

XTPL closes out the successful year of 2022 with a fivefold surge in the sale of products and services

XTPL, a global supplier of breakthrough nanoprinting solutions for the next generation electronics market, has published its set of results for 2022, boasting a surge in revenues from the sale of products and services, which reached more than PLN 10.0 million, almost five times more year on year. Commercial sales have increased to nearly 80% of total revenues, which is testament to the Company's transformation from an R&D organization into a company that successfully monetizes its products and services for international companies, including for global producers of next generation electronics. The ongoing commercialization of the Company's all three business lines led to the achievement of its financial goal to balance total cash flows, which were PLN 1.5 million in 2022, increasing by PLN 7.4 million YoY. The cash position increased to comfortable PLN 6.0 million as at 31 December 2022, which safeguards XTPL's continued dynamic growth.

"2022 was a milestone year for us. Despite economic turmoil and volatile market conditions, which included an inflationary environment and disrupted supply chains, we successfully continued scaling up our business and ramping up revenues from commercialization in all three of our business lines. We saw growth in projects designed for industrial use in the production lines of global next generation electronics manufacturers, in the Delta Printing System prototyping devices and in conductive nanoinks. We proved to ourselves, and to the market as well, that our business model is viable and that the offering we are developing across our business lines is strongly positioned to continue its upward trajectory. This is what we are going to focus on in 2023. We have come of age as we have transformed from an R&D entity into a rapidly growing deep-tech company that successfully commercializes its products and is increasingly visible on the international arena. We are growing not only in terms of financial results, but also as an organization, increasing employment and the size of our operations. We want to be well prepared not only to achieve our long-term goal, which is the implementation of the XTPL technology on the production lines of next generation global electronics manufacturers, but also to effectively manage our operations, which requires investment in internal processes and the strengthening of our key departments. Even though 2022 was a great year for us, we have a long way ahead with many more successes to come" **comments Filip Granek, CEO of XTPL.**

In 2022, XTPL achieved revenues of PLN 12.8 million, nearly three times more year on year, with revenues from the sale of products and services surging to more than PLN 10.0 million from PLN 2.1 million achieved in 2021, which is a nearly fivefold growth. This represents an almost 80% share in the total commercial sales, and year over year increases the Company's independence from grants, which for the time being continue to be essential and support R&D, while not being critical to the financing of XTPL's further growth. In the whole of 2022, EBITDA, adjusted for the cost of the incentive scheme, was positive at PLN 0.4 million, growing by PLN 4.9 million year on year. With those results, net loss for 2022 was reduced significantly by nearly PLN 4.5 million to PLN -2.1 million compared to PLN -5.7 million in 2021. In 2023, the Company will seek to generate net profit for the whole 12-month period. Net cash flows were positive at PLN 1.5 million, up PLN 7.3 million YoY. Operating cash flows were PLN 4.7 million, up PLN 8.5 million YoY. As a result, the Company's cash position as at 31 December 2022 increased to comfortable PLN 6.0 million, which safeguards XTPL's continued dynamic growth.

"Credit for the robust performance in 2022 goes to the whole XTPL team. Above all, we have achieved and even exceeded our goal to balance total cash flows throughout the year. We closed the year with a PLN 1.5 million increase in cash, and although we have not yet achieved net profit for the 12-month period, we have managed to reduce net loss by nearly PLN 4.5 million compared to 2021. Now our next goal – for 2023 – is to

achieve a break-even point in terms of net profit. It should be emphasized that we are closing out 2022 with a positive EBITDA, for the third quarter in a row, at PLN 0.5 million in Q4. And adjusted for the cost of the incentive scheme, EBITDA for 2022 was positive for the first time in our history, totalling PLN 0.4 million. We are satisfied with these results, and look towards 2023 with optimism, partly because we started the year with a solid backlog of received and confirmed orders for Delta Printing System devices, which we will deliver to and settle with customers in the second half of the year, with a corresponding positive impact on our financial results. Considering our last year's achievements combined with the existing development prospects, we are now focusing on scaling up XTPL's business to create value for our shareholders and the whole organization" says Jacek Olszański, CFO of XTPL.

XTPL's business model is based on three complementary business lines with high potential to generate revenue streams. These are printing modules for industrial implementation on the production lines of global manufacturers of electronics, the Delta Printing System prototyping devices, and conductive nanoinks.

