

X T P L

Quarterly report

for Q3 2024

XTPL S.A.

7 November 2024

Ladies and Gentlemen, Dear Shareholders and Investors,

We're sharing with you a report spanning the first three quarters of 2024 and outlining the steps we've taken to implement our long-term vision for XTPL growth: to develop a global standard in the production of future generations of advanced electronics.

In pursuing this ambition, we are following our Strategy for 2023–2026 and its key component of launching the second stage of the investment process aimed at reaching PLN 100 million in revenues from the sale of our products and services in 2026. We have fully delivered the goals and objectives of the first stage of this process, mostly financed with PLN 36.6 million gross raised in a public offer in 2023. To complete the 2023–2026 investment process, we need a total of PLN 60 million, so the Management Board has decided to recommend raising PLN 28–31 million gross via a public offer, which will enable us to scale up in the areas of organization, business and finance to the benefit of our investors. The recommendation of equity financing comes in the wake of our active search for debt financing options in recent quarters, both from commercial banks and from more mission-oriented organizations such as EIB or PFR (Polish Development Fund). The talks we've held have led us to believe that it is too early to seek financing from these sources at the expected scale and optimal cost.

The world's leading manufacturers of advanced electronics are currently testing four prototype industrial machines fitted with our print heads. XTPL groundbreaking technology is protected by scores of patents, and the ongoing commercialization has so far resulted in over 30 orders for our Delta Printing System (DPS). We have clients in over 20 countries and, in response to market demand, for several months we've been developing a new business line tentatively coded DPS+, which we expect will significantly contribute to our performance in the timeframe of our Strategy. XTPL has a recognizable presence at international industry and technology conferences. Potential clients are coming to us seeking solutions to the business challenges they face. The number of academic publications addressing XTPL solutions is growing at the fastest pace in years after our DPS devices found their way into prestigious research centers. The industrialization of our technology and our first industrial implementation for a global advanced electronics maker is the final element of building XTPL's global potential, which we're intensely pursuing. We do not rule out the possibility of this process starting in 2024, and if it does not, we expect 2025 to be a record-breaking breakthrough year for XTPL.

In recent months, the pace of orders for our DPS devices has been slower than the market expected, which is one of the reasons why we outlined the process of developing this business line from the turn of 2021 in a recent press release. DPS has two key roles for us. Short term, it provides a sizeable boost to our financial performance given the price of the device and the robust margin. Long term, it serves as a demonstrator of our technology, enabling users in North America (23%), Europe (39%) and Asia (39%) to test XTPL solutions across diverse areas and applications. To achieve tangible benefits from this sort of dispersed embedding of our technology in key markets, a large enough number of devices must be in active use. Now, with over 30 devices ordered globally, we are seeing these benefits starting to flow in an ever-increasing stream. New and promising areas we can branch into with our technology are emerging following tests made by some DPS users (71% are research organizations). At the same time, buyers who are not research institutes (29%, industrial clients) are considering the possibility of teaming up with us to develop projects intended for industrial implementation, supporting our growing pipeline of these ventures. The users of our

DPS devices generate new business opportunities for us, because we, the sole owner of the patents and intellectual property, are the only company that can commercialize this technology on a large scale. Our clients and DPS users often act as informal ambassadors of our solutions in global markets. They best recognize the platform nature of our proprietary technology and boldly apply our solution across a growing number of technology and business verticals. We notice this and work on implementing product improvements expected in specific market sectors.

This is how the new business line tentatively named DPS+ is being developed. Clients, both present and potential, have requested this type of solution, which is why, while developing the device, we are collecting preliminary expressions of interest to buy the developed product. DPS+ will be geared at the market niche between industrial modules and DPS devices, offering a product for HMLV (High Mix Low Volume) production. In this model a relatively small volume (Low Volume) of a wide range of products (High Mix) is manufactured to meet a market need for highly personalized solutions. DPS+ will be a standalone product more highly automated than DPS and intended for use by technology corporations and electronics manufacturers. Given the characteristics of the device and the profile of its users, we can expect to sell up to a few units of the product under a single order (the first prototypes have already been ordered). These considerations – combined with the unit price that is roughly 50–100% higher than that of a DPS and the robust margin – make for a high revenue-generating potential of the business line and are among the factors that enable us to be buoyant about achieving the goal of PLN 100 million in commercial sales in 2026. If the current pace of R&D continues, we expect the first devices to be ordered and delivered to clients in mid-2025.

In addition, our first overseas sales and demonstration center in Boston, US, is slated for its official opening and becoming fully operational very soon. The efforts of our Managing Director for North America in 2024 are reaping handsome rewards: out of 4 DPS devices ordered in recent weeks, 3 have been ordered by US buyers (industrial clients). Considering the feedback from the American market, we can expect to break even soon and count on a positive contribution to XTPL’s performance. The brick-and-mortar center with a laboratory equipped with XTPL products not only enables us to hold demonstrations for present and potential clients but also puts XTPL firmly on the map of serious players in the additive technologies industry. Currently, we are chiefly pursuing projects in the area of displays and semiconductors but are already seeing extensive interest in new and promising areas, including those related to the medical, military and space industries. Our Demo Center in the United States, the world’s major market for additive technologies, will enable us to be closer to our clients, taking part in projects that were previously unavailable to us without a local outpost. Hopefully, we’ll soon be able to share more good news about the performance of our Boston center.

We’re developing a deep tech company in an industry marked by a long process of technology development, maturation and time before the placement of first orders. Significantly, we’ve already reached these milestones. We passed the test proving the effectiveness of our technology and, most importantly, its high commercial potential. Now we’re working on gaining market credentials in the form of the first industrial implementation with a global advanced electronics maker, which will lend us even greater credibility, enabling a spike in revenues not only in the timeframe of our Strategy but also in the longer term. We continue in our unwavering belief that this goal is within our reach and that our first industrial implementation will speed up the progress of other XTPL projects geared toward the same outcome. We’ve never been closer to that moment than we are now.

We invite you to read our report and to stay in touch with us through our investor relations team and our regular performance.



Yours faithfully,



Filip Granek, PhD

A handwritten signature in blue ink, appearing to read "Filip Granek".



Jacek Olszański

A handwritten signature in blue ink, appearing to read "Jacek Olszański".

Table of contents

1. INFORMATION ABOUT THE REPORT AND A GLOSSARY OF TERMS AND ABBREVIATIONS	6
2. FINANCIAL HIGHLIGHTS.....	9
3. MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF XTPL S.A. AND XTPL GROUP.....	12
4. SHAREHOLDING STRUCTURE.....	45
5. CONDENSED STANDALONE FINANCIAL STATEMENTS	48
6. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	66
7. APPROVAL FOR PUBLICATION	84

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 September 30, 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 third quarter of 2024 (“**Management Report**”) for the third quarter of 2024 (“**Reporting Period**”), as well as standalone and consolidated financial statements of XTPL S.A. and the Group.

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 November 8, 2024.

The consolidated financial statements mean the condensed consolidated financial statements (including the Company and the Subsidiaries) for the period from January 1 to September 30, 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 September 30, 2024, 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 financial reports**” – 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 / \square 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 means Compound Annual Growth Rate – 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

Deposition 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, as 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 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.

exchange rates used in the financial statements	January–September 2024		January–September/ December 2023	
	EUR	USD	EUR	USD
for balance sheet items	4,2791	3,8193	4,3480	3,9350
for profit or loss and cash flow items	4,3041	3,9634	4,5773	4,2337

2.1 Selected standalone figures

Figures in thousand	January 1 – September 30, 2024	January 1 – September 30, 2023	January 1 – September 30, 2024	January 1 – September 30, 2023
	PLN	PLN	EUR	EUR
Net revenue from the sale of products and services	7,010	9,171	1,629	2,004
Revenue from grants	596	1,656	138	362
Profit (loss) on sales	-5,659	4,984	-1,315	1,089
Profit (loss) before tax	-16,982	-2,688	-3,946	-587
Profit (loss) after tax	-16,982	-2,688	-3,946	-587
Depreciation/amortization	3,164	1,236	735	270
Net cash flows from operating activities	-17,457	-3,112	-4,056	-680
Net cash flows from investing activities	-4,136	-4,799	-961	-1,048
Net cash flows from financing activities	-1,220	33,652	-283	7,352

Figures in thousand	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
	PLN	PLN	EUR	EUR
Equity	18,470	32,479	4,316	7,470
Short-term liabilities	8,170	9,370	1,909	2,155
Long-term liabilities	10,941	4,970	2,557	1,143
Cash and cash equivalents	3,211	26,043	750	5,990
Short-term receivables	4,516	4,107	1,055	945
Long-term receivables	878	33	205	8

2.2 Selected consolidated figures

Figures in thousand	January 1 – September 30, 2024	January 1 – September 30, 2023	January 1 – September 30, 2024	January 1 – September 30, 2023
	PLN	PLN	EUR	EUR
Net revenue from the sale of products and services	6,661	9,171	1,548	2,004
Revenue from grants	596	1,656	138	362
Profit (loss) on sales	-6,008	4,984	-1,396	1,089
Profit (loss) before tax	-18,063	-2,584	-4,197	-565
Profit (loss) after tax	-18,063	-2,589	-4,197	-566
Depreciation/amortization	3,177	1,236	738	270
Net cash flows from operating activities	-16,761	-3,054	-3,894	-667
Net cash flows from investing activities	-4,465	-4,912	-1,037	-1,073
Net cash flows from financing activities	-1,220	33,652	-283	7,352

Figures in thousand	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
	PLN	PLN	EUR	EUR
Equity	18,482	33,592	4,319	7,726
Short-term liabilities	8,739	9,380	2,042	2,157
Long-term liabilities	10,941	4,970	2,557	1,143
Cash and cash equivalents	4,810	27,275	1,124	6,273
Short-term receivables	3,735	3,974	873	914
Long-term receivables	475	33	111	8

MANAGEMENT REPORT

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

3.1 Key information about the Issuer

<u>Business name:</u>	XTPL Spółka Akcyjna
<u>Registered Office:</u>	Wrocław
<u>Address:</u>	Stabłowicka 147, 54-066 Wrocław
<u>Country:</u>	Poland
<u>KRS:</u>	0000619674
<u>NIP:</u>	9512394886
<u>REGON:</u>	361898062
<u>Registry Court:</u>	District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register
<u>Country of registration:</u>	Poland
<u>Share capital:</u>	PLN 234,987.70, paid up in full.
<u>Phone number:</u>	+48 71 707 22 04
<u>Website:</u>	www.xtpl.com
<u>Email:</u>	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). 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 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 Supervisory Board Member	Wiesław Rozłucki, PhD – Chairman of the Supervisory Board, an independent Supervisory Board 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
Agata Gładysz-Stańczyk – an independent SB Member	Agata Gładysz-Stańczyk – an independent SB Member

