REPORT ON THE ACTIVITIES OF XTPL S.A. AND XTPL GROUP FOR 2024

28/04/2025

LETTER FROM THE MANAGEMENT BOARD PRESIDENT

Ladies and Gentlemen, Dear Shareholders and Investors,

It is my pleasure to introduce the XTPL S.A. Annual Report for 2024 with a summary of the initiatives undertaken to advance our strategic vision: to become a global provider of technology that enables manufacturers of advanced electronics to produce next-generation devices in a scalable and cost-effective manner.

2024 was a pivotal year for XTPL in the context of the ongoing implementation of the 2023-2026 Strategy. The achievements of the past year, including the Company's first-ever industrial implementation that took place early in 2025, have significantly strengthened our position in the rapidly expanding market of modern printed electronics. According to forecasts from Fortune Business Insights[1], this market is projected to see a CAGR of 22.4% from 2024 to 2032, reaching a value of USD 75 billion. The confirmation of the industrial maturity of our technology by the end client – a leading Chinese manufacturer of advanced displays with annual revenues of tens of billions of USD – has brought XTPL significantly closer to achieving the goal of PLN 100 million in commercial sales by 2026. We are currently shipping the first Ultra-Precise Dispensing (UPD) modules to our partner and expect to deliver all six printheads from the initial order by next months. We are hopeful that this year we will be able to take on orders additional modules to be integrated into the large industrial machines on the end client's production line, further supporting the manufacturing process of ultra-high-resolution displays with the XTPL technology at their core.

Reaching this milestone in XTPL's development would not have been possible without the organizational changes we implemented, as well as the successful completion of the key stage of our investment process, which we set for the 2023-2026 period, amounting to PLN 60 million. Last year, we significantly expanded the production capacity for our DPS (Delta Printing System) devices, reducing delivery times to clients from several months to just a few weeks. We also increased our workforce, broadened our competencies, and established the target organizational structure, including a professional, international Business Development Department. We enhanced our presence at conferences and industry shows, creating additional sales opportunities. We also expanded our network of official distributors and opened our first international Demo Center in Boston, USA, which achieved break-even in its first year of operation and secured a total of five DPS orders from North American clients in 2024. XTPL has undergone a comprehensive organizational and operational transformation, optimizing internal processes and implementing new management systems. As a result, we are now a company with a completely different potential compared to two years ago, fully prepared for further scaling and the industrial implementation of our unique UPD technology.

We began the first industrial implementation with our Chinese partner, and the process is proceeding according to schedule. At the same time, we are continuing the evaluation processes for the remaining three most advanced projects, which have a high potential for industrial implementation. These projects cover strategic areas for XTPL: semiconductors, displays and PCB elements (printed circuit board). The Company's end clients or partners in those projects are global entities responsible for the production of next-generation electronics: a leading semiconductor manufacturer from Taiwan, one of the world's largest producers of FPDs from South Korea and a top manufacturer of industrial machines from the United States, listed on the Nasdaq 100 index.

[1] https://www.fortunebusinessinsights.com/printed-electronics-market-109706

Industrial implementations are a key component of XTPL's long-term development, and we are pleased to report that some of our existing partners have already begun discussions with us regarding other potential applications of our technology in their production plans for future electronic devices. We cannot rule out that the first industrial implementation, initiated in 2025, will not be the only one we announce to the market this year.

In 2024, we achieved PLN 13.7 million in total revenues and PLN 12.3 million in revenues from the sale of products and services, with record-breaking commercial sales of PLN 5.6 million in Q4 2024. The performance was mainly driven by the 9 DPS devices ordered last year and 12 delivered to clients and settled in this period. It is worth highlighting that in 2024 nearly half of the devices were delivered to corporate clients, reflecting the growing interest in the industrial application of our technology. At the same time, our technology is gaining recognition from research institutes. In Q1 2025, we delivered a UPS device to the University of Cambridge – consistently ranked among the world's top 5 universities – further demonstrating the high potential of the XTPL solution. In turn, the opening of the Demo Center in Boston in November last year is delivering tangible benefits at a rapid pace. This year, we have already secured two new DPS orders from this region – including one from a client in the defense sector (a defense contractor). This is a new direction for us, which we are currently exploring with partners who have recently emerged in our sales pipeline. Since the inception of the UPD technology, one of its key advantages has been its platform character, enabling its application across various fields related to modern electronics. The market has already recognized this competitive advantage of our solution.

We are optimistic about 2025, anticipating further growth in orders for DPS devices, increased focus on industrial implementations, and a significant contribution from our Boston center. We are also counting on further orders for UPD modules, including from our Chinese partner. Additionally, by the end of the year, we plan to begin tests in collaboration with a company from Scandinavia, which may become a trusted partner for us in the production of DPS devices, particularly when order volumes exceed our internal production capacity. This year will also mark be o period of continuation of R&D on the DPS+ device prototype, which we are developing in response to market demand. The new product will bridge the gap between the standard DPS device and the UPD industrial module, enabling High-Mix, Low-Volume (HMLV) production for corporate clients. We anticipate that the launch of this new business line will positively impact our performance in 2026.

XTPL has developed a technology that initially gained recognition in the scientific community and is now attracting growing interest from industrial entities keen to leverage its wide-ranging possibilities. In recent years, we have acquired clients from over 20 countries and are developing the most advanced stages of industrial implementations across various markets: China, USA, South Korea and Taiwan. This diversification also serves as our response to the ongoing geopolitical turmoil, which is impacting our industry to a varying extent. We source all essential components for our products from the European market, and as part of the modern electronics sector, XTPL can benefit from exemptions from imposed customs duties. Moreover, for solutions like ours, which are unique on a global scale, price is not the key factor for our clients. However, due to the nature of our partners – large corporations and research institutes – price changes may lengthen the order approval process, thus delaying the product delivery timeline. However, we remain cautiously optimistic about the impact of current global politics on our business. We are focused on continuing to diversify our sales pipeline, making progress in key industrial deployments, and expanding the global reach of our technology by delivering additional DPS demonstration devices to clients.

In closing, I would like to extend my sincere thanks to all our shareholders for their trust. I would also like to express my gratitude to our clients, partners, and suppliers, whose support enables XTPL to build its brand

and strengthen its position in the global market of modern printed electronics. A huge thank-you goes to our employees, whose daily dedication and understanding of the changes implemented within the organization enable us to co-create one of the key deep tech companies in the country, and, in the future, also globally I truly believe that we can achieve this success together, and I'm committed to supporting our team every step of the way.

I invite you to read the full XTPL Annual Report and stay connected with us through our investor relations team and the regular earnings conferences we organize for the market.

Yours faithfully,

Filip Granek, PhD

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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. Legnicka 48E, 54-202 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. On March 11, 2025, the registered office address changed from ul. Stabłowicka 147, 54-066 Wrocław to ul. Legnicka 48E, 54-202 Wrocław.

As at December 31, 2024 ("**Balance Sheet Date**"), the share capital of XTPL S.A. amounted to PLN 264,987.70 and consisted of 2,649,877 shares with a nominal value of PLN 0.10 each ("**Shares**").

This document ("**Report**") contains the Report of the Management Board of XTPL S.A. on the activities of XTPL Group ("**Group**", **"XTPL Group**") and on the activities of XTPL S.A. for the financial year 2024 ("**Management Report**").

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 April 28, 2025.

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

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

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

"**Regulation on current and financial reports**" – the Finance Minister's Regulation of March 29, 2019 on current and periodic reports released by the issuers of securities and the conditions for equivalent treatment of the information required by the laws of non-member states.

"**Articles of Association**" – the articles of association of XTPL S.A. available to the public at https://ir.xtpl.com/pl/materialy/korporacyjne/.

"**Public Offering Act**" – the Act of July 29, 2005 on public offering, conditions governing the introduction of financial instruments to organized trading and public companies.

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

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

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

DEFINITIONS:

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

FINANCIAL HIGHLIGHTS

2. FINANCIAL HIGHLIGHTS

2.1 Selected standalone figures

Figures in thousand	January 1 – December 31, 2024		January 1 – December 31, 2023	
	PLN	EUR	PLN	EUR
Net revenue from the sale of products and services	12,435	2,889	13,418	2,963
Revenue from grants	1,430	332	2,057	454
Profit (loss) on sales	-5,225	-1,214	7,048	1,556
Profit (loss) before tax	-20,864	-4,847	-6,255	-1,381
Profit (loss) after tax	-20,864	-4,847	-6,255	-1,381
Depreciation/amortization	4,501	1,046	1,958	432
Net cash flows from operating activities	-17,797	-4,136	-4,792	-1,058
Net cash flows from investing activities	-5,902	-1,371	-8,644	-1,909
Net cash flows from financing activities	24,580	5,712	33,560	7,411

Figures in thousand	December 31, 2024		December 31, 2023	
	PLN	EUR	PLN	EUR
Equity	40,727	9,531	32,479	7,470
Short-term liabilities	9,460	2,214	9,370	2,155
Long-term liabilities	10,344	2,421	4,970	1,143
Cash and cash equivalents	26,921	6,300	26,043	5,990
Short-term receivables	5,443	1,274	4,107	945
Long-term receivables	890	208	33	8

2.2 Selected consolidated figures

Figures in thousand	January 1 – December 31, 2024		January 1 – December 31, 2023	
	PLN	EUR	PLN	EUR
Net revenue from the sale of products and services	12,274	2,852	13,418	2,963
Revenue from grants	1,430	332	2,057	454
Profit (loss) on sales	-4,673	-1,086	7,048	1,556
Profit (loss) before tax	-22,061	-5,125	-4,828	-1,066
Profit (loss) after tax	-22,070	-5,127	-4,851	-1,071
Depreciation/amortization	4,525	1,051	1,958	432
Net cash flows from operating activities	-18,112	-4,208	-4,822	-1,065
Net cash flows from investing activities	-6,033	-1,402	-7,503	-1,657
Net cash flows from financing activities	24,559	5,706	33,560	7,411

