



XTPL NEWSLETTER

DECEMBER 2022



TABLE OF CONTENTS

FROM THE MANAGEMENT BOARD >

BUSINESS & COMMERCIALIZATION >

TECHNOLOGY & DEVELOPMENT >

INTELLECTUAL PROPERTY PROTECTION >

INVESTOR RELATIONS >

ADDITIONAL INFORMATION >

CONTACT >



Ladies and Gentlemen,

we are very pleased to share our newsletter for December, a month that buckles XTPL's transitions initiated this year into the advanced stages of evaluation of our technology with industrial partners. In January 2022, we established cooperation with Nano Dimension in the area of advanced PCBs; in August, we reported the start of the prototype development phase of the device for an end client from Taiwan, a leading semiconductor manufacturer; and on 15 December we were happy to share the news about the transition to the next stage of work with our partner from South Korea: HB Technology, a company that cooperates with the largest manufacturers in the display industry, including Samsung and Beijing.

Invariably, XTPL's goal is to strive for the industrial implementation of our technology on the production lines of global electronics manufacturers, and doing projects with our partners is a strategic long-term vision. We are consistently progressing to new development stages with them. Importantly, the Company is currently implementing nine such projects focused on industrial implementations, with three of them being at an advanced stage, covering all three areas that are key to us, namely: advanced PCBs, semiconductors and displays.

The headway we are making and the fact that the XTPL solution is often preferred by global entities over competing proposals prove the high potential of our proprietary UPD (Ultra-Precise Deposition) technology. All this is also reflected in the Company's financial performance: in November, when publishing our set of Q3 results, we were proud to report net profit for the first time in the history of XTPL. In this way, we sustained our commitment to this year's goal, which is to balance our total cash flow. Our goal for the following year will be to continue sales increases in all three business lines and to achieve profitability at the bottom-line level throughout the whole 12-month period.

It's been only two months since we published our last newsletter, but XTPL has seen a lot of positive developments during this period. Please read individual chapters of our report to find out details. We are approaching the year-end, and it's always the time to reflect and recap. So if you have any comments on the structure of our newsletter or any topics that you feel should be addressed in more detail, we encourage you to share your feedback with us by writing to: investors@xtpl.com

We hope you enjoy reading this newsletter, and above all, we wish you a healthy, peaceful and merry Christmas. Let's all spend it with our loved ones, looking optimistically towards the next year, which we believe will be as successful for XTPL as 2022 was.

Management Board of XTPL S.A.



BUSINESS & COMMERCIALIZATION



A SIGNIFICANT STEP FORWARD TOWARDS ADOPTION OF THE XTPL TECHNOLOGY IN THE DISPLAY AREA

We are very satisfied to report that on 15 December, after a 24-month period of validation of our solution, our South Korean partner HB Technology has chosen us to progress to the next stage of work on the application of the XTPL technology at the end client – a leading global manufacturer of FPDs (Flat Panel Displays). Our technology can potentially be used in the fabrication of new generation ultra-high resolution displays, including the repair of advanced micro OLED displays. The next step will be to deliver our device (in H1 2023) for technology validation at the R&D level to HB Technology and adapt the solution to the end client's needs. At the same time, we started preliminary talks about building a prototype device for industrial use.

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Do Soon Jung, Vice President of HB Technology, made the following comment about our cooperation:

”

Our relationship with the XTPL team has successfully continued for 24 months now. In that time, we have deeply evaluated different printing technologies available worldwide for some of the most challenging use-cases in ultra-high resolution next generation displays. In our collaboration, the XTPL team demonstrated that their technology has a unique technological solution and a very good potential to enable manufacturing of the next generation flat panel displays. Putting the XTPL device to use for validation of the XTPL technology at the R&D level will help us to strengthen the collaboration and accelerate the joint introduction of XTPL technological solutions to our end customers, who are the leading global manufacturers of FPDs. We are looking forward to growing our relationship and collaboration with the XTPL team for the future.



10 DPS DEVICES SOLD SINCE THE START OF COMMERCIALIZATION

In August this year, we reported the sale of the first Delta Printing System prototyping device to China, and already in December – thanks to the successful efforts of our distributor Yi Xin (HK) Technology Co. Ltd. – we are executing another order of high significance for us. The end client is a leading Chinese R&D center from Southeast University (School of Electronic Science & Engineering) in Nanjing. It plans to use the XTPL technology in work on advanced integration of electromechanical microcircuits, mainly in the area of printing nanoconnections in integrated circuits of flexible electronics. In other words, the XTPL technology will make it possible to integrate microelectronics in Internet of Things (IoT) projects, wearables and sensors collecting medical data – everyday items designed to improve the comfort of life.

