finished.





The Company's efforts helped stimulate a substantially increased interest in the Delta Printing System. In Q1 2024, the Company confirmed one new order for the delivery of the Delta Printing System (DPS), including an order for a new industrial customer based in California, USA (ESPI Current Report 18/2024 of March 29, 2024).

XTPL continues and develops relations with other potential clients. The interest of potential buyers of the Delta Printing System is particularly attracted by the Company's activities aimed at direct relationship-building, participation in trade fairs and conferences, cooperation with local distributors and promotion of the device by its current users, who present and publish the results achieved by means of the Company's technology. The possibility of making microelectronic structures that previously could not be achieved using alternative methods is highly noted both by academic and industrial communities.

Metallic nanoinks: The fundamental concepts of nanoinks production elaborated by the Company during the development of conductive materials for the UPD technology have been commanded by representatives of scientific and industrial communities as extremely valuable in terms of production of new types of electronic devices with the use of additive technologies. Those concepts respond to the high requirements of the rapidly growing market for conductive inks, including the need for efficient deposition at a high load of the metallic component. The developed know-how enables the Company to sell its inks to various segments of the printed electronics market, animating further advances along this path of the Company's development.
Growing sales are generated on the back of this business line. The unique properties of XTPL inks have been successfully put to use in the projects of clients who operate in the sectors nanotechnology, OLED displays, and smart devices for medical technologies, using inkjet printing techniques, LIFT (Laser Induced Forward Transfer), and micro-dispensing techniques for high-viscosity inks.
The Company's laboratories are working on new formulations of nanoinks and there are plans to add those materials to the XTPL offer in 2024. Already in Q1 2024, ink with gold nanoparticles was introduced

to the Company's product range. In the Reporting Period, the Company also held talks with leaders of electronics manufactured by means of the additive method, and is talking to them about the establishment of strategic partnerships in the area of conductive inks. If the negotiations and ensuing business relations are successful, additional distribution channels will be established for nanoinks, and growing revenues will be achieved from the sale of those products.

Industrial implementations of the Company's technological solutions

As regards the Issuer's third and key business line – implementation of the XTPL technology on the production lines of global electronics manufacturers – work was conducted on nine projects from the Company's project pipeline. In addition to the reported pipeline, the Company intends to have up to 10 projects that will be developed to be taken to a higher level of evaluation.

Receiving a recommendation for a grant under the competition: HORIZON-CL4-2023-RESILIENCE-01-33 Smart sensors for the Electronic Appliances Market

In the Reporting Period, the Issuer was informed of a grant recommendation for the project "Ultra-sound combined with bioimpedance analysis and graphene fet-enhanced wearable sensing for decentral health-monitoring" developed as part of a consortium with the Issuer. The decision is an outcome of the competition HORIZON-CL4-2023-RESILIENCE-01-33 Smart sensors for the Electronic Appliances Market organized by the European Commission under the Horizon Europe Framework Programme (HORIZON) (ESPI Current Report No. 1/2024 of January 12, 2024). The project is designed to develop a flexible, multi-functional device for body composition analysis and health monitoring using advanced materials and AI to promote healthier lifestyles. The Issuer's task is to develop materials that will ensure the extensibility, high performance and energy efficiency of the device.

Other tasks related to the commercialization of the UPD technology

On top of that, in the Reporting Period the Issuer maintained its focus on other tasks related to the commercialization of the UPD technology in industrial applications. The most advanced talks and efforts are focused on selected applications related to the precise dispensing of functional inks for:

(a) yield management in the area of high-resolution OLED displays;

(b) yield management in the semiconductor industry, in the area of back-end semiconductor chip processing; and

(c) depositing metallic inks to make high density metallic interconnections of the advanced PCBs.

(d) producing conductive 3D interconnections

At the same time, the Company also engaged in talks with industrial entities regarding the use of the UPD technology to repair other types of advanced devices. This applies to the repair of displays made in micro-LED technology and the repair of defects in advanced integrated circuits. For both described applications, low production efficiency was one of the biggest challenges to further commercialization and to reduction of the unit price of the end product. The technology presented by the Company may solve this problem and help popularize new products (micro-LED displays and more efficient integrated circuits).

In addition to the strong market interest in the evaluation of UPD technology integration in production processes, XTPL is conducting advanced talks on the commercialization of printing module solutions with three global producers of consumer electronics (in Europe, South Korea and the USA) and five industrial integrators and producers of industrial machines (in Taiwan, South Korea, China and the USA). The sale of printing modules equipped with the UPD technology, and then the supply of consumables and paid maintenance of the modules are financially attractive for the Company. Increasing the variety of devices in the market will help the Company reach more customers and make inroads into new markets.

<u>Commercialization activities in the Flat Panel Display sector (ODR)</u>

The Company continues cooperation with manufacturers of high-resolution displays in the area of repairing open defects in conductive trances within the electrical layer, as well as in the area of using precise dispensing technology for the production of new types of displays based on quantum dots technology. At the same time, the Company started talks and began evaluation tests with other display manufacturers in China and South Korea.

Based on talks and market analyses, the Company has also focused on repairing defects in micro-LED displays. These displays use LED diodes as a light source. Due to their size, the diodes can be used as

independent pixels. The biggest challenge in manufacturing is to ensure proper efficiency level. If just one in tens of millions of LEDs is not properly mounted, the display will fail the quality test. By using the UPD technology, the micro-LED diode can be mounted again connected to electricity, which will significantly increase efficiency of the manufacturing process.
As regards the Issuer's activities in the ODR sector, it should be noted that in the first quarter of 2024, talks continued with representatives of a Korean company producing devices for the display industry and with an end-user – one of the largest display manufacturers in the world. The results achieved relating to the Client's specific application area are in line with expectations and significantly accelerate subsequent steps aimed at implementing UPD Systems at the end client.

Commercialization activities in the area of advanced integrated circuits

The Company's technological solution consisting in the possibility of printing using material of very high viscosity on 3D surface topographies has attracted attention from manufacturers of advanced integrated circuits. With the UPD technology, it is possible make precise electrical connections in SiP (System-in-Package) systems, which bring together two or more integrated circuits in one housing. Entities with whom talks are being held are global top-tier producers in this area, based in North America, Asia and Europe.

3.7.2 Achievements and progress in research and development

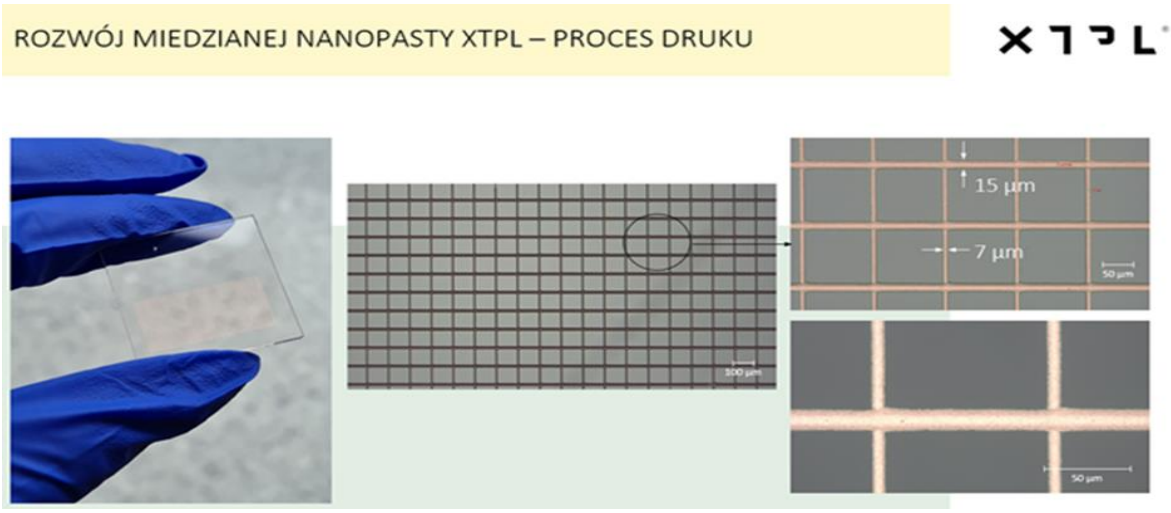
The key achievements and progress in research & development in the reporting period included:

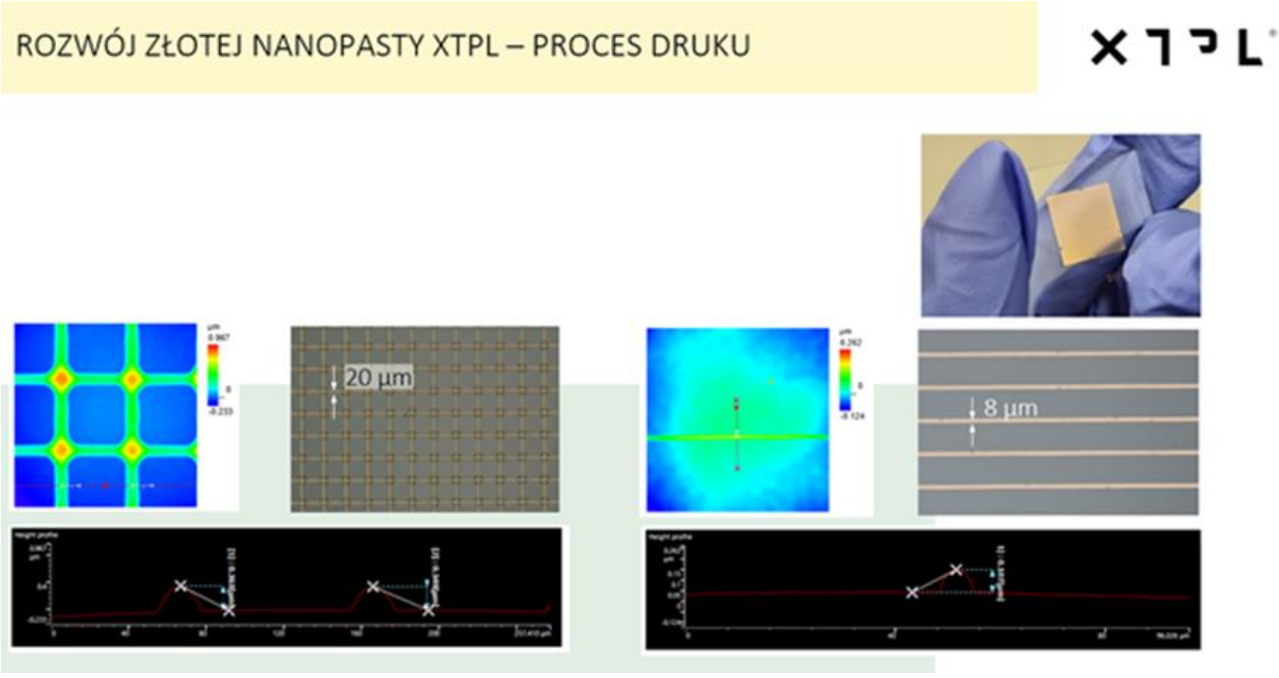
1) Development of high-concentration inks (pastes) based on copper and gold particles;
2) Filling gaps in semiconductor structures with selected material, including controlled and efficient filling of microwells/ subpixels with quantum inks for uLED displays;
3) Significant printing automation related to mapping substrates with complex topography before printing and then importing the map to the device
4) Adding the function of uploading letters from a CAD file to the DPS device to enable printing of texts
5) Modifying the dot printing method to achieve printing frequency of 8 Hz
6) Work on the implementation of projects within the NPD (New Product Development) process corresponding to the development roadmap of DPS devices, the UPD module and HPM materials.

NPD projects in progress:

- Database of commercial materials that can be used in printing using DPS. The project also includes optimization of parameters and setting boundary conditions for commercial materials, and ultimately providing customers with tips on working with commercial materials (resins, insulators, inks with quantum dots, etc.). The implementation of the project will expand the range of application fields in which the DPS printer can be used
- Graphical interface for the DPS printer. The project includes the development of a fully functional GUI, which will ensure more efficient and convenient use of the device by customers. This will also reduce the limitations related to the need to use programming skills in writing printing scripts. Automation of lighting control in printing devices.
- Multiplication of the deposition system

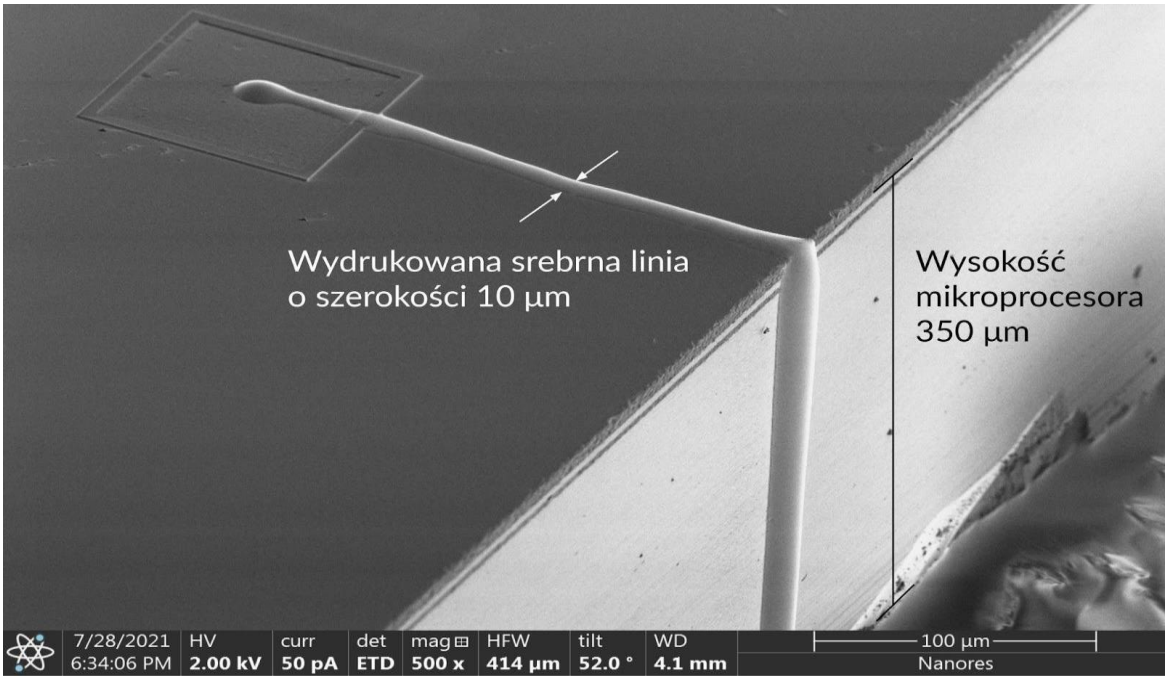
During the Reporting Period, the Company's R&D department, in addition to working on the development of inks and pastes based on silver nanoparticles already available on the market, intensified work on the development of inks based on copper and gold nanoparticles. The introduction of these materials is of major importance in the context of achieving optimal parameters for industrial applications and new market areas.