As part of the first business line, XTPL is doing nine projects geared towards industrial implementation of its technology. Three of those are at an advanced stage, covering all three sectors strategic for the Company: advanced PCBs, semiconductors and displays. For over a year now, XTPL has been cooperating with the Nasdaq-listed Israeli company Nano Dimension in the area of metallic nanoparticles for the PCB market. In 2022, the Company completed three stages of the technological phase defined in the contract and settled three payment tranches. The cooperation is being continued. In March this year, milestones of the fourth stage were settled and talks started about further commercial areas to be covered. Another advanced project is an industrial implementation for a Taiwanese partner in the area of semiconductors. Here, in 2022 XTPL's technological solution was approved and a decision was made to start building a prototype device that will include the Company's printing module. As part of the final evaluation phase of the project, the device will be tested on the production line of the end customer – a world's leading semiconductor manufacturer. The third advanced project relates to XTPL being selected by HB Technology from South Korea to progress to the next stage of work on the use of the Company's technology at the end customer – one of the leading global manufacturers of FPDs (Flat Panel Displays).

The second business line includes Delta Printing System (DPS) prototyping devices, which are a demonstrator of the XTPL technology. In 2022, a total of seven DPS orders were received, with another five confirmed since the beginning of 2023 until the date of publication of the financial report. The buyers are predominantly R&D centers, but the key order completed in 2022 was the sale of the DPS to a Nasdaq-listed firm, one of the Big Five companies from the ICT sector. The device is to be used in the development of virtual-reality technologies and products, among other application areas. This is the first industrial client and the first order from the United States. DPS sales are supported by a network of international distributors built by XTPL. So far, the largest number of orders have been completed by Yi Xin Technology, a Chinese distributor specializing in additive technologies. In April 2023, the Company gained its first returning client, Tianjin University from China, which has ordered its second Delta Printing System device.

Conductive nanoinks are the third, last business line of XTPL. In 2022, the Company entered into 32 contracts for the sale and delivery of the product, an increase of two thirds compared to 2021. Industrial entities account for 50% of the buyers, the other 50% being academic clients. Furthermore, in the reporting period the Company entered into a license agreement with nScrypt Inc. – a US manufacturer of next generation microdispensing, 3D manufacturing, and biomanufacturing equipment for industrial applications. A Nanopaste CL85 developed by XTPL was added to nScrypt's product offer and is marketed to nScrypt's production system users from medical device, defense and space sectors. The development of inks as part of the Company's R&D activities includes not only inks based on silver nanoparticles, but also inks with copper

PRESS RELEASE

Wrocław, 27/04/2023



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and gold, which in the future may constitute another part of XTPL's growing nanoink portfolio with commercialization potential.

Since its inception, XTPL has been operating a carefully developed industrial and intellectual property protection policy, having 7 patents granted and a total of 26 patent applications filed from September 2019 to April 2023.

In 2021, the value of the rapidly growing printed electronics market was USD 47.1 billion (+14.5% YoY), while in 2025 it is forecast to grow to USD 63.3 billion (source: *IDTechEx*). This means an increase in the market value at a CAGR of 9.0% in 2020–2025. According to market analyzes, the market of electronic prototyping devices (the category that includes the Company's DPS prototyping devices) is to see a CAGR of 31% in the years 2021–2031 (source: *Transparency Market Research*). Global annual sales of systems for R&D, rapid prototyping and small-lot production in the area of printed electronics sector amount to approx. 250–500 devices per annum, at a price of approx. EUR 50–500 thousand per device.

XTPL S.A. is a deep-tech company providing ground-breaking precision printing solutions for the global electronics market. The company develops and commercializes products and solutions relying on its globally innovative platform technology protected by international patent applications. The innovative additive method designed by the company is unique on a global scale. The technology can be used in the fast-growing industry of printed electronics and in such areas as biosensors, security printing, microelectronics and displays. This technology enables ultra-precise deposition of ultra-thin features (up to 1 µm wide) – transparent and highly flexible lines that can conduct electricity. The XTPL technology can be applied in the printed electronics market, which is one of the most rapidly developing markets of manufacturing methods. Due to the possibility of depositing very thin conductive lines, while using ink with a very high concentration of metallic nanoparticles, the XTPL printing technology can be used in areas such as electronic connections in advanced integrated circuits, 3D printed electronics, hybrid flexible electronics or the Internet of Things.

XTPL's goal is to license its technological solutions created for industrial implementation in dedicated application fields. The company may also achieve this goal by sales through distributors or strategic partnerships – in this way the cooperation can be geared to the needs of the future counterparty. At present, XTPL is commercializing its products: inks based on silver nanoparticles for printing new generation electronics components as well as the Delta Printing System, i.e. a precise solution for rapid prototyping with the ability to deposit very fine features up to 1 µm for microelectronics. Since 2019, XTPL S.A. has been listed on the main market of the Warsaw Stock Exchange, and since 2020 on the Open Market in Frankfurt. More information: www.xtpl.com

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