



Quarterly report for Q1 2023

XTPL S.A.

17 May 2023

LETTER FROM THE MANAGEMENT BOARD

Ladies and Gentlemen, Dear Shareholders and Investors,

It is with great satisfaction that we present to you the Quarterly Report, in which we summarized the most important events and achievements of XTPL. The first quarter of 2023 is primarily a continuation of the positive, upward sales and development trends we have seen in all three of the Company's business lines. Invariably, our key goal is to deploy XTPL's industrial technologies on the production lines of global electronics manufacturers, so progress on these projects, of which we have a total of nine underway at the moment, as well as the initiation of further collaborations with the potential for long-term success, are a priority for us.



Commercialization of our innovative solutions based on proprietary technology is progressing, which is directly reflected in our financial results. In the first quarter, revenues from sales of products and services more than tripled compared to last year to PLN 3.0 million. These revenues already account for more than 80% in total revenues, confirming the success of the Company's transformation from a start-up developing its technology and building its product offering, to a much more mature entity, successfully commercializing all three business lines and focused on scaling its operations. For the fourth quarter in a row, we recorded positive EBITDA, which amounted to PLN 0.1 million in Q1, translating into a year-on-year increase of PLN 2.5 million. The cash level at the end of the quarter is lower than at the beginning of the year, which was primarily driven by an increase in trade receivables. Since we operate on 30-day payment terms, as of the date of the

Report, all Q1 sales receivables have been paid.

We are currently pursuing 9 projects aimed at industrial deployment of XTPL technology, 3 of which are at advanced stages and cover all 3 of our strategic industries: advanced PCBs, semiconductors and displays. In Q1, we cleared key elements of the fourth stage of the technology phase with Nasdaq-listed Nano Dimension to develop a special formulation of conductive ink for industrial applications in customer products. Our cooperation has been ongoing since January 2022 and is going very well, as evidenced not only by our timely delivery of the results of the various technological phases, which, after evaluation by Nano Dimension, triggers individual tranches of payments to the Company, but also by joining in March this year to jointly define the next commercial phases, which we will be able to execute for our Israeli partner. In addition, the first quarter will see intensive work in the remaining industrial projects with global partners, the results of which we will report in relevant current announcements as we move to the next key phases.

We see high interest in XTPL technology in the inquiries coming to the Company, as well as at numerous industry conferences where we present our product offerings, including Delta Printing System prototyping devices, a demonstrator of the capabilities of our technology. In Q1, the Company received a total of 4 orders from our distributor Yi Xin HK Technology, based in China, which we will deliver, and thus account for in our revenues, in the second half of 2023. As of now, the Company has a total of 7 confirmed orders with delivery scheduled for the second half of this year, which will significantly strengthen our financial performance in this period. Noteworthy, on the other hand, is the recent order for the Delta Printing System device, which we received in Q2, as this is our first returning customer who has decided to make another purchase of the device, the first order having been placed back in 2022. For us, this is a great satisfaction and at the same time a confirmation that this business line can grow in the future, both with new customers, which we are working intensively on together with our distributors, and with existing customers who decide to place additional orders for their research or small batch production.

Invariably, as an innovative and technological deep-tech Company, we carry out a number of R&D works, where we make important achievements in, among others, the copper nanoparticle-based pastes we are developing, our technology for printing copper tracks on three-dimensional surfaces, or refining the technique for printing silver conductive structures, which translates into even wider application of our technology and builds a base for preparing new products. The potential of XTPL's nanoink business line is strongly linked to the Company's other products, as printing modules for industrial deployment and Delta Printing System prototyping equipment, consume inks we have specially developed. When the other business lines are scaled up, the nanoink line will also grow by leaps and bounds.

The Company's business model is based on a proprietary and innovative technological solution, so we are constantly making efforts to protect our industrial and intellectual property, which is part of XTPL's competitive advantage. In Q1, the Company received further patent protections and, as of the date of publication of the Report, has a total of 7 granted patents and 26 patent applications.

A significant event for the Company, already after the Balance Sheet Day, was the announcement on May 12 of XTPL's business target of a 10-fold increase in revenue by 2026, and reaching the level of PLN 100 million in revenue from sales of products and services. At the same time, this scale of revenue does not exhaust our sales potential in the long term and is not the ultimate level of the Company's development. We intend to achieve the goal of PLN 100 million in revenue in the horizon of the next 3.5 years by investing about PLN 60 million over 2023-2026 in three key business areas: sales, production and R&D. The decision to significantly accelerate the Company's growth is primarily driven by our internal project analysis, the significant increase in interest in XTPL technology, as well as the dynamic development of the market for additive electronics manufacturing. We are

striving to occupy a significant position in the market of global suppliers of nano-printing solutions for the next-generation electronics market, and the implementation of the Company's technology on an industrial scale will completely change our position in the international arena. This requires additional expenditures on our part to accelerate this moment on the one hand, and on the other to prepare the organization to handle cooperation of this scale with a global, recognizable partner. We know that this is within our reach, and we are subordinating our entire investment plan to preparing XTPL for this event, which we believe will benefit all shareholders and the Company.

We invite you to read this Report, and if you have any questions, you can invariably contact us through the Investor Relations Team via email: investors@xtpl.com

Further to that, after the Reporting Period, the Issuer received information that the United States Patent and Trademark Office had granted it a conditional patent for the printing device used in Ultra-Precise Deposition process, i.e. for the patent application "Fluid printing apparatus" and for the Ultra-Precise Deposition method, i.e. for the patent application "Method of printing fluid".

The Company's portfolio currently includes 26 patent applications and a total of 7 patents granted.

Effort, commitment and determination in our business are already bringing tangible results with regard to the commercialization of the XTPL technology. New orders carried out by XTPL for its partners from China, and the achievement of subsequent milestones in technology development are clear evidence that we are making strong progress in this area. We intend to maintain our momentum, gradually entering new levels of development.

In the meantime, enjoy reading this Report. We hope that the presented information will help you in making investment decisions relating to our Company. As always, if you have any questions or concerns, please feel free to contact us by email: investors@xtpl.com

Filip Granek, PhD

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

Kind regards,
Jacek Olszański

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

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

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

As at 31 March 2023 (“Balance Sheet Date”), the share capital of XTPL S.A. amounted to PLN 202,922.20 and consisted of 2,029,222 shares with a nominal value of PLN 0.10 each (“Shares”).

This document (“Report”) contains the Report of the Management Board of XTPL S.A. on the activities of XTPL Group (“Group”, “XTPL Group”) and on the activities of XTPL S.A. for the first quarter of 2023 (“Management Report”). The standalone and consolidated financial statements of XTPL and the XTPL 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 17 May 2023.

The consolidated financial statements mean the condensed consolidated financial statements (including the Company and the Subsidiaries) for the period from 1 January to 31 March 2023 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 1 January to 31 March 2023 (“Reporting Period”), prepared in accordance with the International Financial Reporting Standards approved for application in the EU.

“WSE” – Warsaw Stock Exchange: Giełda Papierów Wartościowych w Warszawie S.A.

“CCC” – the Act of 15 September 2000 – Commercial Companies Code.

“Regulation on current and periodic reports” means the Finance Minister’s Regulation of 29 March 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 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading and public companies.

“Accounting Act” – the Accounting Act of 29 September 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, is a low-viscosity liquid, is about 1 cP, and the viscosity of honey varies from 2,000 to 10,000 cP)

Hydrophilic material means a material whose tendency is to attract water molecules

Hydrophobic material means a material whose tendency is to repel water molecules

Additive method means adding material to obtain a specific structure; it is the opposite of the subtractive method whereby material is subtracted to obtain a specific structure

micro-LED (uLED, μ LED) 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 deposition) 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

TEA means a Technology Evaluation Agreement

Financial highlights

2 FINANCIAL HIGHLIGHTS

2.1 Selected standalone figures

	1 January – 31 March 2023 (PLN '000)	1 January – 31 March 2022 (PLN '000)	1 January – 31 March 2023 (EUR '000)	1 January – 31 March 2022 (EUR '000)
Net revenue from the sale of products and services	2,975	930	633	200
Revenue from grants	605	689	129	148
Profit (loss) on sales	1,797	-273	382	-59
Profit (loss) before tax	-301	-2,683	-64	-577
Profit (loss) after tax	-301	-2,683	-64	-577
Depreciation/amortization	270	241	57	52
Net cash flows from operating activities	-802	-279	-171	-60
Net cash flows from investing activities	-1,045	-608	-222	-131
Net cash flows from financing activities	-325	-34	-69	-7
	31 March 2023 (PLN '000)	31 December 2022 (PLN '000)	31 March 2023 (EUR '000)	31 December 2022 (EUR '000)
Equity	3,852	4,153	824	886
Short-term liabilities	12,048	7,076	2,577	1,509
Long-term liabilities	3,510	6,447	751	1,375
Cash and cash equivalents	3,711	5,891	794	1,256
Short-term receivables	4,773	2,577	1,021	549
Long-term receivables	176	366	38	78

2.2 Selected consolidated figures

	1 January – 31 March 2023 (PLN '000)	1 January – 31 March 2022 (PLN '000)	1 January – 31 March 2023 (EUR '000)	1 January – 31 March 2022 (EUR '000)
Net revenue from the sale of products and services	2,975	930	633	200
Revenue from grants	605	689	129	148
Profit (loss) on sales	1,797	-273	382	-59
Profit (loss) before tax	-289	-2,633	-61	-567
Profit (loss) after tax	-290	-2,634	-62	-567
Depreciation/amortization	270	241	57	52
Net cash flows from operating activities	-659	-189	-140	-41
Net cash flows from investing activities	-1,225	-666	-261	-143
Net cash flows from financing activities	-325	-34	-69	-7
	31 March 2023 (PLN '000)	31 December 2022 (PLN '000)	31 March 2023 (EUR '000)	31 December 2022 (EUR '000)
Equity	3,685	3,975	788	848
Short-term liabilities	12,007	7,087	2,568	1,511
Long-term liabilities	3,510	6,447	751	1,375
Cash and cash equivalents	3,794	6,010	811	1,281
Short-term receivables	4,604	2,588	985	552
Long-term receivables	33	44	7	9

Management Report

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

3.1 Key information about the Issuer

Business name:	XTPL Spółka Akcyjna
Registered Office:	Wrocław
Address:	Stabłowicka 147, 54-066 Wrocław
KRS:	0000619674
NIP:	9512394886
REGON:	361898062
Registry Court:	District Court for Wrocław-Fabryczna, VI Comm. Div. of the National Court Register
Share capital:	PLN 202,922.20, paid up in full.
Phone number:	+48 71 707 22 04
Website:	www.xtpl.com
Email:	investors@xtpl.com

The Company has the status of a public (listed) company. Since 20 February 2019, its shares have been listed on the regulated (parallel) market operated by the Warsaw Stock Exchange.

As regards financial reporting, the Group and the Company use IASs/ IFRSs.

The Group's and the Company's financial year is from 1 January to 31 December.

Management Board

As at the Balance Sheet Date and the Report Date:

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:

As at the Balance Sheet Date:	As at the Report Date:
Wiesław Rozłucki, PhD – Chairman of the Supervisory Board, an independent Supervisory Board Member	Wiesław Rozłucki, PhD – Chairman of the Supervisory Board, an independent Supervisory Board Member
Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board	Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board
Andrzej Domański – Deputy Chairman of the Supervisory Board, an independent Supervisory Board Member	Andrzej Domański – Deputy Chairman of the Supervisory Board, an independent Supervisory Board Member
Beata Turlejska	Beata Turlejska
Piotr Lembas – an independent Supervisory Board Member	Piotr Lembas – an independent Supervisory Board Member
Prof. Herbert Wirth – independent Audit Supervisory Board Member	Prof. Herbert Wirth – independent Audit Supervisory Board Member

Audit Committee:

As at the Balance Sheet Date and the Report Date:

Name	Role
Piotr Lembas	Chairman of the Audit Committee
Wiesław Rozłucki. PhD	Audit Committee Member
Prof. Herbert Wirth	Audit Committee Member
Andrzej Domański	Audit Committee Member

3.2 XTPL Group

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

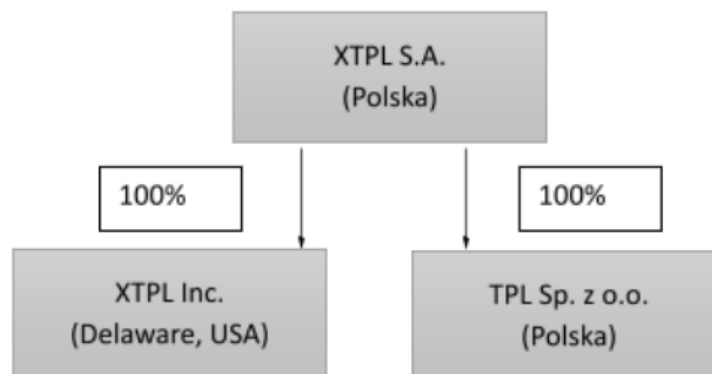
On 31 January 2019, XTPL S.A. acquired all shares in XTPL Inc., a newly formed entity based in the state of Delaware, United States. The share capital of XTPL Inc. is USD 5,000. XTPL S.A. acquired 100% of the stock at the nominal price. XTPL INC. is consolidated using the line-by-line method.

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

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

The Company has no plants or branches.

Structure of XTPL Group as at the Report Date:



In the first quarter of 2023, the organization of the Group did not change.

1.

3.3 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.

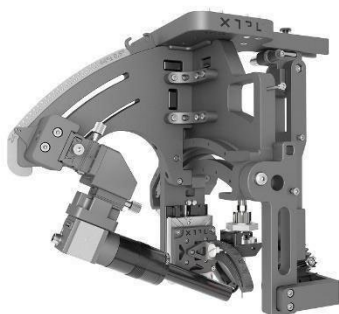
XTPL's strategic goal is commercialization of its platform technology of ultra-precise printing of nanomaterials in the area of advanced electronics.

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



EPSILON printing module for industrial integration

Developed by the Issuer, the EPSILON 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. EPSILON 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

the EPSILON type solution, XTPL is conducting advanced talks on the commercialization of EPSILON module solutions with three global producers of consumer electronics (in Europe, South Korea and the USA) and four industrial integrators and producers of industrial machines (in Taiwan, South Korea and the USA).