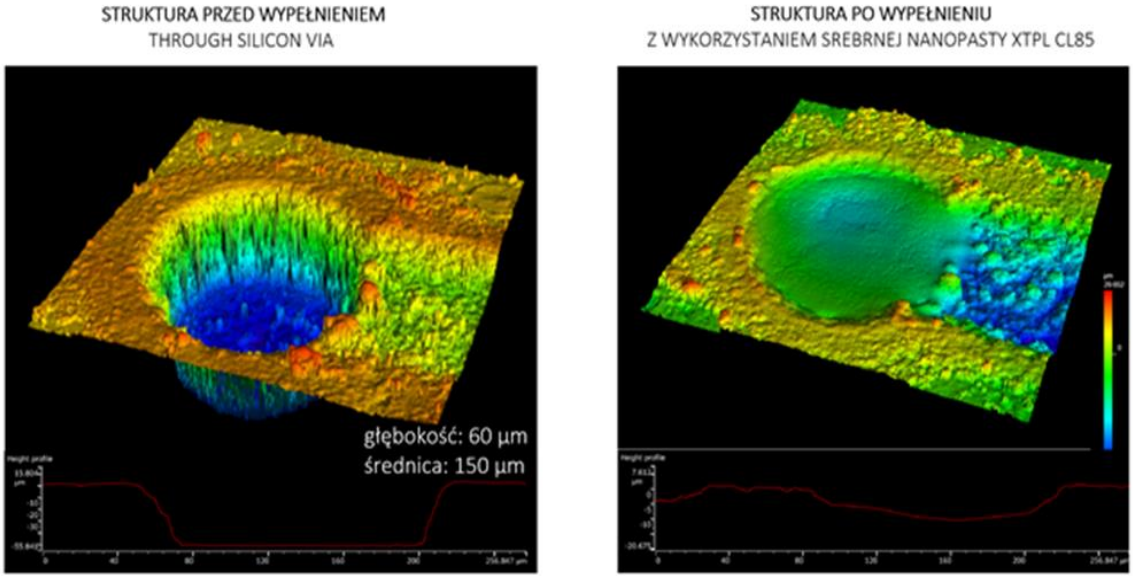


All inks developed by the Company's R&D department, based on silver, copper and gold nanoparticles, are characterized by high concentration of nanoparticles and high viscosity, which consequently enables printing not only on flat substrates, but also those with complex topography. It allows the continuity of the structure to be maintained even if it was printed, for example, on a "step", when the substrate is not homogeneous and its layers are at different height levels. An additional advantage of those pastes is that the print quality is independent of the hydrophilicity of the substrate. In practice, this means that

whether hydrophobic or hydrophilic material is used for printing, the width and height remain almost unchanged, and so does adhesion. When using inks with a more fluid consistency (inks with a lower viscosity), the shape of the printed features depends largely on the type of substrate on which it was printed. Lower viscosity ink that will be used on a hydrophilic substrate will “spill”, increasing the track width compared with what is achieved with same parameters on the hydrophobic material.
In the Reporting Period, the XTPL R&D team demonstrated the ability to print precise conductive features that effectively cover a high step, up to 350 micrometers in height, which is much more than the width of printed lines. Additionally, this was done without compromising the high print resolution or the conductivity of the structure. The current research in this area is focused on increasing the repeatability, speed and automation of printing connectors on substrates with advanced topography. This is achieved by optimizing printing parameters, modifying the conductive ink, as well as using software solutions that ensure fully automatic 3D movement. As a result, the time needed to print a single conductive connection on steep edges was reduced to less than 1 second with no need for machine operator’s intervention.

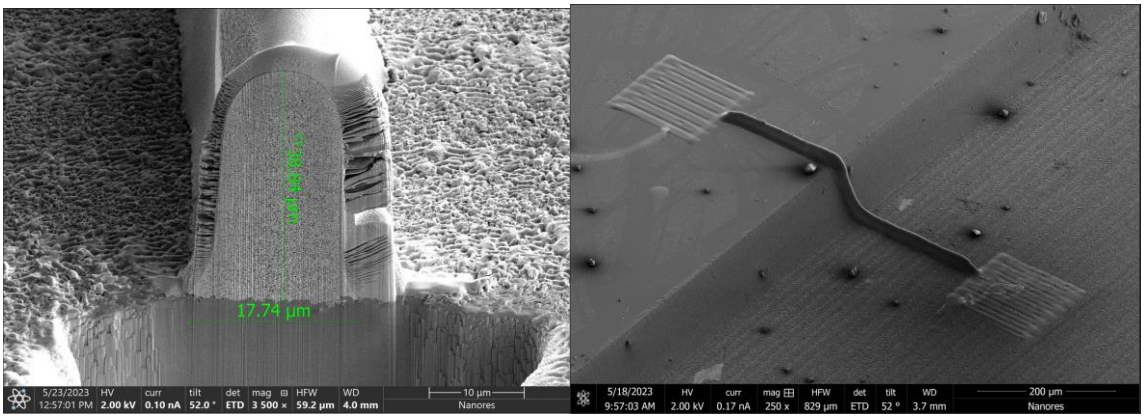


Another research area that has attracted great interest from industrial players and academic institutions is the possibility of filling gaps in semiconductor structures using selected materials. This applies to both making electronic connections between layers in advanced integrated circuits – TSVs (Through Silicon Vias), as well as filling gaps in insulating layers created at the production stage.



For the Company, this opens further application areas related to advanced electronic circuits or integrated circuits. The use of the UPD technology in these markets fits with the strategy adopted by a group of experts from the semiconductor industry (from the United States, Europe, Japan, China, South Korea and Taiwan) laid down in the documents of the National Technology Roadmap for Semiconductors (NTRS), which provide for integration of individual electronic circuits into one integrated circuit. The precise deposition of material with a high concentration of nanoparticles started to be used in the Company's several new technological and business streams. This is testament to the uniqueness of the developed solution and its potential to be used in new technologies.

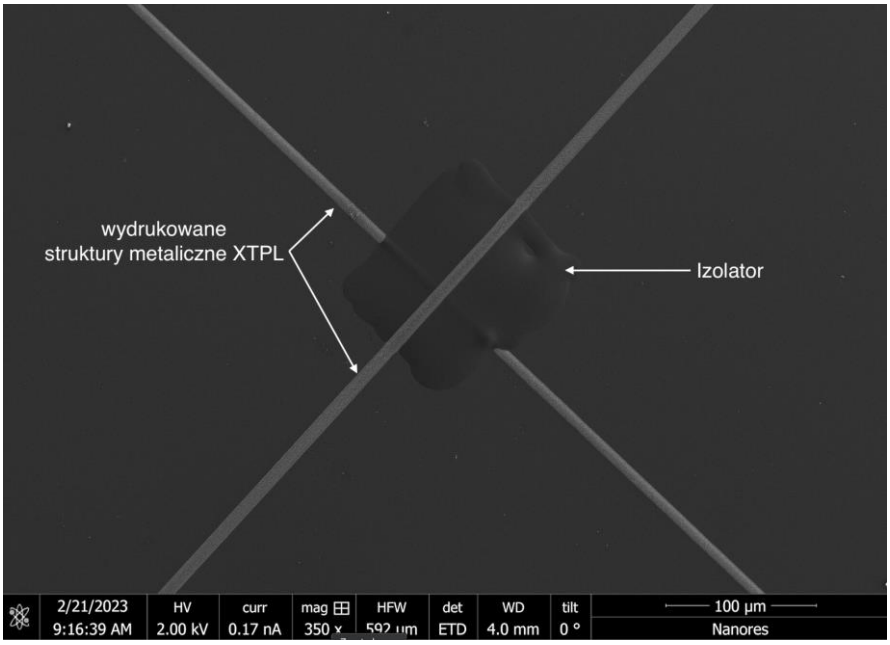
Moreover, during the reporting period, the R&D team achieved another milestone in additive microprinting technology for microelectronics applications. XTPL printing technology makes it possible to obtain conductive lines using the CL85 paste with an aspect ratio of exceeding 1:1. Moreover, those lines were deposited on a substrate with complex topography. The line covers a step of 80 µm high. In order to print this type of structures, a completely new deposition method was developed.



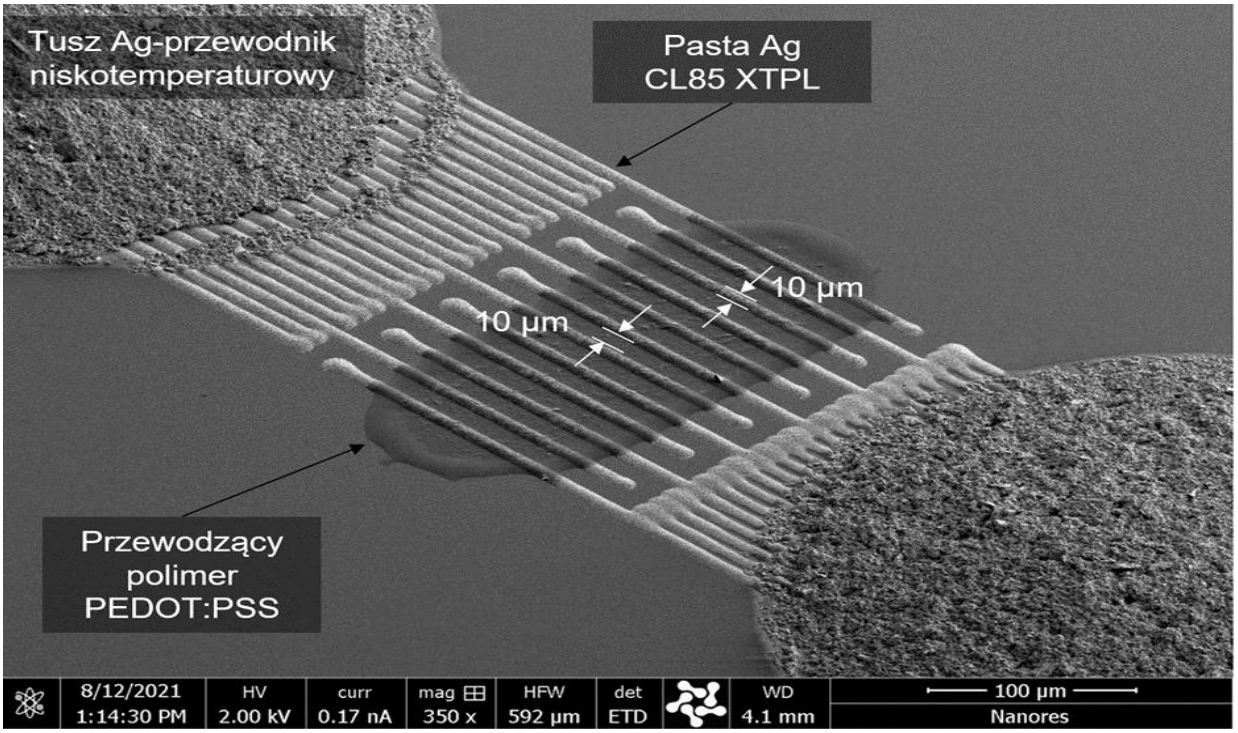
This type of material deposition can be used in the microLED industries, modern displays based on quantum dots (QLED), and in the repair of conductive connections on PCBs.

In Q1 2024, the Company's R&D team went a step further in the development of technology for applications in printing electronic connections in advanced integrated circuits, as it presented a structure filled with insulating material on the outside and conductive material inside. In practice, end users of the XTPL technology will be able to isolate electronic connections made on conductive and semiconductive substrates. Until now, such structures could only be achieved by traditional, multi-stage production methods used in the semiconductor industry. The introduction of this technological solution by the Company's customers will allow them to cut the costs of small-lot production of advanced integrated circuits, and once the technology has been scaled to production efficiency, it will help reduce material consumption.

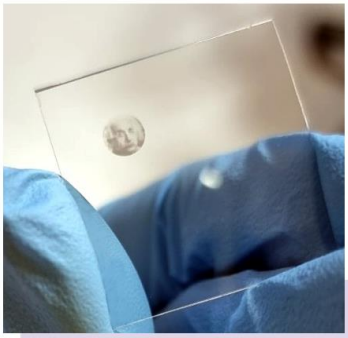
In addition to the above example, the printing of multiple materials one after another allows advanced functional structures to be achieved. This is perfectly exemplified by the implementation of a high-resolution redistribution layer (RDL) for integrated circuits. Ultimately, this will enable the prototyping of the structures whose production using traditional methods is time-consuming and costly.

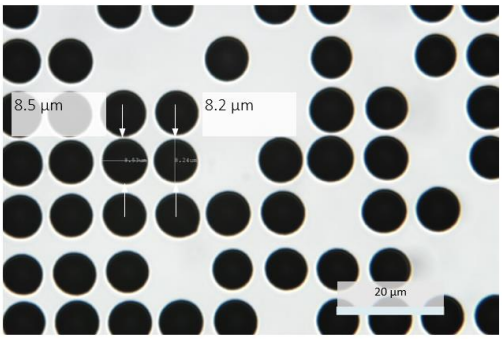


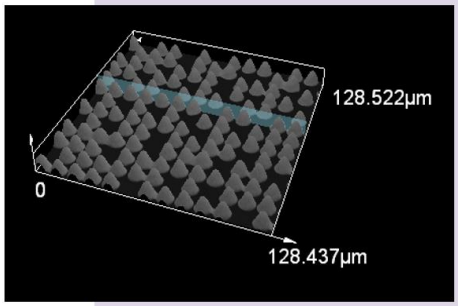
Another example of printing functional structures composed of multiple materials (the example presented below uses low-temperature conductive ink, and PEDOT conductive polymer: PSS and Ag CL85 nanopaste). This made it possible to make a simple transistor for detecting organic materials. Transistor for detecting organic materials fully printed by XTPL.