During the Reporting Period, one change took place in the composition of the Supervisory Board – on June 28, 2024, the Annual General Meeting appointed Ms. Agata Gładysz-Stańczyk to the Supervisory Board as Supervisory Board 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, an independent AC Member	Piotr Lembas – Chairman of the Audit Committee, an independent AC Member
Wiesław Rozłucki – Member of the Audit Committee of the Audit Committee, an independent AC Member	Wiesław Rozłucki – Member of the Audit Committee of the Audit Committee, an independent AC member
Professor Herbert Wirth – Member of the Audit Committee, an independent AC Member	Professor Herbert Wirth – Member of the Audit Committee, an independent AC Member

3.3 Group structure

3.3.1 Key information about the Group

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

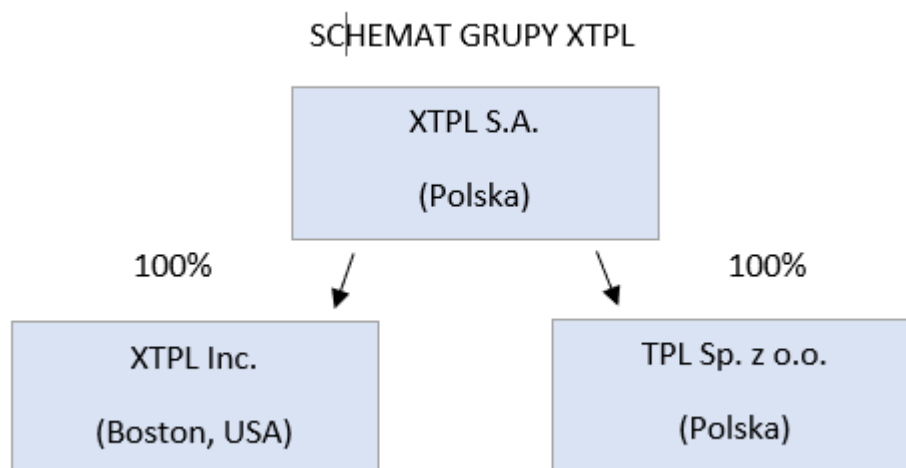
On January 31, 2019, XTPL S.A. acquired all shares in XTPL Inc., a newly formed entity based in the state of Delaware, United States. The share capital of XTPL Inc. is USD 5,000. XTPL S.A. acquired 100% of the stock at the nominal price. XTPL INC. is consolidated using the line-by-line method.

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. XTPL Inc. is consolidated using the line-by-line method.

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:	Greentown Labs 444 Somerville Ave Somerville, MA 02143 USA
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 September 30, 2024, the Management Board was composed 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 September 30, 2024, the Management Board was composed of:

Filip Granek – President and CEO, 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 10, 2024.

In the period from January 1, 2024 to May 10, 2024, the Management Board was composed of:

Jacek Olszański – Management Board President since May 29, 2020

In the period from May 10, 2024 to September 30, 2024, the Management Board was composed of:

Jacek Olszański – Management Board President since May 10, 2024

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 78 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 45% of all employees and carries out R&D in individual areas: Application, Nanoinks and Nanomaterials, Hardware and Software.

The production and customer service department represents 24% of the XTPL team and is responsible for preparing the Company's products and implementing for clients, which is necessary for the effective implementation of projects and maintaining the highest quality standards.

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 Team.

Women accounted for 39.0% of the whole XTPL team.

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 and online industry events.

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 deposition, deposition 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 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

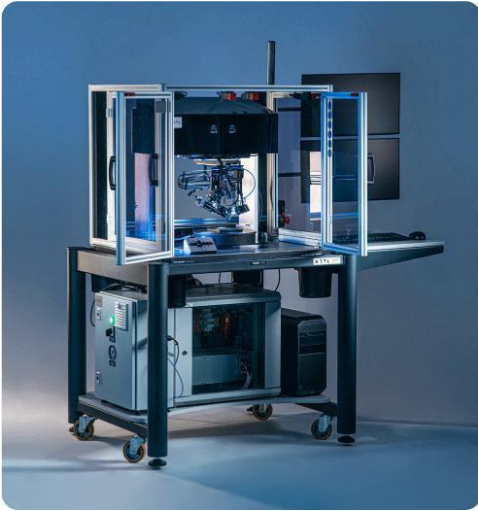
commercialization of UPD System solutions with three global producers of consumer electronics (in Europe, South Korea and the USA) and five industrial integrators and producers of industrial machines (in Taiwan, South Korea, China and the USA).

By the Report Date, the Company had sold 6 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 client: 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;
- 1 device to a partner in Hong Kong, who will deliver a printing module to a client in mainland China, as a printing module in a machine for prototyping and conducting R&D processes for applications in modern microelectronics and printed electronics.

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 30 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 in Guangzhou, China;
 - University of Electronic Science and Technology of China in 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 Dep. 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 (Q2 2024)
- to a university in the northeastern region of the USA (Q3 2024)
- to an industrial client in Canada (Q3 2024)
- to the Vienna University of Technology (TU Wien) in Austria (Q3 2024).

The Issuer is gradually delivering the devices to the buyers. The last three orders were confirmed by the Issuer, which effectively means that a sales contract was formed. The sale will be recognized in the income statement in subsequent periods.

High-Performance Materials (HPM)



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 at the Report Date, the Company sold HPM line products in over 77 transactions (252 since the beginning of commercialization of nanoinks – HPM from the EMEA, USA and Asia regions) to customers in 23 countries, gaining the trust of 62 returning customers.

In Q3 2024, as part of its product portfolio, the Issuer continued to offer within the HPM line a new innovative product: conductive paste based on gold nanoparticles. In this way, the XTPL 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.

In the third quarter of 2024, the Issuer signed another agreement for the distribution of its technological solutions — **on July 2, 2024, it entered into an agreement for the non-exclusive distribution of the Issuer's technological solutions in Greece with Vector Technologies Ltd based in Greece** (ESPI current report No. 37/2024 of July 2, 2024).

Under the agreement, the distributor will advertise and sell XTPL technological solutions in Greece. The cooperation is designed to support XTPL in reaching new academic and industrial clients and finding broader applications for XTPL technologies and products. It will focus on introducing solutions in the area of thin-film photovoltaics, memristors and sensors.

Vector is a leading company in Greece supplying materials and equipment for research and production purposes to universities and industries such as semiconductor and telecommunications. As part of the cooperation, the Distributor will promote XTPL solutions among its current and new customers.



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. 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 exceed 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 so "ubiquitous" in 2030, with 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.

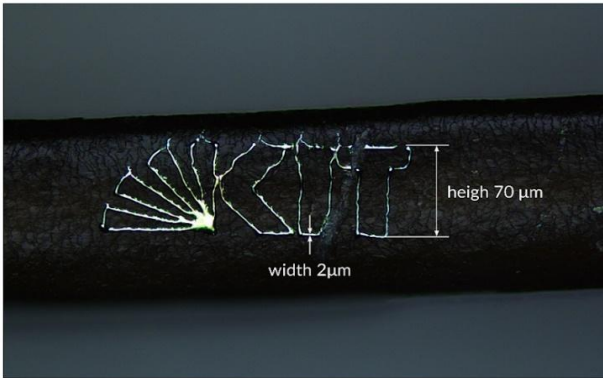
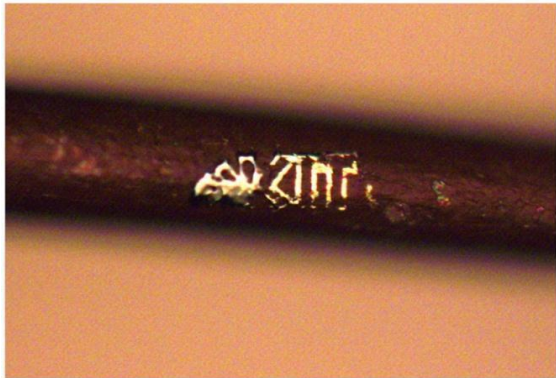
All the Company’s R&D work takes place in Poland. Commercialization will be primarily focused on markets of North America (mainly the United States), Asia (China, Korea, Taiwan, Japan) and EMEA.

3.7 XTPL'S ACTIVITY AND ACHIEVEMENTS IN Q3 2024

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

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

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 set up 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 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 the third quarter of 2024, the Company confirmed three new orders for the supply of Delta Printing System (DPS) devices:

- to a University in the Northeastern region of the USA (ESPI Current Report 43/2024 of September 17, 2024);
- to an industrial client in Canada (ESPI Current Report 44/2024 of September 20, 2024);

- to the Vienna University of Technology (TU Wien) in Austria (ESPI Current Report 45/2024 of September 23, 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 H1 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 concerning 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 ten projects that will be developed to bring them to a higher level of evaluation.

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 concentrated on selected applications related to the precise deposition 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.

On July 1, 2024, the Issuer confirmed acceptance of the order for the delivery of the UPD printing module. The direct buyer is a company based in Hong Kong (“**Partner**”) that will deliver the printing module to its customer in Mainland China. The partner is an entity that develops and distributes modern devices for prototyping processes using additive techniques, 3D product testing and the production of high-performance parts for the aerospace, energy and other sectors. Using the UPD printing module supplied by XTPL S.A., the end customer will build a device for prototyping and conducting R&D processes for applications in modern microelectronics and printed electronics. The devices will be intended for customers based in China.

Commercialization activities in the Flat Panel Display sector (ODR)

The Company continues cooperation with manufacturers of high-resolution displays in the area of repairing open defects in conductive paths 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 third 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 Key achievements and progress in research & 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. Modifying the dot printing method to achieve printing frequency of 8 Hz;
5. 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.

During the reporting period, the R&D Team worked on such initiatives as the development and marketing of a new type of formulation based on gold nanoparticles with a metal content above 90%. It is intended for use in printable electronics, particularly in precision printing and putting electrodes in sensors. The new product is an advanced composition based mainly on spherical nanoparticles.



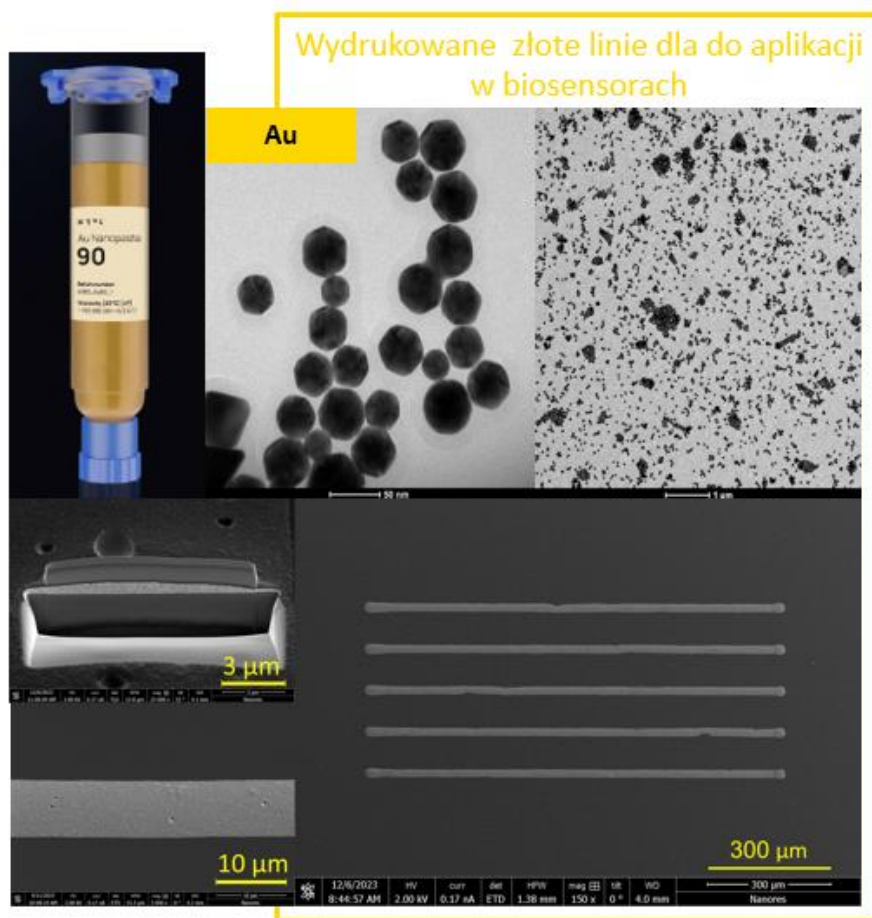


Fig. Summary of the new Au90 product intended for printing in UPD technology and commercially available dispensers. TEM images of 50 nm gold nanoparticles and prints of conductive microlines.