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 17 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 (Q4 2023) – four devices for end buyers:
 - South China University of Technology from Guangzhou, China
 - University of Electronic Science and Technology of China from Chengdu, China
 - Beijing Institute of Technology from Beijing, China
 - School of Integrated Circuits, Guangdong University of Technology, China
- to Yi Xin HK Technology Co., China (Q4 2023) – one device for end buyer:
 - Tianjin University in Tianjin, China.

The Issuer is gradually delivering the devices to the buyers.



Highly concentrated nanoinks

Developed by the Company's in-house R&D team, the nanoinks with a unique formulation are one of the elements of XTPL ultra-precise deposition method. They have special physicochemical properties enabling full utilization of the UPD method's potential. In this way, the Company can develop the additive technology comprehensively, with concurrent work on the ink deposition head and constant adaptation of the deposition material. Most of the inks used by XTPL are based on silver nanoparticles. Other elements are also used, including gold, copper and platinum, as well as quantum dots, for example. Owing to

the diversity of materials, XTPL can flexibly respond to the needs of the market and individual clients.

The XTPL method can also accommodate many commercially available materials, which may expand the area of its application in the future, giving customers real technological versatility. 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 attractive for the ongoing development projects in the field of printed electronics.

Thanks to the proven compatibility and highly efficient application of XTPL inks in non-UPD printing method, such as: LIFT (Laser Induced Forward Transfer), Aerosol Jet printing (with pneumatic systems), and high-viscosity ink micro-dispensing techniques, the Company has been able to expand the group of its customers to include users of other commercial technologies. By entering the market of conductive materials and expanding the range of its inks available for other market segments, XTPL has decided to develop its nanoinks proposition as a complementary and stand-alone business line.

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.

3.4 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.

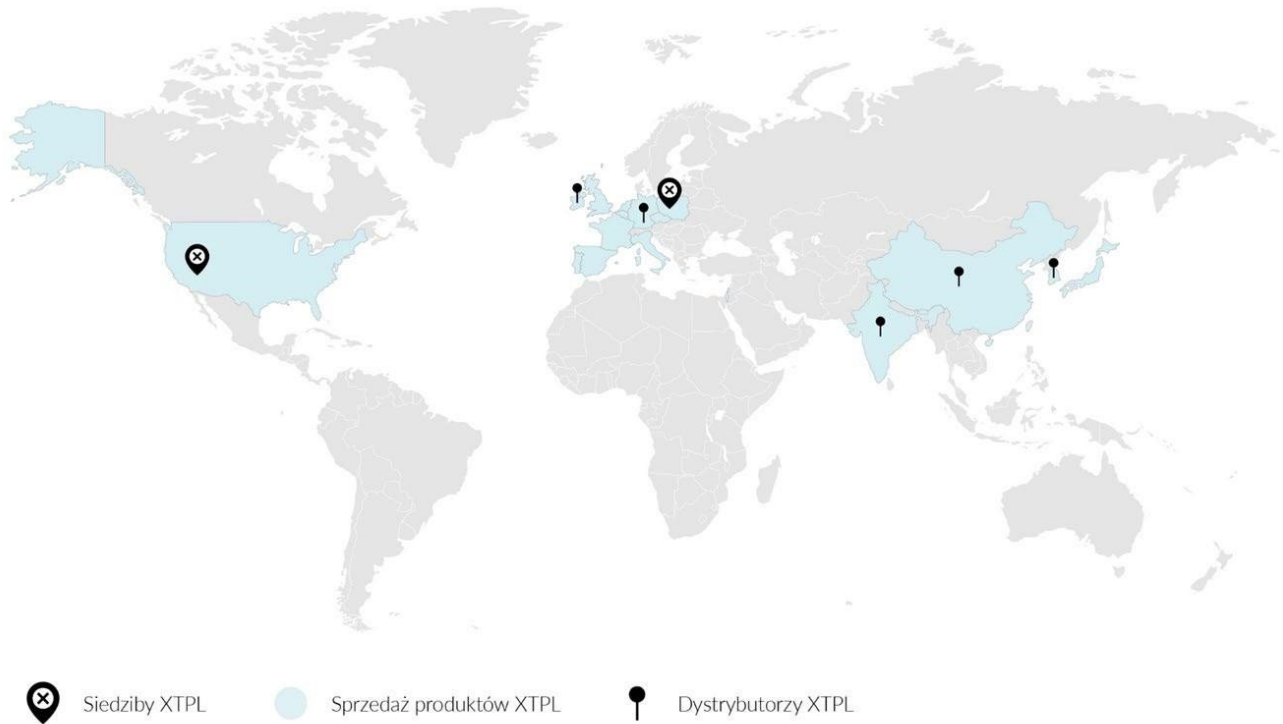
- SALE OF PRODUCTS

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 Q1 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.



MARKET ENVIRONMENT AND OUTLOOK

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

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

Value of the R&D equipment market

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

Value of the conductive nanoinks market

According to the authors of the report published by IDTechEx, the global market for conductive inks exceeded USD 2.7 billion in 2022, and is expected to reach USD 4.5 billion in 2033. The data published in another market report – Custom Market Insights (CMI) – show that the global market for conductive inks reached USD 3.8 billion in 2021, and is expected to reach USD 9.8 billion in 2030. The market is buoyed by the growing use of electronics in the rapid urbanization processes, miniaturization of electronic components, as well as by the possibility of reducing production costs while maintaining high electrical conductivity and efficient manufacturing in line with environmental protection standards.

DEVELOPMENT DIRECTIONS AND FOCUS AREAS:

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

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

Displays:

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

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

FHE (flexible hybrid electronic) sector:

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

Semiconductors market

Another market for the Company's technology is the semiconductor market. Its special application areas include making electronic connections on complex 3D topographies and heterogeneous substrates in advanced integrated circuits or microelectromechanical systems (MEMS). According to an analysis carried out by Mordor Intelligence that takes into account the impact of the COVID-19 pandemic, in 2020, the global

market for advanced integrated circuits reached USD 24.93 billion, and by 2026 is expected to grow even to USD 38.62 billion. The size of this market shows great possibilities: not only in terms of potential application of the UPD technology in new areas, but also in the research and prototyping of new systems.

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

Moving forward, the growth of the electronics market will be strongly driven by the areas where conventional production methods cannot be applied. By marketing its UPD technology embodied by the Delta Printing System, the Company promotes the innovative, proprietary solution that is used by pioneering research and scientific centers in their research and development, while at the same time defining breakthrough standards for the production of future electronic devices.

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

- PCB (printed circuit boards) market
- biosensors market
- photovoltaic cells market.

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

3.5 XTPL'S ACTIVITY AND ACHIEVEMENTS IN Q1 2023

3.5.1 Summary of activities related to the commercialization of the XTPL technology

In the first quarter of 2023, the Company continued activities aimed at closing further sales transactions within all business lines.

Delta Printing System:

During the Reporting Period, the XTPL team responsible for the commercialization of the Delta Printing System held numerous talks and engaged in many interactions with potential clients. As a result, the Company generated a list of experts from around the world, operating mainly in the microelectronics, microsystems, semiconductors, biosensors, displays and similar industries, who highly value the technology developed by the Company and are potential buyers of XTPL products in the following years.

The unprecedentedly high printing precision, especially when using highly-viscous metallic inks, which is enabled by the Delta Printing System, is the main feature that makes global technological innovators interested in this device. Users of the Delta Printing System 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 printed logo of KIT on a human hair is an unusual way of

showing the possibilities of the Company's technology and device. Importantly, this kind of printout can be made right after a short user training conducted by the Company's team.

The Company's efforts helped stimulate a substantially increased interest in the Delta Printing System. In Q1 2023, the Company confirmed orders for the delivery of the Delta Printing System device to Yi Xin HK Technology Co., China – 4 devices for end buyers:

- South China University of Technology from Guangzhou, China
- University of Electronic Science and Technology of China from Chengdu, China
- Beijing Institute of Technology from Beijing, China
- School of Integrated Circuits, Guangdong University of Technology, China

After the Balance Sheet Date, the Company confirmed another order for the Delta Printing System from Yi Xin HK Technology Co., China (Q2 2023) – 1 device for the end buyer: Tianjin University in Tianjin, China.

In addition, XTPL continues talks with other 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 commended 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 2023. In the Reporting Period, the Company also held talks with leaders of electronics manufactured by means of the additive method, and is talking to them about the establishment of strategic partnerships in the area of conductive inks. If the negotiations and ensuing business relations are

successful, additional distribution channels will be established for nanoinks, and growing revenues will be achieved from the sale of those products.

Industrial implementations of the Company's technological solutions

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

In Q1 2022, the Company reached a significant milestone in terms of cooperation with the industry, namely signing an agreement with Nano Dimension Ltd. The agreement was signed on 10 January 2022. Nano Dimension Ltd. is a NASDAQ-listed provider of intelligent machines for the fabrication of Additively Manufactured Electronics (AME). In the Reporting Period, the key elements of the fourth stage of development works as part of the technological phase of the activities specified in the agreement were successfully implemented. The parties agreed that accepting the key works at this stage triggers the payment for the Company in the amount corresponding to the completed elements and in accordance with their valuation. The related revenues were recognized in Q1 2023. The parties also agreed to continue work on the remaining elements of the fourth stage of research and development in accordance with the agreement and began jointly defining subsequent phases of commercial cooperation, including further orders to develop a method for producing a special formulation of electrically conductive ink for industrial use in the Customer's products dedicated for the production of PCBs.

On top of that, in the Reporting Period the Issuer maintained its focus on other tasks related to the commercialization of the UPD technology in industrial applications. The most advanced talks and efforts are focused on selected applications related to the precise 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 four industrial integrators and producers of industrial machines (in Taiwan, South Korea 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.

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 trances within the electrical layer, as well as in the area of using precise deposition technology for the production of new types of displays based on quantum dots technology. At the same time, the Company started talks and began evaluation tests with other display manufacturers in China and South Korea.

Based on talks and market analyses, the Company has also focused on repairing defects in micro-LED displays. These displays use LED diodes as a light source. Due to their size, the diodes can be used as independent pixels. The biggest challenge in manufacturing is to ensure proper efficiency level. If just one in tens of millions of LEDs is not properly mounted, the display will fail the quality test. By using the UPD technology, the micro-LED diode can be mounted again connected to electricity, which will significantly increase efficiency of the manufacturing process.

As regards the Issuer's activities in the ODR sector, it should be noted that in the first quarter of 2023, talks continued with representatives of a Korean company producing devices for the display industry and with an end-user – a display manufacturer.

In Q1 2023, the Issuer delivered the Delta Printing System as a technology validation device in the area of next generation ultra-high resolution micro OLED displays in order to speed up the analysis process and adapt the XTPL solution to the needs of the end customer. The device was ordered by HB Technology, listed on KOSDAQ (078150.KQ) in South Korea, a manufacturer of devices for testing and repairing devices for the largest global display makers. HB Technology's clients are the world's leading manufacturers, including Samsung Display Corporation and Beijing BOE Display Technology. Acceptance of the order means moving on to the next stage of work on the use of the Company's technology at the end client, a leading manufacturer of flat panel displays (FPDs).

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.

3.5.2 Achievements and progress in research and development

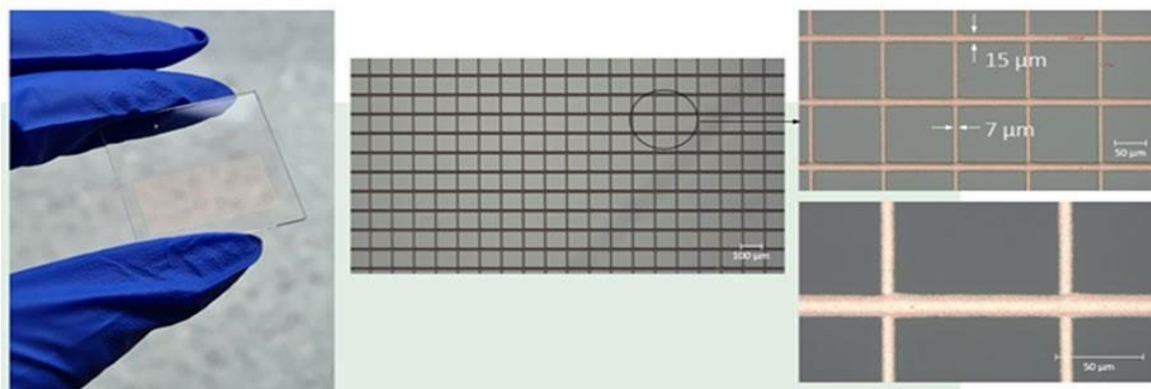
The key achievements and progress in research & development in the reporting period included:

- 1) **Development of high-concentration inks (pastes) based on gold particles;**
- 2) Development of a paste based on copper nanoparticles and the XTPL printing technology of copper paths on 3D substrates, with steps of approx. 10 µm, along with the development of a copper sintering technology to obtain a conductivity of more than 35% of undoped copper;
- 3) Development of a technique for printing silver conductive structures with widths below 20 µm on the edges of flexible and rigid substrates;
- 4) **Printing on high steps (up to 350 micrometers in height);**
- 5) **Filling gaps in semiconductor structures using selected materials;**
- 6) **Significant automation of printing;**
- 7) **Printing of electronic connections in advanced integrated circuits where the connections had structures filled with insulating material on the outside, and with a conductive material on the inside;**
- 8) **Making a simple transistor for detecting organic materials;**
- 9) **Implementation of new functionalities in the Delta Printing System;**
- 10) **High-resolution prints composed of microdots.**