Figures in thousand	December 31, 2024		December 31, 2023	
	PLN	EUR	PLN	EUR
Equity	40,548	9,489	33,592	7,726
Short-term liabilities	9,534	2,231	9,380	2,157
Long-term liabilities	10,344	2,421	4,970	1,143
Cash and cash equivalents	27,686	6,479	27,275	6,273
Short-term receivables	4,365	1,022	3,974	914
Long-term receivables	490	115	33	8

MANAGEMENT REPORT

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

3.1 Key information about the Issuer

Business name	XTPL Spółka Akcyjna
Registered Office:	Wrocław, Polska
Address	Legnicka 48E, 54-202 Wrocław, Polska
Country	Poland
KRS	0000619674
NIP	9512394886
REGON	361898062
Registry Court	District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register
Country of registration:	Poland
Share capital:	PLN 264.987,70 paid up in full
Phone number:	+48 71 707 22 04
Website:	www.xtpl.com
Email:	investors@xtpl.com

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

WSE Ticker	XTP
ISIN	PLXTPL000018
Number of shares	2,649,877
Free float	46.15
Indexes	WIG, SWIG80, WIGTECH, WIG140, INNOVATOR, WIGtechTR, sWIG80TR, WIG-Poland, GPWB-CENTR and CEEplus.

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

3.2 Issuer's governing bodies

Management Board

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

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

Powers of the Management Board

Filip Granek, PhD – CEO, Shareholder

Co-creator of the technology and founder of XTPL. He is an expert in nanotechnology, printed electronics, solar cells and modern technological processes for the production of semiconductor elements. For nearly 10 years, he worked for most prestigious international research institutions and Hi-Tech companies, including: Fraunhofer ISE (Germany), ECN (Netherlands), ANU (Australia), Kingstone Semiconductor Company Ltd. (China). He led research work in close cooperation with the largest photovoltaic industry representatives from Europe, Asia and the United States. He has won many awards and distinctions, including the Burgen Scholarship (Academia Europaea) and a scholarship from the Foundation for Polish Science; he is a member of the prestigious Young Academy of Europe; obtained a scholarship from Ministry of Science and Higher Education for outstanding young scientists and from DAAD, Germany. He received the prestigious LIDER research grant financed by the National Center for Research and Development, and was awarded in the ranking of outstanding innovators of new Europe: "New Europe 100 Challengers". Winner of the 16th edition of the 2018 EY Entrepreneur of the Year competition. He was awarded for his work on the disruptive technology that has a serious chance to change the world for the better. He is also the winner in the New Business category, where the award is granted for using own scientific experience to create an globally innovative product. At the Wrocław Research Centre EIT+, he built a new laboratory from scratch and set up an interdisciplinary scientific team which is currently implementing a number of research projects. He has 70 scientific publications and 30 international patent applications and patents to his name.

Filip Granek does not pursue any business activity outside the Issuer that would be of major significance to the Company's business.

His responsibilities at XTPL include supervision over R&D activity, business and sales development and HR, marketing and strategy management.

Jacek Olszański – Management Board Member, CFO

He holds a master's degree in economics from the Poznań University of Economics. He has 25 years' hands-on experience in finance and controlling gained in corporate groups. Previously worked for KGHM Polska Miedź S.A. and Selena Group, where he held a number of managerial functions. He run his own business in the market of controlling services outsourcing. Supervisory Board and Audit Committee member at companies from various sectors, including companies listed on the Warsaw Stock Exchange. Jacek Olszański joined XTPL S.A. in October 2018, originally as financial manager.

His responsibilities at XTPL include managing the Company's financial and economic affairs, shaping the Company's strategy, financial reporting and oversight over the compliance area.

Jacek Olszański does not pursue any business activity outside the Issuer that would be of major significance to the company's business.

Supervisory Board

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

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

During the Reporting Period, one change took place in the composition of the Supervisory Board – on June 28, 2024, the Annual General Meeting appointed Agata Gładysz-Stańczyk to the Supervisory Board as Supervisory Board Member.

Audit Committee:

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

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

3.3 Group structure

3.3.1 Key information about the Group

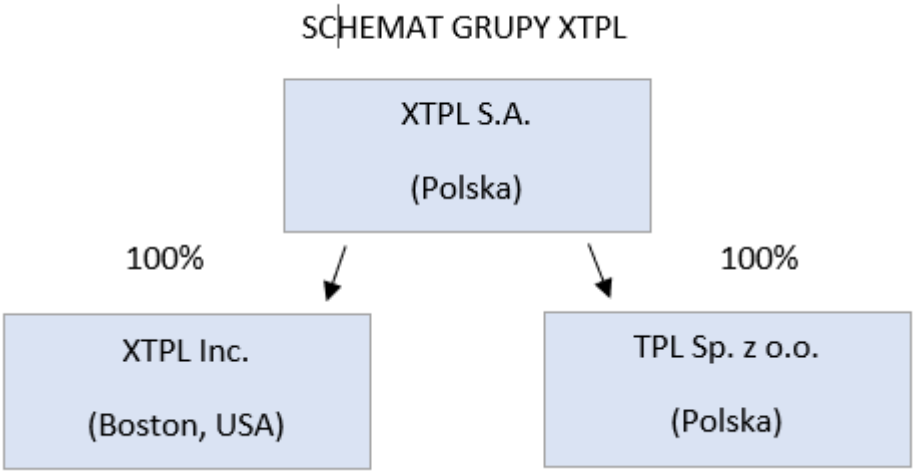
The corporate group XTPL S.A. was established on January 31, 2019.

On January 31, 2019, XTPL S.A. acquired all shares in XTPL Inc., a newly formed entity based in the state of Delaware, United States (currently the company's registered office is in Massachusetts). The registered capital of XTPL Inc. was USD 5,000. XTPL S.A. acquired 100% of the stock at the nominal price.
On December 14, 2023, XTPL Inc. issued 3,000 shares, which were 100% acquired by XTPL S.A. The value of the new shares was set at USD 1,086,478.89. XTPL S.A. acquired the shares by way of conversion of a loan in the amount of USD 850,000 and interest accrued on the loan in the amount of USD 236,478.89. Furthermore, on December 14, 2023, the value of 8,000 shares in the share capital of XTPL Inc. held by XTPL S.A. was increased by USD 200,000 by way of a capital injection. Those measures were aimed at ensuring financing of XTPL Inc.'s operations on the North American market in 2024, in accordance with the adopted XTPL 2023-2026 Strategy.
XTPL Inc. is consolidated using the line-by-line method.

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

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

The Parent Company and subsidiaries do not have any plants or branches.
Structure of XTPL Group as at the Report Date:



a) Details of the subsidiary XTPL Inc.

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

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

Business name:	**TPL Sp. z o.o.**
Country:	Poland
Registered Office:	Wrocław
Address:	The Company's registered office address is ul. Legnicka 48E, 54-202 Wrocław, Poland
KRS number:	0000553991
Court designation:	District Court for Wrocław Fabryczna in Wrocław, 6th Commercial Division of the National Court Register
REGON:	361312719
NIP:	8943061516

Management and supervisory bodies of the Group

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

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

Members of the Management Board of the subsidiary TPL Sp. z o.o.
The Management Board was appointed on May 10, 2024.
In the period from January 1, 2024 to December 31, 2024, the Management Board was composed of:
Jacek Olszański – Management Board President since May 29, 2020
In the period from January 1, 2024 to December 31, 2024, the Management Board was composed of:
Jacek Olszański – Management Board President since May 10, 2024
The composition of the Management Board remained unchanged until the date of preparation of this Report.

3.3.2 Changes in the Group organization

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

3.4 Employment and information about the Issuer's employee team

As at the Balance Sheet Date, the Company employed 76 people.

Our Team:
The development of XTPL ultra-precise printing technology is a success of the Company's entire team, which, using its interdisciplinary knowledge and experience, keeps achieving further technological and business goals. Technological progress is the result of intensive cooperation of engineers and specialists who pool competences of many areas of technology, business and operations.
What distinguishes the XTPL technology team is its interdisciplinary knowledge in fields such as physics, optics, chemistry, mechanics, electronics and programming. The technology team represents 51.3% 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 34.2% of the whole XTPL team. At the same time, in the technology team, women represented 30.8% of the staff.

Team training and development:
Upskilling training courses are implemented in consultation with the team leaders and the Company's management board. Most training courses are organized on the employees' initiative. The development of the XTPL team is promoted by regular participation in domestic and foreign conferences, as well as in on-site an online industry events. Some of those events were held remotely due to the pandemic.
Benefits:
XTPL offers its employees a benefits package in the form of a non-wage benefits program. XTPL offers: private medical care, health & life insurance, funding for a sports program, program of awards for patent applications, employee referral program, remote working options (depending on the nature of the job), access to the XTPL corporate library and funding for English language courses.

3.5 Company history

XTPL was founded in 2015 as a limited liability company. The founders sought to develop and commercialize the ground-breaking technology of manufacturing ultra-thin conductive metallic lines.

2015–2018
During the initial period of the Company's activity, a laboratory with a unique infrastructure was set up. There, within five months of intensive research and development, the Company's team achieved the ability to control the process of printing ultra-thin conductive lines which were several dozen times narrower than those available in the market at that time. This technological breakthrough allowed the Company to submit its first patent application in March 2016 for the XTPL printing method and the nanoink formulation.