The Au 90 paste enables precise printing of microstructures with complex geometry based on a DPS printer, and thanks to its high gold content, it enables efficient deposition of a large amount of conductive material in one iteration. The low content of organic material in the formulation makes the product suitable for use in many industrial sectors that require a reduced amount of organic material, including in medical electronics, semiconductor technology and sensors. Thanks to its unique properties that prevent micro-nozzle clogging, it is an ideal product for depositing fine details on various substrates, such as glass, PCBs and foils (e.g. PET, Kapton).

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 μ LED 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

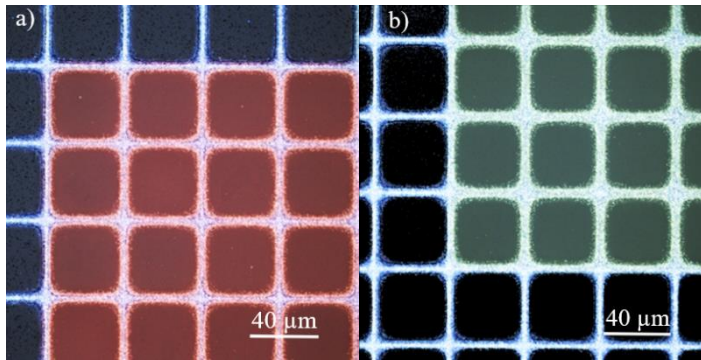


Fig. Microwells filled with inks based on a) red and b) green quantum dots using the DPS.

During the Reporting Period, the company also worked on depositing dots from dispensable materials in a repeatable and rapid manner using XTPL UPD technology. A print speed of about 8 dots per second (8Hz) was achieved. The dots are deposited using the Delta Printing System (DPS) printer with CL85 silver paste and a nozzle with an outer diameter of 5 µm. At the stated speed, over 100,000 dots were deposited. The diameter of the dots ranged from 6.8 to 9.2 µm.

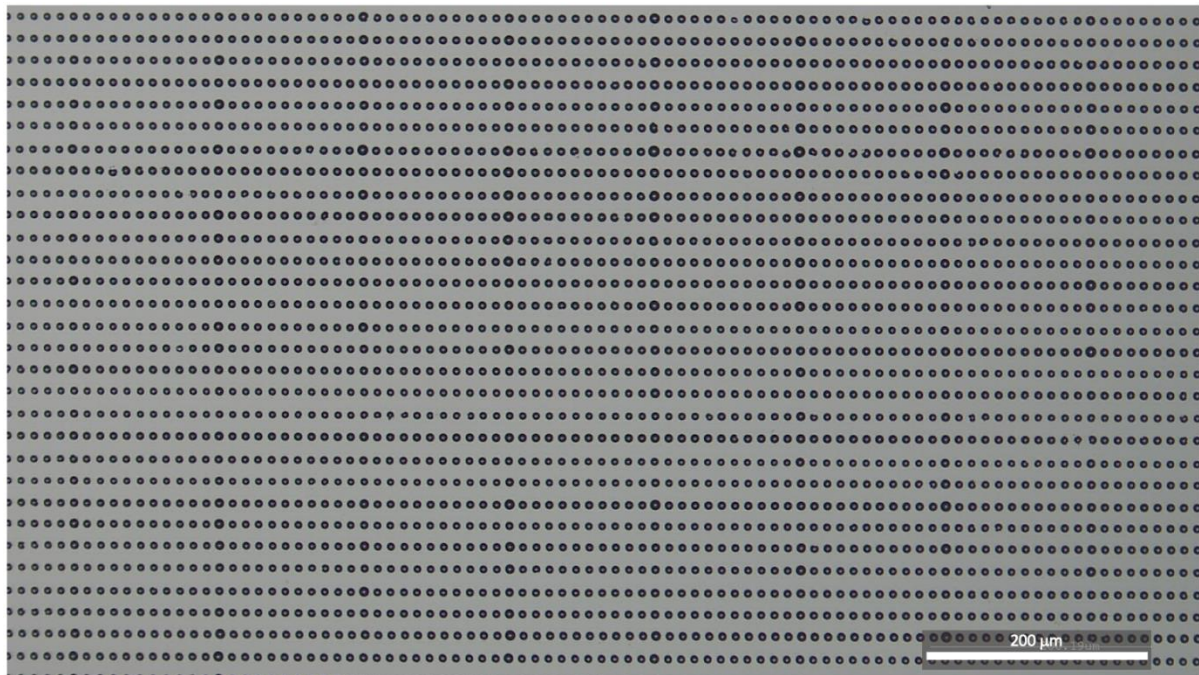


Fig. Photo of a fragment of a sample dot matrix

To meet the needs of our customers and market requirements, the R&D Team has also begun research into increasing the capabilities of autonomous printing on our devices. In the current configuration, our printer fully supported automatic printing along a set trajectory in the X and Y axes. However, market requirements and the rapidly developing industry have shown a great demand for enabling printing in 3 axes, allowing for the variable topography of the substrate, including, for example, printing on “steps”. As part of the research, it was first necessary to indicate a potentially optimal tool that would allow scanning the substrate with sufficient accuracy and resolution. Taking into account the initial assumptions and requirements for the developed functionality, we decided to use a confocal sensor as a tool to virtualize the substrate surface and record it as a set of coordinates in three-dimensional space.

Based on the virtual surface map, the operator is able to mark the head's travel path in the XY axes using the implemented graphical interface.

Using the data from the confocal sensor and the plotted travel coordinates, the system automatically generates the head travel trajectory taking into account 3 axes (XYZ). Moreover, thanks to the ability to determine the degree of tolerance, the system is able to minimize certain imperfections of the scanning device by eliminating the influence of noise on the resulting print trajectory.

In the case of step printing, the algorithms used automatically approximate the movement on the edge to optimize the path as much as possible.

In order to increase the precision and quality of the print, while maintaining or even increasing the speed of the entire process, the Team began work on further optimization of the DPS device. The research and subsequent development work directly affected both the control software and the printer hardware solutions themselves.

Thanks to the use of the new 2.0 dosing system together with the optimization of the printing algorithm, the inertia of the dosing system has been minimized. This helped in almost complete elimination of artifacts appearing at the beginning and end of printed paths, while maintaining or even increasing the maximum printing speeds achieved by our device.

The introduction of a graphical interface (GUI) to the DPS device control application has brought significant improvements in everyday work. Thanks to the GUI, operation has become more intuitive and user-friendly, which significantly facilitates the daily work of both experienced operators and new users.

Today, instead of entering complex commands in console mode, users can benefit from clear, visual interfaces, which minimizes the risk of errors and allows work to be started faster. Additionally, new operators can learn to operate the machine more quickly, reducing training time and facilitating an earlier start of production. The GUI has also improved the accessibility of key functions, such as monitoring print progress and easy management of settings, which significantly increases the efficiency and comfort of working with the printer.



The next planned step in development is to enable remote control or monitoring of our device, e.g. from an external room, so that the operator does not have to work directly from a clean room. This is possible by changing the architecture of the entire system and setting up the API interface.

During the Reporting Period, many online publications were released on XTPL and its technology.

On July 29, 2024, the portal [technology.org](https://www.technology.org) published an article entitled **Chip Fabrication – Navigating the Nanoscale Complexity in Electronics Manufacturing** - discussing the use of dispensing technology in the production of semiconductors.

On July 25, 2024, the portal [alltechmagazine.com](https://www.alltechmagazine.com) published an article entitled **Advancing Ultra-Precise Dispensing System: A New Era in Custom Manufacturing** - showcasing UPD technology as an innovative new solution for microelectronics manufacturing.

On August 20, 2024, the portal [coruzant.com](https://www.coruzant.com) published an article entitled **Future of Electronics: Additive Manufacturing Meets Precision Printing** -describing UPD in the context of other additive microelectronics manufacturing technologies and outlining the key features and advantages of dispensing.

3.7.3 Milestones achieved by the Issuer in Q3 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

In the process of commercialization of technologies developed by the Company, an important role is played by intellectual property (IP), which constitutes XTPL's competitive advantage. The development of an IP portfolio and its appropriate protection are crucial to the company's market position and significantly affect its value. XTPL technological solutions are protected from the moment of patent filing.

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 devices 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 devices

In the third quarter of 2024, the Company continued activities aimed at development of its patent cloud, specifically:

- 1) On July 16, 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 transparent conductive member, and a free-standing transparent conductive film” (ESPI Current Report 39/2024 of July 17, 2024);
- 2) On July 16, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention “A method for printing traces on a substrate and an additive manufacturing apparatus therefor” (ESPI Current Report 40/2024 of July 17, 2024);
- 3) On August 5, 2024, the Company received information that the United States Patent and Trademark Office had granted it a patent for the invention “Method for repairing pattern defect on a substrate and apparatus therefor” (ESPI Current Report 41/2024 dated August 7, 2024);
- 4) On August 20, 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 detecting surface irregularities on or in an internal surface of a cylinder for use in a piston-cylinder assembly, and related apparatus” (ESPI Current Report 42/2024 of August 27, 2024);
- 5) On September 30, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Additive method of forming a metallic nanoparticle microdot on a substrate, a metallic nanoparticle microdot, and an elongate metallic nanoparticle feature" (ESPI Current Report 47/2024 of October 1, 2024).

In addition, after the Balance Sheet Date, the Company received information about the recognition of patent protection for the following inventions:

- 1) On October 23, 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 measuring a minimum pressure for gas bubble generation of a capillary tube, and related methods” (ESPI Current Report 52/2024 of October 25, 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 help create patent applications of the highest quality and, as a result, strengthen the level of protection of the Company's intellectual property.

As at the Report Date, the Company has 40 patents approved, covering e.g. the territory of Japan, China, South Korea, Malaysia, Germany and the USA. 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, the United States and the UK.