- Wysoka rozdzielczość druku, średnica poniżej 10 µm
- Wysoka powtarzalność i stabilność druku
- Wysoki stosunek wysokości do szerokości (800 nm do 8 µm)
- Druk na dużych powierzchniach



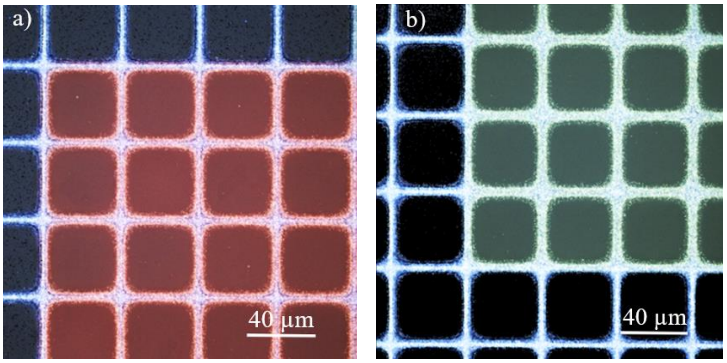




R&D progress was also achieved with respect to high-resolution prints composed of microdots of less than 10 µm in diameter. The dots are characterized by a parabolic cross-section (which facilitates

deposition of successive layers) and a high aspect ratio (height of 800 nm for a dot of 8 µm in diameter). High repeatability of dot deposition enables printing on large surfaces.

Moreover, during work carried out under the European grant “Building Active MicroLED displays By Additive Manufacturing”, the R&D team validated the compatibility of quantum inks with the DPS printing system for applications in precise and controlled sub-pixel filling in the new µLED display architecture. The UPD technology has a major advantage in this application based on precise regulation of the height of deposition of quantum dot layers in microwells which house the light conversion module. At the bottom of the subpixel there are nanowires emitting blue light that stimulates deposited quantum dots. As a result, the blue light is converted to green or red light. With the ability to adjust the volume of quantum inks put in microwells using a DPS printer, it is possible to control the external quantum efficiency in the light conversion module, achieve higher process repeatability and minimize losses of the fluorescent nanomaterials used during printing.



Microwells filled with inks based on a) red and b) green quantum dots using the DPS.

Testing XTPL inks for various printing methods:

XTPL conductive inks based on silver nanoparticles attract the interest of manufacturers from several industry sectors and representatives of the scientific community due to their innovative physicochemical properties. In response to the evident market interest in XTPL nanoinks, protected by patent applications, efforts are being made to add new products to the Company's portfolio. One of the results of those efforts is the IJ36 ink developed by the R&D team for ink-jet printing technology and successfully sold to customers who use this printing method.

In Q1 2024, the Company also focused on optimizing the capability of automatic printing. The implementation of the AI technology to automate the printing process in the Delta Printing System enables automatic positioning of the printing head in relation to the substrate. The AI algorithm integrated with the motorized camera ensures a number of new features, including automatic maintenance of the printing nozzle in the camera's field of view, automatic correction of the nozzle image sharpness, and automatic recognition and location of the tip of the printing nozzle in the image. The automation of the process using artificial intelligence makes it possible to create complex structures

with minimum or no operator participation during the printing process. The implementation of this function is key for both industrial printing systems and the Delta Printing System laboratory device.

3.7.3 Milestones achieved by the Issuer in Q1 2024:

The first milestone is related to the Delta Printing System as the demonstrator of the XTPL technology. Significant printing automation was introduced in relation to mapping substrates with complex topography before printing and then importing the map to the device
Another milestone relates to the development of the Ultra-Precise Deposition technology itself. In this context, the dot printing method was modified to achieve printing frequency of 8 Hz.

3.7.4 Issuer's activities designed to its intellectual and industrial property

The policy of building a patent family plays an crucial role in the processes of commercialization of the technological solutions designed and implemented the Company. Intellectual property is a product and a competitive advantage of XTPL. For this reason, patent cloud development has a major impact on the business value – the size and appropriate protection of the cloud are key to the market position. XTPL solutions are protected from the moment of patent filing with the appropriate office.
The Company distinguishes five patent groups for its technology and products based on that technology:

1. UPD process – patents describing the ultra-precise deposition process or a device used for this process
2. Nanoinks – patents protecting various nanoink formulations
3. Software – patents protecting the solutions implemented in the software that controls the printing devices
4. Application fields – patents describing solutions to specific technological problems using the UPD method
5. Characterization and quality control – patents related to the characterization and quality control of selected components of the printing head

In the first quarter of 2024, the Company continued activities related to the development of the patent cloud, i.e.:

1) on January 15, 2024, the Company announced that the United States Patent and Trademark Office had granted it patent titled “Method of forming an elongate electrical connection feature traversing a microscopic step” (the Issuer reported that in ESPI Current Report No. 3/2024 of January 15, 2024);
2) on January 25, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention “Method of forming a feature by dispensing a metallic nanoparticle composition from an ink-jet print head and a metallic nanoparticle composition for ink-jet printing” (the Issuer reported that in ESPI Current Report No. 8/2024 of January 30, 2024);
3) held on February 5, 2024, the Issuer received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention “Method of filling a

microcavity with a polymer material, a filler in a microcavity, and an apparatus for filling a microcavity on or in a substrate with a polymer material" (the Issuer reported that in ESPI Current Report No. 9/2024 of February 7, 2024);
4) on March 25, 2024, the Company received information about the approval by the Intellectual Property Office of Taiwan of its patent claims for the invention "Method for forming structure upon a substrate" (the Issuer reported that in ESPI Current Report No. 17/2024 of March 26, 2024).
In addition, after the Balance Sheet Date, the Company received information about the recognition of patent protection by the Korean Intellectual Property Office for two inventions, i.e.:

1) information about the approval by the Korean Intellectual Property Office of the Company's patent claims for the "Fluid printing apparatus" invention (ESPI Current Report No. 20/2024 of April 9, 2024);
2) information about the approval by the Korean Intellectual Property Office of the Company's patent claims for the "Method of printing fluid" invention (ESPI Current Report No. 21/2024 of April 9, 2024);
The Company has adapted its process of filing patent application to the recommendations of the patent offices cooperating with it and the advisors from the executive board of XTPL Inc. based in the United States. The recommendations concern an appropriate combination of new technological solutions and inventions into a single patent application. This is expected to increase the quality of individual submissions and consequently strengthen protection of the Company's intellectual property.

As at the Report Date, the Company has 34 patents approved, covering e.g. the territory of Japan, China, South Korea, Malaysia, Germany and the USA. The increase in the number of patents (from the previously reported 9 patents) is the result of new patents being obtained as well as a change in the methodology of their counting – now protection for an invention is counted separately for each location (country). As at the Report Date, the Company had trademarks registered with the Patent Office of the Republic of Poland and the European Union Intellectual Property Office, as well as in China and the United States.

The building of a patent cloud for the proprietary technology and products is an essential part of the Company's strategy, which raises the Issuer's credibility among potential industrial clients. The patent protection obtained as a result of the filings will increase the value of the potential commercialization of the Company's technology with respect to industrial implementations. The Company plans to file more patent applications for inventions to be developed in the course of current and future research and development.

3.7.5 Issuer's participation in events dedicated to capital market investors

The Company attaches great importance to communication with capital market participants. In order to implement the corporate governance and communication standards and to ensure constant and equal access to information about the Company for all stakeholders, and to meet their needs, the Company undertakes numerous activities in the area of investor relations.

Below is a description of the key events and activities in Q1 2024 addressed to the capital market:

The Company has started preparations to participate in the WallStreet 28 conference scheduled for June 7–9 this year, the largest event in Poland dedicated to individual investors. The Issuer's objectives related to the event include: conducting a presentation dedicated to the Company during the conference, participating in a discussion panel focused on the growing activity and popularity of technological entities on the Warsaw Stock Exchange, as well as having numerous individual meetings with media representatives, investors and all Company stakeholders present at the conference.

The Issuer is analyzing further investor events during which it will be able to actively present its achievements in 2024 with respect to technology and commercialization, financial performance and development prospects.

In addition, the Company focuses on regular communication with the capital market, including through a constantly updated website with a separate investor relations section where current information materials are posted (including press releases and presentations) and through the publication of selected video materials on YouTube. Furthermore, the Company tries to provide fast and reliable answers to the questions received from individual investors. In order to facilitate contact with the Company, the “Contact” tab on the investor relations site contains contact details for institutional investors, analysts and journalists.

3.7.6 Issuer's participation in industry events

In order to effectively promote its unique technology and products, the Company actively participates in numerous industry conferences that enjoy high reputation on an international scale. The technology solutions presented by the Company are highly appreciated by experts from different fields. As a result, XTPL receives numerous invitations to lectures on the latest technological achievements. For the Company, participation in industry events is one of the key promotion methods, as well as the opportunity to keep track of the current trends in technology development in selected areas and search for new use cases, for which the unique properties of the XTPL ultra-precise printing method are a key – if not the only – way to solve problems with and fabricate the target device.
The Issuer's activity at industry events in Q1 2024 is described below
Nepcon Japan – January 24-26, 2024 in Tokyo – Asia's leading conference for the electronics market in both R&D and production. XTPL representatives attended the event as visitors. During the conference, they had numerous talks and meetings with potential clients. The conference yielded 22 new MQLs (marketing qualified leads)

innoLAE – January 22-24, 2024 Cambridge, Great Britain – Innovation in Electronics conference. XTPL was represented there by its UK distributor, Semitronics, showcasing the UPD technology

LOPEC – March 5-7, 2024 – Conference for Flexible, Organic and Printed Electronics in Munich – XTPL has attended the conference as an exhibitor for two years now, having many meetings with potential customers representing academic institutions, R&D centers and the printed electronics industry. This year, the conference yielded 142 new MQLs.

In Q1 2024, work was under way on a new marketing and communication strategy, which is to support the change of XTPL's image as a provider of disruptive technologies for the printed microelectronics industry. The new strategy will be implemented and developed in the coming years in order to increase the visibility of the XTPL brand and products on the markets selected by the Company. This will also allow XTPL's solutions to be introduced to a wide group of customers on the markets identified by the Company as those with the greatest revenue potential for XTPL, namely the United States, UE, Taiwan and South Korea.

Early in April, the Company plans to launch its new service: xtpl.com.

3.7.7 Events during the Reporting Period

Date	Event	Current Report
January 11, 2024	**Information on recommendation for a project of a consortium that includes the Issuer recommended for co-financing by the European Commission** The Issuer was informed of a grant recommendation for the project "Ultra-sound combined with bioimpedance analysis and graphene fet-enhanced wearable sensing for decentral health-monitoring" developed as part of a consortium with the Issuer. The decision is an outcome of the competition HORIZON-CL4-2023-RESILIENCE-01-33 Smart sensors for the Electronic Appliances Market organized by the European Commission under the Horizon Europe Framework Programme ("HORIZON"). The project is designed to develop a flexible, multi-functional device for body composition analysis and health monitoring using advanced materials and AI to promote healthier lifestyles. The Issuer's task is to develop materials that will ensure the extensibility, high performance and energy efficiency of the device.	ESPI No. 1/2024 of January 12, 2024

Date	Event	Current Report
January 12, 2024	**Exercising the right to exchange series A convertible bonds of XTPL S.A. for series U shares** Bondholders holding all the Issuer's series A convertible bonds issued and not redeemed until that date, issued on the basis of EGM Resolution 04/06/2020 of June 8, 2020, as amended by EGM resolution No. 03/06/2022 of June 21, 2022, in a total number of 45,655 (forty-five thousand six hundred and fifty-five) ("Convertible Bonds"), submitted to the Company a declaration on the exercise of the right to exchange Convertible Bonds for series U shares of the Company. Due to the receipt of the bondholders' declarations on the exchange of all issued and outstanding convertible bonds, the bondholders acquired 45,655 (forty-five thousand six hundred and fifty-five) series U ordinary shares of the Company, with a nominal value of PLN 0.10 (ten grosz) each, issued on the basis of EGM resolution No. 04/06/2020 of June 8, 2020, amended by EGM resolution No. 03/06/2022 of June 21, 2022.	ESPI No. 2/2024 of January 15, 2024
January 15, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Issuer advised that on December 12, 2023, the United States Patent and Trademark Office had granted it patent titled "Method of forming an elongate electrical connection feature traversing a microscopic step". The application procedure for this patent was initiated on August 2, 2021. This is also the date when patent protection started for the invention.	ESPI No. 3/2024 of January 15, 2024
January 19, 2024	**Preliminary estimates of revenues from the sale of products and services for Q4 and 2023** The Issuer reported preliminary estimates of its consolidated revenues from the sale of products and services for the fourth quarter and 2023. The preliminary results communicated by the Issuer showed an increase in estimated revenues from the sale of products and services compared to 2022.	ESPI No. 6/2024 of January 19, 2024
January 23, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in Taiwan and China**	ESPI No. 7/2024 of

Date	Event	Current Report
	The Issuer and Sigma Technology Corporation based in Taiwan and China entered into a non-exclusive agreement for the distribution of the Issuer's technological solutions. Under the agreement, the distributor will advertise and sell XTPL's technological solutions in Taiwan and China. The purpose of the partnership is to support XTPL in acquiring new industrial clients and searching for broader applications for its technologies and products, with a focus on introducing semiconductor, electronics and optoelectronics solutions. Sigma is a leading supplier of materials and production equipment in Taiwan and China to a number of industries: semiconductor, photovoltaic, displays, PCBs and others in Taiwan and China. As part of the cooperation, the distributor will promote XTPL solutions among its current and new customers.	January 23, 2024
January 25, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Method of forming a feature by dispensing a metallic nanoparticle composition from an ink-jet print head and a metallic nanoparticle composition for ink-jet printing". The application procedure for the patent was initiated on February 12, 2021. This is also the date when patent protection started for the invention.	ESPI No. 8/2024 of January 30, 2024
February 5, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Method of filling a microcavity with a polymer material, a filler in a microcavity, and an apparatus for filling a microcavity on or in a substrate with a polymer material". The application procedure for this patent was initiated on June 1, 2021. This is also the date when patent protection started for the invention.	ESPI Current Report No. 9/2024 of February 7, 2024