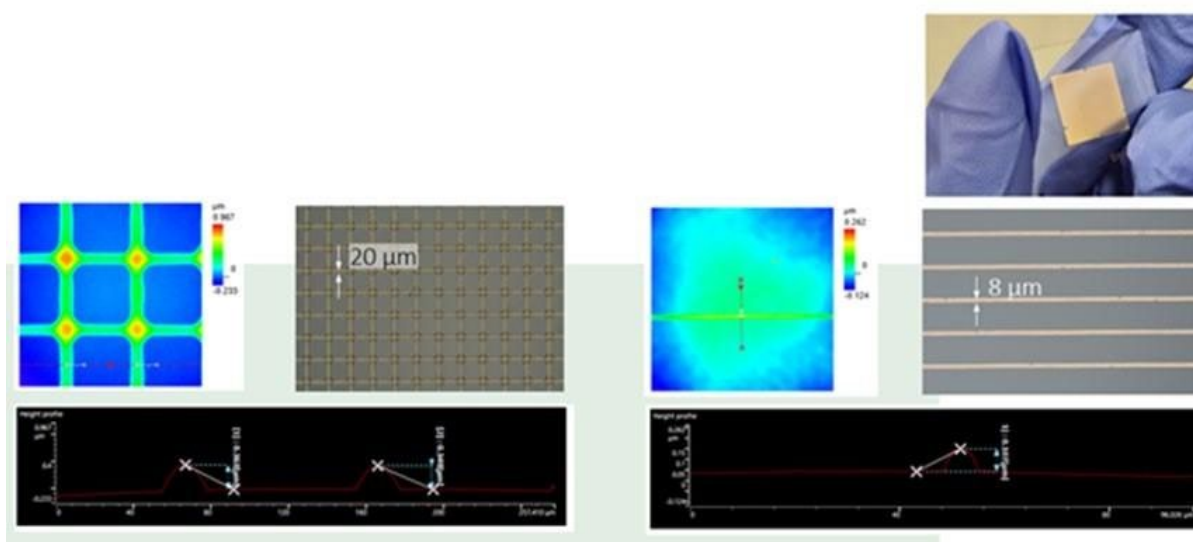
During the Reporting Period, the Company's R&D department worked on further development of the printing technology using highly concentrated conductive ink based on silver nanoparticles. The new nanoink formulation keeps the physicochemical parameters that are key to the UPD technology, associated with, e.g. high homogeneity of nanoparticle size and the prevention of agglomeration (the sticking of nanoparticles) during the printing process. At the same time, due to the high concentration, the printed lines have a very high aspect-ratio, i.e. the height-to-width ratio after the printing head has deposited a single layer of ink, i.e. after a single "pass". This is a distinguishing feature of the Company's technology as in order to obtain a similar result by competitive methods it would be necessary to deposit conductive material multiple times at the same point with multiple "passes", thus extending process duration.

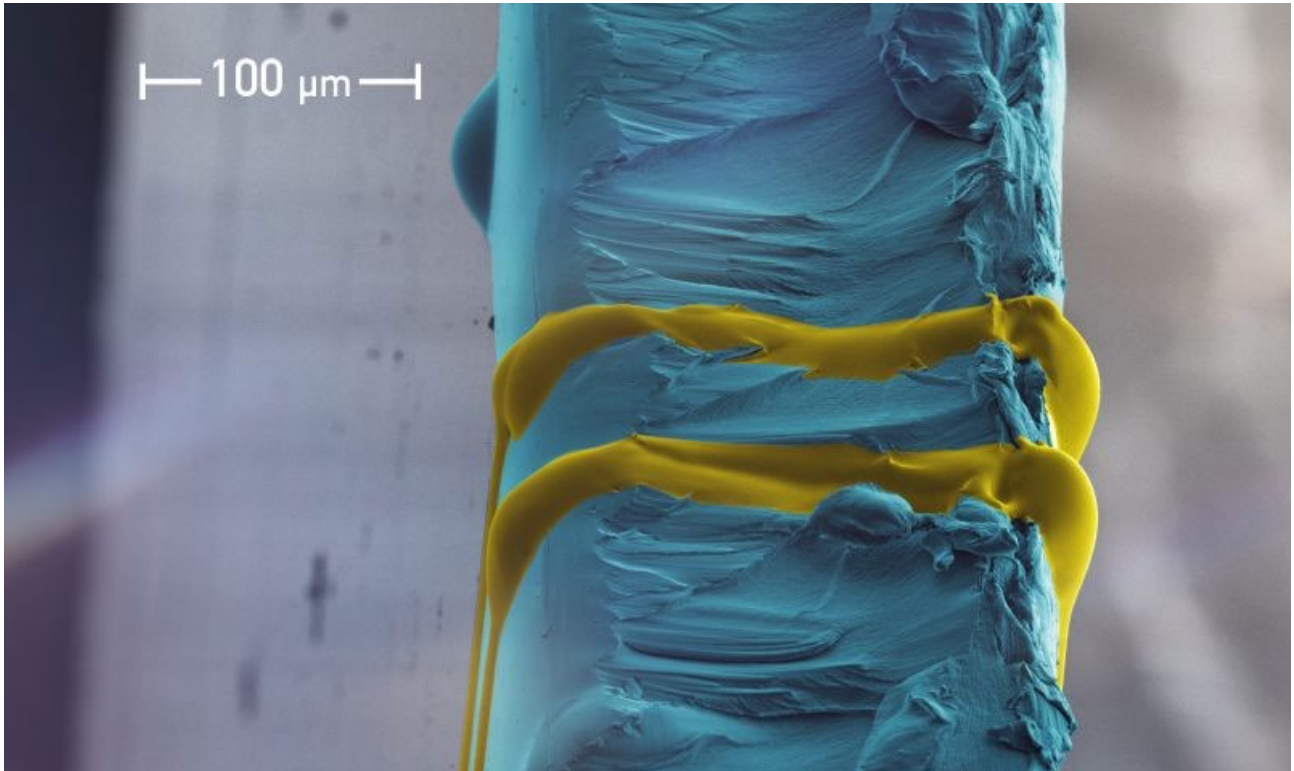
As well as developing the ink based on silver nanoparticles, during the Reporting Period the Company stepped up its efforts related to the development of ink based on copper and gold nanoparticles. The introduction of these materials is of major importance in the context of achieving optimal parameters for industrial applications and new market areas.

ROZWÓJ MIEDZIANEJ NANOPASTY XTPL – PROCES DRUKU



ROZWÓJ ZŁOTEJ NANOPASTY XTPL – PROCES DRUKU

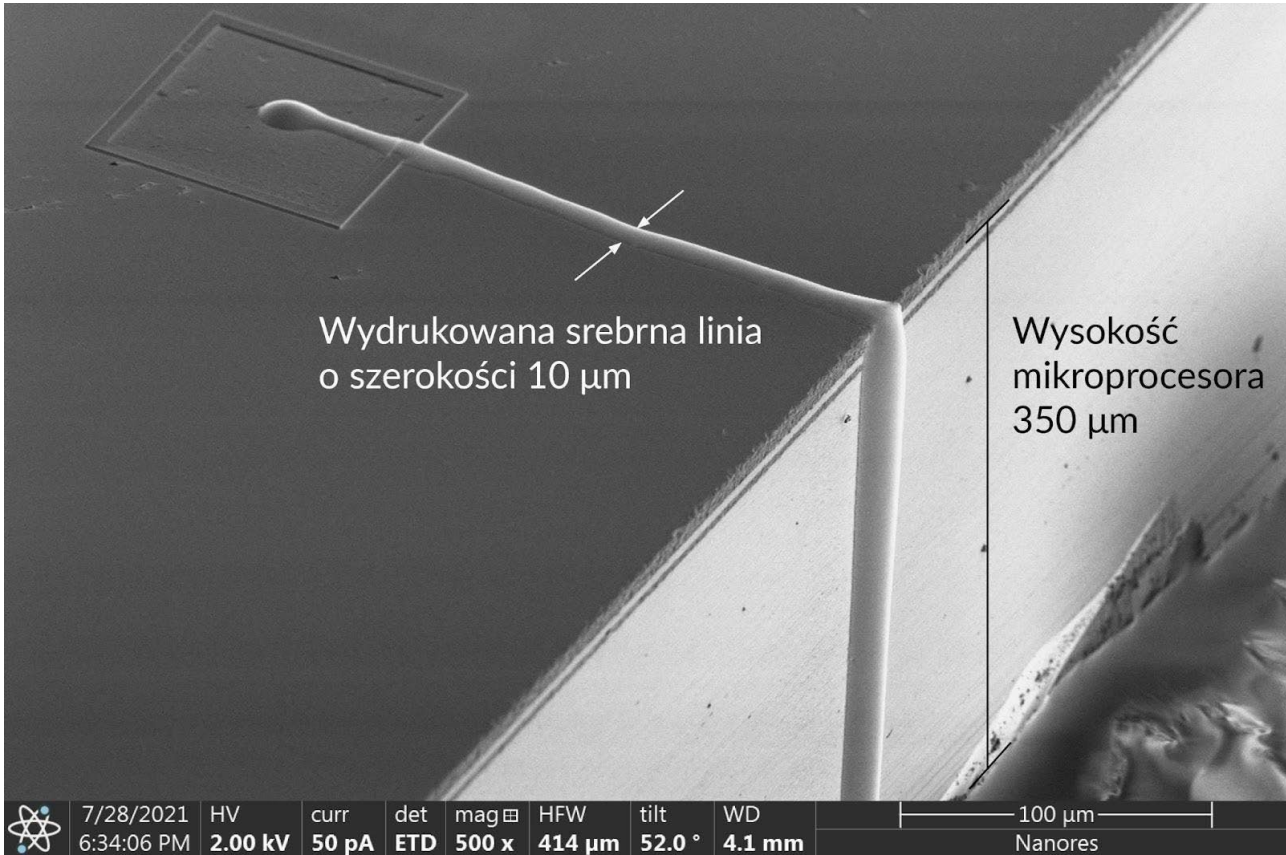




All inks developed by the Company's R&D department, based on silver, copper and gold nanoparticles, are highly-concentrated, and thus enable printing on non-planar substrates with a complex topography. It allows the continuity of the structure to be maintained even if it was printed, for example, on a "step", when the substrate is not homogeneous and its layers are at different height levels. An additional advantage of using the ink in question is the negligible influence of the material on which printing takes place.

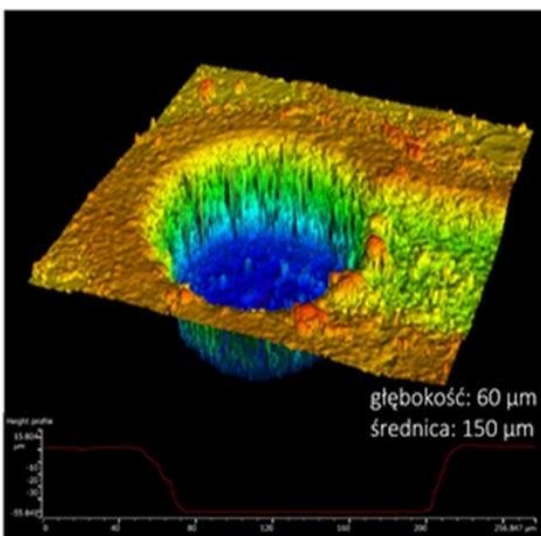
In practice, this means that whether hydrophobic or hydrophilic material is used for printing, the width and height remain almost unchanged, and so does adhesion. When using inks with a more fluid consistency (inks with a lower viscosity), the shape of the printed features depends largely on the type of substrate on which it was printed. Lower viscosity ink that will be used on a hydrophilic substrate will "spill", increasing the track width compared with what is achieved with same parameters on the hydrophobic material.

In the Reporting Period, the XTPL R&D team demonstrated the ability to print precise conductive features that effectively cover a high step, up to 350 micrometers in height, which is much more than the width of printed lines. Additionally, this was done without compromising the high print resolution or the conductivity of the structure. The current research in this area is focused on increasing the repeatability and speed of printing connectors on substrates with advanced topography. This is achieved by optimizing printing parameters, modifying the conductive ink, fully automating the printing process, and using a script for automatic movement in 3D. As a result, the time needed to print a single conductive connection on steep edges was reduced to less than 1 second.

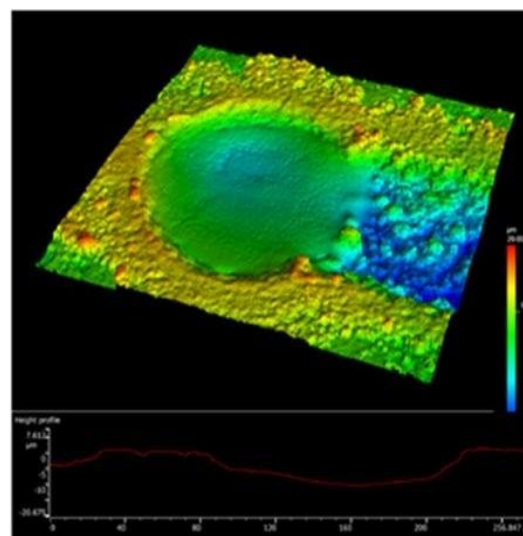


Another research area that has attracted great interest from industrial players and academic institutions is the possibility of filling gaps in semiconductor structures using selected materials. This applies to both making electronic connections between layers in advanced integrated circuits – TSVs (Through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