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 Q3 2024:

On September 20, 2024 and on September 23, 2024, the Company organized two earnings calls for investors and all capital market stakeholders, during which the Management Board Members discussed the Issuer's financial performance Q2 2024 and the first half of 2024. The first meeting was held in Polish and the other in English. During both videoconferences, XTPL's Management Board presented the Company's financial and operating results for Q2 2024 and H1 2024 and the key events and achievements of the that period.

On September 2, 2024, the Company participated in the Equity Forum German Spring Conference in Frankfurt. During the event addressed to foreign investors, the Company presented XTPL's activities and development prospects to capital market stakeholders.

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.

In the third quarter of 2024, the Issuer participated in the following industry events:

- 1) On September 4-6, 2024 – SEMICON Taiwan – the Company was present at the event together with one of the distributors, Sigma; additionally XTPL was presented as part of the Polish Pavilion prepared by the Polish Investment and Trade Agency (PAiH);
- 2) On September 10, 2024, representatives of the Company took part in the MultiSolution Day organized by Arrow Electronics; the event was attended by leading electronics companies focusing on innovative solutions in AI and power semiconductor technologies;
- 3) September 30 – October 2, 2024 – iMAPS conference in Boston, USA.

In Q3 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.

At the beginning of April 2024, a new website was launched – xtpl.com.

The Company acquires new contacts and sales leads mainly through active participation in industry events. Other sources also include various marketing and sales activities, such as changing and positioning the xtpl.com website, an active, regularly maintained profile and campaigns on LinkedIn, and SEO (search engine optimization) activities aimed at attracting traffic to the website and building awareness of the XTPL brand and products on the web.

3.7.7 Events during the Reporting Period

Date	Event	Current Report
July 1, 2024	<p>Sale of UPD printing module to a partner in Hong Kong</p> <p>The Issuer confirmed the acceptance of the order for the delivery of a UPD printing module. The direct buyer is a Hong Kong-based company that will deliver the print module to a customer in mainland China. The end client will use the XTPL-supplied module to build a device for prototyping and conducting R&D processes for applications in modern microelectronics and printed electronics.</p>	ESPI Current Report 36/2024 of July 1, 2024
July 2, 2024	<p>Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in Greece</p> <p>The Issuer entered into a non-exclusive agreement with Vector Technologies Ltd from Greece for the distribution of the Issuer's technological solutions. Under the agreement, the distributor will advertise and sell XTPL technological solutions in Greece. The cooperation is designed to support XTPL in reaching new academic and industrial clients and finding broader applications for XTPL technologies and products. It will focus on introducing solutions in the area of thin-film photovoltaics, memristors and sensors.</p>	ESPI Current Report 37/2024 of July 2, 2024
July 17, 2024	<p>Recognition of patent protection by the United States Patent and Trademark Office</p> <p>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 transparent conductive member, and a free-standing transparent conductive film".</p>	ESPI Current Report 39/2024 of July 17, 2024
July 17, 2024	<p>Recognition of patent protection by the United States Patent and Trademark Office</p> <p>The Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "A method for printing traces on a substrate and an additive manufacturing apparatus therefor".</p>	ESPI Current Report 40/2024 of July 17, 2024
August 5, 2024	<p>Recognition of patent protection by the United States Patent and Trademark Office</p> <p>The Company received information that on August 5, 2024, the United States Patent and Trademark Office approved its patent application for the invention "Method for repairing pattern defect on a substrate and apparatus therefor" (application number: 17596920). The formal requirement to obtain a patent is to pay</p>	ESPI Current Report 41/2024 of August 7, 2024

Date	Event	Current Report
	<p>appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report.</p> <p>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.</p>	
August 27, 2024	<p>Recognition of patent protection by the United States Patent and Trademark Office</p> <p>On August 20, 2024, the Issuer received information about the approval of its patent application by the United States Patent and Trademark Office for the invention "Method of detecting surface irregularities on or in an internal surface of a cylinder for use in a piston-cylinder assembly, and related apparatus (application number: 17/663,226). 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.</p>	ESPI Current Report 42/2024 of August 27, 2024
September 17, 2024	<p>Sale of the Delta Printing System to a University in the north-east region of the United States</p> <p>On September 17, 2024, the Issuer confirmed an order placed by a University in the north-east region of the United States for the delivery of the Delta Printing System. The DPS device will be used for R&D in the area of advanced packaging technology for semiconductors. This is a second transaction concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, USA (XTPL Inc.), which will also handle operational aspects of the transaction. The establishment of the XTPL Inc. Center in Boston is part of the Company's strategy adopted in November 2023 (Current Report 54/2023 of November 22, 2023).</p>	ESPI Current Report 43/2024 of August 17, 2024
September 20, 2024	<p>Sale of the Delta Printing System to an industrial client in Canada</p> <p>On September 20, 2024, the Issuer confirmed an order placed by an industrial client in Canada States for the delivery of the Delta Printing System (DPS). The DPS device will be used in the area of advanced packaging for application in modern displays.</p> <p>This is a third transaction concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, which will also handle operational aspects of the transaction. The establishment of the XTPL Inc. Center in Boston is part of the Company's strategy adopted in November 2023 (Current Report 54/2023 of November 22, 2023).</p>	ESPI Current Report 44/2024 of September 20, 2024

Date	Event	Current Report
September 23, 2024	<p>Sale of the Delta Printing System to the Vienna University of Technology (TU Wien) in Austria</p> <p>On September 23, 2024, the Company confirmed an order from the Vienna University of Technology in Austria for the delivery of a Delta Printing System (DPS). The DPS device will be used for R&D in the area of biomedical electronics.</p>	ESPI Current Report 45/2024 of September 23, 2024
September 30, 2024	<p>Recognition of patent protection by the United States Patent and Trademark Office</p> <p>On September 30, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Additive method of forming a metallic nanoparticle microdot on a substrate, a metallic nanoparticle microdot, and an elongate metallic nanoparticle feature".</p>	ESPI Current Report 47/2024 of September 30, 2024

3.7.8 Events occurring after the Balance Sheet Date

Date	Event	Current Report
October 14, 2024	<p>Sale of the Delta Printing System to an industrial client in California, USA.</p> <p>On October 14, 2024, the Company confirmed an order placed by an industrial client from California, USA, for the delivery of the Delta Printing System (DPS). This is a fourth transaction concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, USA.</p>	ESPI Current Report 48/2024 of October 14, 2024
October 17, 2024	<p>Intention to raise financing and initiate a share issue process</p> <p>The Management Board of XTPL S.A. announced that on October 17, 2024 it made a decision to commence steps aimed at raising financing for the Company through an issue of new shares.</p> <p>The intention of the Company's Management Board is to call an Extraordinary General Meeting in the second half of November 2024 to decide on the issue of up to 300,000 ordinary bearer shares addressed to investors who meet the requirements specified in the issue resolution. The share issue proceeds are to be used to finance the second part of capital expenditures as part of the Company's Development Strategy adopted in 2023 geared towards achieving PLN 100 million in revenues from sales of products and services by the end of 2026. In accordance with this Strategy, the Company has planned investments totaling</p>	ESPI Current Report 50/2024 of October 17, 2024

Date	Event	Current Report
	approx. PLN 60 million in 2023–2026 in three key business areas: sales, production and R&D.	
October 25, 2024	<p>Recognition of patent protection by the United States Patent and Trademark Office</p> <p>The Management Board of XTPL S.A. reports that on October 23, 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 measuring a minimum pressure for gas bubble generation of a capillary tube, and related methods” (application number: 17/174,892). 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.</p> <p>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.</p>	ESPI Current Report 52/2024 of October 25, 2024

3.7.9 Industry and investor events after the Balance Sheet Date

After the Reporting Period, the Issuer participated in the following industry events:

- 1) October 3, 2024 – The Issuer participated in the webinar “Digital Printing for Open Defect Repair in Displays”.
- 2) October 23-24, 2024 – TechBlick Berlin, one of the leading events in the technology industry; connecting the global industry and ecosystem – from end users to suppliers and innovators.

The Company is looking at more investor events in which to participate to be able to showcase its achievements in 2024 with respect to technology and commercialization, financial performance and development prospects. In the coming months, XTPL will participate in the following events:

- 1) November 12-15, 2024 – SEMICON EUROPA in Munich;
- 2) December 9-13, 2024 - EU Business Hub at SEMICON JAPAN in Tokyo

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) cover the period of nine months ended September 30, 2024, and the comparative data for the period of nine months ended September 30, 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.

The Company is consistently implementing its development strategy for 2023-2026 adopted in November 2023. The main goal of the strategy is to achieve PLN 100 million in commercial revenues in 2026. In order to reach this ambition, an investment process is needed, estimated at PLN 60 million over the Strategy period. This process is designed to make the Company ready to acquire and handle sales in the order of PLN 100 million, with a focus on key areas: sales, production and product development.

In the first stage, the Company raised PLN 36.6 million gross through the issue of shares in July 2023. In this way, XTPL has managed to significantly increase its production capacity, even halving the time needed to build the devices. The Company has also achieved an appropriate level of inventory to secure key components for the fabrication of the devices. For several quarters now, hard work has been going on to launch a Demo Center in Boston, USA. The Center – which is expected to become operational in Q4 2024 – will be an important support for current and future American clients. However, Urs Berger, Managing Director of XTPL Inc., has been actively operating on the American market since the beginning of the year. At the same time, R&D and Product Management Departments are constantly working on the development of our products in individual industrial projects, where commercialization is the main source of the sales growth expected over the Strategy horizon.

Continued implementation of the strategy involves further work in three main areas: sales, production and product development. Accordingly, in the fourth quarter, XTPL plans to launch the second stage of the investment process. The implementation of the second phase will be supported by equity and other sources of funding available to the Company, including debt. The Management Board sustains its opinion

about the high commercialization potential of XTPL's technology, as evidenced in particular by progress within all 4 of the most advanced industrial projects. The Company believes that raising about PLN 30 million and completing the investment process for a total of about PLN 60 million will enable it to meet its strategic goal of achieving PLN 100 million in commercial revenues by the end of 2026.

In accordance with its ESPI Current Report (50/2024) of October 17, 2024, the Company's Management Board made a decision to commence steps aimed at raising financing for the Company through an issue of new shares. The share issue proceeds are to be used to finance the second part of capital expenditures as part of the Company's Development Strategy adopted in 2023 geared towards achieving PLN 100 million in revenues from sales of products and services by the end of 2026.

As part of the implementation of the second stage of the Strategy, the Company's Management Board intends to secure further funds of PLN 28–31 million (PLN 26–29 million after deducting issue costs) in order to further strengthen the above key areas for continued business development.

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

exchange rates used in the financial statements	January–September 2024		January–September/ December 2023	
	EUR	USD	EUR	USD
for balance sheet items	4,2791	3,8193	4,3480	3,9350
for profit or loss and cash flow items	4,3041	3,9634	4,5773	4,2337

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 Q3 2024, published in ESPI Current Report 49/2024 of October 17, 2024, is as follows: 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 98,320 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.