Date	Event	Current Report
February 7, 2024	**Decision of the Central Securities Depository of Poland, KDPW on the registration of series U shares and the date of registration of those shares** Krajowy Depozyt Papierów Wartościowych S.A. (Central Securities Depository of Poland, KDPW) released an announcement about the date of registration in the securities depository of 45,655 series U ordinary bearer shares of the Company (February 9, 2024) in connection with the de-registration of series A convertible bonds of the Company (marked with the code PLO228300011), which carried the exercised right to acquire the Shares. On February 9, 2024, the Shares are to be registered in the KDPW under the ISIN: PLXTPL000059.	ESPI Current Report No. 10/2024 of February 7, 2024
February 13, 2024	**Acquisition of rights under series U shares and a change in the share capital** The Company received information that on February 12, 2024, series U shares of the Company were recorded on the issue sponsor's account kept by Dom Maklerski Navigator S.A. As a result, rights to 45,655 series U shares of the Company were granted and the Company's share capital changed. On recording the 45,655 series U shares of the Company on the issue sponsor's account, the Company's share capital was increased by PLN 4,565.50, i.e. from PLN 230,422.20 to PLN 234,987.70 and as at the date of publication of this report it is divided into 2,349,877 ordinary bearer shares.	ESPI Current Report No. 11/2024 of February 13, 2024
February 19, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in South Korea** The Issuer and YES01, Youngil Education System Co., Ltd. based in South Korea signed a non-exclusive distribution agreement for the Issuer's technological solutions. Under the agreement, the distributor will advertise and sell XTPL's technological solutions in South Korea. The purpose of the partnership is to support XTPL in searching for broader applications for its technologies and products at technology corporations, R&D centers and scientific institutions, with a focus on introducing semiconductor, electronics and optoelectronics solutions. YES01 is a leading provider of solutions related to additive technology and 3D printing and electronics devices in South Korea. As part of the cooperation, the distributor will promote XTPL solutions among its current and new customers.	ESPI Current Report No. 12/2024 of February 19, 2024

Date	Event	Current Report
March 20 and 25, 2024	**Admission and conditional introduction of series U shares to trading on the regulated market; assimilation of series U shares in Central Securities Depository of Poland** The Management Board of the Warsaw Stock Exchange (WSE) adopted a resolution on the admission of 45,655 series U ordinary bearer shares of the Company to trading on the regulated market operated by the WSE and on the conditional introduction of the Shares to trading on the Regulated Market as of March 27, 2024. The Shares were introduced to trading on the regulated market provided that the Central Securities Depository assimilates them, on March 27, 2024, in the securities depository with the listed shares of the company marked with code "PLXTPL000018". On March 25, 2024, the Company received information that on March 22, 2024, the Central Securities Depository of Poland (KDPW) announced that the date registration of 45,655 series U ordinary bearer shares of the Company marked with the ISIN code PLXTPL000018 in the securities register had been set to March 27, 2024.	ESPI Current Report No. 15/2024 of March 22, 2024 ESPI Current Report No. 16/2024 of March 25, 2024
March 25, 2024	**Recognition of patent protection by the Intellectual Property Office of Taiwan** The Company received information about the approval by the Intellectual Property Office of Taiwan of its patent claims for the invention "Method for forming structure upon a substrate". The application procedure for this patent was initiated on March 21, 2017. This is also the date when patent protection started for the invention.	ESPI Current Report No. 17/2024 of March 25, 2024
March 29, 2024	**Sale of the Delta Printing System to an industrial customer in California, USA** The Company confirmed the order placed by a new industrial customer based in California, USA for the delivery of the Delta Printing System ("DPS"). The DPS will be used in work on advanced packaging in integrated microelectronic devices. This is the fourth sale of a DPS device in the United States.	ESPI Current Report No. 18/2024 of March 29, 2024

3.7.8 Events occurring after the Balance Sheet Date

Date	Event	Current Report
April 9, 2024	**Recognition of patent protection by the Korean Intellectual Property Office (KIPO)** The Company received information about the approval by the Korean Intellectual Property Office of its patent claims for the "Fluid printing apparatus" invention. The application procedure for this patent was initiated on February 1, 2019. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 20/2024 of April 9, 2024.
April 9, 2024	**Recognition of patent protection by the Korean Intellectual Property Office (KIPO)** The Company received information about the approval by the Korean Intellectual Property Office of its patent claims for "Method of printing fluid" invention. The application procedure for this patent was initiated on February 1, 2019. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 21/2024 of April 9, 2024.

Date	Event	Current Report
April 17, 2024	**Sale of another module for industrial implementation as part of an ongoing implementation project. The buyer is HB Technology from South Korea.** The Management Board of XTPL S.A. reports that on April 17, 2024 it confirmed the acceptance of an order the delivery of another industrial module as part of a project aimed at industrial implementation in the display industry conducted together with HB Technology.	ESPI Current Report No. 22/2024 of April 17, 2024.
April 24, 2024	**First sale of a module for industrial use to a partner in China. The printing module will be delivered to one of the key manufacturers of machines for the modern display industry on the Chinese market.** The Company reports that on April 24, 2024 it confirmed the acceptance of an order for the delivery of a printing module for industrial integration for a partner from China.	ESPI Current Report No. 24/2024 of April 24, 2024.
May 7, 2024	**Sale of Delta Printing System to the Italian Institute of Technology in Pisa** The Company reports that on May 6, 2024 the Company confirmed an order placed by the Italian Institute of Technology (Istituto Italiano di Tecnologia) [“IIT”] for the delivery of a Delta Printing System device.	ESPI Current Report No. 25/2024 of May 7, 2024
May 9, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Management Board of XTPL S.A. reports that on May 7, 2024 the Company received information about patent approval for the invention “Method of forming an electrically conductive feature traversing a microscopic step and related apparatus” by the United States Patent and Trademark Office. The application procedure for this patent was initiated on March 23, 2021. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to	ESPI Current Report No. 26/2024 of May 9, 2024

Date	Event	Current Report
	the Issuer's technological solutions for the next generation electronics market.	
May 10, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in France** The Management Board of XTPL S.A. reports on May 10, 2024, a non-exclusive agreement for the distribution of the Issuer's technological solutions was signed between the Issuer and CDS ELECTRONIQUE based in France ["CDS ELECTRONIQUE", "Distributor"]. Under the agreement, the Distributor will advertise and sell XTPL's technological solutions from the High Performance Materials (HPM) business line in France. The purpose of the partnership is to support XTPL in acquiring new applications for its technologies and products at technology corporations, R&D centers and scientific institutions, with a focus on introducing electronics, semiconductor and advanced PCB solutions. This is a step that will enable the Company to even better meet the needs of XTPL customers on the European market.	ESPI Current Report No. 27/2024 of May 10, 2024
May 17, 2024	**Patent approval by the Japanese Patent Office.** The Company reports that on May 17, 2024, it received information about the approval of a patent by the Japanese Patent Office for the invention "Methods of dispensing a metallic nanoparticle composition form a nozzle onto a substrate". The application procedure for the patent was initiated on July 28, 2020. This is also the date when patent protection started for the invention. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 28/2024 of May 17, 2024

3.7.9 Industry and investor events after the Balance Sheet Date

After the Balance Sheet Date, on April 26, 2024, the Company organized two video earnings calls for investors and all capital market stakeholders to recap 2023. The meetings were attended by the Management Board of XTPL. The first meeting was held in Polish and the second in English. During both videoconferences, XTPL's Management Board presented the Company's financial and operating results for 2023 and the key events and achievements of the that period.

The Company is analyzing further investor events during which it will be able to actively present its achievements in 2024 with respect to technology and commercialization, financial performance and development prospects. In the coming months, the Company will attend, among other events, the WallStreet 28 conference to be held on June 7-9 this year, the largest event for individual investors in Poland, organized by the Association of Individual Investors. During the conference, the Company will make presentations, participate in a panel discussion and conduct talks with investors, media and all XTPL stakeholders attending the event.

In addition, the Company focuses on regular communication with the capital market, including through a constantly updated website with a separate investor relations section where current information materials are posted (including press releases and presentations) and through the publication of selected video materials on YouTube. Furthermore, the Company tries to provide fast and reliable answers to the questions received from individual investors. In order to facilitate contact with the Company, the "Contact" tab on the investor relations site contains contact details for institutional investors, analysts and journalists.

3.8 FINANCIAL PERFORMANCE

3.8.1 Principles for drafting the quarterly financial statements

3.8.2 General information and basis of preparation

The quarterly condensed financial statements of XTPL Group (standalone and consolidated financial statements) cover the period of three months ended March 31, 2024, and the comparative data for the period of three months ended March 31, 2023. They were prepared using the historical cost convention. The financial statements have been prepared on the assumption that the Company will continue in operation for at least a year from the Report Date.

At the date of approval of these financial statements, the Management Board has not identified any circumstances which would point to a risk to continuity of operations in the above period.

The financial statements do not contain all the information and disclosures required of annual financial statements and should be read jointly with the annual financial statements of XTPL S.A. for 2023 as published on April 25, 2024.

The financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34 Interim Financial Reporting and in accordance with the Finance Minister's Ordinance on current and financial information.

3.8.2.1 Currency of the financial statements

The functional currency and reporting currency of the financial statements is the Polish zloty (PLN), and the data contained in the financial statements are presented in thousands of Polish zlotys.

3.8.2.2 Exchange rates used in the financial statements

	January – March 2024		January – March/ December 2023	
exchange rates used in the financial statements	**EUR**	**USD**	**EUR**	**USD**
for balance sheet items	4.3009	3.9886	4.3480	3.9350
for profit or loss and cash flow items	4.3211	3.9941	4.7005	4.3630

3.8.2.3 Description of significant accounting principles

For the purpose of preparing the quarterly condensed financial statements, the same accounting principles have been used as in the last annual financial statements for 2023 published on April 25, 2024. There were no changes in the accounting policies or significant changes in estimates in the Reporting Period.

3.8.3 Factors and events, including extraordinary ones, having a significant impact on the condensed financial statements

None in the Reporting Period.

3.8.4 Achievement of financial forecasts

The Management Board's position regarding the possibility of achieving the previously published performance forecasts for a given year, in the light of the results presented in the Report in relation to the forecast results, i.e. preliminary estimates of consolidated revenues from the sale of products and services achieved by the Company in Q1 2024, published in ESPI Current Report No. 23/2024 of April 19, 2024: The preliminary data disclosed to the public were substantially in line with the actual data.

3.8.5 Factors which may affect the results in the subsequent quarters

Factors which may affect the Company's and the Group's operations and results in the following quarters:

- Signing commercial contracts, and progress of work on paid evaluation initiatives, licensing or joint-development agreements in relation to the Issuer's technology;
- Ability to protect and safeguard intellectual and industrial property, including the number and scope of submitted patent applications;

- Favorable trends in the electronics industry;
- Acquiring additional financing in the form of grants and subsidies supporting the Issuer's research and development activities;
- Economic consequences of the war in Ukraine;
- Situation in financial markets and development of the coronavirus pandemic.

3.9 OTHER INFORMATION

3.9.1 Impact of the SARS-CoV-2 pandemic on the Company's and Group's operations

As a result of the COVID-19 pandemic and due to administrative constraints, the Company developed a number of procedures that are triggered depending on the risk level. The Company is well prepared for remote work. The XTPL team members are provided with laptops and company phones with internet access. They can use the GSuite apps to smoothly continue work from home. Teamwork tools are also used to ensure work efficiency. Technological work is continued at the Company's headquarters while maintaining all sanitary requirements announced by state institutions.
The procedures do not inhibit business development. XTPL conducts proactive sales support activities, also through a network of distributors. All deliveries and installations of devices at clients' sites are carried out in line with the requirements in force in the target country.

3.9.2 Impact of the war in Ukraine on the Company's and Group's operations

The war in Ukraine did not change XTPL's operating model. The Company has not been affected by any impact of the conflict on the printed electronics market. In addition, the Company:

- Is not dependent on any raw material/ component supplies from the regions of Russia, Belarus or Ukraine;
- Does not conduct sales activities in the above markets; Likewise, the Company's business strategy does not envisage sales to those countries going forward;
- Does not have any on-site or remote collaborators from those countries;
- Is exporter of goods denominated mainly in EUR, so it is not exposed to negative effects of depreciation of the zloty;
- Has not received any information from business partners from countries other than those mentioned above about their plans to introduce changes in their business activities that could adversely affect XTPL.

The Company has identified the risk that the war might impact its operations indirectly by affecting the global economy in terms of:

- reduced availability of raw materials and the related lower availability of materials and components;
- supply chain difficulties due to limitations in air transport.

The Company and its employees undertook a number of activities to help Ukrainian war refugees:

- Introduced an additional day off per month for volunteering for all employees
- Published job ads on a portal dedicated to Ukrainian refugees
- Collected toys and essential items for children from an Ukrainian orphanage who came to Poland
- Offered accommodation to Ukrainian refugees
- Sewed clothes for children from Ukraine
- Helped in sorting donations at local help centers
- Donated computer equipment to the crisis management center that helps refugees
- Helped in transporting Ukrainian citizens from the railway station to their place of accommodation
- Provided material support to Ukrainian soldiers
- Paid contributions to verified fundraisers.

3.9.3 Agreements that in the future might affect the proportion of shareholdings

In April 2019, the Company adopted an incentive scheme for key employees and collaborators of the Group, including for Management Board Members. The incentive scheme is based on existing series L and P shares and subscription warrants. The scheme might bring about changes in the proportions of shares held by shareholders. As at the Report Date, the scheme participants were granted rights to subscribe for 98,320 subscription warrants, as a result of which they could potentially take up 98320 shares of the Company. The maximum pool of subscription warrants that can be granted under the scheme is 182,622, which will entitle their holders to take up 182,622 shares of the Issuer.

3.9.4 Branches

Not applicable. Neither the Parent Company nor its Subsidiary have any branches.