On April 25, 2016, the General Meeting adopted a resolution to transform the firm into a joint-stock company (S.A.). The transformation was recorded by the registry court on June 1, 2016.
As its scale of operations expanded, on September 1, 2016 the Company transferred its research infrastructure to modern laboratories in the Wroclaw Research Centre EIT+ (currently the Łukasiewicz Research Network – PORT: Polish Center for Technology Development). The team increased, and so the number and quality of the devices necessary to conduct research.

On February 21, 2017, the Extraordinary General Meeting of XTPL adopted resolution No. 02/02/2017 to split the Company's shares without decreasing its share capital, by converting the nominal value of a share to PLN 0.10.

In the first quarter of 2017, another technological barrier was broken. The Issuer's R&D team obtained the width of printed lines below 100 nanometers. Next, in the second quarter of 2017, the Company completed the prototype of the unique XTPL printer, which earned it the Technical Development Manufacturing Award at the IDTechEX Show in Berlin.

In July 2017, XTPL carried out a public issue of shares, which included 155,000 series M ordinary bearer shares. The shares were allocated to 16 (natural and legal) persons in the Institutional Investors Tranche and to 349 (natural and legal) persons in the Retail Tranche. The Company raised PLN 10,230,000 gross from the issue. One of the investors taking up the shares was Acatis, a German investment fund acting through Universal-Investment GmbH.

On September 14, 2017, the Company's shares debuted on the NewConnect market in the Alternative Trading System. After the debut, another large investment fund from Germany, Heidelberger Beteiligungsholding AG, announced that it had exceeded the threshold of 5% of the total number of votes at the Company's General Meeting.

In subsequent periods, the Issuer consistently developed its unique technology. In the fourth quarter of 2017, the Company started testing new (except silver) nanoparticles – quantum dots and semiconductors and new substrates – silicon wafers.

In November 2018, the CEO of XTPL Filip Granek won the most prestigious award for entrepreneurs in Poland – EY Entrepreneur of 2018. He was awarded for his work on the disruptive technology that has a serious chance to change the world for the better.

2019–2021

In the first quarter of 2019, business development activities accelerated strongly as a proof-of-concept (PoC) project was elaborated for the security printing sector and for quantum dots printing. In addition, an advanced PoC project was put together for the open defect repair and semiconductors sector.

On April 16, 2019, the Company's Extraordinary General Meeting appointed Mr Wiesław Rozłucki, the former CEO and co-founder of the Warsaw Stock Exchange, as the Chairman of the XTPL Supervisory Board. Now he actively supports XTPL in its activities related to capital markets and broadly understood corporate governance.

On May 23, 2019, XTPL was awarded for one of the most promising technologies among participants of the I-Zone (the innovation zone) as part of the Display Week in Los Angeles, one of the world's most important conferences of display manufacturers. Other firms awarded during the event were such giants as Apple, LG Display or Sharp.

In subsequent periods, the Issuer registered further patent applications for the XTPL printing method. One of the registered applications concerned the method of increasing the maximum current flowing through a conductive line and improving mechanical capability of conductive lines, while the other registered application focused on the printing substrate, specifically on the adaptation of this substrate to facilitate the printing of long lines with arbitrary shapes.

In the third quarter of 2019, the Issuer carries on its technological development by implementing new printing substrates – smart glass and advanced optical surfaces, and by using new nanoparticles for printing.

In August 2019, the German fund ACATIS decides to re-invest in the Company's shares. The EUR 1 million raised in this way financed the Company's business development in the United States, especially in Silicon Valley.

In September 2019, Heidelberger Beteiligungsholding AG (daughter company of Deutsche Balaton AG Group) also decided to re-invest in XTPL. The fund took up the Company's shares in a private placement. The capital raised (EUR 1.05 million) was used for further strategic strengthening of the process of commercialization of the Company's solutions in the United States and development of its patent cloud.

On 21 December 2019, XTPL was announced the best investment in the capital market in Poland in 2019. The Company brought investors a net return of almost 110%.

On January 9, 2020, XTPL shareholders appointed Professor Herbert Wirth, the former CEO of KGHM Polska Miedź S.A., to the company's Supervisory Board. He has considerable experience in business development in global markets and unique competences and a network of contacts which will strategically strengthen the Company's business activities, notably in the Chinese market.

On February 24, German MainFirst Bank AG from the Stifel Group recommends "BUY" with regard to XTPL and valued the company at a PLN 215 price target. XTPL is the first Polish company covered by MainFirst

On March 6, 2020, the Frankfurt Stock Exchange consented to admit XTPL shares to the Quotation Board segment, which is a part of the Open Market. Since that time, XTPL shares have been traded on a dual-listing basis, with the Warsaw Stock Exchange remaining the Company's main trading floor.
In March 2020, the Company finalized its first sales transaction for its nanoink based on sliver nanoparticles. The delivery took place for one of the partners operating in the display sector, the first application field commercialized by XTPL.

In June, the Issuer was awarded in the "Issuer's Golden Website" competition in for the "Best IR Service" in the "small companies" category. The competition was organised by the Polish Association of Listed Companies (SEG).

On June 30, 2020, the Supervisory Board of XTPL S.A. appointed Jacek Olszański to the Company's Management Board. Since October 2018, he had served as the Company's financial manager. In addition, Beata Turlejska, Managing Partner in the Leonarto VC Fund, was appointed as a new Supervisory Board member.

On July 30, 2020, the Company adopted a resolution on the allocation of 48,648 series A registered bonds convertible into the Company's series U shares at an issue price of PLN 74 per bond. Overall, the Company's proceeds from the issue of shares and bonds were PLN 12,849,951.
In September, the German MainFirst Bank AG from the Stifel Group recommends "BUY" with regard to XTPL and valued the company at a PLN 210 price target.

On 5 November, the Supervisory Board of XTPL S.A. was joined by Andrzej Domański, economist and financial market analyst with experience in managing stock exchange funds.

In November 2020, XTPL signed the first major commercial contract for the UPD technology demonstrator – XTPL Delta Printing System – a device for precise printing of micro-features, including conductive features, with the University of Stuttgart, Institut für Großflächige Mikroelektronik ("IGM").

On 28 December 2020, the Company signed a EUR 2.6 million grant agreement with the Polish National Centre for Research and Development (NCBR) for the project on development of innovative technology of precise deposition of conductive grids for next-generation OLED displays.

In February 2021, Lux Research put XTPL on the list of top young, innovative technology companies disrupting the chemicals and materials industry in 2020 in the category "materials and digital transformation".

In March, the Company was awarded for the best conference publication "Ultra-Precise Deposition Technology for High-Resolution Flat Panel Displays" at the 27th International Display Workshop (IDW'20) conference.

On March 25, 2021, XTPL established cooperation with Bandi Consortia to support the commercialization of XTPL technology on the Korean market.

On April 14, 2021, XTPL signed a grant agreement of PLN 7.7m with NCBiR (the National Centre for Research and Development) for a project relating to the development of breakthrough printing technology of 3D micrometric conductive structures using an innovative printhead capable of printing on non-planar substrates and compatible ink for printed electronics applications.

Also in April 2021, the Company started cooperation with Yi Xin Technology, which is a distributor of the Company's technological solutions in China.

During the Display & Touch Industry Conference 2021 (DTIC 2021) in May 2021, XTPL was awarded as "The most valuable brand of an optoelectronic product" and "The most valuable brand of materials for the production of optoelectronic components".

On July 2, 2021, the Issuer signed an agreement with the German Karlsruhe Institute of Technology (KIT) for the sale of the Delta Printing System.

In the same month, XTPL started cooperation with Semitronics Sales Ltd, a specialized distributor for the region of Great Britain and Ireland.

On 3 November 2021, the Company concluded a sales agreement with the Łukasiewicz Research Network – PORT Polish Center for Technology Development for the sale of the Delta Printing System.

On 5 November 2021, XTPL sold another Delta Printing System printer, which is to be delivered to the Bendable Electronics and Sensing Technologies (BEST) research group at the University of Glasgow.

In December 2021, scientists from the Italian University in Brescia bought the Delta Printing System from XTPL S.A. for application in biosensors and bioelectronics for next-generation biomedicine.

2022-2024

Early in 2022, German Metronics joined the group of distributors of XTPL solutions. The new distributor will promote XTPL technology and products in selected European countries, including in Germany, France, Austria and Switzerland.

On 10 January 2022, XTPL announced that it had signed an agreement with Nano Dimension Ltd, an Israeli company listed on NASDAQ. The purpose of the cooperation is to develop a next generation conductive nanoink.

On February 18, 2022, XTPL expanded its international distribution network by starting cooperation with Mumbai-based Vertex Global Solutions.

On March 21, 2022, XTPL received a grant recommendation for the technological project "Manufacture of active, flexible microLED displays using the additive method". The project will be delivered by an international consortium of seven complementary European partners, including XTPL S.A. The total value of the project is more than EUR 4.29 million, including the recommended grant for XTPL coming in at almost EUR 430 thousand.

On March 22, 2022, the Issuer began strategic cooperation with the Department of Information Engineering of the Italian University of Brescia (UniBS). The purpose of the cooperation is to work together on development of new generation organic and biodegradable biological sensors using the Company-developed electronics printing technology.

On April 5, 2022, a license agreement was signed between the Issuer and the US company nScrypt, Orlando, Florida, providing for the sale of conductive nanopaste CL85 developed and produced by XTPL. Under the agreement, the nanopaste produced by the Issuer will be distributed by nScrypt to its customers under the nScrypt brand.