In addition, on June 28, 2024, the Company introduced an incentive program for members of the Management Board and senior management, which is based on series B subscription warrants and new series W shares. As a result of the implementation of the program, there may be a change in the proportions of shares held by shareholders. The conditional increase in the share capital through the issue of series W shares was recorded in the register of entrepreneurs of the National Court Register on September 30, 2024. The maximum pool of subscription warrants that can be granted under the scheme is 70,500, which will entitle their holders to take up 70,500 shares of the Issuer.

3.9.4 Branches

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

3.9.5 Non-arms 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 which, in the Issuer's opinion, is important for the assessment of its personnel, asset and financial position, financial performance and their changes, as well as information which is important for the assessment of the Issuer's ability to fulfill its obligations

The Issuer 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.	Deutsche Balaton Group*	336,939	14.34	336,939	14.34
2.	Filip Granek, PhD	328,498	13.98	328,498	13.98
3	Leonarto Funds	257,564	10.96	257,564	10.96
4	ACATIS Investment	234,692	9.99	234,692	9.99
5	Esaliens TFI SA	120,776	5.14	120,776	5.14
7	Others	1,071,408	45.59	1,071,408	45.59
	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.	Deutsche Balaton Group*	336,939	14.34	336,939	14.34
2.	Filip Granek, PhD	328,498	13.98	328,498	13.98
3	Leonarto Funds	257,564	10.96	257,564	10.96
4	ACATIS Investment	234,692	9.99	234,692	9.99
5	Esaliens TFI SA	120,776	5.14	120,776	5.14
7	Others	1,071,408	45.59	1,071,408	45.59
	TOTAL	2,349,877	+100.0%	2,349,877	+100.0%

Since the date of the Issuer's previous financial report, i.e., the submission of the half-yearly report for H1 2024 on September 19, 2024, there have been no changes in the ownership of significant shareholdings.

4.2 Shares held by members of management and supervisory bodies

Ref.	Name	Role	Shares held as at September 30, 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 Board	–	–
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	–	–
8	Agata Gładysz-Stańczyk – an independent SB Member	Supervisory Board Member	–	–

Since the date of the Issuer's previous financial report, i.e., the submission of the report for H1 2024 on September 19, 2024, there have been no changes in the ownership of the Issuer's shares by members of the Issuer's management and supervisory bodies.

CONDENSED STANDALONE FINANCIAL STATEMENTS

5. CONDENSED STANDALONE FINANCIAL STATEMENTS

5.1 Condensed standalone statement of financial position

ASSETS	NOTE	30.09.2024	31.12.2023
PLN '000 PLN			
Non-current assets		24,542	14,654
Property, plant and equipment	2	11,346	5,072
Intangible assets	1	12,318	9,549
Long-term receivables	6	878	33
Current assets		13,039	32,165
Inventories	7	5,015	1,830
Trade receivables		2,541	1,193
Other receivables		1,974	2,914
Cash and cash equivalents		3,211	26,043
Other assets		298	185
Total assets		37,581	46,819

EQUITY AND LIABILITIES	NOTE	30.09.2024	31.12.2023
PLN '000 PLN			
Total equity		18,470	32,479
Share capital		235	230
Supplementary capital		33,203	36,084
Reserve capital		2,386	2,792
Retained earnings, including:		- 17,354	-6,627
- <i>current period result</i>		- 16,982	-6,255
Long-term liabilities		10,941	4,970
Long-term financial liabilities		6,051	169
Deferred income in respect of grants		4,890	4,801
Short-term liabilities		8,170	9,370
Trade liabilities		2,708	1,947
Short-term financial liabilities		918	3,980
Other liabilities		2,450	1,797
Deferred income in respect of grants		2,094	1,646
TOTAL EQUITY AND LIABILITIES		37,581	46,819

5.2 Condensed standalone statement of comprehensive income

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME		NOTE	1.01.2024 – 30.09.2024	1.07.2024 – 30.09.2024	1.01.2023 – 30.09.2023	1.07.2023 – 30.09.2023
			PLN` 000	PLN` 000	PLN` 000	PLN` 000
Continued operations	13		7,606	1,771	10,827	3,939
Revenue from the sale of products and services	13		7,010	1,634	9,171	3,639
Revenue from grants			596	137	1,656	300
Cost of sales	14		13,265	4,690	5,843	2,039
Research and development expenses	14		8,391	3,202	3,671	1,067
Cost of finished goods sold	14		4,874	1,489	2,172	972
Gross profit (loss)			-5,659	-2,919	4,984	1,900
Marketing and selling costs			4,075	1,412	2,259	561
General and administrative expenses	14		6,856	2,517	5,180	2,281
Other operating income			109	10	7	2
Other operating costs			129	2	29	4
Operating profit (loss)			-16,610	-6,840	-2,477	-944
Financial revenues			250	137	222	213
Financial expenses			622	389	433	124
Profit/ loss before tax			-16,982	-7,092	-2,688	-855
Income tax			-	-	-	-
Net profit (loss) on continued operations			-16,982	-7,092	-2,688	-855
Discontinued operations			-	-	-	-
Net profit (loss) on discontinued operations			-	-	-	-
Net profit (loss) on continued and discontinued operations			-16,982	-7,092	-2,688	-855
Other comprehensive income			-	-	-	-
Total comprehensive income			-16,982	-7,092	-2,688	-855
Net profit (loss) per share (in PLN)						
On continued operations						
Ordinary			-7,23	-3,02	-1,17	-0,37
Diluted			-7,23	-3,02	-1,14	-0,36
On continued and discontinued operations						
Ordinary			-7,23	-3,02	-1,17	-0,37
Diluted			-7,23	-3,02	-1,14	-0,36
number of shares to calculate ordinary profit (loss) per share			2,349,877	2,349,877	2,304,222	2,304,222
number of shares to calculate diluted profit (loss) per share			2,349,877	2,349,877	2,349,877	2,349,877

5.3 Condensed standalone statement of changes in equity

INERIM CONDENSED STATEMENT OF CHANGES					
IN EQUITY PLN`000	Share capital	Supplementa ry capital	Reserve capital	Retained earnings	Total
As at January 1, 2024	230	36,084	2,792	- 6,627	32,479
Comprehensive income:	-	-	-	- 16,982	- 16,982
Profit (loss) after tax	-	-	-	- 16,982	- 16,982
Other comprehensive income	-	-	-	-	-
Transactions with owners:	5	- 2,881	- 405	6,255	2,973
Issue of shares	5	3,374	-	-	3,378
Incentive scheme	-	-	-	-	-
Profit distributions	-	- 6,255	-	6,255	-
Value of conversion rights under convertible bonds	-	-	- 405	-	- 405
As at September 30, 2024	235	33,203	2,386	- 17,354	18,470
As at January 1, 2023	203	1,531	5,048	-2,629	4,153
Comprehensive income:	-	-	-	-2,688	-2,688
Profit (loss) after tax	-	-	-	-2,688	-2,688
Other comprehensive income	-	-	-	-	-
Transactions with owners:	27	34,553	-2,257	2,257	34,580
Issue of shares	27	34,553	-	-	34,580
Incentive scheme	-	-	-	-	-
Distribution of profit	-	-	-2,257	2,257	-
As at September 30, 2023	230	36,084	2,792	-3,060	36,046

5.4 Condensed standalone statement of cash flows

INTERIM CONDENSED STATEMENT OF CASH FLOWS	NOTE	01.01.2024	01.07.2024	01.01.2023	01.07.2023
		30.09.2024	30.09.2024	30.09.2023	30.09.2023
		PLN'000	PLN'000	PLN'000	PLN'000
Cash flows from operating activities	15				
Profit (loss) before tax		-16,982	-7,092	-2,688	-855
Total adjustments:		-475	-1,616	-424	-1,799
Depreciation/amortization		3,164	1,560	1,236	563
FX gains (losses)		121	63	-44	-39
Interest and profit distributions (dividends)		-10	-1	38	-133
Profit (loss) on investing activities		-	-	65	18
Change in the balance of provisions		36	-183	96	-39
Change in the balance of inventories		-3,184	-366	-1,566	-665
Change in the balance of receivables		-1,384	29	-2,113	-1,412
Change in short-term liabilities, except bank and other loans		357	-2,668	830	-1,169
Change in other assets		963	1,141	-1	77
Change in the balance of grants to be settled		-538	-1,191	1,035	1,000
Incentive scheme valuation		-	-	-	-
Income tax paid		-	-	-	-
Other adjustments		-	-	-	-
Total cash flows from operating activities		-	17,457	-8,708	-3,112
Cash flows from investing activities	15				
Inflows		271	88	393	213
Disposal of tangible and intangible assets		-	-	-	-
Repayment of long-term loans		130	60	180	-
Interest on financial assets		141	28	213	213
Outflows		4,407	583	5,192	2,656
Acquisition of tangible and intangible assets		4407	583	5,125	2,656
Acquisition of financial assets		-	-	67	-
Long-term loans granted		-	-	-	-
Other investment outflows		-	-	-	-
Total cash flows from investing activities		-	4,136	-495	-4,799
Cash flows from financing activities	15				
Inflows		-	-	34,654	34,406
Contributions to capital		-	-	34,580	34,580
Bank and other loans		-	-	74	-174
Other financial inflows		-	-	-	-
Outflows		1,220	205	1,002	535
Repayment of bank and other loans		196	-	-	0
Finance lease payments		389	47	876	498
Interest		635	158	126	37
Total cash flows from financing activities		-	1,220	-205	33,652
Total cash flows from investing activities		-	22,813	-9,408	25,741
Change in cash and cash equivalents:		-22,832	-9,419	25,787	28,795
- change in cash due to FX differences		-19	-11	-46	-21
Cash and cash equivalents at the beginning of the period		26,043	12,638	5,920	2,887
Cash and cash equivalents at the end of the period, including:		3,230	3,230	31,661	31,661
- restricted cash		505	-	-	-

5.5 Notes

Note 1. Intangible assets

INTANGIBLE ASSETS	figures in PLN thousand	30.09.2024	31.12.2023
Acquired concessions, patents, licenses and similar rights		-	-
Intellectual property rights		-	-
Other intangible assets		1,165	507
Completed development		7,902	2,029
In-process development expenditure		3,250	7,013
Total (net)		12,318	9,549
Previous amortization		2,616	2,015
Total (gross)		14,934	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 Company does not use its intangible assets as collateral. As at September 30, 2024, the Company did not have any agreements whereby it would be required to purchase any intangible assets. In 2024 and 2023, no impairment charges were posted for intangible assets.

Under "Other intangible assets" as of September 30, 2024 and December 31, 2023, the Company presents expenses incurred as of 2023 related to the construction of integrated software that has not been put into use until September 30, 2024. In the reporting period, the Company capitalized expenses incurred on building its website (PLN 191.5 thousand).

In the reporting period, the Company completed development for the OLED printer and 3D PRINTING projects. The gross value of completed development is:

- hardware R&D OLED PLN 2,685.6 thousand
- hardware R&D 3D PRINTING PLN 3,788.2 thousand

As at September 30, 2024, the Company recognized the value of incurred expenditures on completed development in intangible assets, under "completed development", adopting a 5-year amortization period (i.e. 20% per year).