3.9.5 Non-arm's length transactions with related entities

Not applicable. As part of the group, no transaction was made with any related party on non-commercial terms.

3.9.6 Proceedings before courts and other bodies

No significant judicial, arbitration or administrative proceedings are pending in relation to liabilities or receivables of the Issuer or its Subsidiaries.

3.9.7 Guarantees given

Not applicable. Neither the Issuer nor its Subsidiary provided any guarantees in the Reporting Period.

3.9.8 Explanation of seasonality or business cycles

Not applicable. The Group's activity is not subject to seasonality or business cycles.

3.9.9 Acquisition of own shares

Not applicable. None in the Reporting Period.

3.9.10 Financial instruments

Not applicable. Neither the Parent Company nor its Subsidiaries use financial instruments in relation to the price risk, credit risk, risk of material disruption of cash flows or financial liquidity risk.

3.9.11 Other information that in the Issuer's opinion is important for the assessment of its personnel, property and financial position, financial results and their changes, as well as information that is important for assessing the Issuer's ability to meet its obligations

The Issuer has included all relevant information in the appropriate sections of the Report.

SHAREHOLDING STRUCTURE

4. SHAREHOLDING STRUCTURE

4.1 Significant shareholdings

As at the Balance Sheet Date, the shareholding structure was as follows (shareholders holding at least 5% of the total number of votes at the General Meeting):

Ref.	Shareholder	Number of shares held	% of all shares	Number of votes	% of all votes
1.	Filip Granek, PhD	328,498	13.98	328,498	13.98
2.	Deutsche Balaton Group*	336,939	14.34	336,939	14.34
3	Leonarto Funds SCSp.	257,564	10.96	257,564	10.96
4	ACATIS Investment	234,692	9.99	234,692	9.99
5	Sebastian Młodziński	154,998	6.60	154,998	6.60
6	Esaliens TFI SA	120,776	5.14	120,776	5.14
7	Others	916,410	39.00	916,410	39.00
	TOTAL	**2,349,877**	**100.0%**	**2,349,877**	**100.0%**

** Deutsche Balaton AG and Heidelberger Beteiligungsholding AG*

As at the Report Date, the shareholding structure was as follows (shareholders holding at least 5% of the total number of votes at the General Meeting):

Ref.	Shareholder	Number of shares held	% of all shares	Number of votes	% of all votes
1.	Filip Granek, PhD	328,498	13.98	328,498	13.98
2.	Deutsche Balaton Group*	336,939	14.34	336,939	14.34
3	Leonarto Funds SCSp.	257,564	10.96	257,564	10.96
4	ACATIS Investment	234,692	9.99	234,692	9.99
5	Sebastian Młodziński	154,998	6.60	154,998	6.60
6	Esaliens TFI SA	120,776	5.14	120,776	5.14
7	Others	916,410	39.00	916,410	39.00
	TOTAL	**2,349,877**	**100.0%**	**2,349,877**	**100.0%**

Since the date of submission of the previous financial report by the Issuer, i.e. submission of the financial report for 2023 on April 25, 2024, there have been no changes in the ownership significant shareholdings.

4.2 Shares held by members of management and supervisory bodies

Ref.	Name	Role	Shares held as at 31 March 2024	Shares held as at the Report Date
1.	Filip Granek, PhD	CEO	328,498	328,498
2.	Jacek Olszański	Management Board Member	9,250	9,250
3.	Wiesław Rozłucki. PhD	Chairman of the Supervisory	–	–
4.	Bartosz Wojciechowski, PhD	Deputy Chairman of the Supervisory Board	1,240	1,240
5.	Prof. Herbert Wirth	Supervisory Board Member	–	–
6.	Piotr Lembas	Supervisory Board Member	–	–
7.	Beata Turlejska	Supervisory Board Member	–	–

CONDENSED STANDALONE FINANCIAL STATEMENTS

5. CONDENSED STANDALONE FINANCIAL STATEMENTS

5.1 Condensed standalone statement of financial position

ASSETS	NOTE	31.03.2024	31.12.2023
Non-current assets		**15,674**	**14,654**
Property, plant and equipment		5,168	5,072
Intangible assets		10,458	9,549
Long-term receivables		48	33
Current assets		**27,073**	**32,165**
Inventories		3,070	1,830
Trade receivables		2,052	1,193
Other receivables		3,084	2,914
Cash and cash equivalents		18,420	26,043
Other assets		447	185
Total assets		**42,747**	**46,819**

EQUITY AND LIABILITIES	NOTE	31.03.2024	31.12.2023
Total equity		**30,122**	**32,479**
Share capital		235	230
Supplementary capital		39,458	36,084
Reserve capital		2,386	2,792
Retained earnings, including:		-11,957	-6,627
- current period profit/loss		*-5,330*	*-6,255*
Long-term liabilities		**4,805**	**4,970**
Long-term financial liabilities		122	169
Deferred income in respect of grants		4,683	4,801
Short-term liabilities		**7,820**	**9,370**
Trade liabilities		2,671	1,947
Short-term financial liabilities		409	3,980
Other liabilities		2,866	1,797
Deferred income in respect of grants		1,874	1,646
Total equity and liabilities		**42,747**	**46,819**

5.2 Condensed standalone statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME PLN'000	NOTE	1.01.2024 - 31.03.2024	1.01.2023 31.03.2023
Continued operations			
Sales	12	**2,866**	**3,580**
Revenues from the sale of products and services	26	2,748	2,975
Revenue from grants	13	118	605
Cost of sales		**4,463**	**1,954**
Research and development expenses	14	2,677	1,324
Cost of finished goods sold		1,786	630
Gross profit (loss)		**-1,597**	**1,626**
Marketing and selling costs		1,274	565
General and administrative expenses	14	2,491	1,252
Other operating income		1	–
Other operating costs		3	1
Operating profit (loss)		**-5,365**	**-192**
Financial revenues		71	9
Financial expenses		36	118
Profit/ loss before tax		**-5,330**	**-301**
Income tax		–	–
Net profit (loss) on continued operations		**-5,330**	**-301**
Discontinued operations		**–**	**–**
Net profit (loss) on discontinued operations		–	–
Net profit (loss) on continued and discontinued operations		**-5,330**	**-301**
Other comprehensive income		**–**	**–**
Total comprehensive income		**-5,330**	**-301**
Net profit (loss) per share (in PLN)			
On continued operations			
Ordinary		-2.27	-0.15
Diluted		-2.27	-0.15
On continued and discontinued operations			
Ordinary		-2.27	-0.15
Diluted		-2.27	-0.15
number of shares to calculate ordinary profit (loss) per share		2,349,877	2,029,222
number of shares to calculate diluted profit (loss) per share *		2,349,877	2,074,877

* number of shares reflecting the conversion of convertible bonds into shares

5.3 Condensed unconsolidated statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	Share capital	Supplementary capital	Reserve capital	Retained profit (loss	Total
As at January 1, 2024	**230**	**36,084**	**2,792**	**-6,627**	**32,479**
Comprehensive income:	**–**	**–**	**–**	**-5,330**	**-5,330**
Profit (loss) after tax	–	–	–	-5,330	-5,330
Transactions with owners:	**5**	**3,374**	**-406**	**–**	**2,973**
Issue of shares	5	3,374	–	–	**3,379**
Incentive scheme	–	–	–	–	–
Bond valuation	–	–	-406	–	-406
As at March 31, 2024	**235**	**39,458**	**2,386**	**-11,957**	**30,122**
As at January 1, 2023	**203**	**1,531**	**5,048**	**-2,629**	**4,153**
Comprehensive income:	**–**	**–**	**–**	**-301**	**-301**
Profit (loss) after tax	–	–	–	-301	-301
Transactions with owners:	**–**	**–**	**–**	**–**	**–**
Incentive scheme	–	–	–	–	–
As at March 31, 2023	**203**	**1,531**	**5,048**	**-2,930**	**3,852**

5.4 Condensed unconsolidated statement of cash flows

STATEMENT OF CASH FLOWS PLN' 000	1.01.2024 31.03.2024	1.01.2023 31.03.2023
Cash flows from operating activities		
Profit (loss) before tax	**-5,330**	**-301**
Total adjustments:	**-8**	**-501**
Depreciation/amortization	668	270
FX gains (losses)	3	16
Interest and profit distributions (dividends)	-36	79
Profit (loss) on investing activities	–	-7
Change in the balance of provisions	198	126
Change in the balance of inventories	-1,240	-551
Change in the balance of receivables	-1,047	-2,185
Change in short-term liabilities, except bank and other loans	1,596	1,431
Change in prepayments/accruals	-150	320
Income tax paid	–	–
Other adjustments	–	–
Total cash flows from operating activities	**-5,338**	**-802**
Cash flows from investing activities		
Inflows	**70**	**180**
Disposal of tangible and intangible assets	–	–
Repayment of long-term loans	–	180
Interest on financial assets	70	–
Outflows	**1,673**	**1,225**
Acquisition of tangible and intangible fixed assets	1,673	1,225
Acquisition of financial assets	–	–

Long-term loans granted	–	–
Other investment outflows	–	–
Total cash flows from investing activities	**-1,603**	**-1,045**
Cash flows from financing activities		
Inflows	**–**	**–**
Contributions to capital	–	–
Bank and other loans	–	–
Issue of bonds	–	–
Outflows	**679**	**325**
Acquisition of own shares	–	–
Payment of dividend	–	–
Repayment of bank and other loans	–	–
Lease payments	73	286
Interest	409	39
Total cash flows from financing activities	**-679**	**-325**
Total cash flows from investing activities	**-7,620**	**-2,172**
Change in cash and cash equivalents:	**-7,623**	**-2,180**
– change in cash due to FX differences	3	8
Cash and cash equivalents at the beginning of the period	**26,044**	**5,920**
Cash and cash equivalents at the end of the period, including:	**18,424**	**3,748**
– restricted cash	–	–

5.5 Notes

Note 1 Intangible assets

OTHER INTANGIBLE ASSETS	PLN' 000	31.03.2024	31.12.2023
Acquired concessions, patents, licenses and similar rights		–	–
Intellectual property rights		–	–
Other intangible fixed assets		762	507
Completed development		1,936	2,029
In-process development expenditure		7,760	7,013
Total (net)		**10,458**	**9,549**
Previous amortization		**1,014**	**2,015**
Total (gross)		**11,472**	**11,564**

All intangible assets are the property of the Company; none of these assets are used based on any rental, lease or a similar contract. The intangible assets are not used as collateral. As at March 31, 2024, the Company did not have any agreements whereby it would be required to purchase any intangible assets. In Q1 2024 and 2023, no impairment charges were posted for intangible assets.
Under the item "'Other intangible assets" as at December 31, 2023 and March 31, 2024, the Company presents expenses incurred since 2023 related to the construction of integrated software and the website of the Parent Company. The assets were not put into use by March 31, 2024.

Note 2. Significant acquisitions of tangible assets

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS PLN '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.12.2023
XTPL printers, 3D	933	821
Computer sets	148	268
Rheometer	–	–
Laser measuring system	–	–
Centrifuge	–	–
Anti-vibration system	–	–
Server with software	–	–
Pressure control system and other	–	17
Confocal microscope	–	–
Other laboratory equipment	3	163
Movement system and components of the gantry system	–	2,470
Office equipment	–	73
Total significant acquisitions	**1,084**	**3,812**

Note 3. Significant liabilities on account of purchase of tangible assets

In the reporting period, the Company did not incur any significant liabilities on account of purchase of tangible assets.

Note 4. Changes in the classification of financial assets as a result of a change in the purpose or use of these assets

In the reporting period no changes were made in the classification of financial assets.

Note 5. Impairment allowance for financial assets, tangible assets, intangible assets or other assets and reversal of the impairment allowance

In the reporting period impairment no allowances for financial assets, tangible assets, intangible assets or other assets were created or reversed.

Note 6. Long-term receivables

Long-term receivables	PLN' 000 March 31, 2024	December 31, 2023
Loans granted	–	–
Security deposits	48	33
Shares	–	–
Total long-term receivables	**48**	**33**

Note 7. Write-down of inventories to their net recoverable amount and reversal of the write-down

In the Reporting Period, no write-down (impairment allowance) of inventories was created or reversed.

Note 8. Change in the balance of provisions

CHANGE IN THE BALANCE OF PROVISIONS	PLN' 000	01.01.2024 - 31.03.2024	01.01.2023 - 31.12.2023
Balance at the beginning of the period		**459**	**272**
increased/ created		657	187
utilization		–	–
release		459	–
Balance at the end of the period		**657**	**459**

In the reporting period, no provisions for restructuring costs were released.

Note 9. Transfers between individual fair value hierarchy levels in respect of financial instruments

In the reporting period no transfers took place between individual fair value hierarchy levels in respect of financial instruments.

Note 10. Fair value of the individual classes financial assets and liabilities

PLN' 000	Category as per IFRS 9	Book value		Fair value	
		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Financial assets					
Loans granted	WwgZK	–	144	–	144
Trade receivables	WwgZK	2,052	1,193	2,052	1,193
Other receivables	WwgZK	2,939	2,770	2,939	2,770
Cash and cash equivalents	WwgZK	18,420	26,043	18,420	26,043
Total		**23,411**	**30,150**	**23,411**	**30,150**
Financial liabilities					
Interest bearing bank and other loans	PZFwgZK	–	196	–	196

Bond liabilities	WwWGpWF	–	3,348	–	3,348
Lease liabilities	according to IFRS 16	531	604	531	604
Trade liabilities	PZFwgZK	2,671	1,947	2,671	1,947
Other liabilities	PZFwgZK	2,867	1,797	2,867	1,797
Total		**6,069**	**7,892**	**6,069**	**7,892**

Abbreviations used:
WwgZK – Measured at amortized cost
PZFwgZK – Other liabilities measured at amortised cost
WwWGpWF – Financial assets/ liabilities measured at fair value through profit or loss

Fair value of financial instruments that the Company held as at the Balance Sheet Date and December 31, 2023 was not materially different from the values presented in the financial statements. This is because:

– with regard to short-term instruments, the potential effect of the discount is not material;

– the instruments relate to the transactions concluded on market terms.

Bond liabilities were measured at fair value due to the fact that they represent complex financial instruments, as series A registered bonds are convertible into series U shares of the Company. At the initial recognition, the value of the complex financial instrument was assigned to equity and to liabilities.