STRUKTURA PRZED WYPEŁNIENIEM
THROUGH SILICON VIA

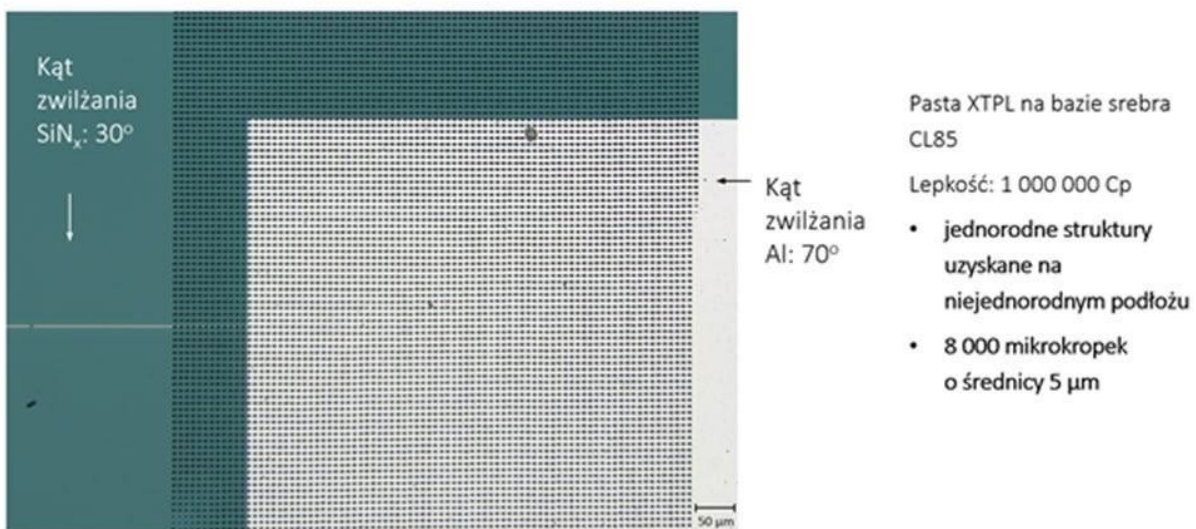


STRUKTURA PO WYPEŁNIENIU
Z WYKORZYSTANIEM SREBRNEJ NANOPASTY XTPL CL85

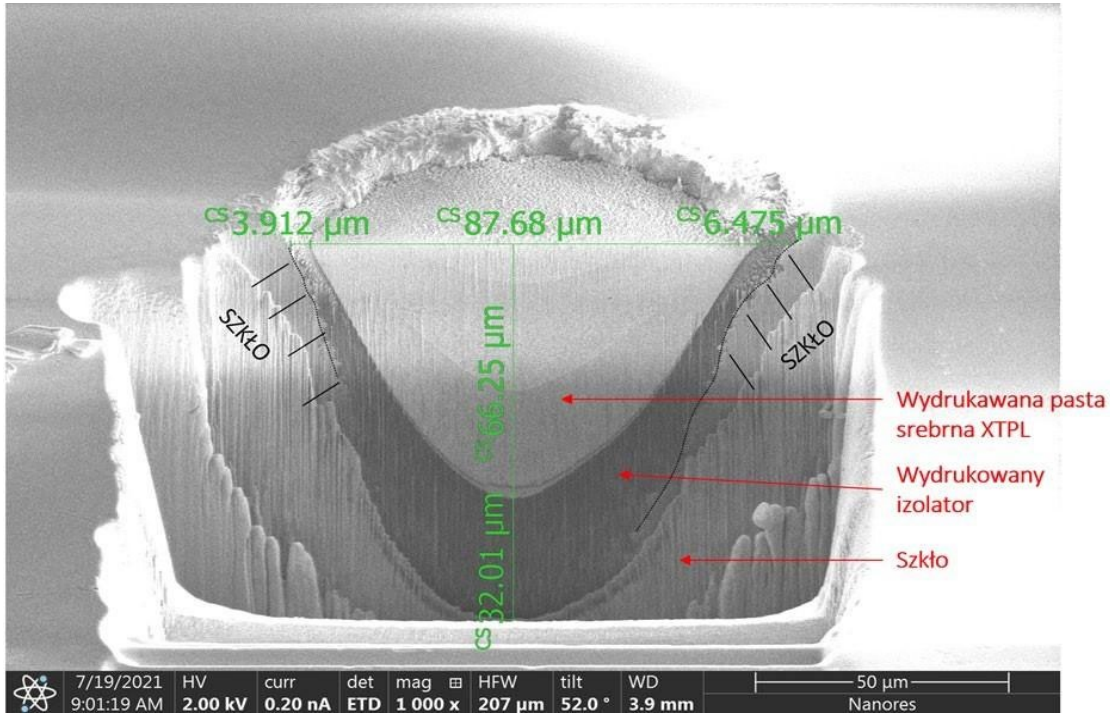


For the Company, this opens further application areas related to advanced electronic circuits or integrated circuits. The use of the UPD technology in these markets fits with the strategy adopted by a group of experts from the semiconductor industry (from the United States, Europe, Japan, China, South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

In Q3 2023, the Company also focused on optimizing the printing speed using the UPD method, as well as on increasing the possibility of automatic printing. In this way, it is possible to print advanced features and patterns, as instructed by clients, with reduced or indeed no operator presence during the printing process itself. The introduction of this functionality is of great importance for the use in prototyping or even in small-lot production with the Delta Printing System. Below you can see an example printout made by means of the automatic process, characterized by a very high repeatability of the shape.

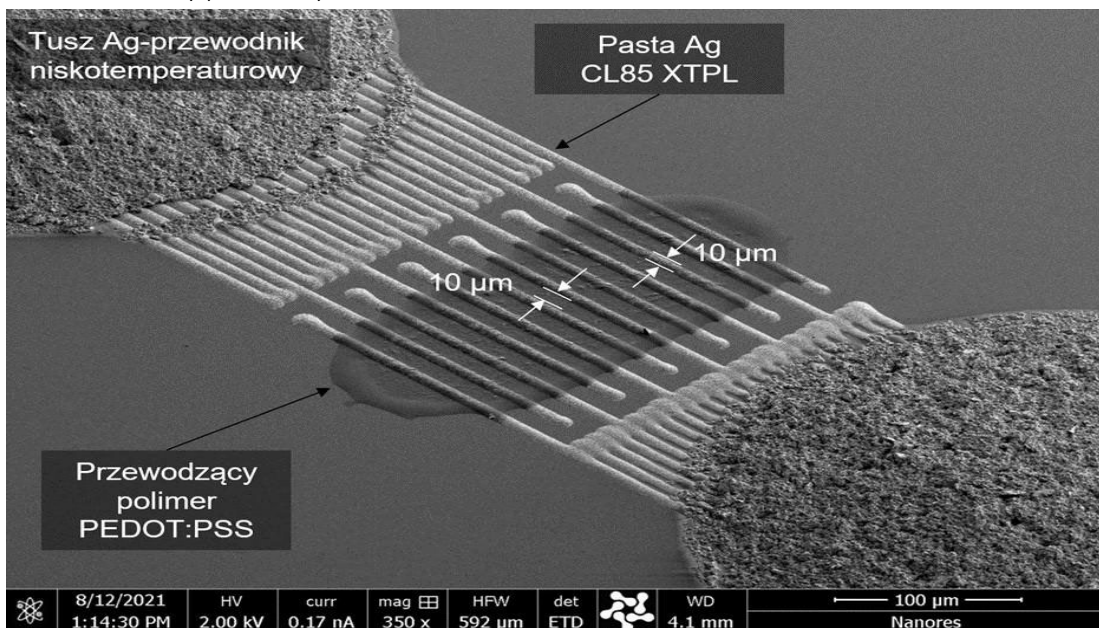


In Q1 2023, the Company's R&D team went a step further in the development of technology for applications in printing electronic connections in advanced integrated circuits, as it presented a structure filled with insulating material on the outside and conductive material inside. In practice, end users of the XTPL technology will be able to isolate electronic connections made on conductive and semiconductive substrates. Until now, such structures could only be achieved by traditional, multi-stage production methods used in the semiconductor industry. The introduction of this technological solution by the Company's customers will allow them to cut the costs of small-lot production of advanced integrated circuits, and once the technology has been scaled to production efficiency, it will help reduce material consumption.

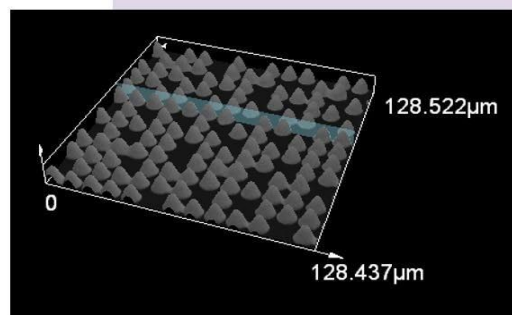
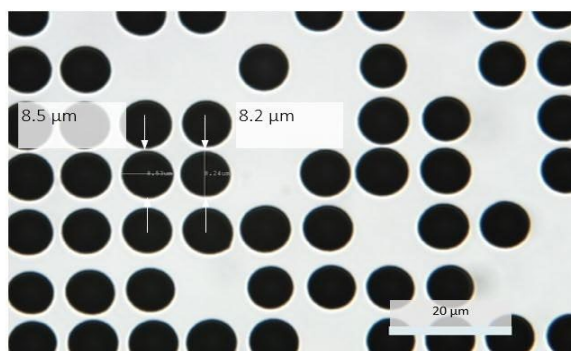
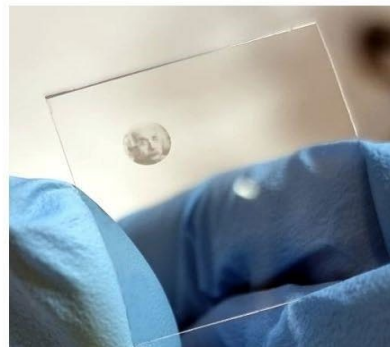


In addition to the above example, the printing of multiple materials one after another allows advanced functional structures to be achieved. This is perfectly exemplified by the implementation of a high-resolution redistribution layer (RDL) for integrated circuits. Ultimately, this will enable the prototyping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

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



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



R&D progress was also achieved with respect to high-resolution prints composed of microdots of less than 10 μm in diameter. The dots are characterized by a parabolic cross-section (which facilitates deposition of successive layers) and a high aspect ratio (height of 800 nm for a dot of 8 μm in diameter). High repeatability of dot deposition enables printing on large surfaces.

Testing XTPL inks for various printing methods:

XTPL conductive inks based on silver nanoparticles attract the interest of manufacturers from several industry sectors and representatives of the scientific community due to their innovative physicochemical properties. In response to the evident market interest in XTPL nanoinks, protected by patent applications, efforts are being made to add new products to the Company's portfolio.

The Company is currently working with R&D units in Europe and the United States to verify the compatibility and efficacy of using new formulations developed by XTPL's R&D units for specific printing methods, including: LIFT (Laser Induced Forward Transfer), Aerosol Jet printing (with ultrasonic systems) and electrohydro-dynamic (EHD) printing. It is worth noting that one of the XTPL ink formulations is now being tested by a leading global R&D center for application in the photovoltaic industry for the purpose of advanced metallization in solar cells.

Milestones achieved by the Issuer in Q1 2023:

The first milestone is related to the Delta Printing System as the demonstrator of the XTPL technology. Since Q1 of 2022, the nano-printing process control software has enabled the import of designs in the CAD format

conventionally used in industry. In this way, users of XTPL devices, both from the R&D area and industry, can easily use existing designs, and efficiently create new patterns of even very complex, multi-layer structures.

In Q1 2023, under the agreement with Nano Dimension Ltd. the Issuer agreed with the partner that the key elements of the fourth stage of development works as part of the technological phase of the activities specified in the agreement had been successfully implemented. The parties agreed that accepting the key works at this stage triggers the payment for the Company in the amount corresponding to the completed elements and in accordance with their valuation. The related revenue were recognized in Q1 2023 and will significantly influenced the financial results for that period. The parties also agreed to continue work on the remaining elements of the fourth stage of research and development in accordance with the agreement and began jointly defining subsequent phases of commercial cooperation, including further orders to develop a method for producing a special formulation of electrically conductive ink for industrial use in the Customer's products dedicated for the production of PCBs.

Another milestone relates to the development of the Ultra-Precise Deposition technology itself. In this context, the greatest emphasis was placed on the development of the procedure of sintering the printed structures by means of a laser or flash lamp in low-temperature drying (up to 100°C). The aim here is to achieve the highest possible electrical conductivity under the given conditions that guarantee the safety of other elements of microelectronic systems.

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

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

The Company distinguishes five patent groups for its technology and products based on that technology:

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

In the first quarter of 2023, the Company continued activities related to the development of the patent cloud, i.e.:

- 1) on 8 March 2023, the Issuer obtained information that the Malaysian Patent Office had granted it patent for its method of forming lines with a width below 1 micrometer using the XTPL-developed

ink containing nanoparticles of silver, i.e. for a patent application entitled “Bottom-up method for forming wire structures upon a substrate” (the Issuer provided this information in ESPI Current Report No. 7/2023 of 10 March 2023).

- 2) On 14 March 2023, the Issuer received information about the validation of a patent by the German Patent and Trade Mark Office for the method of precise control of the position of the printhead and control of the distance between the printhead and the substrate. The patent was granted in response to the patent application “Methods of detecting and adjusting contact of a micro-structural fluid ejector to a substrate and method of detecting a fault condition in fluid flow from a micro-structural fluid ejector onto a substrate” (the Issuer communicated this information via ESPI Current Report No. 9/2023 of 14 March 2023);
- 3) On 16 March 2023, the Company received information about the conditional granting of a patent by the Chinese Patent Office for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application “Method of printing fluid” (the Issuer communicated this information via ESPI Current Report No. 10/2023 of 17 March 2023);
- 4) On 17 March 2023, the Company received information about the conditional granting to the Company by the United States Patent and Trademark Office a patent for the method of characterising and optimising ink flow in the printing head. The patent was granted in response to the patent application “Method of estimating an output diameter of a capillary tube, and related methods” (the Issuer communicated this information via ESPI Current Report No. 11/2023 of 17 March 2023);
- 5) On 17 March 2023, the Company received information about the conditional granting of a patent by the Chinese Patent Office for the printing device used in the Ultra-Precise Deposition process, i.e. for the patent application “Fluid printing apparatus” (the Issuer communicated this information via ESPI Current Report No. 12/2023 of 20 March 2023);
- 6) On 21 March 2023, the Company received information about the conditional granting of a patent by the Japanese Patent Office for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application “Method of printing fluid” (the Issuer communicated this information via ESPI Current Report No. 13/2023 of 22 March 2023);

In addition, after the Reporting Period:

- 1) On 19 March 2023, the Issuer received information about the conditional granting of a patent by the United States Patent and Trademark Office for the printing device used in the Ultra-Precise Deposition process, i.e. for the patent application “Fluid printing apparatus” (the Issuer communicated this information via ESPI Current Report No. 17/2023 of 20 April 2023);
- 2) On 19 April 2023, the Company received information about the conditional granting of a patent by the United States Patent and Trademark Office for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application “Method of printing fluid” (the Issuer communicated this information via ESPI Current Report No. 18/2023 of 20 April 2023).