Note 2. Property, plant and equipment and significant acquisitions of property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT	figures in PLN thousand	30.09.2024	31.12.2023
Buildings, premises, rights to premises and civil and water engineering str		6,106	-
Technical equipment and machines		1,973	975
Vehicles		181	79
Other tangible assets		2,928	3,520
Tangible assets under construction		157	497
Total (net)		11,346	5,071
Previous amortization		5,610	3,034
Total (gross)		16,956	8,105

The heading tangible assets under construction includes expenses related to the development of the UPD head (PLN 85.3 thousand) and leasehold improvements related to the adaptation of new office and laboratory premises (PLN 72 thousand). No tangible assets are used as collateral. In 2024 and 2023, no impairment charges were posted for tangible assets.

As at September 30, 2024, the Company uses tangible assets under rental and lease agreements totalling PLN 7,631 thousand net.

TANGIBLE ASSETS UNDER RENTAL/ LEASE	figures in PLN thousand	30.09.2024	31.12.2023
Buildings, premises, rights to premises and civil and water engineering stru		6,106	-
Technical equipment and machines		52	95
Vehicles		127	79
Other tangible assets		788	1,146
Total (net)		7,073	1,320
Previous amortization		1,887	937
Total (gross)		8,959	2,256

The table below presents the acquisition of material items of property, plant and equipment.

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS	figures in PLN thousand	01.01.2024 - 30.09.2024	01.01.2023 - 31.12.2023
XTPL printers, 3D		1,092	821
Computer sets		281	268
Internal ICT network		93	0
Poweredge server		281	0
Light curing chamber, linear and spiral lamp		250	0
Rheometer		-	0
Laser measuring system		-	0
Centrifuge		-	0
Anti-vibration system		-	0
Car		143	0
Pressure control system and other		-	17
Gantry movement system and elements		-	2,470
Confocal microscope		-	0
Other laboratory equipment		403	163
Office equipment		109	73
Glove box		-	0
Total significant acquisitions		2,652	3,812

On May 22, 2024, the Company signed an agreement with VASTINT POLAND Sp. z o.o. for the lease of office and laboratory space. In accordance with IFRS 16, the Company recognized the right-of-use asset under the agreement at PLN 6,465 thousand and posted the value of the agreement in tangible assets.

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

As at September 30, 2024, the Company did not have any agreements whereby it would be required to purchase any tangible assets.

The Company has liabilities arising from rental and lease tangible assets totalling PLN 6,969 thousand, including short-term liabilities of PLN 918 thousand and long-term liabilities of PLN 6,051 thousand.

The maturity period of liabilities is presented in the table below.

Year	Repayment period				short term	long term	Total
	up to 1 year	1 year to 3 years	3 to 5 years	above 5 years			
2024	918	2,946	2,161	944	918	6,051	6,969

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, except for the impairment allowance for trade receivables of PLN 119 thousand in connection with the identified risk of non-payment.

Note 6. Long-term receivables

Long-term receivables	figures in PLN thousand	30.09.2024	31.12.2023
Loans granted		-	-
Security deposits		475	33
Shares		-	-
For equipment used under a lease agreement		403	-
Total long-term receivables		878	34

Long-term receivables include long-term deposits resulting from the lease agreement concluded by the Company for office and laboratory premises and amounted to PLN 475 thousand as at September 30, and long-term receivables resulting from the printing device lease agreement concluded with a related party (XTPL Inc.) in the amount of PLN 403 thousand. The agreement was signed for 48 months.

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	figures in PLN thousand	01.01.2024 - 01.01.2023 -	
		30.09.2024	31.12.2023
Balance at the beginning of the period		459	272
increased/ created		36	187
utilization		-	0
release		-	0
Balance at the end of the period		495	459

The change in provisions presented in the table above relates to provisions created for unused annual leaves by the Company's employees. The above provisions are presented in the statement of financial position under other liabilities. The increase in the value of the provisions for employee benefits is mainly due to the increase in employment at the Company.

In the reporting period and in previous years, the Company did not create any provisions for restructuring costs.

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

	Category	Book value		Fair value	
		30.09.2024	31.12.2023	30.09.2024	31.12.2023
Financial assets					
Loans granted	WwgZK	14	144	14	144
Trade receivables	WwgZK	2,541	1,193	2,541	1,193
Equipment lease receivables	according to IFRS 16	519	-	519	-
Other receivables	WwgZK	1,845	2,770	1,845	2,770
Cash and cash equivalents	WwgZK	3,211	26,043	3,211	26,043
Total		8,131	30,150	8,131	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	6,969	604	6,969	604
Trade liabilities	PZFwgZK	2,708	1,947	2,708	1,947
Other liabilities	PZFwgZK	2,449	1,797	2,449	1,797
Total		12,125	7,892	12,125	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 September 30, 2024 and December 31, 2023 was not materially different from the values presented in the financial statements for the individual years. 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

	figures in PLN thousand	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
PBT presented in the statement of comprehensive income		- 9,890	-2,688
PBT presented in the statement of cash flows		- 16,982	-2,688

INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Realized interest on financing activities	154	126
Realized interest on investing activities	- 141	-213
Unrealized interest on financing activities	–	127
Unrealized interest on investing activities	–	-2
Total interest and dividends:	13	38

CHANGE IN THE BALANCE OF RECEIVABLES	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Change in the balance of trade receivables	- 669	-1,012
Other receivables	- 581	-1,101
Loans granted	- 134	
Total change in the balance of receivables:	- 1,384	-2,113

CHANGE IN THE BALANCE OF LIABILITIES	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Change in the balance of trade liabilities	- 296	632
Other liabilities	617	198
Change in employee benefit provisions	36	
Total change in the balance of liabilities:	357,215	830

Cash and cash equivalents at the end of the period	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Statement of cash flows	3,212	31,661
Statement of financial position	3,211	31,678

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	figures in PLN thousand	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Research and development revenue		395	2,697
Revenue from the sale of products		6,615	6,474
Revenue from grants		596	1,656
Total net revenue from sales		7,606	10,827

Note 13. Grants

Inflow from grants	01.01.2024 - 30.09.2024	01.01.2023 - 30.09.2023
from activities	596	1,656
from assets	-	-
TOTAL grant revenue	596	1,656

During the reporting period, the Company generated revenues from grants in the amount of PLN 596 thousand resulting from submitted refund requests for projects connected with the construction of tangible assets.

In accordance with IFRS 20, grants to assets are also recognised in the liabilities of the statement of financial position at the balance sheet date. Grants to depreciable assets will be recognized in the Company's profit or loss over the individual periods in proportion to the recognition of depreciation on those assets.

Note 14. Operating costs

OPERATING COSTS	figures in PLN thousand	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Depreciation/ amortization, including		3,164	1,236
– depreciation of tangible assets		2,567	956
– amortization of intangible assets		597	280
Use of raw materials and consumables		4,152	3,127
External services		5,838	3,796
Cost of employee benefits		9,832	4,293
Taxes and charges		335	96
Other costs by type		875	734
Value of goods and materials sold		-	-
Total costs by type, including:		24,196	13,282
Items reported as research and development costs		8,391	3,671
Items reported as cost of finished goods sold		4,874	2,172
Marketing and selling costs		4,075	2,259
Items reported as general and administrative expenses		6,856	5,180
Change in finished goods		-	-
Cost of producing services for internal needs of the entity		-	-

Note 15. Related party transactions

01.01.2024-30.09.2024	figures in PLN thousand	Due to related parties	To joint ventures	key managem ent personnel*	To other related entities **
Purchase of services		180	-	-	-
Loans granted		-	-	-	-
Revenue from the sale of products		1,217	-	-	-
Revenue from the sale of services		24	-	-	-
Cost of products sold		394	-	-	-
Financial revenues - interest on loans and printer lease agreement		12	-	-	-

01.01.2023-30.09.2023	Due to related parties	To joint ventures	key management personnel*	To other related entities **
Purchase of services	-	-	-	180,00
Loans granted	67,00	-	-	-
Revenue from the sale of products	-	-	-	-
Revenue from the sale of services	-	-	-	-
Cost of products sold	-	-	-	-
Financial revenues - interest on loans and printer lease agreement	-2,00	-	-	-2,00

* 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

Terms of related party transactions

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
	30.09.2024	31.12.2023	01.01.2024 - 30.09.2024
In respect of:			
Interest on loans and deposits		-	
Leased tangible assets	189	136	- 53
Total deferred tax liability	189	136	- 53
Set-off with deferred tax assets	- 189	- 136	53
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
	30.09.2024	31.12.2023	01.01.2024 - 30.09.2024
Due to differences between the tax value and the carrying amount:			
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	-	-	-
Provision for unused annual leaves	94	87	7
Provision for salaries	56	4	53
Loan valuation	-	-	-
Provision for the cost external services	39	46	- 7
Total deferred tax assets	189	136	52
Set-off with a deferred tax liability	- 189	- 136	- 52
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 period from January to June 2024, 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 September 30, 2024, the Company has assets denominated in foreign currencies, which include trade receivables. The value of the 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.

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. In view of the above, 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 finance leases.

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.

The Company has overdraft agreements for a total amount of PLN 600 thousand:

Santander Bank Polska: limit of PLN 200 thousand

ING Bank Śląski: limit of PLN 400 thousand.

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
- in the event of a risk of customer insolvency, the Company secures its proceeds with bank guarantees or corporate guarantees.

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 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 September 30, 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. 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.

In addition, the Company issues promissory notes to secure claims up to the amount of liabilities arising from lease agreements. As at September 30, 2024, the total amount of promissory notes relating to lease agreements as was PLN 2,660 thousand, while the remaining outstanding liabilities resulting from those agreements were PLN 263 thousand.

CONTINGENT LIABILITIES	30.09.2024	31.12.2023
Promissory notes	19,789	19,789
Total contingent liabilities	19,789	19,789

Note 21. Incentive scheme

In the Reporting Period, the Company did not grant any instruments or recognize in the condensed statement of comprehensive income any 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.

According to ESPI Current Report 2 of January 15, 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. As a result, the share capital was increased.

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

The entity's reporting segments are based on product groups.

As at the Reporting Date, the Company distinguished three product groups:

- Delta Printing System laboratory printers;
- silver-based conductive nanoinks;
- research services related to printing on client-supplied substrates in the manner specified by the client, in order to demonstrate the suitability of the XTPL technology to solve technological production problems (Proof of Concept).

SALES REVENUE BY SEGMENTS	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Nanoinks	584	416
Printer sale/ lease	6,031	6,058
Research and development services	395	2,697
TOTAL	7,010	9,171

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 third 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 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

In Q3 2024, no corrections were made on account of errors from previous periods.

The Management Board of the Parent Entity has separated the heading marketing and selling costs in the standalone statement of comprehensive income. Previously, these costs were presented together with general and administrative expenses. The main reason for the decision was a significant increase in such costs resulting from changes in the organizational structure and the establishment of these departments within the Group's structure. The formation of these departments is the result of commercialization and the adopted long-term strategy of the Group.

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

This financial statements for the period from January 1, 2024 to September 30, 2024 were approved for publication by the Company’s Management Board on November 7, 2024.