On April 11, 2022, the first stage of development as part of the technological phase of the activities specified in the Agreement was completed and approved by Nano Dimension Ltd.

On June 27, 2022, the Issuer signed a grant agreement as part of the competition HORIZON-CL4-2021-DIGITAL-EMERGING-01-31 – Research and Innovations Actions organized by the European Commission under the Horizon Europe Framework Programme. The agreement relates to the project developed by the consortium: "Building Active MicroLED Displays By Additive Manufacturing". The project is designed to develop an innovative technology for the production of flexible microLED displays using precise additive printing technologies.

On July 13, 2022, the second stage of development work was completed and accepted by the XTPL Client as part of the technological phase of activities specified in the cooperation agreement with Nano Dimension Ltd.

On July 22, 2022, acceptance of an order for the delivery of a printing module for industrial integration was confirmed. The order was received from a Taiwan-based global manufacturer of specialized equipment for the production of semiconductor components. Acceptance of the order means delivery of the XTPL technology to build a prototype of an industrial device for applications in semiconductor production.

On August 1, 2022, the Company confirmed an order placed by the IRIS Adlershof Institute of Humboldt University in Berlin for the delivery of a Delta Printing System device.

On August 3, 2022, the Company confirmed an order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device.

On September 28, 2022, the Company accepted and confirmed an order for the delivery of a demonstration device for a NASDAQ-listed US corporation, one of the Big Five global tech (ICT) companies.

On November 15, 2022, the third stage of development as part of the technological phase of the activities specified in the cooperation agreement was completed and approved by Nano Dimension Ltd.

On December 14, 2022, the Issuer confirmed a second order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. The ultimate buyer of the device was a leading Chinese R&D center, Southeast University School of Electronic Science Engineering in Nanjing.

On December 15, 2022, the Issuer confirmed the acceptance of the order for the delivery of a technology validation device in the area of next-generation ultra-high-resolution micro OLED displays. The ordering partner was HB Technology – a manufacturer of testing and repair equipment for the largest global display

manufacturers, listed on KOSDAQ _078150.KQ in South Korea. HB Technology's clients include leading global manufacturers such as: Samsung Display Corporation and Beijing BOE Display Technology.

On December 22, 2022, the Company confirmed another order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. The ultimate buyer of the device will be China's leading R&D center, Harbin Institute of Technology in Harbin.

On December 27, 2022, the Company confirmed another order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. The ultimate buyer of the device will be China's leading R&D center Tianjin University in Tianjin.

On January 4, 2023, the Company confirmed another order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. The ultimate buyer of the device will be China's leading R&D center, South China University of Technology in Guangzhou, China.

On January 19, 2023, the Company confirmed another order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. The ultimate buyer of the device will be China's leading R&D center, the University of Electronic Science and Technology of China in Chengdu.

On February 6, 2023, the Company confirmed another order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. The ultimate buyer of the device will be China's leading R&D center, Beijing Institute of Technology in Beijing.

On March 8, 2023, the Company confirmed another order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. The ultimate buyer of the device will be China's leading R&D center, School of Integrated Circuits, Guangdong University of Technology.

On March 30, 2023, the Company completed the key elements of the fourth stage of the technological phase of activities specified in the cooperation agreement with Nano Dimension Ltd.

On April 11, 2023, the Company confirmed another order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. The ultimate buyer of the device will be China's leading R&D center Tianjin University.

On May 26, 2023, the Issuer accepted an order for the delivery of a printing module for industrial integration placed by one of the key global manufacturers of industrial machines, including for the semiconductor industry and displays, part of NASDAQ 100 index.

On June 1, 2023, the Issuer confirmed the acceptance of an order for the delivery of a printing module for industrial integration placed by HB Technology – a manufacturer of testing and repair equipment for the largest global display manufacturers listed on KOSDAQ 078150.KQ in South Korea.

On June 22, 2023, the Company confirmed an order placed by the Electrical & Computer Engineering Dep. at Northeastern University in Boston.

On June 22, 2023, the Company confirmed an order placed by a client for the delivery of a Delta Printing System device to the Germany-based laboratory of the German-American consortium developing hardware and software for advanced data analysis and machine learning.

On July 12, 2023, the Issuer completed the subscription for the Company's series V ordinary bearer shares, under which 275,000 shares were acquired. As part of the issue, over PLN 36.5 million was raised.

On September 6, 2023, the Company confirmed another order placed by Yi Xin HK Technology Co., Ltd based in China. The ultimate buyer of the device is a leading Chinese R&D center, Research Institute of Tsinghua University in Shenzhen, China.

On September 8, 2023, an agreement was signed between the Issuer and Detekt Technology Inc. based in Taiwan for the non-exclusive distribution of the Issuer's technology solutions in Taiwan.

On October 2, 2023, an agreement was signed between the Issuer and CWI Technical Sales based in the USA for the non-exclusive distribution of the Issuer's technology solutions in the United States of America.

On October 5, 2023, the Issuer signed an agreement with Ontos Equipment System INC., based in the USA, for the non-exclusive distribution of the Issuer's technology solutions mainly in North America.

On November 22, 2023, the Management Board of XTPL S.A. adopted the Company's 2023-2026 Strateg (after the prior approval of the Supervisory Board).

On November 27, 2023, the Company confirmed an order placed by the German Research Foundation – Deutsche Forschungsgemeinschaft for the delivery of the Delta Printing System device to the Technical University of Hamburg.

On December 1, 2023, the Issuer concluded an agreement with Trident Electronics Technologies Pte Ltd based in Singapore for the distribution of the Issuer's technological solutions in Singapore, Malaysia, Indonesia, Thailand, Vietnam and the Philippines.

On December 13, 2023, the fourth and final stage of development as part of the technological phase of activities specified in the agreement was completed and approved by Nano Dimension Ltd.

On December 15, 2023, the Company confirmed an order placed by DETEKT Technologies Inc. based in Taiwan for the delivery of a Delta Printing System device.

On December 18, 2023, the Company confirmed an order placed by Ontos Equipment System INC based in the USA for the delivery of a Delta Printing System device.

On December 19, 2023, the Issuer entered into a non-exclusive agreement with 3H Corporation Ltd based in Korea for the distribution of the Issuer's technological solutions in South Korea.

On December 20, 2023, the Company confirmed an order placed the University of Surrey in the United Kingdom for the delivery of a Delta Printing System device.

On January 11, 2024, the Issuer received information that the project developed in a consortium of which the Issuer is a member, entitled "Ultra-sound combined with bioimpedance analysis and graphene fet-enhanced wearable sensing for decentral health-monitoring" was recommended for funding in the competition HORIZON-CL4-2023-RESILIENCE-01-33 Smart sensors for the Electronic Appliances Market, organized by the European Commission under the Horizon Europe Framework Programme.

On January 23, 2024, the Issuer entered into a non-exclusive agreement with Sigma Technology Corporation based in Taiwan and China for the distribution of the Issuer's technological solutions in Taiwan and China.

On February 19, 2024, the Issuer concluded a non-exclusive distribution agreement for the Issuer's technological solutions with YES01, Youngil Education System Co., Ltd. based in South Korea.

On March 29, 2024, the Company confirmed an order placed by a new industrial client based in California, USA, for the delivery of a Delta Printing System device.

On April 17, 2024, the Issuer confirmed the acceptance of an order for the delivery of another industrial module as part of a project aimed at industrial implementation in the display industry conducted together with HB Technology.

On April 24, 2024, the Issuer confirmed the acceptance of an order for the delivery of a printing module for industrial integration; the direct ordering party is Yi Xin (HK) Technology Co., Ltd based in China, and the final buyer of the device will be a leading manufacturer of testing and repair equipment used in the production lines of modern displays on the Chinese market.

On May 6, 2024, the Company confirmed an order placed by the Italian Institute of Technology _Istituto Italiano di Tecnologia for the delivery of a Delta Printing System device.

On May 10, 2024, a non-exclusive agreement was concluded between the Issuer and CDS ELECTRONIQUE, based in France, for the distribution of the Issuer's technological solutions in France.

On July 1, 2024, the Issuer confirmed the acceptance of an order for the delivery of a UPD printing module; the direct ordering party is a company based in Hong Kong, which will deliver the printing module to a customer in mainland China.

On July 2, 2024, a non-exclusive agreement was signed between the Issuer and Vector Technologies Ltd based in Greece for the distribution of the Issuer's technological solutions in the territory of Greece.

On September 17, 2024, the Company confirmed an order placed by a University in the north-east region of the United States for the delivery of a Delta Printing System device.

On September 20, 2024, the Company confirmed an order placed by an industrial client in Canada for the delivery of the Delta Printing System (DPS).

On September 23, 2024, the Company confirmed an order placed by the Vienna University of Technology in Austria for the delivery of a Delta Printing System device.

On October 14, 2024, the Company confirmed an order placed by an industrial client based in California, USA, for the delivery of a Delta Printing System device.

On November 19, 2024, the Company confirmed an order placed by Åbo Akademi University in Turku, Finland for the delivery of a Delta Printing System device.

On December 6, 2024, the Issuer completed the subscription for the Company's series X ordinary bearer shares, under which 300,000 shares were acquired. As part of the issue, over PLN 27.6 million was raised.

On December 24, 2024, the Company confirmed an order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device.

On December 27, 2024, the Company confirmed an order placed by a University in the Pacific Northwest region of the United States for the delivery of a Delta Printing System device.

On January 3, 2025, the Issuer confirmed receipt of an order for the first batch of six UPD modules (printheads) to be deployed on the industrial production line of the end client – a leading display maker from China listed on the Shenzhen Stock Exchange with annual revenues of tens of billions of USD.