Thanks to the second order from China and the transaction accompanying the transition to the next stage in the display area with our partner from South Korea, XTPL can proudly boast 10 DPS devices sold since we started their commercialization early in 2021. The development of this business line is highly important for us not only because of the financial aspect, but also because these devices play an ambassador role for us, demonstrating the capabilities of our technology and helping scientists from around the world solve problems that sometimes neither we nor our clients have become aware of yet.

[↓](#) ESPI CURRENT REPORT NO. 36/2022



A THIRD DPS DEVICE WILL BE DELIVERED TO CHINA

On 22 December, we confirmed the third order from our Chinese distributor Yi Xin (HK) Technology Co. Ltd., bringing the Delta Printing System device to the Harbin Institute of Technology in Harbin in 2023. Our technology will be used in the work of printing electrical connections in flexible electronics integrated circuits. The unique properties of ultra-precise deposition (UPD) technology will allow the integration of microelectronics with highly conductive interconnects that can be deformed to optimally fit the flexible substrates used in the field of flexible electronics, such as PET film.

In the process of commercialization and reaching out to potential clients, we are supported by an international network of distributors. In the Western European market, XTPL is represented by merconics from Germany, and by Vertex Global Solutions in the promising Indian market. Currently, XTPL has a total of five distributors. In addition to the above names, these are: Bandi Consortia in South Korea, Yi Xin (HK) Technology Co. Ltd. in China and Semitronics Ltd. in the British Isles. The experience, knowledge and business relations of the network of distributors we work with allow us to actively expand the reach of the potential application of XTPL technology and products in the most promising markets.

[↓](#) [ESPI CURRENT REPORT NO. 39/2022](#)



PROGRESSING COOPERATION WITH NANO DIMENSION; COMPLETED THE THIRD STAGE OF THE TECHNOLOGICAL PHASE

At the beginning of this year we established cooperation with an industrial partner: Nano Dimension, a NASDAQ-listed company. The company is implementing a globally innovative system of PCB production based on ink-jet printing methods. The role of XTPL is to develop a next generation conductive nanoink for applications in the products designed for the production of PCBs. As regards the current technological phase, we are glad to report that on 15 November we completed its third stage and continue successful cooperation with our partner. XTPL completed the previous stages in April and July this year.

The completion and acceptance by the partner of individual stages of the technological phase triggers the payment tranches agreed under the contract. The first and second tranche had a significant impact on the Q2 and Q3 results, respectively, while the third tranche will positively affect the results to be reported for Q4. The cooperation with Nano Dimension provides for a total of four stages in the technological phase.

↓ [ESPI CURRENT REPORT NO. 35/2022](#)



TECHNOLOGY & DEVELOPMENT





NEW FEATURES OF THE DELTA PRINTING SYSTEM

The Delta Printing System (DPS) is an independent R&D and prototype system designed to test the capabilities of XTPL's technology on various substrates, with the use of the Company's nanoinks. The steady development of the device's functionality helps generate recurring sales, which has a positive impact on XTPL's financial performance and is part of the strategy of promoting the XTPL technology among global opinion leaders: academic and scientific communities, but also R&D institutes of global electronics manufacturers.

New DPS features:

- Development of the software for controlling the DPS and the introduction of a graphical user interface, which translates into greater user comfort
- Increasing the working area of the DPS from 50 mm x 50 mm to 200 mm x 200 mm, which was a response to the needs reported by clients



LAST QUARTER, THE XTPL TEAM AND REPRESENTATIVES WERE PRESENT AT THE FOLLOWING TECHNOLOGY CONFERENCES:



04-07/10/2022

EpoSS Annual Forum 2022

ITALY)



12-13/10/2022

TechBlick The Future of Electronics RESHAPED

NETHERLANDS



15-18/10/2022

SEMICON Europa 2022

GERMANY



14-16/12/2022

International Display Workshops

JAPAN



INTELLECTUAL PROPERTY PROTECTION



CONTINUED DEVELOPMENT OF THE PATENT CLOUD

Intellectual property is one of the significant advantages of XTPL, which is why we constantly develop this business area. On 2 November, we received information that the Company was granted patent by the United States Patent and Trademark Office for a new type of ink used in the UPD (Ultra Precise Deposition) process, i.e. for a patent application “Metallic nanoparticle composition”. The patent procedure was initiated with an application filed on 17 September 2020, and since that date our technological solution has been protected.