**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

6. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6.1 Condensed consolidated statement of financial position

ASSETS	NOTE	30.09.2024	31.12.2023
PLN '000 PLN			
Non-current assets		24,324	14,654
Property, plant and equipment	2	11,532	5,072
Intangible assets	1	12,318	9,549
Long-term receivables	6	475	33
Current assets		13,837	33,288
Inventories	7	5,015	1,830
Trade receivables		1,872	1,203
Other receivables		1,863	2,771
Cash and cash equivalents		4,810	27,275
Other assets		278	209
Total assets		38,162	47,942
EQUITY AND LIABILITIES	NOTE	30.09.2024	31.12.2023
PLN '000 PLN			
Total equity		18,482	33,592
Share capital		235	230
Supplementary capital		33,203	36,084
Own shares		- 4	-4
Reserve capital		1,510	1,916
FX differences arising on translation		- 63	-39
Retained earnings		- 16,399	-4,595
Long-term liabilities		10,941	4,970
Long-term financial liabilities		6,051	169
Deferred income in respect of grants		4,890	4,801
Short-term liabilities		8,739	9,380
Trade liabilities		3,277	1,956
Short-term financial liabilities		918	3,980
Other liabilities		2,450	1,798
Deferred income in respect of grants		2,094	1,646
TOTAL EQUITY AND LIABILITIES		38,162	47,942

6.2 Condensed consolidated statement of comprehensive income

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	NOTE	1.01.2024 –	1.07.2024 –	1.01.2023 –	1.07.2023 –
		30.09.2024	30.09.2024	30.09.2023	30.09.2023
		PLN` 000	PLN` 000	PLN` 000	PLN` 000
Continued operations	13	7,257	1,156	10,827	3,939
Revenue from the sale of products and services	13	6,661	1,019	9,171	3,639
Revenue from grants		596	137	1,656	300
Cost of sales	14	13,265	4,690	5,843	2,039
Research and development expenses	14	8,391	3,202	3,671	1,067
Cost of finished goods sold	14	4,874	1,489	2,172	972
Gross profit (loss)		- 6,008	- 3,535	4,984	1,900
Marketing and selling costs		4,084	1,420	2,259	561
General and administrative expenses	14	7,567	2,536	5,140	2,268
Other operating income		109	10	7	2
Other operating costs		129	2	29	4
Operating profit (loss)		- 17,678	- 7,483	- 2,437	- 931
Financial revenues		238	125	213	213
Financial expenses		623	389	360	125
Profit/ loss before tax		- 18,063	- 7,746	- 2,584	- 843
Income tax			- 8	5	-
Net profit (loss) on continued operations		- 18,063	- 7,739	- 2,589	- 843
Discontinued operations		-	-	-	-
Net profit (loss) on discontinued operations		-	-	-	-
Net profit (loss) on continued and discontinued operations		- 18,063	- 7,739	- 2,589	- 843
Profit (loss) attributable to non-controlling interests		-	-	-	-
Profit (loss) attributable to shareholders of the parent		- 18,063	- 7,739	- 2,589	- 843
Other comprehensive income		- 24, -	56, -	-	-
Items that can be transferred to profit or loss in subsequent reporting periods		- 24	-	-	-
FX differences arising on conversion of foreign affiliates		24	-	-	-
Items that will not be transferred to profit or loss in subsequent periods		-	-	-	-
Total comprehensive income		- 18,087	- 7,795	- 2,589	- 843
Total comprehensive income attributable to non-controlling shareholders		-	-	-	-
Total comprehensive income attributable to the parent company		- 18,087	- 7,795	- 2,589	- 836
Net profit (loss) per share (in PLN)					
On continued operations					
Ordinary		-7,70	-3,32	-1,12	-0,37
Diluted		-7,70	-3,32	-1,10	-0,36
On continued and discontinued operations					
Ordinary		-7,70	-3,32	-1,12	-0,37
Diluted		-7,70	-3,32	-1,10	-0,36
number of shares to calculate ordinary profit (loss) per share		2,349,877	2,349,877	2,304,222	2,304,222
number of shares to calculate diluted profit (loss) per share		2,349,877	2,349,877	2,349,877	2,349,877

6.3 Condensed consolidated statement of changes in equity

INERIM CONDENSED STATEMENT OF CHANGES							
IN EQUITY PLN '000	Share capital	Supplementa ry capital	Own shares	Reserve capital	FX differences arising on translation	Retained earnings	Total
As at January 1, 2024	230	36,084	-4	1,916	-39	-4,595	33,592
Comprehensive income:	-	-	-	-	-24	-18,059	-18,083
Profit (loss) after tax	-	-	-	-	-	-18,063	-18,063
Other comprehensive income	-	-	-	-	-24	5	-20
Transactions with owners:	5	-2,881	-	-405	-	6,255	2,973
Issue of shares	5	3,374	-	-	-	-	3,378
Incentive scheme	-	-	-	-	-	-	-
Profit distributions	-	-6,255	-	-	-	6,255	-
Value of conversion rights under convertible bonds	-	-	-	-405	-	-	-405
As at September 30, 2024	235	33,203	-4	1,510	-63	-16,399	18,482
As at January 1, 2023	203	1,531	-4	4,172	74	-2,001	3,975
Comprehensive income:	-	-	-	-	-4	-2,589	-2,593
Profit (loss) after tax	-	-	-	-	-	-2,589	-2,589
Other comprehensive income	-	-	-	-	-4	-	-4
Transactions with owners:	27	34,553	-	-2,257	-	2,257	34,580
Issue of shares	27	34,553	-	-	-	-	34,580
Incentive scheme	-	-	-	-	-	-	-
Distribution of profit	-	-	-	-2,257	-	2,257	-
As at September 30, 2023	230	36,084	-4	1,916	70	-2,333	35,963

6.4 Condensed consolidated statement of cash flows

INTERIM CONDENSED STATEMENT OF CASH FLOWS	NOTE	01.01.2024	01.07.2024	01.01.2023	01.07.2023
		30.09.2024	30.09.2024	30.09.2023	30.09.2023
		PLN'000	PLN'000	PLN'000	PLN'000
Cash flows from operating activities	15				
Profit (loss) before tax		-18,063	-7,746	-2,584	-843
Total adjustments:		1,302	477	470	1,709
Depreciation/amortization		3,177	1,573	1,236	563
FX gains (losses)		121	40	-50	-19
Interest and profit distributions (dividends)		-10	-1	-87	-175
Profit (loss) on investing activities		-	-	-5	-
Change in the balance of provisions		36	-183	96	-39
Change in the balance of inventories		-3,184	-366	-1,566	-544
Change in the balance of receivables		-300	572	-2,127	-1,426
Change in short-term liabilities, except bank and other loans		1,037	-1,979	971	-1,111
Change in other assets		963	1,058	27	42
Change in the balance of grants to be settled		-538	-1,191	1,035	1,000
Incentive scheme valuation		-	-	-	-
Income tax paid		-	-	-	-
Other adjustments		-	-	-	-
Total cash flows from operating activities		-16,761	-8,223	-3,054	-2,552
Cash flows from investing activities	15				
Inflows		141	28	213	213
Disposal of tangible and intangible assets		-	-	-	-
Repayment of long-term loans		-	-	-	-
Interest on financial assets		141	28	213	213
Outflows		4,606	782	5,125	2,777
Acquisition of tangible and intangible assets		4,606	782	5,125	2,777
Acquisition of financial assets		-	-	-	-
Long-term loans granted		-	-	-	-
Other investment outflows		-	-	-	-
Total cash flows from investing activities		-4,465	-754	-4,912	-2,564
Cash flows from financing activities	15				
Inflows		0	0	34,654	34,406
Contributions to capital		-	-	34,580	34,580
Bank and other loans		-	-	74	-174
Other financial inflows		-	-	-	-
Outflows		1,220	205	1,002	535
Repayment of bank and other loans		196	-	-	-
Finance lease payments		389	47	876	498
Interest		635	158	126	37
Total cash flows from financing activities		-	1,220	33,652	33,871
Total cash flows from investing activities		-	22,446	25,686	28,755
Change in cash and cash equivalents:		-22,465	-9,193	25,733	28,776
- change in cash due to FX differences		-19	-11	-47	-21
Cash and cash equivalents at the beginning of the period		27,275	14,011	6,040	2,971
Cash and cash equivalents at the end of the period, including:		4,829	4,829	31,726	31,726
- restricted cash		505	-	-	-

6.5 Notes

Note 1. Intangible assets

INTANGIBLE ASSETS	figures in	
	PLN	thousand
	30.09.2024	31.12.2023
Acquired concessions, patents, licenses and similar rights	-	-
Intellectual property rights	-	-
other intangible assets	1,165	507
Completed development	7,902	2,029
In-process development expenditure	3,250	7,013
Total (net)	12,318	9,549
Previous amortization	2,616	2,015
Total (gross)	14,934	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 September 30, 2024, the Group did not have any agreements whereby it would be required to purchase any intangible assets. In 2024 and 2023, no impairment charges were posted for intangible assets.

Under "Other intangible assets" as of September 30, 2024 and December 31, 2023, the Group presents expenses incurred as of 2023 related to the construction of integrated software and the Parent Company's website – they have not been put into use until September 30, 2024.

In the reporting period, the Group completed development for the OLED printer and 3D PRINTING projects. The gross value of completed development is:

- Hardware R&D OLED PLN 2,685.6 thousand
- Hardware R&D 3D PRINTING PLN 3,788.2 thousand

In the reporting period, the Company capitalized expenses incurred on building its website (PLN 191.5 thousand).

As at September 30, 2024, the Group recognized the value of incurred expenditures on completed development in intangible assets, under "completed development", adopting a 5-year amortization period (i.e. 20% per year).

Note 2. Property, plant and equipment and significant acquisitions of property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT	figures in	
	PLN	thousand
	30.09.2024	31.12.2023
Buildings, premises, rights to premises and civil and water engineering structures	6,106	-
Technical equipment and machines	2,159	975
Vehicles	181	79
Other tangible assets	2,928	3,521
Tangible assets under construction	157	498
Total (net)	11,532	5,073
Previous amortization	5,623	3,034
Total (gross)	17,154	8,107

The heading tangible assets under construction includes expenses related to the development of the UPD head (PLN 85.3 thousand) and leasehold improvements related to the adaptation of new office and laboratory premises (PLN 72 thousand). No tangible assets are used as collateral. In 2024 and 2023, no impairment charges were posted for tangible assets.

As at September 30, 2024, the Group uses tangible assets under rental and lease agreements totalling PLN 7,631 thousand net.

TANGIBLE ASSETS UNDER RENTAL/ LEASE	figures in PLN thousand	30.09.2024	31.12.2023
Buildings, premises, rights to premises and civil and water engineering structures		6,106	-
Technical equipment and machines		52	95
Vehicles		127	79
Other tangible assets		788	1,146
Total (net)		7,073	1,320
Previous amortization		1,887	937
Total (gross)		8,959	2,256

The table below presents the acquisition of material items of property, plant and equipment.