On February 3, 2025, the Company confirmed an order placed by the Department of Engineering, University of Cambridge, UK, for the delivery of a Delta Printing System device.

3.6 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 are have been so far unachievable by means of any other methods. Due to its platform character, the Company's solution will find application in the broadly understood printed electronics industry.

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

TECHNOLOGY:

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

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

PRODUCTS

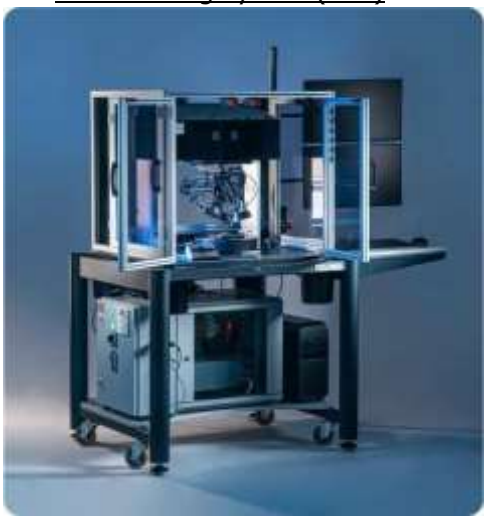
Ultra-Precise Dispensing System (UPD System)

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

As at the Report Date, the Company had delivered or confirmed orders for 12 devices:

- 1 device to a partner from Taiwan, as a printing module, a prototype of a device for the production of semiconductors for the target client: one of the world's largest semiconductor manufacturers;
- 1 device to one of the key global manufacturers of industrial machines, including machines for the semiconductor and display industries, member of the NASDAQ 100 index;
- 2 devices to HB Technology – listed on KOSDAQ 078150.KQ in South Korea;
- 1 device to a leading Chinese manufacturer of machines for the FPD (Flat Panel Displays) industry;
- 1 device to a partner in Hong Kong, who will deliver a printing module to a client in mainland China, as a printing module in a machine for prototyping and conducting R&D processes for applications in modern microelectronics and printed electronics.
- 6 devices to a major Chinese manufacturer of testing and repair machines used on the production lines of modern displays (FPDs).

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.

As at the Report Date, the Company had delivered or confirmed orders for 37 devices:

- to the University of Stuttgart, Germany (Q1 2021)
- to Karlsruhe Institute of Technology "KIT", Germany (Q3 2021)
- to PORT in Poland (Q4 2021)
- to the Glasgow University, UK (Q4 2021)

- to the University of Brescia in Italy (Q4 2021)
- to the IRIS Adlershof Institute from the Humboldt University of Berlin, Germany (Q3 2022)
- to Yi Xin HK Technology Co., China (Q3 2022)
- to an industrial entity, United States (Q3 2022)
- to Yi Xin HK Technology Co., China (Q4 2022) – three devices for end buyers:
  - Southeast University School of Electronic Science Engineering in Nanjing
  - Harbin Institute of Technology in Harbin, China
  - Tianjin University School of Precision Instrument and Opto-Electronics Engineering in Tianjin, China
- to HB Technology, Korea (Q4 2022)
- to Yi Xin HK Technology Co., China (Q1 2023) – four devices for end buyers:
  - South China University of Technology in Guangzhou, China;
  - University of Electronic Science and Technology of China in Chengdu, China
  - Beijing Institute of Technology from Beijing, China
  - School of Integrated Circuits, Guangdong University of Technology, China
- to Yi Xin HK Technology Co., China (Q2 2023) – one device for end buyer:
  - Tianjin University in Tianjin, China
- to the Electrical & Computer Engineering Dep. at Northeastern University in Boston (Q2 2023)
- to the Germany-based laboratory of the German-American consortium developing hardware and software for advanced data analysis and machine learning (Q2 2023)
- to the CENIMAT|i3N scientific research center in Portugal (Q3 2023)
- to Yi Xin HK Technology Co., China (Q3 2023) – one device for the end buyer: Research Institute of Tsinghua University in Shenzhen, China
- to the Technical University of Hamburg in Germany (Q4 2023)
- to DETEKT Technologies Inc. in Taiwan (Q4 2023)
- to Ontos Equipment System INC in the USA (Q4 2023)
- to the University of Surrey in the UK (Q4 2023)
- to a new industrial client based in California, USA (Q1 2024)
- to the Italian Institute of Technology in Pisa, Italy (Q2 2024)
- to a university in the northeastern region of the USA (Q3 2024)
- to an industrial client in Canada (Q3 2024)
- to the Vienna University of Technology (TU Wien) in Austria (Q3 2024).
- to an industrial client based in California, USA (Q4 2024)
- to Åbo Akademi University in Turku, Finland (Q4 2024)
- to Yi Xin HK Technology Co., Ltd based in China (Q4 2024)
- to a university in the Pacific Northwest region of the USA (Q4 2024)
- to the Department of Engineering at the University of Cambridge, UK (Q1 2025).
- to a defence contractor in the USA (Q1 2025).
- to the University of Massachusetts at Lowell, USA (Q2 2025).

The Issuer is gradually delivering the devices to the buyers.

High-Performance Materials (HPM)

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

high stability and high electrical conductivity after the sintering process, the product is highly attractive both in the context of the UPD technology and for customers/ end users of other commercial technologies.
As at the Report Date, the Company sold HPM line products in over 107 transactions (359 since the beginning of commercialization of nanoinks – HPM from the EMEA, USA and Asia regions) to customers in 23 countries, gaining the trust of 79 returning customers.

In 2024, as part of its product portfolio, the Issuer offered within the HPM line a new innovative product: conductive paste based on gold nanoparticles. In this way, the XTPL offer currently includes inks and pastes based on two different types of metallic nanoparticles: silver and gold. Introduced as part of the "early access" program addressed to the current customer base, the new product offers an exceptionally high charge of the metallic component (90wt%) while being able to efficiently dispense the paste, even when using very thin printing nozzles. With this technological breakthrough, XTPL enables its customers to apply connections and electrodes of an unprecedented width of merely several micrometers. This is a step forward in the revolution of sensor printing or densely packed connections in semiconductor technologies, opening new possibilities in the design of advanced electronic devices.
The dual expertise of the XTPL team in both printing technology and materials engineering enables the Issuer to provide high-performance materials as a supplier and partner in contract research. The combination of the two areas of expertise is unique on the market and constitutes a competence advantage over the competition. The Company's departments are constantly working on improving the materials on offer to flexibly respond to the needs of the market and individual customers.

APPLICATION:
At present, the Company is focusing on commercialization of its technology in selected application fields. The first field is displays, where XTPL intends to offer open defect repair (ODR) in the first place. Along with the development of displays, increasing their resolution and functionality, the level of their miniaturization and the density of conductive paths also increases. A side effect of this development is a greater likelihood of critical defects, including broken conductive paths. For manufacturers, this means losses generated already on the production line as a result of the need to reject panels that fails quality tests. XTPL stands the chance to be the first and, for the time being, the only market player to introduce a proprietary solution, which will ensure a significant reduction of production losses without compromising the quality of the repaired displays. Next, the Company plans to provide the display industry with solutions that will help achieve a significant increase in the resolution of a new class of displays, also for new, flexible substrate types.
In the long run, the Company intends to develop its solution for new market segments. The XTPL technology may be implemented in the semiconductor industry also as a sought-after alternative for photolithography or in new types of connecting integrated circuits with PCBs, and, for example, facilitate the fabrication of innovative security printing solutions, functional and effective biosensors and high-performance photovoltaic panels. The technological revolution in which the Company is to play a vital role is about enabling the manufacture of complex and complicated electronic devices using cheap and scalable printing methods.

3.7 Business model, strategy and development outlook

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

- LICENSING:

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

- STRATEGIC PARTNERSHIP AND DISTRIBUTION AGREEMENTS:

The Company develops a technological solution dedicated to a particular application field; the solution is then commercialized in cooperation with a strategic partner under a joint venture agreement. In this case, commercialization tasks are divided between the partners in accordance with their competencies and potential. The Company participates in profits achieved through the joint venture.
Another possible option is to acquire a distributor for the Company's technology and products in a particular geographical region. In this case, the terms of cooperation and contracts will be determined depending on the market, the distributor's position, and the obligations agreed by the Parties.

- SALE OF PRODUCTS

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

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

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

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

1. On January 23, 2024, **an agreement for the non-exclusive distribution of the Issuer's technology solutions in Taiwan and China with Sigma Technology Corporation based in Taiwan and China** (ESPI Current Report No. 7/2024 of January 23, 2024);
2. **On February 19, 2024, an agreement for the non-exclusive distribution of the Issuer's technology solutions in South Korea with YES01, Youngil Education System Co., Ltd.** based in South Korea (ESPI Current Report No. 12/2024 of February 19, 2024);
3. **On May 10, 2024, an agreement for the non-exclusive distribution of the Issuer's technology solutions in France with CDS ELECTRONIQUE, based in France** (ESPI Current Report No. 27/2024 of May 10, 2024);
4. **On July 2, 2024, an agreement for the non-exclusive distribution of the Issuer's technology solutions in Greece with Vector Technologies Ltd based in Greece** (ESPI Current Report No. 37/2024 of July 20, 2024).

MARKET ENVIRONMENT AND OUTLOOK

The printed and flexible electronics market, which the Company addresses with its technology, is steadily growing in value. In 2023, the market was valued at USD 33 billion, and over the next decade – by 2032 – it is projected to grow to USD 75 billion, representing a CAGR of 9.7% between 2023 and 2032 (source: SDS Insider).