The Company has adapted its process of filing patent application to the recommendations of the patent offices cooperating with it and the advisors from the executive board of XTPL Inc. based in the United States. The

recommendations concern, *inter alia*, an appropriate combination of new technological solutions and inventions into a single patent application. This is expected to increase the quality of individual submissions and consequently strengthen protection of the Company's intellectual property.

As at the Report Date, the Company had 26 patent applications in total. As at the Report Date, the Company has 7 patents approved, covering e.g. the territory of Japan, China, South Korea, 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.

3.5.4 Events during the Reporting Period

Date	Event	Current Report
4 January 2023	The Company confirmed another order placed by Yi Xin HK Technology Co., Ltd, based in China, for the delivery of the Delta Printing System. The end buyer of the device will be a leading Chinese R&D center South China University of Technology from Guangzhou, China.	ESPI Current Report No. 1/2023 of 4 January 2023
19 January 2023	The Company confirmed another order placed by Yi Xin HK Technology Co., Ltd, based in China, for the delivery of the Delta Printing System. The end buyer of the device will be a leading Chinese R&D center University of Electronic Science and Technology of China from Chengdu.	ESPI Current Report No. 3/2023 of 19 January 2023
6 February 2023	The Company confirmed another order placed by Yi Xin HK Technology Co., Ltd, based in China, for the delivery of the Delta Printing System. The end buyer of the device will be a leading Chinese R&D center Beijing Institute of Technology from Beijing.	ESPI Current Report No. 5/2023 of 6 February 2023
8 March 2023	The Company confirmed another order placed by Yi Xin HK Technology Co., Ltd, based in China, for the delivery of the Delta Printing System. The end buyer of the device will be a leading Chinese R&D center School of Integrated Circuits, Guangdong University of Technology.	ESPI Current Report No. 6/2023 of 8 March 2023
8 March 2023	The Company received information that it was granted patent by the Malaysian Patent Office for its method of forming lines <1 micrometer wide using the XTPL-developed silver nanoink (patent application: "Bottom-up method for forming wire structures upon a substrate"). The application procedure for this patent was initiated on 22 March 2016. This is also the date when patent protection started for the invention.	ESPI Current Report No. 7/2023 of 10 March 2023

Date	Event	Current Report
9 March 2023	Block transaction involving the sale of 50,000 shares by Sebastian Młodziński, and a decrease of his stake in the Company's share capital from 10.650% to 8.186%.	ESPI Current Report No. 8/2023 of 13 March 2023
14 March 2023	<p>The Company received information about the validation of a patent by the German Patent and Trade Mark Office for the method of precise control of the position of the printhead and control of the distance between the printhead and the substrate. The patent was granted in response to the patent application "Methods of detecting and adjusting contact of a micro-structural fluid ejector to a substrate and method of detecting a fault condition in fluid flow from a micro-structural fluid ejector onto a substrate".</p> <p>The application procedure for this patent was initiated on 15 March 2019.</p>	ESPI Current Report No. 9/2023 of 14 March 2023
16 March 2023	The Company received information about the conditional granting of a patent by the Chinese Patent Office for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application "Method of printing fluid". The application procedure for this patent was initiated on 1 February 2019.	ESPI Current Report No. 10/2023 of 17 March 2023
17 March 2023	<p>The Company received information about the conditional granting to the Company by the United States Patent and Trademark Office a patent for the method of characterizing and optimizing ink flow in the printing head. The patent was granted in response to the patent application "Method of estimating an output diameter of a capillary tube, and related methods".</p> <p>The application procedure for this patent was initiated on 12 February 2020.</p>	ESPI Current Report No. 11/2023 of 17 March 2023
17 March 2023	<p>The Company received information about the conditional granting of a patent by the Chinese Patent Office for the printing apparatus used for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application "Fluid printing apparatus".</p> <p>The application procedure for this patent was initiated on 1 February 2019.</p>	ESPI Current Report No. 12/2023 of 20 March 2023.
21 March 2023	<p>The Company received information about the conditional granting of a patent by the Japan Patent Office for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application "Method of printing fluid".</p> <p>The application procedure for this patent was initiated on 1 February 2019.</p>	ESPI Current Report No. 13/2023 of 22 March 2023.

Date	Event	Current Report
29 March 2023	On 29 on March 2023, the parties to the Agreement (Nano Dimension and XTPL S.A.) agreed that the key elements of the fourth stage of development works as part of the technological phase of the activities specified in the Agreement were successfully implemented. The parties agreed that accepting the key works at this stage triggers the payment for the Company in the amount corresponding to the completed elements and in accordance with their valuation. The related revenue will be recognized in Q1 2023 and will significantly influence the financial results for that period. The parties also agreed to continue work on the remaining elements of the fourth stage of research and development in accordance with the Agreement and began jointly defining subsequent phases of commercial cooperation, including further orders to develop a method for producing a special formulation of electrically conductive ink for industrial use in the Customer's products dedicated for the production of PCBs.	ESPI Current Report No. 14/2023 of 30 March 2023.

3.5.5 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.

During the Reporting Period, the Issuer participated in the LOPEC Trade fair and conference in Munich, which took place on 1–2 March 2023.

On 29 March 2023, the Issuer participated in the TechBlick Virtual Conference and Exhibition.

3.5.6 Investor events

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.

Investor conferences that took place in the Reporting Period:

Event	Date	Description
Conference "Książęca Street 12"	18.03.2023	A 2-day conference for individual investors with lectures by CEOs and representatives of WSE-listed companies on their activities and outlook.

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 (press releases, presentations, newsletters, answers to frequently asked questions from investors), publication of short information from the life of XTPL in social media channels (Facebook, LinkedIn, Twitter), and 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 individual investors, institutional investors, analysts and journalists.

3.5.7 Events occurring after the balance sheet date

Date	Event	Current Report
11 April 2023	The Company confirmed another order placed by Yi Xin HK Technology Co., Ltd, based in China, for the delivery of the Delta Printing System. The end buyer of the device will be a leading Chinese R&D center University of Tianjin.	ESPI Current Report No. 15/2023 of 11 April 2023.
19 April 2023	The United States Patent and Trademark Office had granted the Company a conditional patent for the printing device used in Ultra-Precise Deposition process, i.e. for the patent application "Fluid printing apparatus". The application procedure for this patent was initiated on 1 February 2019. This is also the date when patent protection started for the invention. The Company's portfolio currently includes 26 patent applications and a total of 7 patents granted. The final formal requirement for obtaining the patent is to pay the patent fee by 13 July 2023.	ESPI Current Report No. 17/2023 of 20 April 2023.
19 April 2023	The Company received information about the conditional granting of a patent by the United States Patent and Trademark Office for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application "Method of printing fluid".	ESPI Current Report No. 18/2023 of 20 April 2023.

12 May 2023	The Board of Directors of XTPL S.A. has decided and announced its intention to further finance the Company based, among other things, on raising funds from the issuance of new shares. The intention of the Company's Management Board is to carry out an issue of up to 275,000 ordinary bearer shares addressed to investors meeting the requirements specified in the issue resolution. The funds raised from the share issue are to be used to co-finance part of the planned investments for a total amount of approximately PLN 60 million in 2023-2026 in three key business areas: sales, production and R&D, with the funds raised from the share issue to finance approximately half of the required investment amount. The remainder is to be financed using own funds, potential grant funds and debt capital.	ESPI Current Report No. 19/2023 of 12 May 2023.
14 May 2023	To convene an Extraordinary General Meeting of the Company's shareholders for June 12, 2023, in order to increase the capital and issue up to 275,000 ordinary bearer shares.	ESPI Current Report No. 20/2023 of 14 May 2023.

3.5.8 Preliminary estimates of revenues from the sale of products and services for Q1 2023

On 18 April 2023, the Issuer's Management Board reported preliminary estimates of the Company's consolidated revenues from the sale of products and services for the first quarter of 2023 (ESPI Current Report No. 16/2023 of 18 April 2023).

Estimated consolidated revenues from the sale of the Company's products and services in Q1 2023 were PLN 2,972 thousand. In the same period of the previous year, the revenues were PLN 930 thousand. This figure does not include proceeds on account of grants related to the Issuer's implementation of research and development projects.

The value of grant proceeds obtained by the Company in Q1 2023 was PLN 1,000 thousand compared to PLN 1,085 thousand in Q1 2022. The Issuer's Management Board points out that in accordance with the rules for accounting for those grants, part of the above proceeds will be included in the Company's income statement for Q1 2023, while the remainder will be recognized in the balance sheet as deferred income.

The estimated value of the Company's cash and cash equivalents as at 31 March 2023 was PLN 3,720 thousand compared to PLN 3,705 thousand as at 31 March 2022. This means that cash and cash equivalents decreased by approx. PLN 2,290 thousand. For comparison, in the corresponding period of 2022, cash and cash equivalents decreased by PLN 875 thousand.

The increase in the Issuer's estimated revenues from the sale of products and services, as presented above, results from progress in the commercialization of the Company's technological solutions. This has been largely driven by e.g. another tranche of payment related to the implementation of another stage of technological work as part of cooperation with Nano Dimension, revenues from the sale and lease of Delta Printing System devices, and revenues connected with after-sales service, as well as the sale of conductive nanoinks.

3.5.9 Participation in industry conferences

In Q1 2023, the Company participated in five industry conferences:

1. MEMS 2023, 15–19 January, Munich, Germany
2. LOPEC 2023, 28 February – 2 March, Munich, Germany
3. THE ISRAELI CONFERENCE ON ADDITIVE MANUFACTURING: Research To Applications ICAM 2023, 13 March, Kfar Maccabiah, Israel
4. TechBlick Additive Electronics in Semiconductor Packaging and PCBs, 29–30 March, Online
5. Smart Systems Integration (SSI), 28-30 March, Bruges, Belgium

3.5.10 Participation in investor events

Event	Date	Description
GPW Innovation Day	19–20 April 2023	Online meetings of Polish investors with innovative companies listed on the Warsaw Stock Exchange.

3.6 FINANCIAL PERFORMANCE

3.6.1 Principles for drafting the quarterly financial statements

3.6.1.1 General information and basis of preparation

The financial statements of XTPL Group (standalone and consolidated financial statements) cover the period of three months ended 31 March 2023, and the comparative data for the period of three months ended 31 March 2022. 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 2022 as published on 26 April 2023.

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

3.6.1.2 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.

3.6.1.3 Exchange rates used in the financial statements

	2023 January–March		2022 January – March/ December 2021	
	EUR	USD	EUR	USD
exchange rates used in the financial statements				
for balance sheet items	4.6755	4.2934	4.6899	4.4018
for profit or loss and cash flow items	4.7005	4.3630	4.6472	4.1638

3.6.1.4 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 2022 published on 26 April 2023.

There were no changes in the accounting policies or significant changes in estimates in the Reporting Period.

3.6.2. Extraordinary factors and events having a significant impact on the condensed financial statements

None in the Reporting Period.

1.

3.6.3. 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;
- Obtaining financing through the issue of shares/ debt capital to fund the investment process necessary to scale up the business;
- Economic consequences of the war in Ukraine;
- Situation in financial markets and development of the coronavirus pandemic.

3.6.4. Achievement of financial forecasts

The Management Board's position regarding the possibility of achieving the previously published performance forecasts for a given year, in the light of the results presented in the Report in relation to the forecast results, i.e. preliminary estimates of consolidated revenues from the sale of products and services achieved by the Company in Q1 2023, published in ESPI Current Report No. 16/2023 of 18 April 2023:

The preliminary data disclosed to the public were substantially in line with the actual data.

3.7 OTHER INFORMATION

3.7.1 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.

3.7.2 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.

3.7.3 Branches

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

3.7.4 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.

3.7.5 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.

3.7.6 Guarantees given

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

3.7.7 Explanation of seasonality or business cycles

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

3.7.8 Acquisition of own shares

Not applicable. None in the Reporting Period.

3.7.9 Employment

Employment as at the Balance Sheet Date – 53 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 65% of all employees and carries out work in individual laboratories: Application Laboratory, Nanoinks and Nanomaterials Laboratory, Mechatronic Laboratory, Material Characterization and Pre-Post Treatment Laboratory, and Numerical Simulations Laboratory.

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

Women accounted for 46.7% of the full XTPL team. At the same time, in the technology team, women represented 37.9% of the staff.

Team training and development:

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

Benefits:

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

Shareholding structure

4 Shareholding structure

4.1 Significant shareholdings

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

Ref.	Shareholder	Number of shares held	% of all shares	Number of votes	% of all votes
1.	Filip Granek, PhD	326,998	16.11%	326,998	16.11%
2.	Deutsche Balaton Group*	246,203	12.13%	246,203	12.13%
3.	ACATIS Investment Kapitalverwaltungsgesellschaft mbH on behalf of ACATIS Datini Valueflex Fonds	195,663	9.64%	195,663	9.64%
4.	Pankiewicz Venture Sp. k.	185,008	9.12%	185,008	9.12%
5.	Sebastian Młodziński	166,120	8.19%	166,120	8.19%
6.	Others	909,210	44.81%	909,210	44.81%
	TOTAL	2,029,222	100.00%	2,029,222	100.00%

* Deutsche Balaton AG and Heidelberger Beteiligungsholding AG

Since 26 April 2023 (publication date of the consolidated and standalone annual report for 2022) there have been no changes relating to significant shareholdings.

4.2 A decrease in shareholding below 5% of the total number of votes in the Company

In the Reporting Period, the Company did not receive any notifications of a drop below the 5% threshold of the total number of votes in the Company.

4.3 Shares held by members of management and supervisory bodies

Ref	Name	Job position	Shares held as at 31 March 2023	Shares held as at the Report Date
1.	Filip Granek, PhD	CEO	326,998	326,998
2.	Jacek Olszański	Management Board Member	9,250	9,250
3.	Wiesław Rożucki, PhD	Chairman of the Supervisory Board	–	–
4.	Bartosz Wojciechowski, PhD	Deputy Chairman of the Supervisory Board	1,000	1,000
5.	Prof. Herbert Wirth	Supervisory Board Member	–	–
6.	Piotr Lembas	Supervisory Board Member	–	–

7.	Beata Turlejska	Supervisory Board Member	-	-
8.	Andrzej Domański	Deputy Chairman of the Supervisory Board	-	-

Since 26 April 2023 (publication date of the consolidated and standalone annual report for 2022) there have been no changes relating to significant shareholdings by Management Board or Supervisory Board members.