Note 11. Explanations to the statement of cash flows

Presented below are explanations to selected items of the statement of cash flows.

Reconciliation of the profit-before-tax disclosed in the statement of cash flows

	PLN' 000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
PBT presented in the statement of comprehensive income		-5,330	-301
PBT presented in the statement of cash flows		-5,330	-301

INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Realized interest on financing activities	409	39
Realized interest on investing activities	-70	–
Unrealized interest on financing activities	-373	42
Unrealized interest on investing activities	–	-2
Total interest and dividends:	**-34**	**79**

CHANGE IN THE BALANCE OF RECEIVABLES	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Change in the balance of trade receivables	-862	-1,262
Other receivables	-185	-923
Total change in the balance of receivables	**-1,047**	**-2,185**

CHANGE IN THE BALANCE OF LIABILITIES	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Change in the balance of trade liabilities	724	382
Other liabilities	872	1,049
Total change in the balance of liabilities:	**1,596**	**1,431**

Cash and cash equivalents at the end of the period	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Statement of cash flows	18,424	3,748
Statement of financial position	18,420	3,711

In the statement of cash flows the Company recognizes inflows and expenses related to received grants to its operating activities.

Note 12. Net revenue from sales

NET REVENUE FROM SALES	PLN' 000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Research and development revenue		23	1,595
Revenues from the sale of products and services		2,725	1,380
Revenue from grants		118	605
Total net revenue from sales		**2,866**	**3,580**

Note 13. Grants

Inflows from grants	PLN' 000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
– to operations		118	605
– to assets		–	–
Total inflows from grants		**118**	**605**

The note presents proceeds from the reimbursement of costs incurred. Additionally, during this period, the company recorded an inflow to the bank account in respect of its refund request for the amount of PLN 228 thousand.

Note 14. Operating costs

OPERATING COSTS	PLN '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Depreciation/ amortization, including		668	270
– depreciation of tangible assets		576	175
– amortization of intangible assets		92	95
Use of raw materials and consumables		1,527	863

External services	2,431	799
Cost of employee benefits	3,179	1,539
Taxes and charges	158	21
Other costs by type	266	278
Value of goods and materials sold	–	–
Total costs by type, including:	**8,229**	**3,770**
Items reported as research and development costs	2,677	1,324
Items reported as cost of finished goods sold	1,786	630
Items reported as selling and marketing costs	1,275	565
Items reported as general and administrative expenses	2,429	1,251
Change in finished goods		
Cost of producing services for internal needs of the entity	–	–

Note 15. Related party transactions

01.01.2024 - 31.03.2024	PLN' 000	To associates	To joint ventures	To key management personnel*	to other related entities **
Purchase of services		–	–	–	180
Sale of services		–	–	–	4
Loans granted		–	–	–	–
Financial expenses – interest on loans		–	–	–	–

01.01.2023 - 31.03.2023	PLN' 000	To associates	To joint ventures	To key management personnel*	to other related entities **
Purchase of services		–	–	–	180
Loans granted		–	–	–	–
Financial expenses – interest on loans		7	–	–	1

** the item includes persons who have the authority and responsibility for planning, managing and controlling the company's activities*

*** the item includes entities linked through key management*

Sales to and purchases from related parties are made on an arm's length basis. Any overdue liabilities/ receivables existing at the end of the period are interest-free and settled on cash or non-cash basis. The company does not charge late interest from other related entities. Receivables from or liabilities to related parties are not covered by any guarantees given or received. They are not secured in any other way either.

Note 16. Deferred tax

Deferred tax liability caused by positive temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income
	31.03.2024	31.03.2023	01.01.2024 - 31.03.2024
In respect of:			
Interest on loans and deposits	–	–	–
The value of tangible asset (leased item)	101	243	-35
Loan valuation	–	–	–
Total deferred tax liability	101	243	-35
Set-off against deferred tax assets	-101	-243	35
Net deferred tax liability	–	–	–

Deferred income tax assets due to negative temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income
	31.03.2024	31.03.2023	01.01.2024 - 31.03.2024
Due to differences between the tax value and the carrying amount:			
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	–	-7	-3
Accruals for unused annual leaves	38	76	-49
Provision for the cost external services	7	196	-39
Loan valuation	–	1	–
Total deferred tax assets	**45**	**266**	**-91**
Set-off against a deferred tax liability	101	243	-35
Net deferred tax assets	**–**	**–**	**–**

Note 17. Objectives and rules of financial risk management

The Company is exposed to risk in each area of its operations. With understanding of the threats that originate through the Company's exposure to risk and the rules for managing these threats the Company can run its operations more effectively. Financial risk management includes the processes of identification, assessment, measurement and management of this risk. The main financial risks to which the Company is exposed include:

Market risks:
- The risk of changes in market prices (price risk)
- The risk of changes in foreign exchange rates (currency risk)
- The risk of changes in interest rates (interest rate risk)
- Liquidity risk
- Credit risk.

The risk management process is supported by appropriate policies, organisational structure and procedures.

MARKET RISK

The company actively manages the market risk to which it is exposed. The objectives of the market risk management process are to:

- limit the volatility of pre-tax profit/loss
- increase the probability of achievement of the budget plan
- maintain the Company in good financial condition
- support the strategic decision-making process in the area of investment activity taking into account the sources of investment financing

All market risk management objectives should be considered jointly, and their primarily dependent on the Company's internal situation and market conditions.

PRICE RISK

In the Reporting Period, the Company did not invest in any debt instruments and, therefore, is not exposed to any price risk.

CURRENCY RISK

The Company is exposed to currency risk in respect of the transactions it concludes. Such risk arises when the entity makes purchases in currencies other than the valuation currency, mainly in USD and EUR.

Part of the Company's settlements is denominated in foreign currencies. As at March 31, 2024, the Company has assets denominated in foreign currencies, which include trade receivables. The value of the Company's liabilities in foreign currencies as at the balance sheet date relates to trade liabilities. Therefore, there is a risk related to the negative impact of FX changes on the financial results achieved by the Company. In order to mitigate the possible effects of exchange rate fluctuations, the Company monitors the current exchange rates on an ongoing basis.

Rate prevailing on the last day of the year:	**31.03.2024**	**31.12.2023**
1 EUR / 1 PLN	4.3009	4.3480
1 USD / 1 PLN	3.9886	3.9350

Average rate, calculated as the arithmetic mean of the rates applicable on the last day of each month in the period:	**01.01.2024 31.03 2024**	**01.01.2023 31.03 2023**
1 EUR / 1 PLN	4.3211	4.7005
1 USD / 1 PLN	3.9941	4.3630

Presented below is the estimated impact on the Company's financial result of a potential adverse change in the value of PLN in relation to EUR and USD in relation to the carrying amounts as at March 31, 2024:

	As at 31.03.2024 in currency	As at 31.03.2024 in PLN	Estimated rate change in %	Effects of changes in exchange rates in PLN
Trade receivables in currency:				
EUR	182	808	+/- 5%	+/- 40
USD	222	879	+/- 5%	+/- 44
Trade liabilities in currency:				
EUR	22	100	+/- 5%	+/- 5
USD	14	56	+/- 5%	+/- 3

INTEREST RATE RISK

Deposit transactions are made with institutions with a strong and stable market position. The instruments used – short-term, fixed-rate transactions – ensure full security. Consequently, the recent interest rate hikes do not affect the Company's operations. Consequently, the Company did not apply interest rate hedges, considering that interest rate risk is not significant for its business.

LIQUIDITY RISK

The Company monitors the risk of a lack of funds using the periodic liquidity planning tool. This tool takes into account the maturity dates of both investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operating activities.

The Company seeks to maintain a balance between continuity and flexibility of financing by using different sources of financing, such as lease agreements.
The Company is exposed to financing risk due to the possibility that in the future it might not receive sufficient cash to fund commercialization of its research and development projects.
In the Reporting Period, the Company had a PLN 2,400 thousand overdraft agreement. The facility was used rarely and for a short term only.

CREDIT RISK

In order to mitigate the credit risk related to cash and cash equivalents deposited in banks, loans granted, deposits paid in respect of rental contracts and performance security as well as trade credit, the Company:

• cooperates with banks and financial institutions with a known financial position and established reputation
• analyzes the financial position of its counterparties based on publicly available data as well as through business intelligence agencies

Note 18. Material settlements on account of court cases

At the reporting date there are no court proceedings pending whose value would be considered material. Furthermore, in the period covered by the interim report no material settlements were made on account of court cases.

Note 19. Information about changes in the economic position and operating conditions which might have a material impact on the fair value of the Company's financial assets and liabilities, whether those assets and liabilities are recognized at fair value or at adjusted purchase price (amortized cost)

In the period from January 1, 2024 to March 31, 2024, no significant changes were identified in the economic position or operating conditions which would have a material impact on the fair value of the Company's financial assets and liabilities.

Note 20. Information about changes in contingent liabilities and contingent assets and non-disclosed liabilities arising from contracts in relation to the last reporting period

Contingent liabilities granted by the Parent Company were in the form of promissory notes together with promissory note declarations to secure the contracts for co-financing projects financed by the EU as well as a lease agreement.

The change in the value of contingent liabilities in relation December 31, 2023 amounts to PLN 228 thousand. It is caused by the payment of the next two tranches of grants and advances for grants totalling PLN 228 thousand. At the Balance Sheet Date and until the date of approval of the financial statements for publication, no events occurred that could result in materialisation of the above contingent liabilities. As at the date of approval of the financial statements there were no undisclosed liabilities resulting from any agreements of material value.

CONTINGENT LIABILITIES	31.03.2024 PLN' 000	31.12.2023 PLN' 000
Promissory notes	22,753	22,525
Total contingent liabilities	**22,753**	**22,525**

Note 21. Incentive scheme

In the Reporting Period, in the statement of comprehensive income the Company did not account for or recognize the cost of the incentive scheme for employees and collaborators based on the Parent Company's shares.

Note 22. Information about seasonality of business and cycles

The Company's activity is not subject to seasonality or business cycles.

Note 23. Extraordinary factors which occurred in the reporting period with an indication of their impact on the financial statements

In the reporting period, no extraordinary events occurred that would affect the financial statements.

Note 24. Information on issue, redemption and repayment of debt and equity securities

In the reporting period no events took place in connection with an issue, redemption or repayment of debt or equity securities.

Note 25. Dividend paid or declared, in total and per share, with a division into ordinary and preference shares

In the reporting period the Company did not pay or declare any dividends.

Note 26. Operating segments

SEGMENT	01.01.2024 - 31.03.2024 PLN' 000	01.01.2023 - 31.03.2023 PLN' 000
Sale and lease of printers	2,542	1,316
Research and development services	23	1,595
Inks and other consumables	183	64
TOTAL	**2,748**	**2,975**

Note 27. Information on default on any bank and other loans or a breach of material provisions of bank and other loan agreements where no remedial actions have been taken before the end of the reporting period

No such events occurred in the reporting period.

Note 28. Effect of application of new accounting standards and changes in accounting policy

The accounting policies that were used in preparation of these financial statements for the first quarter of 2024 are consistent with the policies used in preparation of the Company's financial statements for 2023. The same policies were applied for the current and comparative period. Detailed description of the accounting principles adopted by XTPL S.A. and XTPL Group was presented in the annual financial statements for 2023.

Note 29. Types and amounts of changes in estimates presented in prior interim periods of the present financial year or changes to estimates presented in prior financial years

In the reporting period no changes in estimates were made.

Note 30. Correction of errors from previous periods

As at the Balance Sheet Date, no corrections were made on account of errors from previous periods.

Note 31. Date of approval of the financial statements for publication

This financial information for the period from January 1, 2024 to March 31, 2024 was approved for publication by the Company's Management Board on May 22, 2024.

Note 32. Events after the balance sheet date that have not been reflected in the interim financial statements

Date	Event	Current Report
April 9, 2024	**Recognition of patent protection by the Korean Intellectual Property Office (KIPO)** The Company received information about the approval by the Korean Intellectual Property Office of its patent claims for the "Fluid printing apparatus" invention. The application procedure for this patent was initiated on February 1, 2019. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 20/2024 of April 9, 2024.
April 9, 2024	**Recognition of patent protection by the Korean Intellectual Property Office (KIPO)** The Company received information about the approval by the Korean Intellectual Property Office of its patent claims for "Method of printing fluid" invention. The application procedure for this patent was initiated on February 1, 2019. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 21/2024 of April 9, 2024.