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

Value of the R&D equipment market

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

Value of the conductive nanoinks market

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

DEVELOPMENT LINES AND PROSPECTS for the Company and the Group

An exceptional feature of the XTPL technology is the possibility of its application in many fields of industry. Presented below are applications in the areas that are currently key for the Company:

Displays

Currently, commercialization is carried out in a subsector of this market, namely the open defect repair.
XTPL offers a new breakthrough solution that allows defects in conductive paths to be repaired at low cost, with precision and speed unparalleled to any other existing solution. The technology developed by the Company will help display manufacturers increase production efficiency and reduce costs associated with material losses.
Another area of application of the technology for flat panel displays is the precise printing of electrical connections for LEDs in micro-LED displays. The Company's technology can be used for printing repeatable conductive structures with a diameter of less than 10 μm and a very aspect ratio. These unique properties are much in demand amongst manufacturers of future micro-LED displays.

FHE (flexible hybrid electronic) sector

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

Semiconductors market

Another market for the Company's technology is the semiconductor market. Its special application areas include making electronic connections on complex 3D topographies and heterogeneous substrates in advanced integrated circuits or microelectromechanical systems (MEMS). According to an analysis carried out by Mordor Intelligence that takes into account the impact of the COVID-19 pandemic, in 2020, the global market for advanced integrated circuits reached USD 24.93 billion, and by 2026 is expected to grow even to USD 38.62 billion. The size of this market shows great possibilities: not only in terms of potential application of the UPD technology in new areas, but also in the research and prototyping of new systems.
In this area, the Company is conducting active talks (at various levels of advancement) with market leaders.
Moving forward, the growth of the electronics market will be strongly driven by the areas where conventional production methods cannot be applied. By marketing its UPD technology embodied by the Delta Printing System, the Company promotes the innovative, proprietary solution that is used by pioneering research and

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

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

– PCB (printed circuit boards) market;
– biosensors market
– photovoltaic cells market.

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

3.8 XTPL'S ACTIVITY AND ACHIEVEMENTS IN 2024

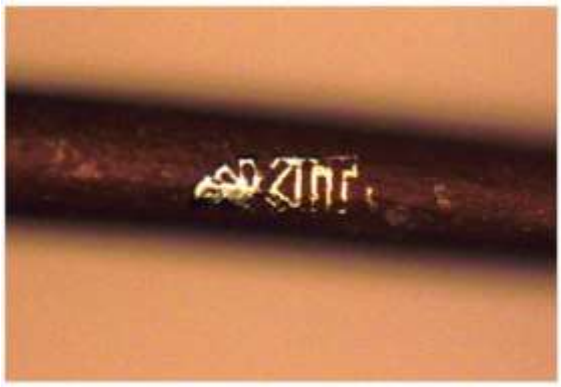
3.8.1 Issuer's progress and achievements in the commercialization of technologies and products

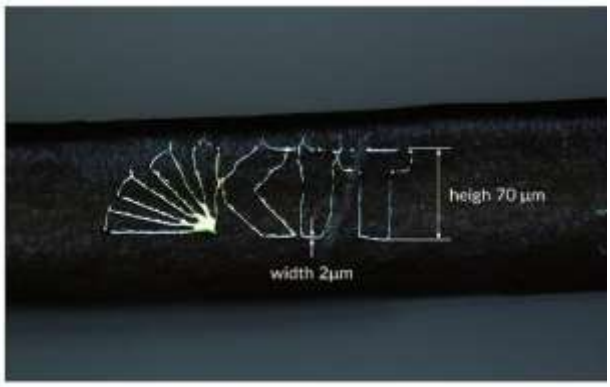
In 2024, the Company continued activities aimed at closing further sales transactions within all business lines.

Delta Printing System

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

The unprecedentedly high printing precision, especially when using highly-viscous metallic inks, which is enabled by the Delta Printing System, is the main feature that makes global technological innovators interested in this device. Users of the Delta Printing System users appreciate the device also for its ease of use, platform character and the ability of quick start without long prior preparation, and for not having to clean the printing elements once the work is finished.





The Company's efforts helped stimulate a substantially increased interest in the Delta Printing System. In 2024, the Company confirmed 12 orders for the delivery of Delta Printing System (DPS) devices:

- to DETEKT Technologies Inc. in Taiwan (Q1 2024)
- to the Research Institute of Tsinghua University in Shenzhen, China (Q1 2024)
- to Ontos Equipment System INC in the USA (Q1 2024)
- to the Technical University of Hamburg in Germany (Q1 2024)
- to the University of Surrey, UK (Q2 2024)
- to a new industrial client based in California, USA (Q2 2024)

- to the Italian Institute of Technology in Pisa, Italy (Q3 2024)
- to a university in the northeastern region of the USA (Q4 2024)
- to an industrial client in Canada (Q4 2024)
- to the Vienna University of Technology (TU Wien) in Austria (Q4 2024).
- to an industrial client based in California, USA (Q4 2024)
- to Åbo Akademi University in Turku, Finland (Q4 2024).

In addition, orders were accepted in 2024, the implementation and physical delivery of which will be completed in 2025:

- to Yi Xin HK Technology Co., Ltd based in China (Q4 2024)
- to a university in the Pacific Northwest region of the USA (Q4 2024)

After the Reporting Period, the Company confirmed another order placed by:

- The Department of Engineering at the University of Cambridge, UK
- a defence contractor in the USA
- University of Massachusetts at Lowell, USA

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

Metallic nanoinks: The fundamental concepts of nanoinks production elaborated by the Company during the development of conductive materials for the UPD technology have been commanded by representatives of scientific and industrial communities as extremely valuable in terms of production of new types of electronic devices with the use of additive technologies. Those concepts respond to the high requirements of the rapidly growing market for conductive inks, including the need for efficient deposition at a high load of the metallic component. The developed know-how enables the Company to sell its inks to various segments of the printed electronics market, animating further advances along this path of the Company's development.

Growing sales are generated on the back of this business line. The unique properties of XTPL inks have been successfully put to use in the projects of clients who operate in the sectors nanotechnology, OLED displays, and smart devices for medical technologies, using inkjet printing techniques, LIFT (Laser Induced Forward Transfer), and micro-dispensing techniques for high-viscosity inks.

In 2024, the Company's laboratories were working on new nanoink formulations and gold ink was introduced to the sales offer in the first half of 2024. In the

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

Industrial implementations of the Company's technological solutions

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

Receiving a recommendation for funding in the competition HORIZON-CL4-2023-RESILIENCE-01-33 Smart sensors for the Electronic Appliances Market

In the Reporting Period, the Issuer received information that the project developed in a consortium of which the Issuer is a member, entitled "Ultra-sound combined with bioimpedance analysis and graphene fet-enhanced wearable sensing for decentral health-monitoring" was recommended for funding in the competition HORIZON-CL4-2023-RESILIENCE-01-33 Smart sensors for the Electronic Appliances Market, organized by the European Commission under the Horizon Europe Framework Programme (ESPI Current Report No. 1/2024 of January 12, 2024). The goal of the project is to develop a flexible, multifunctional device for body composition analysis and health monitoring, leveraging advanced materials and artificial intelligence to support a healthier lifestyle. The Issuer's task is to develop materials that will ensure the flexibility, high performance and energy efficiency of the device.

Other tasks related to the commercialization of the UPD technology

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

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

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

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

(d) producing conductive 3D interconnections.

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

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

On July 1, 2024, the Issuer confirmed acceptance of the order for the delivery of the UPD printing module. The direct buyer is a company based in Hong Kong ("**Partner**") that will deliver the printing module to its

customer in Mainland China. The partner is an entity that develops and distributes modern devices for prototyping processes using additive techniques, 3D product testing and the production of high-performance parts for the aerospace, energy and other sectors. Using the UPD printing module supplied by XTPL S.A., the end customer will build a device for prototyping and conducting R&D processes for applications in modern microelectronics and printed electronics. The devices will be intended for customers based in China.

After the Reporting Period, the Company sold the first batch of UPD modules (6 printheads) to be deployed on the industrial production line of the end client – a leading display maker from China listed on the Shenzhen Stock Exchange with annual revenues of tens of billions of USD. The modules will be used to repair defects in modern, ultra-high resolution Flat Panel Displays (FPDs).

Commercialization activities in the Flat Panel Display sector (ODR)

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

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

As regards the Issuer's activities in the ODR sector, it should be noted that in 2024, talks continued with representatives of a Korean company producing devices for the display industry and with an end-user – one of the largest display manufacturers in the world. The results achieved relating to the Client's specific application area are in line with expectations and significantly accelerate subsequent steps aimed at implementing the UPD technology at the end Client's site.

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 within a single package. Entities with whom talks are being held are global top-tier producers in this area, based in North America, Asia and Europe.

3.8.2 Key achievements and progress in research & development

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

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

During the reporting period, the R&D Team worked on such initiatives as the development and marketing of a new type of formulation based on gold nanoparticles with a metal content above 90%. It is intended for use

in printable electronics, particularly in precision printing and putting electrodes in sensors. The new product is an advanced composition based mainly on spherical nanoparticles.