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS	figures in PLN thousand	01.01.2024 - 30.09.2024	01.01.2023 - 31.12.2023
XTPL printers, 3D		1,291	821
Computer sets		281	268
Internal ICT network		93	0
Poweredge server		281	0
Light curing chamber, linear and spiral lamp		250	0
Rheometer		-	0
Laser measuring system		-	0
Centrifuge		-	0
Anti-vibration system		-	0
Car		143	0
Pressure control system and other		-	17
Gantry movement system and elements		-	2,470
Confocal microscope		-	0
Other laboratory equipment		403	163
Office equipment		109	73
Glove box		-	0
Total significant acquisitions		2,851	3,812

On May 22, 2024, XTPL S.A. signed an agreement with VASTINT POLAND Sp. z o.o. for the lease of office and laboratory space. In accordance with IFRS 16, the Group recognized the right-of-use asset under the agreement at PLN 6,465 thousand and posted the value of the agreement in tangible assets.

On June 24, 2024, the Company signed an agreement with a related party (XTPL Inc.) for the lease of a printing device in the amount of USD 169 thousand. In accordance with IFRS 16, the Group disclosed the value of the device ment under property, plant and equipment.

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

As at September 30, 2024, the Group did not have any agreements whereby it would be required to purchase any tangible assets.

The Group has liabilities arising from rental and lease tangible assets totalling PLN 6,969 thousand, including short-term liabilities of PLN 918 thousand and long-term liabilities of PLN 6,051 thousand.

The maturity period of liabilities is presented in the table below.

Year	Repayment period				short term	long term	Total
	up to 1 year	1 year to 3 years	3 to 5 years	above 5 years			
2024	918	2,946	2,161	944	918	6,051	6,969

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, except for the impairment allowance for trade receivables of PLN 119 thousand in connection with the identified risk of non-payment.

Note 6. Long-term receivables

Long-term receivables	figures in PLN	30.09.2024	31.12.2023
Loans granted			0
Security deposits		475	33
Shares			0
Total long-term receivables		475	33

Long-term receivables include long-term deposits resulting from the lease agreement concluded by the Company for office and laboratory premises and amounted to PLN 475 thousand as at September 30.

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	figures in PLN thousand	01.01.2024 - 01.01.2023 -	
		30.09.2024	31.12.2023
Balance at the beginning of the period		459	272
increased/ created		36	187
utilization		-	0
release		-	0
Balance at the end of the period		495	459

The change in provisions presented in the table above relates to provisions created for unused annual leaves by employees. The above provisions are presented in the statement of financial position under other liabilities. The increase in the value of the provisions for employee benefits is mainly due to the increase in employment at the Group.

In the reporting period and in previous years, the Group did not create any provisions for restructuring costs.

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

	Category	Book value		Fair value	
		30.09.2024	31.12.2023	30.09.2024	31.12.2023
Financial assets					
Loans granted	WwgZK	0	0	0	0
Trade receivables	WwgZK	1,872	1,203	1,872	1,203
Equipment lease receivables	according to IFRS 16	0			
Other receivables	WwgZK	2,338	2,771	2,338	2,771
Cash and cash equivalents	WwgZK	4,810	27,275	4,810	27,275
Total		9,020	31,249	9,020	31,249
Financial liabilities					
Interest bearing bank and other loans	PZFwgZK	0	196	0	196
Bond liabilities	WwWGpWF	0	3,348	0	3,348
Lease liabilities	according to IFRS 16	6,969	605	6,969	605
Trade liabilities	PZFwgZK	3,277	1,956	3,277	1,956
Other liabilities	PZFwgZK	2,449	1,798	2,449	1,798
Total		12,694	7,903	12,694	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 September 30, 2024 and December 31, 2023 was not materially different from the values presented in the financial statements for the individual years. 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 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

	figures in PLN thousand	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
PBT presented in the statement of comprehensive income		- 18,063	-2,584
PBT presented in the statement of cash flows		- 18,063	-2,584

INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS		01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Realized interest on financing activities		154	126
Realized interest on investing activities		- 141	-213
Unrealized interest on financing activities		-	1
Unrealized interest on investing activities		-	-1
Total interest and dividends:		13	-87

CHANGE IN THE BALANCE OF RECEIVABLES		01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Change in the balance of trade receivables		- 1,609	-1,012
Other receivables		908	-1,115
Total change in the balance of receivables:		- 701	-2,127

CHANGE IN THE BALANCE OF LIABILITIES		01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Change in the balance of trade liabilities		384	645
Other liabilities		617	326
Change in employee benefit provisions		36	
Total change in the balance of liabilities:		1,037	971

Cash and cash equivalents at the end of the period		01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Statement of cash flows		4,829	31,726
Statement of financial position		4,810	31,743

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

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

The difference between the balance of cash presented in the statement of financial position and the value of cash presented in the statement of cash flows results from the exchange rate differences relating to the valuation of cash held in the bank accounts.

Note 12. Net revenue from sales

NET REVENUE FROM SALES	figures in PLN thousand	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Research and development revenue		421	2,697
Revenue from the sale of products		6,240	6,474
Revenue from grants		596	1,656
Total net revenue from sales		7,257	10,827

Note 13. Grants

Inflow from grants	01.01.2024 - 30.09.2024	01.01.2023 - 30.09.2023
from activities	596	1,656
from assets	-	-
TOTAL grant revenue	596	1,656

During the reporting period, the Group generated revenues from grants in the amount of PLN 596 thousand resulting from submitted refund requests for projects connected with the construction of tangible assets.

In accordance with IFRS 20, grants to assets are also recognised in the liabilities of the statement of financial position at the balance sheet date. Grants to depreciable assets will be recognized in the Group's profit or loss over the individual periods in proportion to the recognition of depreciation on those assets.

Note 14. Operating costs

OPERATING COSTS	figures in PLN thousand	01.01.2024 – 30.09.2024	01.01.2023 – 30.09.2023
Depreciation/ amortization, including		3,164	1236
– depreciation of tangible assets		2,567	956
– amortization of intangible assets		597	280
Use of raw materials and consumables		4,152	3127
External services		5,616	3720
Cost of employee benefits		10,724	4293
Taxes and charges		379	136
Other costs by type		881	734
Value of goods and materials sold		-	-
Total costs by type, including:		24,916	13,246
Items reported as research and development costs		8,391	3,671
Items reported as cost of finished goods sold		4,874	2,172
Marketing and selling costs		4,084	2,259
Items reported as general and administrative expenses		7,567	5,144
Change in finished goods		-	-
Cost of producing services for internal needs of the entity		-	-

Note 16. Related party transactions

01.01.2024-30.09.2024	figures in PLN thousand	To associates	To joint ventures	key management personnel*	To other related entities **
Purchase of services		-	-	-	-
Loans granted		-	-	-	-
Revenue from the sale of products		-	-	-	-
Revenue from the sale of services		-	-	-	-
Cost of products sold		-	-	-	-
Financial expenses – interest on loans		-	-	-	-

01.01.2023-30.09.2023		To associates	To joint ventures	key management personnel*	To other related entities **
Purchase of services		-	-	-	-
Loans granted		-	-	-	-
Revenue from the sale of products		-	-	-	-
Revenue from the sale of services		-	-	-	-
Cost of products sold		-	-	-	-
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

Terms of related party transactions

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 Group 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
	30.09.2024	31.12.2023	01.01.2024 - 30.09.2024
In respect of:			
Interest on loans and deposits	-	-	-
Leased tangible assets	189	136	- 53
Total deferred tax liability	189	136	- 53
Set-off with deferred tax assets	- 189	- 136	53
Net deferred tax liability	-	-	-
Due to differences between the tax value and the carrying amount:			
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	-	-	-
Provision for unused annual leaves	94	87	94
Provision for salaries	56	3	56
Loan valuation	-	-	-
Provision for the cost external services	39	46	39
Total deferred tax assets	189	136	189
Set-off with a deferred tax liability	- 189	-	- 189
Net deferred tax assets	-	-	-

Note 18. 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 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 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 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 achievement is primarily dependent on the Group's internal situation and market conditions.

PRICE RISK

In the period from January to September 2024, 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 Group 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 September 30, 2024, the Group has assets denominated in foreign currencies, which include trade receivables. The value of the 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 Group. In order to mitigate the possible effects of exchange rate fluctuations, the Group monitors the current exchange rates on an ongoing basis.

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. In view of the above, the Company 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 finance leases.

The Group is exposed to financing risk due to the possibility that in the future it will not receive sufficient cash to fund commercialization of its research and development projects.

The Parent Company has overdraft agreements for a total amount of PLN 600 thousand:

Santander Bank Polska: limit of PLN 200 thousand

ING Bank Śląski: limit of PLN 400 thousand.

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
- in the event of a risk of customer insolvency, the Group secures its proceeds with bank guarantees or corporate guarantees.

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 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 September 30, 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. 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.

In addition, the Company issues promissory notes to secure claims up to the amount of liabilities arising from lease agreements. As at September 30, 2024, the total amount of promissory notes relating to

lease agreements as was PLN 2,660 thousand, while the remaining outstanding liabilities resulting from those agreements were PLN 263 thousand.

CONTINGENT LIABILITIES	30.09.2024	31.12.2023
Promissory notes	19,789	19,789
Total contingent liabilities	19,789	19,789

Note 21. Incentive scheme

In the Reporting Period, the Group did not grant any instruments or recognize in the statement of comprehensive income any 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 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.

According to ESPI Current Report 2 of January 15, 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. As a result, the share capital was increased.

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

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

Note 26. Operating segments

The entity's reporting segments are based on product groups.

As at the Reporting Date, the Group distinguished three product groups:

- Delta Printing System laboratory printers and UPD modules
- silver-based conductive nanoinks;
- research services related to printing on client-supplied substrates in the manner specified by the client, in order to demonstrate the suitability of the XTPL technology to solve technological production problems (Proof of Concept).

SALES REVENUE BY SEGMENTS	01.01.2024 -	01.01.2023 -
	30.09.2024	30.09.2023
Nanoinks and consumables	584	416
Printer sale/lease and sale of ultra-precise printing equipment	5,656	6,058
Research and development services	421	2,697
TOTAL	6,661	9,171

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 third 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 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

In Q3 2024, no corrections were made on account of errors from previous periods.

The Management Board of the Parent Entity has separated the heading marketing and selling costs in the standalone statement of comprehensive income. Previously, these costs were presented together with general and administrative expenses. The main reason for the decision was a significant increase in such costs resulting from changes in the organizational structure and the establishment of these departments within the Group's structure. The formation of these departments is the result of commercialization and the adopted long-term strategy of the Group.

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

This financial statements for the period from January 1, 2024 to September 30, 2024 were approved for publication by the Parent Company’s Management Board on November 7, 2024.

Person responsible for maintaining books of account

Brygida Rusinek

Chief Accountant

APPROVAL FOR PUBLICATION

7. APPROVAL FOR PUBLICATION

This report for the third quarter of 2024 ended September 30, 2024 was approved for publication by the Issuer's Management Board on November 7, 2024.

Signature of the Management Board:

Filip Granek
Management Board President



Jacek Olszański
Management Board Member