Date	Event	Current Report
April 17, 2024	**Sale of another module for industrial implementation as part of an ongoing implementation project. The buyer is HB Technology from South Korea.** The Management Board of XTPL S.A. reports that on April 17, 2024 it confirmed the acceptance of an order the delivery of another industrial module as part of a project aimed at industrial implementation in the display industry conducted together with HB Technology.	ESPI Current Report No. 22/2024 of April 17, 2024.
April 24, 2024	**First sale of a module for industrial use to a partner in China. The printing module will be delivered to one of the key manufacturers of machines for the modern display industry on the Chinese market.** The Company reports that on April 24, 2024 it confirmed the acceptance of an order for the delivery of a printing module for industrial integration for a partner from China.	ESPI Current Report No. 24/2024 of April 24, 2024.
May 7, 2024	**Sale of Delta Printing System to the Italian Institute of Technology in Pisa** The Company reports that on May 6, 2024 the Company confirmed an order placed by the Italian Institute of Technology (Istituto Italiano di Tecnologia) [“IIT”] for the delivery of a Delta Printing System device.	ESPI Current Report No. 25/2024 of May 7, 2024
May 9, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Management Board of XTPL S.A. reports that on May 7, 2024 the Company received information about patent approval for the invention “Method of forming an electrically conductive feature traversing a microscopic step and related apparatus” by the United States Patent and Trademark Office. The application procedure for this patent was initiated on March 23, 2021. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to	ESPI Current Report No. 26/2024 of May 9, 2024

Date	Event	Current Report
	the Issuer's technological solutions for the next generation electronics market.	
May 10, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in France** The Management Board of XTPL S.A. reports on May 10, 2024, a non-exclusive agreement for the distribution of the Issuer's technological solutions was signed between the Issuer and CDS ELECTRONIQUE based in France ["CDS ELECTRONIQUE", "Distributor"]. Under the agreement, the Distributor will advertise and sell XTPL's technological solutions from the High Performance Materials (HPM) business line in France. The purpose of the partnership is to support XTPL in acquiring new applications for its technologies and products at technology corporations, R&D centers and scientific institutions, with a focus on introducing electronics, semiconductor and advanced PCB solutions. This is a step that will enable the Company to even better meet the needs of XTPL customers on the European market.	ESPI Current Report No. 27/2024 of May 10, 2024
May 17, 2024	**Patent approval by the Japanese Patent Office.** The Company reports that on May 17, 2024, it received information about the approval of a patent by the Japanese Patent Office for the invention "Methods of dispensing a metallic nanoparticle composition form a nozzle onto a substrate". The application procedure for the patent was initiated on July 28, 2020. This is also the date when patent protection started for the invention. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 28/2024 of May 17, 2024

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6.1 Condensed consolidated statement of financial position

ASSETS	NOTE	31.03.2024	31.12.2023
Non-current assets		**15,674**	**14,654**
Property, plant and equipment		5,168	5,072
Intangible assets		10,458	9,549
Long-term receivables		48	33
Current assets		**27,789**	**33,288**
Inventories		3,070	1,830
Trade receivables		2,058	1,203
Other receivables		2,941	2,771
Cash and cash equivalents		19,412	27,275
Other assets		308	209
Total assets		**43,463**	**47,942**

EQUITY AND LIABILITIES	NOTE	31.03.2024	31.12.2023
Total equity		**30,832**	**33,592**
Share capital		235	230
Supplementary capital		39,458	36,084
Own shares		-4	-4
Reserve capital		1,510	1,916
FX differences arising on translation		-22	-39
Retained earnings		-10,345	-4,595
Long-term liabilities		**4,805**	**4,970**
Long-term financial liabilities		122	169
Deferred income in respect of grants		4,683	4,801
Short-term liabilities		**7,826**	**9,380**
Trade liabilities		2,675	1,956
Short-term financial liabilities		409	3,980
Other liabilities		2,868	1,798
Deferred income in respect of grants		1,874	1,646
Total equity and liabilities		**43,463**	**47,942**

6.2 Condensed consolidated statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME PLN'000	NOTE	1.01.2024 - 31.03.2024	1.01.2023 31.03.2023
Continued operations			
Sales	12	**2,862**	**3,580**
Revenues from the sale of products and services	26	2,744	2,975
Revenue from grants	13	118	605
Cost of sales		**4,463**	**1,954**
Research and development expenses	14	2,677	1,324
Cost of finished goods sold		1,786	630
Gross profit (loss)		**-1,601**	**1,626**
Selling and marketing costs		1,686	598
General and administrative expenses	14	2,491	1,205
Other operating income		1	–
Other operating costs		3	1
Operating profit (loss)		**-5,780**	**-178**
Financial revenues		70	–
Financial expenses		36	111
Profit/ loss before tax		**-5,746**	**-289**
Income tax		4	1
Net profit (loss) on continued operations		**-5,750**	**-290**
Discontinued operations		**–**	**–**
Net profit (loss) on discontinued operations		–	–
Net profit (loss) on continued and discontinued operations		**-5,750**	**-290**
Profit (loss) attributable to non-controlling interests			
Profit (loss) attributable to shareholders of the parent		-5,750	-290
Other comprehensive income		**–**	**–**
		–	**–**
Items that can be transferred to profit or loss in subsequent reporting periods			
FX differences arising on conversion of foreign affiliates		**–**	**–**
Items that will not be transferred to profit or loss in subsequent periods		**–**	**–**
Total comprehensive income		**-5,750**	**-290**
Total comprehensive income attributable to non-controlling shareholders		**–**	**–**
Total comprehensive income attributable to the parent company		**-5,750**	**-290**
Net profit (loss) per share (in PLN)			
On continued operations			
Ordinary		-2.45	-0.14
Diluted		-2.45	-0.14
On continued and discontinued operations			
Ordinary		-2.45	-0.14
Diluted		-2.45	-0.14
number of shares to calculate ordinary profit (loss) per share		2,349,877	2,029,222

number of shares to calculate diluted profit (loss) per share *		2,349,877	2,074,877

6.3 Condensed consolidated statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	Share capital	Supplementary capital	Own shares	Reserve capital	FX differences arising on translation	Retained earnings	Non-controlling interests	Total
As at January 1, 2024	**230**	**36,084**	**-4**	**1,916**	**-39**	**-4,595**	**–**	**33,592**
Comprehensive income:	**–**	**–**	**–**	**–**	**17**	**-5,750**	**–**	**-5,733**
Profit (loss) after tax	–	–	–	–	–	-5,750	–	-5,750
Other comprehensive income	–	–	–	–	17	–	–	17
Transactions with owners:	**5**	**3,374**	**–**	**-406**	**–**	**–**	**–**	**2,973**
Issue of shares	5	3,374	–	–	–	–	–	3,379
Acquisition of own shares	–	–	–	–	–	–	–	–
Incentive scheme	–	–	–	–	–	–	–	–
Bond valuation	–	–	–	-406	–	–	–	-406
Non-controlling interests arising after taking control of XTPL Inc.	–	–	–	–	–	–	–	–
Acquisition of shares of XTPL Inc. without changing	–	–	–	–	–	–	–	–
Distribution of profit	–	–	–	–	–	–		–
As at March 31, 2024	**235**	**39,458**	**-4**	**1,510**	**-22**	**-10,345**	**–**	**30,832**
As at January 1, 2023	**203**	**1,531**	**-4**	**4,172**	**74**	**-2,001**	**–**	**3,975**
Comprehensive income:	**–**	**–**	**–**	**–**	**-1**	**-289**	**–**	**-290**
Profit (loss) after tax	–	–	–	–	–	-289	–	-289
Other comprehensive income	–	–	–	–	-1	–	–	-1
Transactions with owners:	**–**	**–**	**–**		**–**	**–**	**–**	**–**
Issue of shares	–	–	–		–	–	–	–
Incentive scheme	–	–	–		–	–	–	–
Distribution of profit	–	–	–	–	–	–	–	–
Value of conversion rights under convertible bonds	–	–	–	–	–	–	–	–
Take-over of control over a related party	–	–	–	–	–	–	–	–
As at March 31, 2023	**203**	**1,531**	**-4**	**4,172**	**73**	**-2,290**	**–**	**3,685**

6.4 Condensed consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS PLN' 000	1.01.2024 - 31.03.2024	1.01.2023 - 31.03.2023
Cash flows from operating activities		
Profit (loss) before tax	**- 5,746**	**-289**
Total adjustments:	**168**	**-369**
Depreciation/amortization	668	270
Write-off of goodwill	–	–
FX gains (losses)	20	7
Interest and profit distributions (dividends)	-36	38
Profit (loss) on investing activities	–	–
Change in the balance of provisions	197	126
Change in the balance of inventories	-1,239	-551
Change in the balance of receivables	-1,043	-2,005
Change in short-term liabilities, except bank and other loans	1,591	1,421
Change in prepayments/accruals	14	325
Income tax paid	4	1
Other adjustments	–	–
Total cash flows from operating activities	**-5,578**	**-659**
Cash flows from investing activities		
Inflows	**70**	**–**
Disposal of tangible and intangible assets	–	–
Repayment of long-term loans	–	–
Interest on financial assets	70	–
Other investment inflows	–	–
Outflows	**1,673**	**1,225**
Acquisition of tangible and intangible fixed assets	1,673	1,225
Acquisition of financial assets	–	–
Long-term loans granted	–	–
Other investment outflows	–	–
Total cash flows from investing activities	**-1,603**	**-1,225**
Cash flows from financing activities		
Inflows	**–**	**–**
Contributions to capital	–	–
Bank and other loans	–	–
Issue of bonds	–	–
Outflows	**679**	**325**
Acquisition of own shares	–	–
Payment of dividend	–	–
Repayment of bank and other loans	–	–
Finance lease payments	73	286
Interest	409	39
Total cash flows from financing activities	**-679**	**-325**

Total cash flows from investing activities	**-7,860**	**-2,209**
Change in cash and cash equivalents:	**13,402**	**-2,216**
– change in cash due to FX differences	-21,262	7
Cash and cash equivalents at the beginning of the period	**27,276**	**6,040**
Cash and cash equivalents at the end of the period, including:	**19,416**	**3,831**
– restricted cash	–	–

6.5 Notes

Note 1 Intangible assets

OTHER INTANGIBLE ASSETS	PLN' 000	31.03.2024	31.12.2023
Acquired concessions, patents, licenses and similar rights		–	–
Intellectual property rights		–	–
Other intangible fixed assets		762	507
Completed development		1,936	2,029
In-process development expenditure		7,760	7,013
Total (net)		**10,458**	9,549
Previous amortization		**1,014**	2,015
Total (gross)		**11,472**	11,564

All intangible assets are the property of the Group; none of these assets are used based on any rental, lease or a similar contract. The intangible assets are not used as collateral by the Group. As at March 31, 2024, the Group did not have any agreements whereby it would be required to purchase any intangible assets. In Q1 2024 and 2023, no impairment charges were posted for intangible assets.

Under the item "'Other intangible assets" as at December 31, 2023 and March 31, 2024, the Group presents expenses incurred since 2023 related to the construction of integrated software and the website of the Parent Company. The assets were not put into use by March 31, 2024.

Note 2. Significant acquisitions of tangible assets

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS PLN '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.12.2023
XTPL printers, 3D	933	821
Computer sets	148	268
Rheometer	–	–
Laser measuring system	–	–
Centrifuge	–	–
Anti-vibration system	–	–
Server with software	–	–
Pressure control system and other	–	17
Confocal microscope	–	–
Other laboratory equipment	3	163

Movement system and components of the gantry system	–	2,470
Office equipment	–	73
Total significant acquisitions	**1,084**	**3,812**

Note 3. Significant liabilities on account of purchase of tangible assets

In the reporting period, the Group did not incur any significant liabilities on account of purchase of tangible assets.

Note 4. Changes in the classification of financial assets as a result of a change in the purpose or use of these assets

In the reporting period no changes were made in the classification of financial assets.

Note 5. Impairment allowance for financial assets, tangible assets, intangible assets or other assets and reversal of the impairment allowance

In the reporting period, the Group did not recognize any impairment allowances on non-current assets.

Note 6. Long-term receivables

Long-term receivables	PLN' 000	March 31, 2024	December 31, 2023
Loans granted		–	–
Security deposits		48	33
Shares		–	–
Total long-term receivables		**48**	**33**

Note 7. Write-down of inventories to their net recoverable amount and reversal of the write-down

In the Reporting Period, no write-down (impairment allowance) of inventories was created or reversed.

Note 8. Change in the balance of provisions

CHANGE IN THE BALANCE OF PROVISIONS	PLN' 000	01.01.2024 - 31.03.2024	01.01.2023 - 31.12.2023
Balance at the beginning of the period		**459**	**272**
increased/ created		657	187
utilization		–	–
release		459	–
Balance at the end of the period		**657**	**459**

In the reporting period, no provisions for restructuring costs were released.

Note 9. Transfers between individual fair value hierarchy levels in respect of financial instruments

In the reporting period no transfers took place between individual fair value hierarchy levels in respect of financial instruments.

Note 10. Fair value of the individual classes financial assets and liabilities

PLN' 000	Category as per IFRS 9	Book value		Fair value	
		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Financial assets					
Loans granted	WwgZK	–	–	–	–
Trade receivables	WwgZK	2,058	1,203	2,058	1,203
Other receivables	WwgZK	2,941	2,771	2,941	2,771
Cash and cash equivalents	WwWGpWF	19,412	27,275	19,412	27,275
Total		**24,411**	**31,249**	**24,411**	**31,249**
Financial liabilities					
Interest bearing bank and other loans	PZFwgZK	–	196	–	196
Bond liabilities	PZFwgZK	–	3,348	–	3,348
Lease liabilities	PZFwgZK	531	605	531	605
Trade liabilities	PZFwgZK	2,675	1,956	2,675	1,956
Other liabilities	PZFwgZK	2,868	1,798	2,868	1,798
Total		**6,074**	**7,903**	**6,074**	**7,903**

Abbreviations used:
WwgZK – Measured at amortized cost
PZFwgZK – Other liabilities measured at amortised cost
WwWGpWF – Financial assets/ liabilities measured at fair value through profit or loss

Fair value of financial instruments that the Group held as at March 31, 2024 and December 31, 2023 was not materially different from the values presented in the financial statements for the respective years:
– with regard to short-term instruments, the potential effect of the discount is not material;
– the instruments relate to the transactions concluded on market terms.
Bond liabilities were measured at fair value due to the fact that they represent complex financial instruments, as series A registered bonds are convertible into series U shares of the Parent Company. At the initial recognition, the value of the complex financial instrument was assigned to equity and to liabilities.

Note 11. Explanations to the statement of cash flows

Presented below are explanations to selected items of the statement of cash flows.

Reconciliation of the profit-before-tax disclosed in the statement of cash flows

	PLN' 000	01.01.2024	01.01.2023
PBT presented in the statement of comprehensive income		-5,746	-289
PBT presented in the statement of cash flows		-5,746	-289

INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS	01.01.2024	01.01.2023
Realized interest on financing activities	409	38
Realized interest on investing activities	-70	–
Unrealized interest on financing activities	-373	–
Unrealized interest on investing activities	–	–
Total interest and dividends:	**-34**	**38**

CHANGE IN THE BALANCE OF RECEIVABLES	01.01.2024	01.01.2023
Change in the balance of trade receivables	-859	-1,082
Other receivables	-184	-923
Total change in the balance of receivables	**-1,043**	**-2,005**

CHANGE IN THE BALANCE OF LIABILITIES	01.01.2024	01.01.2023
Change in the balance of trade liabilities	719	372
Other liabilities	872	1,049
Total change in the balance of liabilities:	**1,591**	**1,421**

Cash and cash equivalents at the end of the period	01.01.2024	01.01.2023
Statement of cash flows	19,416	3,831
Statement of financial position	19,412	3,794

In its statement of cash flows the Group recognizes inflows and expenses related to received grants to its operating activities.