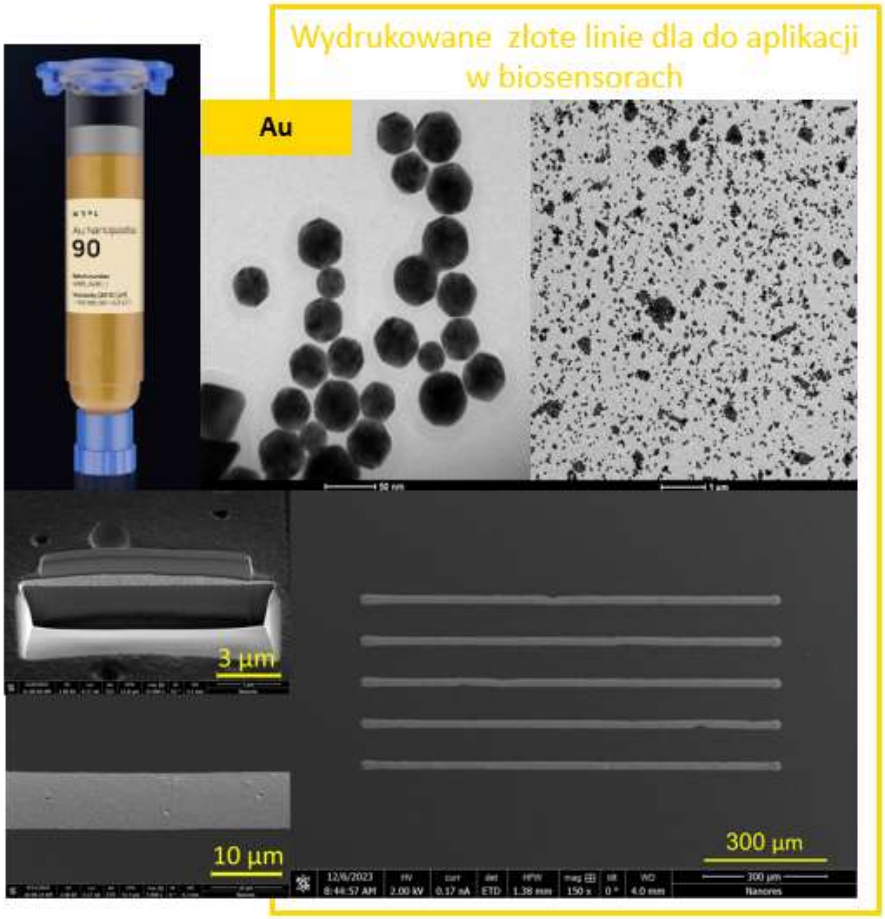


Fig. Summary of the new Au90 product intended for printing in UPD technology and commercially available dispensers. TEM images of 50 nm gold nanoparticles and prints of conductive microlines.

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

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

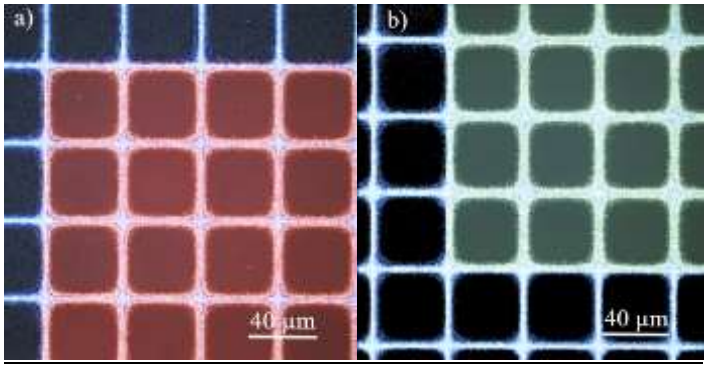


Fig. Microwells filled with inks based on a) red and b) green quantum dots using the DPS.

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

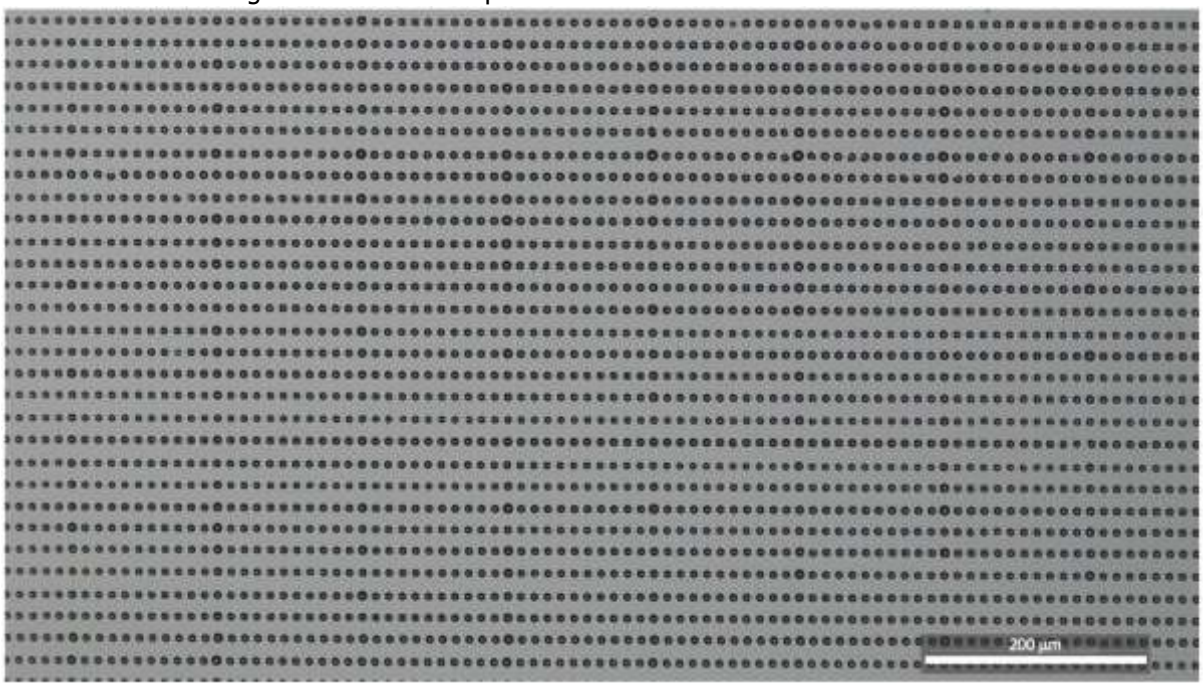


Fig. Photo of a fragment of a sample dot matrix

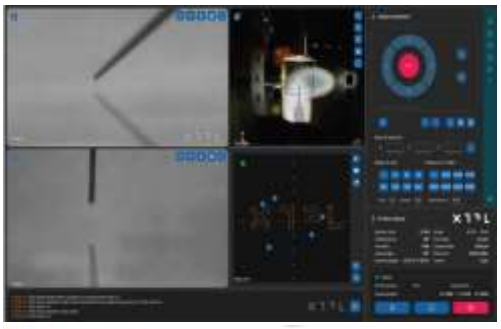
To meet the needs of our customers and market requirements, the R&D Team has also begun research into increasing the capabilities of autonomous printing on our devices. In the current configuration, our printer fully supported automatic printing along a set trajectory in the X and Y axes. However, market requirements and the rapidly developing industry have shown a great demand for enabling printing in 3 axes, allowing for the variable topography of the substrate, including, for example, printing on "steps".

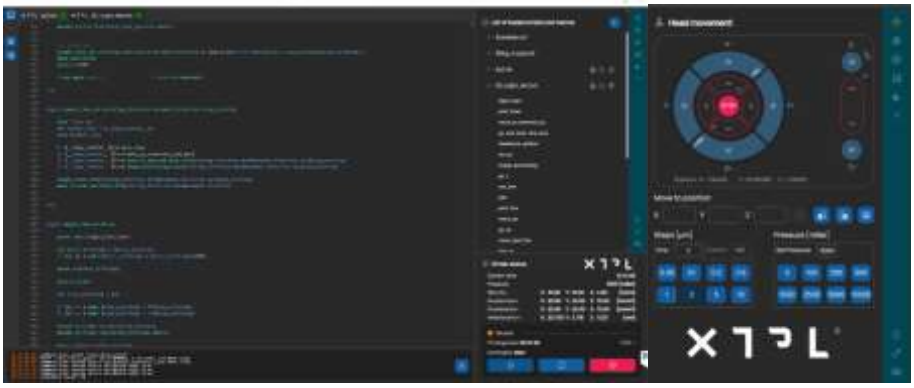
As part of the research, it was first necessary to indicate a potentially optimal tool that would allow scanning the substrate with sufficient accuracy and resolution. Taking into account the initial assumptions and requirements for the developed functionality, we decided to use a confocal sensor as a tool to virtualize the substrate surface and record it as a set of coordinates in three-dimensional space.

Based on the virtual surface map, the operator is able to mark the head's travel path in the XY axes using the implemented graphical interface.
Using the data from the confocal sensor and the plotted travel coordinates, the system automatically generates the head travel trajectory taking into account 3 axes (XYZ). Moreover, thanks to the ability to determine the degree of tolerance, the system is able to minimize certain imperfections of the scanning device by eliminating the influence of noise on the resulting print trajectory.

In the case of step printing, the algorithms used automatically approximate the movement on the edge to optimize the path as much as possible.
In order to increase the precision and quality of the print, while maintaining or even increasing the speed of the entire process, the Team began work on further optimization of the DPS device. The research and subsequent development work directly affected both the control software and the printer hardware solutions themselves.
Thanks to the use of the new 2.0 dosing system together with the optimization of the printing algorithm, the inertia of the dosing system has been minimized. This helped in almost complete elimination of artifacts appearing at the beginning and end of printed paths, while maintaining or even increasing the maximum printing speeds achieved by our device.

The introduction of a graphical interface (GUI) to the DPS device control application has brought significant improvements in everyday work. Thanks to the GUI, operation has become more intuitive and user-friendly, which significantly facilitates the daily work of both experienced operators and new users.
Today, instead of entering complex commands in console mode, users can benefit from clear, visual interfaces, which minimizes the risk of errors and allows work to be started faster. Additionally, new operators can learn to operate the machine more quickly, reducing training time and facilitating an earlier start of production. The GUI has also improved the accessibility of key functions, such as monitoring print progress and easy management of settings, which significantly increases the efficiency and comfort of working with the printer.
The implementation of the GUI means the integration of the interface in devices sold in Q4, as well as the upgrade of some products already with customers. Standardization of solutions that influence ease of use is appreciated by customers and strengthens the recommendation process of XTPL as a partner that treats customer needs as a priority.