Currently, XTPL has 4 patents granted and 23 application processes pending. Our industrial and intellectual property protection policy is aimed at securing the Company’s innovative solutions and strengthening its position in the process of commercialization and transfer of our technology to global technology enterprises.

[↓](#) ESPI CURRENT REPORT NO. 34/2022



INVESTOR RELATIONS



XTPL WITH THE BEST QUARTER IN ITS HISTORY

Following the publication (on 17 October) of the preliminary estimates of revenues from the sale of products and services for Q3, and in accordance with the calendar of releasing financial reports, on 22 November we published our set of results for the third quarter of 2022. It was the best quarter in the whole history of XTPL: we continued our robust growth in all three business lines and recorded net profit for the first time.

In the third quarter, we achieved:

- Revenues of PLN 3.7 million, including PLN 3.7 million from the sale of products and services – up 52x year-on-year
- EBITDA of PLN 0.9 million, up PLN 2.7m YoY and operating cash flow of PLN 0.9 million, up 2.0 million YoY
- Net result was positive for the first time and stood at PLN 0.6 million, an increase of 2.5 million YoY

During the three quarters, we have achieved:

- Revenues of PLN 8.5 million, including PLN 6.6 million from the sale of products and services – up 31x YoY
- EBITDA of PLN -1.3 million, up PLN 4.8 million YoY and operating cash flow of PLN 1.1 million, up 4.2 million YoY
- Net loss PLN -2.1 million an improvement compared to PLN -6.5 million a year ago



After the three quarters, 78% of the turnover was generated by revenues from the sale of products and services, which shows that the Company's results are underpinned by the successful commercialization of XTPL technological solutions. We are on track to meet our financial goal for 2022, which is to balance our total cash flow. And for 2023, we are planning to go ahead with the development of all three business lines and attain net profitability over the entire 12-month period.

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[↓](#) [REPORT FOR Q3 2022](#)

[↓](#) [RESULTS PRESENTATION](#)



Selected Q3 2022 Financial Results

3.7 m PLN

52x up y/y

Revenue from the sale of products and services

0.9 m PLN

+2.7 million PLN y/y

EBITDA

0.9 m PLN

+2.0 million PLN y/y

Operating cash flow

0.6 m PLN

+2.5 million PLN y/y

Net profit

Semiconductors

Delivery of XTPL's printing module to build a prototype of an industrial device in Taiwan

PCB

Start of 3rd technological milestone with partner and received payment for 2nd milestone

DPS

3 orders for Delta Printing System prototyping devices incl. first sales to USA (industrial client) & China

Nanoinks

11 sales for conductive nanoinks, double the number from H1 2022



XTPL INVESTOR CHAT ON THE STOCKWATCH PLATFORM

After the publication of XTPL's official financial results for Q3 2022, we organized an investor chat on the StockWatch platform. During the meeting, we made a video presentation discussing the current situation of XTPL and answered all questions asked by investors via the text chat. We were very pleased to meet you in this format and were positively surprised by the number of questions and the interest our Company received.



> WATCH/READ (PL)



FORBES 1/2023 FEATURING XTPL



The January issue of Forbes magazine with an article on XTPL is already available to readers. The editor Piotr Karnaszewski interviewed the Company's CEO Filip Granek and CFO Jacek Olszański. The piece gives an overview of the Company's recent achievements and the winding road to having its technology incorporated in next generation electronic devices, and includes some observations from Paweł Sugalski, manager of the Agio Smart Money FIZ fund, and Stanisław Knaflewski, manager of the Altamira deep-tech fund. An electronic version of the magazine is available for subscribers.

> [READ MORE \(PL\)](#)



XTPL PARTICIPATION IN INVESTOR
EVENTS (PL)

XTPL IN BUSINESS
MEDIA (PL)



20/10/2022

GPW Innovation Day

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18/10/2022

BIZNES24

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XTPL OKIEM ANALITYKA



31/10/2022

Comparic Rynki

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Konrad Książak

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ADDITIONAL INFORMATION

81.60 PLN

+2.0%

2022-12-20

SHARES PRICE

RESULTS PRESENTATION

for Q3 2022

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