4.4 Share warrants held by members of management and supervisory bodies

Ref.	Name	Job position	Shares held as at 31 March 2023	Shares held as at the Report Date
1.	Filip Granek, PhD	CEO	5,000	5,000
2.	Jacek Olszański	Management Board Member	5,000	5,000
3.	Wiesław Rozłucki, PhD	Chairman of the Supervisory Board	-	-
4.	Bartosz Wojciechowski, PhD	Deputy Chairman of the Supervisory Board	-	-
5.	Prof. Herbert Wirth	Supervisory Board Member	-	-
6.	Piotr Lembas	Supervisory Board Member	-	-
7.	Beata Turlejska	Supervisory Board Member	-	-
8.	Andrzej Domański	Deputy Chairman of the Supervisory Board	-	-

Since 26 April 2023 (publication date of the annual report for 2022) there have been no changes relating to the holding of warrants convertible into shares held by Management Board or Supervisory Board members.

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

In April 2019, the shareholders of XTPL S.A. adopted an incentive scheme for key employees and collaborators of the Group. The scheme may potentially bring about changes in the proportions of shares held by shareholders. The resolution introducing the scheme conditionally increased the Company's share capital, excluding preemptive rights of existing shareholders, by no more than PLN 18,262.20 through the issue of no more than 182,622 series R ordinary bearer shares with a nominal value of PLN 0.10 each. The series R Shares may be subscribed for by holders of Series A registered subscription warrants. Under the resolution on the issue of series A subscription warrants with exclusion of preemptive rights, maximum 182,622 warrants, at a price of PLN 165.84, may be taken up. The incentive scheme covers the years 2019–2021. The scheme participants will have the right to exercise the warrants by 23 April 2029. After this date, the warrants will expire.

ESPI Current Report No. 20/2019 of 24 April 2019 and previous current reports contain details on resolutions concerning establishment of the incentive scheme and the issue of shares and warrants.

On 31 March 2022, the Company's Management Board and the Supervisory Board, pursuant to the resolution of the EGM of 24 April 2019, granted the employees and collaborators of the Company the right to acquire 22,105 shares and 50,000 warrants. The valuation of the financial instruments granted in 2022 is PLN 1,149 thousand, and was reflected in the financial data for 2022.

Moreover, it is noted that in accordance with Resolution No. 04/06/2020 of the Extraordinary General Meeting of XTPL S.A. of 8 June 2020 on the issue of bonds convertible into series U shares, and a conditional share capital increase by issuing series U shares, depriving shareholders of all their preemptive rights to the convertible bonds and series U shares, on 30 July 2020 the Management Board of XTPL S.A. adopted a resolution on the allocation of 48,648 series A registered bonds ("**Bonds**") convertible into the Company's series U shares with a nominal value of PLN 74 per bond, and a total nominal value of PLN 3,599,952. The bonds were subject to redemption on 30 July 2022. The bondholders have the right to request the conversion of the Bonds into the Issuer's series U shares. The conversion will be based on the rule that there will be one series U share allocated to each bond, and the conversion price will be equal to the nominal value of one bond. The Bondholder has the right to demand conversion of the Bonds into the series U shares no earlier than 1 (one) month before the redemption date and no later than 11 (eleven) working days before the redemption date.

The Company communicated this in ESPI Current Report No. 29/2020 of 30 July 2020. Exercise of the Bondholders' right to convert the Bonds into series U shares might potentially change the proportions of shares held by shareholders.

In 2022, the Parent Company's Management Board started talks with the bondholders aimed at extending the maturity date of the bonds convertible into shares (with a nominal value of PLN 3,600 thousand), and possibly changing their interest rate.

As a result of those talks:

- 1) On **6 July 2022**, the Issuer concluded an agreement with the bondholder to purchase 2,993 series A bonds of the Company convertible into series U shares for the purpose of their redemption (as reported by the Issuer in ESPI Current Report No. 20/2022 of 6 July 2022). In consideration for the purchase of the Bonds, the Issuer paid the bondholder PLN 230,122.83, which included the nominal value of the purchased Bonds of PLN 221,482 and interest of PLN 8,640.83. The sale price of the Bonds includes all receivables resulting from the purchased Bonds.

After the settlement of the Bond purchase transaction, the Issuer redeemed the Bonds and submitted an application for their deregistration from the securities register kept by the Central Securities Depository of Poland. After the Bond redemption, as at the Balance Sheet Date, the total number of issued and not redeemed Series A convertible bonds of the Company is 45,655. The purchase of the Bonds for their redemption is part of the process of extending and changing the

debt financing granted to the Issuer on the basis of series A convertible bonds, which was communicated by the Issuer in ESPI Current Report No. 12/2022 of 25 May 2022,

- 2) **On 20 July 2022**, the Issuer and two bondholders holding all issued and unredeemed Company's series A bonds convertible to series U shares – 45,655 bonds with a total nominal value of PLN 3,378,470, registered in the securities register kept by the Central Securities Depository of Poland (KDPW) under No. ISIN PLO228300011, entered into an agreement on changing the terms of the issue of the Bonds (as reported by the Issuer in ESPI Current Report No. 23/2022 of 20 July 2022 in relation to ESPI Current Report No. 12/2022 of 25 May 2022).

Based on the second sentence of Article 7(1) of the Bond Act of 15 January 2015 and under the concluded Agreements, the terms of the Bonds were changed as follows: (a) redemption date: the Bond redemption date was changed from 30 July 2022 to 30 January 2024; (b) interest rate: the interest rate on the Bonds (which from the Bond allocation date to 30 July 2022 is fixed and amounts to 2% per annum) is calculated on the nominal value of the Bonds, and as of 31 July 2022 to the redemption date or to the early redemption date will be 5% p.a., calculated on the nominal value of the Bonds.

Other terms of the Bonds issue remained unchanged.

Condensed standalone financial statements

5 Condensed standalone financial statements

5.1 Condensed standalone statement of financial position

ASSETS PLN '000	NOTE	31.03.2023	31.12.2022
Non-current assets		9,196	8,103
Property, plant and equipment		4,616	4,298
Intangible assets		4,404	3,439
Long-term receivables		176	366
Current assets		10,214	9,573
Inventories		1,499	948
Trade receivables		2,038	776
Other receivables		2,735	1,801
Cash and cash equivalents		3,711	5,891
Other assets		231	157
Total assets		19,410	17,676
EQUITY AND LIABILITIES PLN '000	NOTE	31.03.2023	31.12.2022
Total equity		3,852	4,153
Share capital		203	203
Supplementary capital		1,531	1,531
Reserve capital		5,048	5,048
Retained earnings, including:		-2,930	-2,629
- current period result		-301	-2,257
Long-term liabilities		3,510	6,447
Long-term financial liabilities		330	3,573
Deferred income in respect of grants		3,180	2,874
Short-term liabilities		12,048	7,076
Trade liabilities		1,812	1,429
Short-term financial liabilities		3,663	337
Other liabilities		4,195	3,021
Deferred income in respect of grants		2,387	2,289
Total equity and liabilities		19,410	17,676

5.2 Condensed standalone statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME	PLN'000	NOTE	1.01.2023 31.03.2023	1.01.2022 31.03.2022
Continued operations				
Sales		12	3,580	1,619
Revenues from the sale of products and services		26	2,975	930
Revenue from grants		13	605	689
Cost of sales			1,783	1,892
Research and development expenses		14	1,348	1,715
Cost of finished goods sold			435	177
Gross profit (loss)			1,797	-273
General and administrative expenses		14	1,988	2,374
Other operating income			-	-
Other operating costs			1	-
Operating profit (loss)			-192	-2,647
Financial revenues			9	40
Financial expenses			118	76
Profit/ loss before tax			-301	-2,683
Income tax			-	-
Net profit (loss) on continued operations			-301	-2,683
Discontinued operations			-	-
Net profit (loss) on discontinued operations			-	-
Net profit (loss) on continued and discontinued operations			-301	-2,683
Other comprehensive income			-	-
Total comprehensive income			-301	-2,683
Net profit (loss) per share (in PLN)				
On continued operations				
Ordinary			-0.15	-1.32
Diluted			-0.15	-1.29
On continued and discontinued operations				
Ordinary			-0.15	-1.32
Diluted			-0.15	-1.29
number of shares to calculate ordinary profit (loss) per share			2,029,222	2,029,222
number of shares to calculate diluted profit (loss) per share *			2,074,877	2,077,870

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

5.3 Condensed standalone statement of changes in equity

STATEMENT OF CHANGES					
IN EQUITY PLN '000	Share capital	Supplementary capital	Reserve capital	Retained profit (loss carried forward)	Total
As at 1 January 2023	203	1,531	5,048	-2,629	4,153
Comprehensive income:	–	–	–	-301	-301
Profit (loss) after tax	–	–	–	-301	-301
Transactions with owners:	–	–	–	–	–
Incentive scheme	–	–	–	–	–
As at 31 March 2023	203	1,531	5,048	-2,930	3,852
As at 1 January 2022	203	8,129	3,926	-6,970	5,288
Comprehensive income:	–	–	–	-2,683	-2,683
Profit (loss) after tax	–	–	–	-2,683	-2,683
Transactions with owners:	–	–	1,149	–	1,149
Incentive scheme	–	–	1,149	–	1,149
As at 31 March 2022	203	8,129	5,075	-9,653	3,754

5.4 Condensed standalone statement of cash flows

STATEMENT OF CASH FLOWS PLN'000	1.01.2023 31.03.2023	-	1.01.2022 31.03.2022	-
Cash flows from operating activities				
Profit (loss) before tax	-301		-2,684	
Total adjustments:	-501		2,405	
Depreciation/amortization	270		241	
FX gains (losses)	16		-23	
Interest and profit distributions (dividends)	79		22	
Profit (loss) on investing activities	-7		50	
Change in the balance of provisions	126		173	
Change in the balance of inventories	-551		-73	
Change in the balance of receivables	-2,185		691	
Change in short-term liabilities, except bank and other loans	1,431		35	
Change in prepayments/accruals	320		140	
Income tax paid	-		-	
Other adjustments	-		1,149	
Total cash flows from operating activities	-802		-279	
Cash flows from investing activities				
Inflows	180		101	
Disposal of tangible and intangible assets	-		-	
Repayment of long-term loans	180		100	
Interest on financial assets	-		1	
Outflows	1,225		709	
Acquisition of tangible and intangible fixed assets	1,225		667	
Acquisition of financial assets	-		42	
Long-term loans granted	-		-	
Other investment outflows	-		-	
Total cash flows from investing activities	-1,045		-608	
Cash flows from financing activities				
Inflows	-		-	
Contributions to capital	-		-	
Bank and other loans	-		-	
Issue of bonds	-		-	
Outflows	325		34	
Acquisition of own shares	-		-	
Payment of dividend	-		-	
Repayment of bank and other loans	-		-	
Lease payments	286		27	
Interest	39		7	

Total cash flows from financing activities	-325	-34
Total cash flows from investing activities	-2,172	-921
Change in cash and cash equivalents:	-2,180	-906
– change in cash due to FX differences	8	-15
Cash and cash equivalents at the beginning of the period	5,920	4,477
Cash and cash equivalents at the end of the period, including:	3,748	3,556
– restricted cash	–	–

5.5 Notes

Note 1 Intangible assets

OTHER INTANGIBLE ASSETS	PLN'000	31.03.2023	31.12.2022
Acquired concessions, patents, licenses and similar rights		-	2
Intellectual property rights		-	-
Completed development		2,305	2,398
In-process development expenditure		2,099	1,039
Total (net)		4,404	3,439
Previous write-off		646	1,745
Total (gross)		5,050	5,184

All intangible assets are the property of the Company; none of these assets are used based on any rental, lease or a similar contract. The intangible assets are not used as collateral. As at 31 March 2023, the Company did not have any agreements whereby it would be required to purchase any intangible assets. In Q1 2023 and 2022, no impairment charges were posted for intangible assets.

Note 2. Significant acquisitions of tangible assets

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS PLN '000	01.01.2023 - 31.03.2023	01.01.2022 - 31.12.2022
XTPL printers, 3D	-	-
Computer sets	75	197
Rheometer	-	162
Laser measuring system	-	144
Centrifuge	-	592
Anti-vibration system	-	46
Server with software	-	-
Pressure control system and other	-	15
Confocal microscope	-	-
Other laboratory equipment	52	71
Movement system and components of the gantry system	2,470	-
Total significant acquisitions	2,597	1,227

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

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

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

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

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

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

Note 6. Long-term receivables

Long-term receivables	PLN'000	31 March 2023	31 December 2022
Loans granted		143	322
Security deposits		33	44
Shares		-	-
Total long-term receivables		176	366

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

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

Note 8. Change in the balance of provisions

CHANGE IN THE BALANCE OF PROVISIONS	PLN'000	01.01.2023 - 31.03.2023	01.01.2022 - 31.12.2022
Balance at the beginning of the period		272	229
increased/ created		398	152
utilization		-	-
release		272	109
Balance at the end of the period		398	272

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

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

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

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

PLN'000	Category as per IFRS 9	Book value		Fair value	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
Financial assets					
Loans granted	WwgZK	143	322	143	322
Trade receivables	WwgZK	2,038	776	2,038	776
Other receivables	WwgZK	2,735	1,801	2,735	1,801
Cash and cash equivalents	WwgZK	3,711	5,891	3,711	5,891
Total		8,627	8,790	8,627	8,790
Financial liabilities					
Bond liabilities	WwWGpWF	3,221	3,180	3,221	3,180
Lease liabilities	according to IFRS 16	772	729	772	729
Trade liabilities	PZFwgZK	1,811	1,429	1,811	1,429
Other liabilities	PZFwgZK	4,195	3,021	4,195	3,021
Total		9,999	8,359	9,999	8,359

Abbreviations used:

WwgZK – Measured at amortized cost

PZFwgZK – Other liabilities measured at amortized cost

WwWGpWF – Financial assets/ liabilities measured at fair value through profit or loss

Fair value of financial instruments that the Company held as at the Balance Sheet Date and 31 December 2022 was not materially different from the values presented in the financial statements. This is because:

- with regard to short-term instruments, the potential effect of the discount is not material;
- the instruments relate to the transactions concluded on market terms.