Note 12. Net revenue from sales

NET REVENUE FROM SALES	PLN' 000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Research and development revenue		23	1,595
Revenues from the sale of products and services		2,721	1,380
Revenue from grants		118	605
Total net revenue from sales		**2,862**	**3,580**

Note 13. Grants

Inflows from grants	PLN' 000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
– to operations		118	605
– to assets		–	–

Total inflows from grants	**118**	**605**

The note presents proceeds from the reimbursement of costs incurred. Additionally, during this period, the Group recorded an inflow to the bank account in respect of its refund request for the amount of PLN 228 thousand.

Note 14. Operating costs

OPERATING COSTS	PLN '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Depreciation/ amortization, including		668	270
– depreciation of tangible assets		576	175
– amortization of intangible assets		92	95
Use of raw materials and consumables		1,527	863
External services		2,429	830
Cost of employee benefits		3,579	1,539
Taxes and charges		172	23
Other costs by type		266	278
Value of goods and materials sold		–	–
Total costs by type, including:		**8,641**	**3,803**
Items reported as research and development costs		2,677	1,324
Items reported as cost of finished goods sold		1,786	630
Items reported as selling and marketing costs		1,687	598
Items reported as general and administrative expenses		2,491	1,251
Change in finished goods			
Cost of producing services for internal needs of the entity		–	–

Note 15. Related party transactions

01.01.2024 - 31.03.2024	PLN' 000	To associates	To joint ventures	To key management personnel*	to other related entities **
Purchase of services		–	–	–	–
Sale of services		–	–	–	–
Loans granted		–	–	–	–
Financial expenses – interest on loans		–	–	–	–

01.01.2023 - 31.03.2023	PLN' 000	To associates	To joint ventures	To key management personnel*	to other related entities **
Purchase of services		–	–	–	–
Loans granted		–	–	–	–
Financial expenses – interest on loans		–	–	–	–

** the item includes persons who have the authority and responsibility for planning, managing and controlling the company's activities*
*** the item includes entities linked through key management*

Sales to and purchases from related parties are made on an arm's length basis. Any overdue liabilities/ receivables existing at the end of the period are interest-free and settled on cash or non-cash basis. The Parent Company does not charge late interest from other related entities. Receivables from or liabilities to related parties are not covered by any guarantees given or received. They are not secured in any other way either.

Note 16. Deferred tax

Deferred tax liability caused by positive temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income
	31.03.2024	31.03.2023	01.01.2024 - 31.03.2024
In respect of:			
Interest on loans and deposits	–	–	–
The value of tangible asset (leased item)	101	243	-35
Loan valuation	–	–	–
Total deferred tax liability	101	243	-35
Set-off against deferred tax assets	-101	-243	35
Net deferred tax liability	–	–	–

Deferred income tax assets due to negative temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income
	31.03.2024	31.03.2023	01.01.2024 - 31.03.2024
Due to differences between the tax value and the carrying amount:			
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	–	-7	-3
Accruals for unused annual leaves	38	76	-49
Provision for the cost external services	7	196	-39
Loan valuation	–	1	–
Total deferred tax assets	**45**	**266**	**-91**
Set-off against a deferred tax liability	101	243	-35
Net deferred tax assets	**–**	**–**	**–**

Note 17. Objectives and rules of financial risk management

The Group is exposed to risk in each area of its operations. With understanding of the threats that originate through the Company's exposure to risk and the rules for managing these threats the Group can run its operations more effectively. Financial risk management includes the processes of

identification, assessment, measurement and management of this risk. The main financial risks to which the Group is exposed include:

Market risks:
• The risk of changes in market prices (price risk)
• The risk of changes in foreign exchange rates (currency risk)
• The risk of changes in interest rates (interest rate risk)
• Liquidity risk
• Credit risk.
The risk management process is supported by appropriate policies, organisational structure and procedures.

MARKET RISK
The Group actively manages the market risk to which it is exposed. The objectives of the market risk management process are to:
• limit the volatility of pre-tax profit/loss
• increase the probability of achievement of the budget plan
• maintain the Group in good financial condition
• support the strategic decision-making process in the area of investment activity taking into account the sources of investment financing
All market risk management objectives should be considered jointly, and their achievement is primarily dependent on the Group's internal situation and market conditions.

PRICE RISK
In the Reporting Period, the Group did not invest in any debt instruments and, therefore, is not exposed to any price risk.

CURRENCY RISK
The Group is exposed to currency risk in respect of the transactions it concludes. Such risk arises when the entity makes purchases in currencies other than the valuation currency, mainly in USD and EUR.
Part of the Group's settlements is denominated in foreign currencies. As at March 31, 2024, the Group has assets denominated in foreign currencies, which include trade receivables. The value of the Group's liabilities in foreign currencies as at the balance sheet date relates to trade liabilities. Therefore, there is a risk related to the negative impact of FX changes on the financial results achieved by the Company. In order to mitigate the possible effects of exchange rate fluctuations, the Group monitors the current exchange rates on an ongoing basis.

Rate prevailing on the last day of the year:	**31.03.2024**	**31.12.2023**
1 EUR / 1 PLN	4.3009	4.3480
1 USD / 1 PLN	3.9886	3.9350

Average rate, calculated as the arithmetic mean of the rates applicable on the last day of each month in the period:	**01.01.2024 31.03 2024**	**01.01.2023 31.03 2023**
1 EUR / 1 PLN	4.3211	4.7005
1 USD / 1 PLN	3.9941	4.3630

Presented below is the estimated impact on the Group's financial result of a potential adverse change in the value of PLN in relation to EUR, GBP and USD in relation to the carrying amounts as at March 31, 2024:

	As at 31.03.2024 in currency	As at 31.03.2024 in PLN	Estimated rate change in %	Effects of changes in exchange rates in PLN
Trade receivables in currency:				
EUR	182	808	+/- 5%	+/- 40
USD	221	875	+/- 5%	+/- 44
Trade liabilities in currency:				
EUR	22	100	+/- 5%	+/- 5
USD	15	59	+/- 5%	+/- 3

INTEREST RATE RISK

Deposit transactions are made with institutions with a strong and stable market position. The instruments used – short-term, fixed-rate transactions – ensure full security. Consequently, the recent interest rate hikes do not affect the Group's operations. Consequently, the Group did not apply interest rate hedges, considering that interest rate risk is not significant for its business.

LIQUIDITY RISK

The Group monitors the risk of a lack of funds using the periodic liquidity planning tool. This tool takes into account the maturity dates of both investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operating activities.

The Group seeks to maintain a balance between continuity and flexibility of financing by using different sources of financing, such as lease agreements.
The Group is exposed to financing risk due to the possibility that it in the future it will not receive sufficient cash to fund commercialization of its research and development projects.
In the reporting period, an overdraft of PLN 2,400 thousand was available to the Group. However, the facility was used by the Group rarely and for a short term only.

CREDIT RISK

In order to mitigate the credit risk related to cash and cash equivalents deposited in banks, loans granted, deposits paid in respect of rental contracts and performance security as well as trade credit, the Group:

• cooperates with banks and financial institutions with a known financial position and established reputation
• analyzes the financial position of its counterparties based on publicly available data as well as through business intelligence agencies

Note 18. Material settlements on account of court cases

At the reporting date there are no court proceedings pending whose value would be considered material. Furthermore, in the period covered by the interim report no material settlements were made on account of court cases.

Note 19. Information about changes in the economic position and operating conditions which might have a material impact on the fair value of the Company's financial assets and liabilities, whether those assets and liabilities are recognized at fair value or at adjusted purchase price (amortized cost)

In the period from January 1, 2024 to March 31, 2024, no significant changes were identified in the economic position or operating conditions which would have a material impact on the fair value of the Group's financial assets and liabilities.

Note 20. Information about changes in contingent liabilities and contingent assets and non-disclosed liabilities arising from contracts in relation to the last reporting period

Contingent liabilities granted by the Parent Company were in the form of promissory notes together with promissory note declarations to secure the contracts for co-financing projects financed by the EU as well as a lease agreement.

The change in the value of contingent liabilities in relation December 31, 2023 amounts to PLN 228 thousand. It is caused by the payment of the next two tranches of grants and advances for grants totalling PLN 228 thousand. At the Balance Sheet Date and until the date of approval of the financial statements for publication, no events occurred that could result in materialisation of the above contingent liabilities. As at the date of approval of the financial statements there were no undisclosed liabilities resulting from any agreements of material value.

CONTINGENT LIABILITIES	31.03.2024 PLN' 000	31.12.2023 PLN' 000
Promissory notes	22,753	22,525
Total contingent liabilities	**22,753**	**22,525**

Note 21. Incentive scheme

In the Reporting Period, in the statement of comprehensive income the Group did not account for or recognize the cost the incentive scheme for employees and collaborators based on the Parent Company's shares.

Note 22. Information about seasonality of business and cycles

The Group's activity is not subject to seasonality or business cycles.

Note 23. Extraordinary factors which occurred in the reporting period with an indication of their impact on the financial statements

In the reporting period, no extraordinary events occurred that would affect the financial statements.

Note 24. Information on issue, redemption and repayment of debt and equity securities

In the reporting period no events took place in connection with an issue, redemption or repayment of debt or equity securities.

Note 25. Dividend paid or declared, in total and per share, with a division into ordinary and preference shares

In the reporting period the Company did not pay or declare any dividends.

Note 26. Operating segments

SEGMENT	01.01.2024 - 31.03.2024 PLN' 000	01.01.2023 - 31.03.2023 PLN' 000
Sale and lease of printers	2,538	1,316
Research and development services	23	1,595
Inks and other consumables	183	64
TOTAL	**2,744**	**2,975**

Note 27. Information on default on any bank and other loans or a breach of material provisions of bank and other loan agreements where no remedial actions have been taken before the end of the reporting period

No such events occurred in the reporting period.

Note 28. Effect of application of new accounting standards and changes in accounting policy

The accounting policies that were used in preparation of these financial statements for the first quarter of 2024 are consistent with the policies used in preparation of the Company's financial statements for 2023. The same policies were applied for the current and comparative period. Detailed description of the accounting principles adopted by XTPL S.A. and XTPL Group was presented in the annual financial statements for 2023.

Note 29. Types and amounts of changes in estimates presented in prior interim periods of the present financial year or changes to estimates presented in prior financial years

In the reporting period no changes in estimates were made.

Note 30. Correction of errors from previous periods

As at the Balance Sheet Date, no corrections were made on account of errors from previous periods.

Note 31. Date of approval of the financial statements for publication

This financial report for the period from January 1, 2024 to March 31, 2024 was approved for publication by the Parent Company's Management Board on May 22, 2024.

Note 32. Events after the balance sheet date that have not been reflected in the interim financial statements

Date	Event	Current Report
April 9, 2024	**Recognition of patent protection by the Korean Intellectual Property Office (KIPO)** The Company received information about the approval by the Korean Intellectual Property Office of its patent claims for the "Fluid printing apparatus" invention. The application procedure for this patent was initiated on February 1, 2019. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 20/2024 of April 9, 2024.

Date	Event	Current Report
April 9, 2024	**Recognition of patent protection by the Korean Intellectual Property Office (KIPO)** The Company received information about the approval by the Korean Intellectual Property Office of its patent claims for "Method of printing fluid" invention. The application procedure for this patent was initiated on February 1, 2019. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 21/2024 of April 9, 2024.
April 17, 2024	**Sale of another module for industrial implementation as part of an ongoing implementation project. The buyer is HB Technology from South Korea.** The Management Board of XTPL S.A. reports that on April 17, 2024 it confirmed the acceptance of an order the delivery of another industrial module as part of a project aimed at industrial implementation in the display industry conducted together with HB Technology.	ESPI Current Report No. 22/2024 of April 17, 2024.
April 24, 2024	**First sale of a module for industrial use to a partner in China. The printing module will be delivered to one of the key manufacturers of machines for the modern display industry on the Chinese market.** The Company reports that on April 24, 2024 it confirmed the acceptance of an order for the delivery of a printing module for industrial integration for a partner from China.	ESPI Current Report No. 24/2024 of April 24, 2024.
May 7, 2024	**Sale of Delta Printing System to the Italian Institute of Technology in Pisa** The Company reports that on May 6, 2024 the Company confirmed an order placed by the Italian Institute of Technology	ESPI Current Report No. 25/2024 of May 7, 2024

Date	Event	Current Report
	(Istituto Italiano di Tecnologia) [“IIT”] for the delivery of a Delta Printing System device.	
May 9, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Management Board of XTPL S.A. reports that on May 7, 2024 the Company received information about patent approval for the invention “Method of forming an electrically conductive feature traversing a microscopic step and related apparatus” by the United States Patent and Trademark Office. The application procedure for this patent was initiated on March 23, 2021. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market.	ESPI Current Report No. 26/2024 of May 9, 2024
May 10, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in France** The Management Board of XTPL S.A. reports on May 10, 2024, a non-exclusive agreement for the distribution of the Issuer's technological solutions was signed between the Issuer and CDS ELECTRONIQUE based in France [“CDS ELECTRONIQUE”, “Distributor”]. Under the agreement, the Distributor will advertise and sell XTPL’s technological solutions from the High Performance Materials (HPM) business line in France. The purpose of the partnership is to support XTPL in acquiring new applications for its technologies and products at technology corporations, R&D centers and scientific institutions, with a focus on introducing electronics, semiconductor and advanced PCB solutions. This is a step that will enable the Company to even better meet the needs of XTPL customers on the European market.	ESPI Current Report No. 27/2024 of May 10, 2024
May 17, 2024	**Patent approval by the Japanese Patent Office.**	ESPI Current Report No.

Date	Event	Current Report
	The Company reports that on May 17, 2024, it received information about the approval of a patent by the Japanese Patent Office for the invention “Methods of dispensing a metallic nanoparticle composition form a nozzle onto a substrate”. The application procedure for the patent was initiated on July 28, 2020. This is also the date when patent protection started for the invention. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company’s strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	28/2024 of May 17, 2024

APPROVAL FOR PUBLICATION

7. APPROVAL FOR PUBLICATION

This report for the first quarter of 2024 ended March 31, 2024 was approved for publication by the Issuer's Management Board on May 22, 2024.

Signature of the Management Board:

Filip Granek Management Board President	Jacek Olszański Management Board Member