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

Note 11. Explanations to the statement of cash flows

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

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

	01.01.2023	01.01.2022
	PLN'000	
	31.03.2023	31.03.2022
PBT presented in the statement of comprehensive income	-301	-2,683
PBT presented in the statement of cash flows	-301	-2,684
INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS		
	01.01.2023	01.01.2022
	31.03.2023	31.03.2022
Realized interest on financing activities	39	5
Realized interest on investing activities	-	-1
Unrealized interest on financing activities	42	17
Unrealized interest on investing activities	-2	1
Total interest and dividends:	79	22
CHANGE IN THE BALANCE OF RECEIVABLES		
	01.01.2023	01.01.2022
	31.03.2023	31.03.2022
Change in the balance of trade receivables	-1,262	734
Other receivables	-923	-43
Total change in the balance of receivables	-2,185	691
CHANGE IN THE BALANCE OF LIABILITIES		
	01.01.2023	01.01.2022
	31.03.2023	31.03.2022
Change in the balance of trade liabilities	382	94
Other liabilities	1,049	-59
Total change in the balance of liabilities:	1,431	35

	01.01.2023	01.01.2022
Cash and cash equivalents at the end of the period	-	-
	31.03.2023	31.03.2022
Statement of cash flows	3,748	3,556
Statement of financial position	3,711	3,567

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

Note 12. Net revenue from sales

NET REVENUE FROM SALES	PLN'000	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
Research and development revenue		1,595	402
Revenues from the sale of products and services		1,380	528
Revenue from grants		605	689
Total net revenue from sales		3,580	1,619

Note 13. Grants

Inflows from grants	PLN'000	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
- to operations		605	689
- to assets		-	-
Total inflows from grants		605	689

The note presents proceeds from the reimbursement of costs incurred. In addition, the Company recorded proceeds from advance payments of PLN 395 thousand in respect of the implemented grant project.

Note 14. Operating costs

OPERATING COSTS	PLN '000	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
Depreciation/ amortization, including		270	241
- depreciation of tangible assets		175	146
- amortization of intangible assets		95	95
Use of raw materials and consumables		863	613

External services	799	958
Cost of employee benefits	1,539	2,357
Taxes and charges	21	24
Other costs by type	278	73
Value of goods and materials sold	-	-
Total costs by type, including:	3,770	4,266
Items reported as research and development costs	1,348	1,715
Items reported as cost of finished goods sold	435	177
Items reported as general and administrative expenses	1,987	2,374
Change in finished goods		
Cost of producing services for internal needs of the entity	-	-

Note 15. Related party transactions

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

01.01.2022 - 31.03.2022	PLN'000	to	To	To key	to other related
		associates	joint ventures	management personnel*	entities **
Purchase of services		-	-	-	180
Loans granted		42	-	-	-
Financial expenses – interest on loans		8	-	-	2

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

** the item includes entities linked through key management

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

In the Reporting Period, the Company created an impairment allowance for a loan granted to the related party, covering the principal amount and interest. In each financial year, an assessment is carried out which involves examining the financial position of the related party and the market in which it operates.

Note 16. Deferred tax

Deferred tax liability caused by positive temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income
	31.03.2022	31.03.2022	01.01.2023 - 31.03.2023
In respect of:			
Interest on loans and deposits	-	-	-1
The value of tangible asset (leased item)	243	74	42
Loan valuation	-	2	-
Total deferred tax liability	243	76	41
Set-off with deferred tax assets	-243	-76	-41
Net deferred tax liability	-	-	-

Deferred income tax assets due to negative temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income
	31.03.2022	31.03.2022	01.01.2023 - 31.03.2023
Due to differences between the tax value and the carrying amount:			
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	-7	-	-28
Accruals for unused annual leaves	76	76	25
Provision for the cost external services	196	-	-42
Loan valuation	1	-	-
Total deferred tax assets	266	76	-51
Set-off with a deferred tax liability	243	76	41
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, organizational structure and procedures.

MARKET RISK

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

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

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

PRICE RISK

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

CURRENCY RISK

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

Part of the Company's settlements is denominated in foreign currencies. As at 31 March 2023, the Company has assets denominated in foreign currencies, which include trade receivables. The value of the Company's liabilities in foreign currencies as at the balance sheet date relates to trade liabilities. Therefore, there is a risk related to the negative impact of FX changes on the financial results achieved by the Company. In order to mitigate the possible effects of exchange rate fluctuations, the Company monitors the current exchange rates on an ongoing basis.

Rate prevailing on the last day of the year:	31.03.2023	31.12.2022
1 EUR / 1 PLN	4.6755	4.6899
1 USD / 1 PLN	4.2934	4.4018

Average rate, calculated as the arithmetic mean of the rates applicable on the last day of each month in the period:	01.01.2022 31.03 2022	01.01.2022 31.03 2022
1 EUR / 1 PLN	4.7005	4.6472
1 USD / 1 PLN	4.3630	4.1638

Presented below is the estimated impact on the Company's financial result of a potential adverse change in the value of PLN in relation to EUR and USD in relation to the carrying amounts as at 31 March 2023:

	As at 31.03.2023 in currency	As at 31.03.2023 in PLN	Estimated rate change in %	Effects of changes in exchange rates in PLN
Trade receivables in currency:				
EUR	394	1,842	+/- 5%	+/- 31%
USD	67	286	+/- 5%	+/- 5%
Trade liabilities in currency:				
EUR	103	482	+/- 5%	+/- 8%
USD	9	39	+/- 5%	+/- 1%

INTEREST RATE RISK

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

LIQUIDITY RISK

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

The Company seeks to maintain a balance between continuity and flexibility of financing by using different sources of financing, such as lease agreements.

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

In the Reporting Period, the Company had a PLN 300 thousand overdraft agreement. The facility was used rarely and for a short term only.

CREDIT RISK

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

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

Note 18. Material settlements on account of court cases

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

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

In the period from 1 January 2023 to 31 March 2023, no significant changes were identified in the economic position or operating conditions which would have a material impact on the fair value of the Company's financial assets and liabilities.

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

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

The change in the value of contingent liabilities in relation 31 December 2022 amounts to PLN 1,000 thousand. It is caused by the payment of the next two tranches of grants and advances for grants totaling PLN 1,000 thousand. At the Balance Sheet Date and until the date of approval of the financial statements for publication, no events occurred that could result in materialization 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.

	31.03.2023	31.12.2022
CONTINGENT LIABILITIES	PLN'000	PLN'000
Promissory notes	20,125	19,125
Total contingent liabilities	20,125	19,125

Note 21. Incentive scheme

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

Note 22. Information about seasonality of business and cycles

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

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

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

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

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

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

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

Note 26. Operating segments

SEGMENT	01.01.2023 -	01.01.2022 -
	31.03.2023	31.03.2022
	PLN'000	PLN'000
Sale and lease of printers	1,316	474
Research and development services	1,595	402
Inks and other consumables	64	54
TOTAL	2,975	930

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

No such events occurred in the reporting period.

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

The accounting policies that were used in preparation of these financial statements for the first quarter of 2023 are consistent with the policies used in preparation of the Company's financial statements for 2022. 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 2022.

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

In the reporting period no changes in estimates were made.

Note 30. Correction of errors from previous periods

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

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

This financial information for the period from 1 January 2023 to 31 March 2023 was approved for publication by the Company's Management Board on 17 May 2023.

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

Date	Event	Current Report
11 April 2023	The Company confirmed another order placed by Yi Xin HK Technology Co., Ltd, based in China, for the delivery of the Delta Printing System. The end buyer of the device will be a leading Chinese R&D center University of Tianjin.	ESPI Current Report No. 15/2023 of 11 April 2023.
19 April 2023	The Company received information about the conditional granting of a patent by the United States Patent and Trademark Office for the printing device used in the Ultra-Precise Deposition process, i.e. for the patent application "Fluid printing apparatus".	ESPI Current Report No. 17/2023 of 19 April 2023.
19 April 2023	The Company received information about the conditional granting of a patent by the United States Patent and Trademark Office for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application "Method of printing fluid".	ESPI Current Report No. 18/2023 of 20 April 2023.
12 May 2023	The Board of Directors of XTPL S.A. has decided and announced its intention to further finance the Company based, among other things, on raising funds from the issuance of new shares. The intention of the Company's Management Board is to carry out an issue of up to 275,000 ordinary bearer shares addressed to investors meeting the requirements specified in the issue resolution. The funds raised from the share issue are to be used to co-finance part of the planned investments for a total amount of approximately PLN 60 million in 2023-2026 in three key business areas: sales, production and R&D, with the funds raised from the share issue to finance approximately	ESPI Current Report No. 19/2023 of 12 May 2023.

	half of the required investment amount. The remainder is to be financed using own funds, potential grant funds and debt capital.	
14 May 2023	To convene an Extraordinary General Meeting of the Company's shareholders for June 12, 2023, in order to increase the capital and issue up to 275,000 ordinary bearer shares.	ESPI Current Report No. 20/2023 of 14 May 2023.

Condensed consolidated financial statements

6 Condensed consolidated financial statements

6.1 Condensed consolidated statement of financial position

ASSETS PLN '000	NOTE	31.03.2023	31.12.2022
Non-current assets	5	9,053	7,781
Property, plant and equipment	2, 3, 5	4,616	4,298
Intangible assets	1, 5	4,404	3,439
Long-term receivables		33	44
Current assets		10,149	9,728
Inventories		1,499	948
Trade receivables		1,868	786
Other receivables		2,736	1,802
Cash and cash equivalents		3,794	6,010
Other assets		252	182
Total assets		19,202	17,509
EQUITY AND LIABILITIES PLN '000	NOTE	31.03.2023	31.12.2022
Total equity		3,685	3,975
Share capital		203	203
Supplementary capital		1,531	1,531
Own shares		-4	-4
Reserve capital		4,172	4,172
FX differences arising on translation		73	74
Retained earnings		2,290	-2,001
Long-term liabilities		3,510	6,447
Long-term financial liabilities	25	330	3,573
Deferred income in respect of grants	30	3,180	2,874
Short-term liabilities		12,007	7,087
Trade liabilities	26	1,771	1,441
Short-term financial liabilities	29	442	336
Lease obligations		3,221	3,021
Other liabilities	27	4,195	2,289
Deferred income in respect of grants	30	2,378	1,441
Total equity and liabilities		19,202	17,509

6.2 Condensed consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME PLN '000	NOTE	1.01.2023 31.03.2023	1.01.2022 31.03.2022
Continued operations			
Sales	12	3,580	1,619
Revenues from the sale of products and services	26	2,975	930
Revenue from grants	13	605	689
Cost of sales		1,783	1,892
Research and development expenses	14	1,348	1,715
Cost of finished goods sold		435	177
Gross profit (loss)		1,797	-273
General and administrative expenses	14	1,974	2,363
Other operating income		–	–
Other operating costs		1	1
Operating profit (loss)		-178	-2,637
Financial revenues		–	30
Financial expenses		111	26
Profit/ loss before tax		-289	-2,633
Income tax		1	1
Net profit (loss) on continued operations		-290	-2,634
Discontinued operations		–	–
Net profit (loss) on discontinued operations		–	–
Net profit (loss) on continued and discontinued operations		-290	-2,634
Profit (loss) attributable to non-controlling interests		–	–
Profit (loss) attributable to shareholders of the parent		-290	-2,634
Other comprehensive income		–	1
Items that can be transferred to profit or loss in subsequent reporting periods		–	1
FX differences arising on conversion of foreign affiliates		–	1
Items that will not be transferred to profit or loss in subsequent periods		–	–
Total comprehensive income		-290	-2,633
Total comprehensive income attributable to non-controlling shareholders		–	–
Total comprehensive income attributable to the parent company		-290	-2,633
Net profit (loss) per share (in PLN)			
On continued operations			
Ordinary		-0.14	-1.30

Diluted		-0.14	-1.27
On continued and discontinued operations			
Ordinary		-0.14	-1.30
Diluted		-0.14	-1.27
number of shares to calculate ordinary profit (loss) per share		2,029,222	2,029,222
number of shares to calculate diluted profit (loss) per share *		2,074,877	2,077,870

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

6.3 Condensed consolidated statement of changes in equity

STATEMENT OF CHANGES

IN EQUITY PLN '000	Share capital	Supplementary capital	Own shares	Reserve capital	FX differences arising on translation	Retained earnings	Non- controlling interests	Total
As at 1 January 2023	203	1,531	-4	4,172	74	-2,001	-	3,975
Comprehensive income:	-	-	-	-	-1	-289	-	-290
Profit (loss) after tax	-	-	-	-	-	-289	-	-289
Other comprehensive income	-	-	-	-	-1	-	-	-1
Transactions with owners:	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-
Incentive scheme	-	-	-	-	-	-	-	-
Distribution of profit	-	-	-	-	-	-	-	-
Value of conversion rights under convertible bonds	-	-	-	-	-	-	-	-
Take-over of control over a related party	-	-	-	-	-	-	-	-
As at 31 March 2023	203	1,531	-4	4,172	73	-2,290	-	3,685
As at 1 January 2022	203	8,129	-8	3,050	70	-6,461	-	4,983
Comprehensive income:	-	-	-	-	1	-2,634	-	-2,633
Profit (loss) after tax	-	-	-	-	-	-2,634	-	-2,634
Other comprehensive income	-	-	-	-	1	-	-	1
Transactions with owners:	-	-	-	1,149	-	-	-	1,149
Issue of shares	-	-	-	-	-	-	-	-
Incentive scheme	-	-	-	1,149	-	-	-	1,149
Distribution of profit	-	-	-	-	-	-	-	-
Value of conversion rights under convertible bonds	-	-	-	-	-	-	-	-
Take-over of control over a related party	-	-	-	-	-	-	-	-
As at 31 March 2022	203	8,129	-8	4,199	71	-9,095	-	3,499

6.4 Condensed consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS PLN'000	1.01.2023 31.03.2023	1.01.2022 31.03.2022
Cash flows from operating activities		
Profit (loss) before tax	-289	-2,633
Total adjustments:	-369	2,445
Depreciation/amortization	270	241
Write-off of goodwill	-	-
FX gains (losses)	7	-14
Interest and profit distributions (dividends)	38	24
Profit (loss) on investing activities	-	-
Change in the balance of provisions	126	173
Change in the balance of inventories	-551	-73
Change in the balance of receivables	-2,005	691
Change in short-term liabilities, except bank and other loans	1,421	18
Change in prepayments/accruals	325	236
Income tax paid	1	1
Other adjustments	-	1,149
Total cash flows from operating activities	-659	-189
Cash flows from investing activities		
Inflows	-	1
Disposal of tangible and intangible assets	-	-
Repayment of long-term loans	-	-
Interest on financial assets	-	1
Other investment inflows	-	-
Outflows	1,225	667
Acquisition of tangible and intangible fixed assets	1,225	667
Acquisition of financial assets	-	-
Long-term loans granted	-	-
Other investment outflows	-	-
Total cash flows from investing activities	-1,225	-666
Cash flows from financing activities		
Inflows	-	-
Contributions to capital	-	-
Bank and other loans	-	-
Issue of bonds	-	-
Outflows	325	-
Acquisition of own shares	-	-
Payment of dividend	-	-
Repayment of bank and other loans	-	-
Finance lease payments	286	32

Interest	39	2
Total cash flows from financing activities	-325	-34
Total cash flows from investing activities	-2,209	-889
Change in cash and cash equivalents:	-2,216	-875
– change in cash due to FX differences	7	-14
Cash and cash equivalents at the beginning of the period	6,040	4,583
Cash and cash equivalents at the end of the period, including:	3,831	3,694
– restricted cash	–	–

6.5 Notes

Note 1 Intangible assets

OTHER INTANGIBLE ASSETS	PLN'000	31.03.2023	31.12.2022
Acquired concessions, patents, licenses and similar rights		-	2
Intellectual property rights		-	-
Completed development		2,305	2,398
In-process development expenditure		2,099	1,039
Total (net)		4,404	3,439
Previous write-off		646	1,745
Total (gross)		5,050	5,184

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 31 March 2023, the Group did not have any agreements whereby it would be required to purchase any intangible assets.

Note 2. Significant acquisitions of tangible assets

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS	01.01.2023 - 31.03.2023	01.01.2022 - 31.12.2022
PLN '000		
XTPL printers, 3D	-	-
Computer sets	75	197
Rheometer	-	162
Laser measuring system	-	144
Centrifuge	-	592
Anti-vibration system	-	46
Server with software	-	-
Pressure control system and other	-	15
Confocal microscope	-	-
Other laboratory equipment	52	71
Movement system and components of the gantry system	2,470	-
Total significant acquisitions	2,597	1,227

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

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

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

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

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

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

Note 6. Long-term receivables

Long-term receivables	PLN'000	31 March 2023	31 December 2022
Loans granted		–	–
Security deposits		33	44
Shares		–	–
Total long-term receivables		33	44

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

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

Note 8. Change in the balance of provisions

CHANGE IN THE BALANCE OF PROVISIONS	PLN'000	01.01.2023 - 31.03.2023	01.01.2022 - 31.12.2022
Balance at the beginning of the period		272	229
increased/ created		398	152
utilization		–	–
release		272	109

Balance at the end of the period **398** **272**

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

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

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

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

PLN'000	Category as per IFRS 9	Book value		Fair value	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
Financial assets					
Loans granted	WwgZK	–	–	–	–
Trade receivables	WwgZK	1,868	786	1,868	786
Other receivables	WwgZK	2,736	1,802	2,736	1,802
Cash and cash equivalents	WwWGpWF	3,794	6,010	3,794	6,010
Total		8,398	8,598	8,398	8,598
Financial liabilities					
Interest bearing bank and other loans	PZFwgZK	–	–	–	–
Bond liabilities	PZFwgZK	3,221	3,180	3,221	3,180
Lease liabilities	PZFwgZK	772	729	772	729
Trade liabilities	PZFwgZK	1,771	1,441	1,771	1,441
Other liabilities	PZFwgZK	4,195	3,021	4,195	3,021
Total		9,959	8,371	9,959	8,371

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 31 March 2022 and 31 December 2021 was not materially different from the values presented in the financial statements for the respective years:

- with regard to short-term instruments, the potential effect of the discount is not material;
- the instruments relate to the transactions concluded on market terms.

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

Note 11. Explanations to the statement of cash flows

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

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

	01.01.2023	01.01.2022
PLN'000	-	-
	31.03.2023	31.03.2022
PBT presented in the statement of comprehensive income	-289	-2,633
PBT presented in the statement of cash flows	-289	-2,633
INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS		
	01.01.2023	01.01.2022
	-	-
	31.03.2023	31.03.2022
Realized interest on financing activities	38	8
Realized interest on investing activities	-	-1
Unrealized interest on financing activities	-	17
Unrealized interest on investing activities	-	-
Total interest and dividends:	38	24
CHANGE IN THE BALANCE OF RECEIVABLES		
	01.01.2023	01.01.2022
	-	-
	31.03.2023	31.03.2022
Change in the balance of trade receivables	-1,082	734
Other receivables	-923	43
Total change in the balance of receivables	-2,005	691
CHANGE IN THE BALANCE OF LIABILITIES		
	01.01.2023	01.01.2022
	-	-
	31.03.2023	31.03.2022
Change in the balance of trade liabilities	372	77
Other liabilities	1,049	-59
Total change in the balance of liabilities:	1,421	18

	01.01.2023	01.01.2022
Cash and cash equivalents at the end of the period	-	-
	31.03.2023	31.03.2022
Statement of cash flows	3,831	3,694
Statement of financial position	3,794	3,705

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

Note 12. Net revenue from sales

NET REVENUE FROM SALES	PLN'000	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
Research and development revenue		1,595	402
Revenues from the sale of products and services		1,380	528
Revenue from grants		605	689
Total net revenue from sales		3,580	1,619

Note 13. Grants

Inflows from grants	PLN'000	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
- to operations		605	689
- to assets		-	-
Total inflows from grants		605	689

The note presents proceeds from the reimbursement of costs incurred. In addition, the Group recorded proceeds of PLN 395 thousand from advance payments towards a grant project. The proceeds were recognized under "deferred income in respect of grants" (PLN 354 thousand: long-term, and PLN 41 thousand: short-term).

Note 14. Operating costs

OPERATING COSTS	PLN '000	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
Depreciation/ amortization, including		270	241
– depreciation of tangible assets		175	146
– amortization of intangible assets		95	95
Use of raw materials and consumables		863	613
External services		830	980
Cost of employee benefits		1,539	2,357
Taxes and charges		23	24
Other costs by type		278	86
Value of goods and materials sold		–	–
Total costs by type, including:		3,803	4,301
Items reported as research and development costs		1,348	1,715
Items reported as cost of finished goods sold		435	177
Items reported as general and administrative expenses		2,020	2,409
Change in finished goods			
Cost of producing services for internal needs of the entity		-	-

Note 15. Related party transactions

01.01.2023 - 31.03.2023	PLN'000	To associates	To joint ventures	To key management personnel*	to other related entities **
Purchase of services		–	–	–	–
Loans granted		–	–	–	–
Financial expenses – interest on loans		–	–	–	–
01.01.2022 - 31.03.2022	PLN'000	to associates	To joint ventures	To key management personnel*	to other related entities **
Purchase of services		–	–	–	–
Loans granted		–	–	–	–
Financial expenses – interest on loans		–	–	–	–

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

** the item includes entities linked through key management

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

Note 16. Deferred tax

	Statement of financial position as at		Impact on the statement of comprehensive income
	31.03.2022	31.03.2022	01.01.2023 - 31.03.2023
Deferred tax liability caused by positive temporary differences			
In respect of:			
Interest on loans and deposits	-	-	-1
The value of tangible asset (leased item)	243	74	42
Loan valuation	-	2	-
Total deferred tax liability	243	76	41
Set-off with deferred tax assets	-243	-76	-41
Net deferred tax liability	-	-	-

	Statement of financial position as at		Impact on the statement of comprehensive income
	31.03.2022	31.03.2022	01.01.2023 - 31.03.2023
Deferred income tax assets due to negative temporary differences			
Due to differences between the tax value and the carrying amount:			
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	-7	-	-28
Accruals for unused annual leaves	76	76	25
Provision for the cost external services	196	-	-42
Loan valuation	1	-	-
Total deferred tax assets	266	76	-51
Set-off with a deferred tax liability	243	76	41
Net deferred tax assets	-	-	-

Note 17. Objectives and rules of financial risk management

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

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

Market risks:

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

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

MARKET RISK

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

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

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

PRICE RISK

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

CURRENCY RISK

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

Part of the Group's settlements is denominated in foreign currencies. As at 31 March 2022, the Group has assets denominated in foreign currencies, which include trade receivables. The value of the Group's liabilities in foreign currencies as at the balance sheet date relates to trade liabilities. Therefore, there is a risk related to the negative impact of FX changes on the financial results achieved by the Company. In order to mitigate the possible effects of exchange rate fluctuations, the Group monitors the current exchange rates on an ongoing basis.

Rate prevailing on the last day of the year:	31.03.2023	31.12.2022
1 EUR / 1 PLN	4.6755	4.6899
1 USD / 1 PLN	4.2934	4.4018

Average rate, calculated as the arithmetic mean of the rates applicable on the last day of each month in the period:	01.01.2022 31.03 2022	01.01.2022 31.03 2022
1 EUR / 1 PLN	4.7005	4.6472
1 USD / 1 PLN	4.3630	4.1638

Presented below is the estimated impact on the Group's financial result of a potential adverse change in the value of PLN in relation to EUR, GBP and USD in relation to the carrying amounts as at 31 December 2022:

	As at 31.03.2023 in currency	As at 31.03.2023 in PLN	Estimated rate change in %	Effects of changes in exchange rates in PLN
Trade receivables in currency:				
EUR	394	1,842	+/- 5%	+/- 31%
USD	67	286	+/- 5%	+/- 5%
Trade liabilities in currency:				
EUR	103	482	+/- 5%	+/- 8%
USD	9	39	+/- 5%	+/- 1%

INTEREST RATE RISK

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

LIQUIDITY RISK

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

The Group seeks to maintain a balance between continuity and flexibility of financing by using different sources of financing, such as lease agreements.

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

In the Reporting Period, an overdraft of PLN 300 thousand was available to the Group. However, the facility was used by the Group rarely and for a short term only.

CREDIT RISK

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

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

Note 18. Material settlements on account of court cases

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

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

In the period from 1 January 2023 to 31 March 2023, no significant changes were identified in the economic position or operating conditions which would have a material impact on the fair value of the Group's financial assets and liabilities.

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

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

The change in the value of contingent liabilities in relation 31 December 2022 amounts to PLN 1,000 thousand. It is caused by the payment of the next two tranches of grants and advances totaling PLN 1,000 thousand. At the Balance Sheet Date and until the date of approval of the financial statements for publication, no events occurred that could result in materialization 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.

	31.03.2023	31.12.2022
	PLN'000	PLN'000
CONTINGENT LIABILITIES		
Promissory notes	20,125	19,125
Total contingent liabilities	20,125	19,125

Note 21. Incentive scheme

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

Note 22. Information about seasonality of business and cycles

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

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

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

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

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

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

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

Note 26. Operating segments

SEGMENT	01.01.2023 -	01.01.2022 -
	31.03.2023	31.03.2022
	PLN'000	PLN'000
Sale and lease of printers	1,316	474
Research and development services	1,595	402
Inks and other consumables	64	54
TOTAL	2,975	930

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

No such events occurred in the reporting period.

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

The accounting policies that were used in preparation of these financial statements for the first quarter of 2023 are consistent with the policies used in preparation of the Company's financial statements for 2022. 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 2022.

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

In the reporting period no changes in estimates were made.

Note 30. Correction of errors from previous periods

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

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

This financial report for the period from 1 January 2023 to 31 March 2023 was approved for publication by the Parent Company's Management Board on 17 May 2023.

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

Date	Event	Current Report
11 April 2023	The Company confirmed another order placed by Yi Xin HK Technology Co., Ltd, based in China, for the delivery of the Delta Printing System. The end buyer of the device will be a leading Chinese R&D center University of Tianjin.	ESPI Current Report No. 15/2023 of 11 April 2023.
19 April 2023	The Company received information about the conditional granting of a patent by the United States Patent and Trademark Office for the printing device used in the Ultra-Precise Deposition process, i.e. for the patent application "Fluid printing apparatus".	ESPI Current Report No. 17/2023 of 19 April 2023.
19 April 2023	The Company received information about the conditional granting of a patent by the United States Patent and Trademark Office for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application "Method of printing fluid".	ESPI Current Report No. 18/2023 of 20 April 2023.
12 May 2023	The Board of Directors of XTPL S.A. has decided and announced its intention to further finance the Company based, among other things, on raising funds from the issuance of new shares. The intention of the Company's Management Board is to carry out an issue of up to 275,000 ordinary bearer shares addressed to investors meeting the requirements specified in the issue resolution. The funds raised from the share issue are to be used to co-finance part of the planned investments for a total amount of approximately PLN 60 million in 2023-2026 in three key business areas: sales, production and R&D, with the funds raised from the share issue to finance approximately	ESPI Current Report No. 19/2023 of 12 May 2023.

	half of the required investment amount. The remainder is to be financed using own funds, potential grant funds and debt capital.	
14 May 2023	To convene an Extraordinary General Meeting of the Company's shareholders for June 12, 2023, in order to increase the capital and issue up to 275,000 ordinary bearer shares.	ESPI Current Report No. 20/2023 of 14 May 2023.

ADDITIONAL INFORMATION

7. Approval for publication

This report for the first quarter of 2023 ended 31 March 2023 was approved for publication by the Issuer's Management Board on 17 May 2023.

Signature of the Management Board:

Filip Granek
Management Board President (CEO)



Jacek Olszański
Management Board Member