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

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

In the first half of 2024, a scientific article was published entitled: "A Novel FOPLP Structure with Chip First & RDL First Process for Automotive chip application".

XTPL printing is proposed as a method to enhance IC integration and enable the packaging of multiple active and/or passive components into a single, complex circuit in a Multi-Chip Module (MCM).

Application of XTPL printing in the automotive industry in autonomous driving systems (AD) to increase efficiency and reduce mass production costs.

The high density of components and elements makes it impossible to use traditional layer interconnection methods, such as structures employing Through Glass Vias (TGV). Instead of this technique, the XTPL method is used to print conductive paths along the edge of the sample.

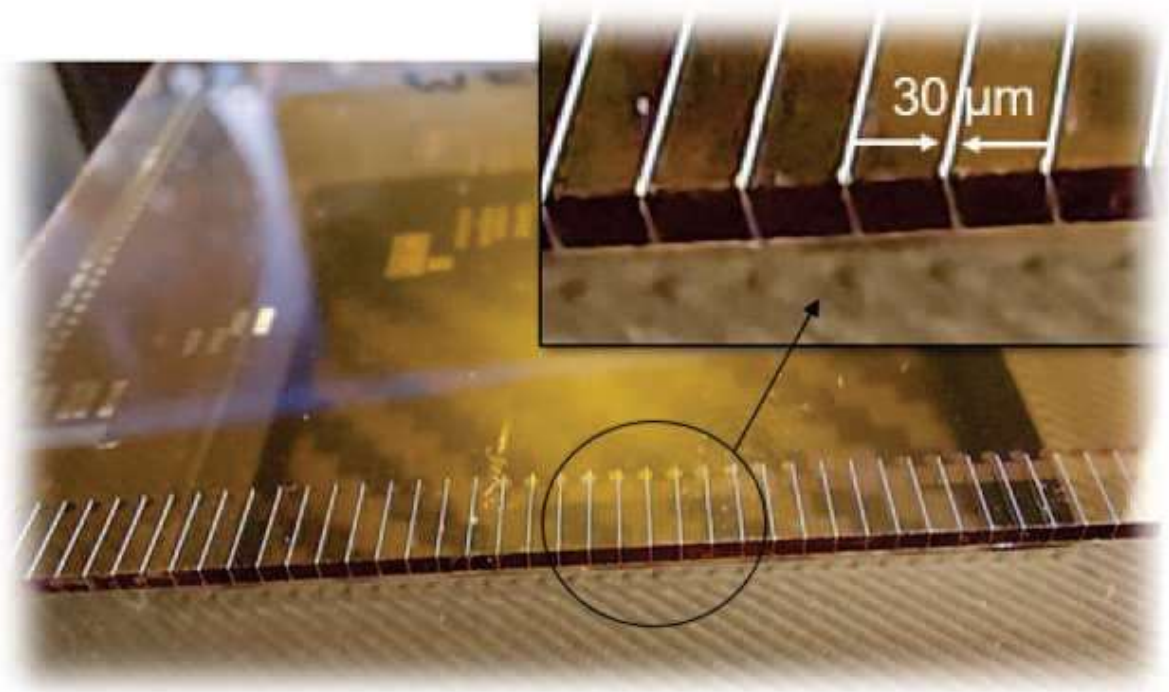
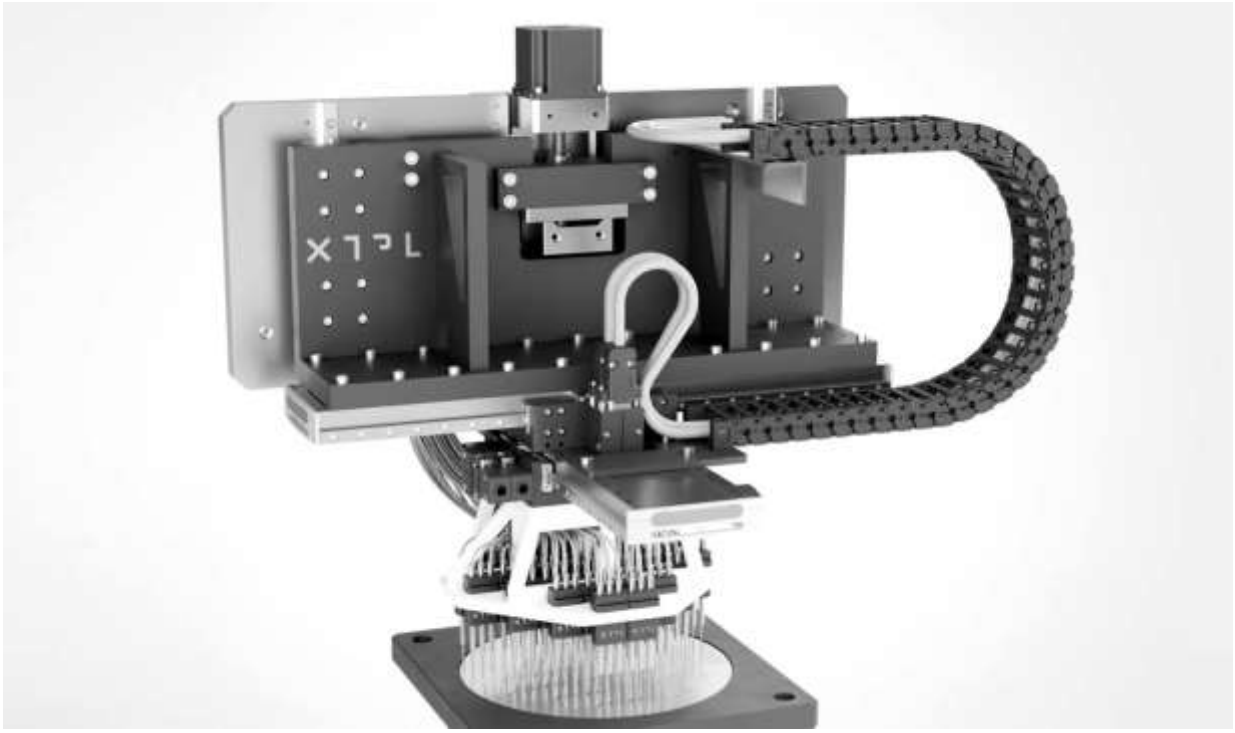


Fig. Top view of the sample with silver conductive paths printed using the XTPL UPD technique. The features were applied to glass with copper (Cu) pads. The minimum width of the applied silver lines is 30 µm.



Development and demonstration of a multi-head UPD printing prototype

XTPL has taken a significant step forward in the development of its Ultra-Precise Dispensing (UPD) technology by presenting the first prototype of a multi-head system, enabling simultaneous and precise printing using eight independently controlled nozzles. This breakthrough achievement shows that the Company's technology can be scaled, which means not only faster printing, but also the ability to simultaneously apply different materials – e.g. conductive and insulating nanoinks.

The Company is currently the only one in the world to have demonstrated the precise printing of sub-10 µm structures using high-viscosity nanoinks (>100,000 cP) within a multi-head system. This solution has generated enormous interest among key clients from the advanced microelectronics industry because it opens up new possibilities in the production of modern displays, sensors and semiconductors.

R&D will continue in 2025–2026 to refine and commercialize the technology. In the future, the multi-head may become a standalone product or be integrated as an option in the developed DPS+ device, which will further increase the potential of the Company's technology.

Then, in the second half of 2024, the following articles were published:

1) On July 29, 2024, the portal **technology.org** published an article entitled **Chip Fabrication – Navigating the Nanoscale Complexity in Electronics Manufacturing -** discussing the use of dispensing technology in the production of semiconductors.
2) On July 25, 2024, the portal **alltechmagazine.com** published an article entitled **Advancing Ultra-Precise Dispensing System: A New Era in Custom Manufacturing -** showcasing UPD technology as an new, innovative solution for microelectronics manufacturing, enabling the reduction of material waste.
3) On August 20, 2024, the portal **coruzant.com** published an article entitled **Future of Electronics: Additive Manufacturing Meets Precision Printing -**describing UPD in the context of other additive microelectronics manufacturing technologies and outlining the key features and advantages of dispensing.

4) In October 2024, Abhishek Dahiya, Adamos Christou, Sihang Ma, and Ravinder S. Dahiya published a review article titled "Printed Interconnects for Heterogeneous Systems Integration on Flexible Substrates", which explores the challenges and advancements in printed interconnects for heterogeneous integration on flexible substrates. The article examines the challenges of conventional methods for connecting electronic components on flexible substrates, particularly those arising from mismatched mechanical and thermal properties.

3.8.3 Milestones achieved by the Issuer in 2024

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

Based on our posts on Lin and other srouces:

1. The development and marketing of a new gold nanoparticle-based formulation (Au 90). XTPL has developed and introduced a new gold nanoparticle paste formulation with a metal content exceeding 90% by weight, designed for precise dispensing and the production of electrodes used in sensors and advanced printed electronics. Au 90 paste enables the production of microfeatures with complex geometry using a DPS printer. Due to its low content of organic material, it is used in sectors such as medical electronics, semiconductors and sensors. Unique anti-clogging properties make the product ideal for precision printing on a variety of substrates, including glass, PCBs, and flexible films such as PET and Kapton.
2. Implementation of the new XTPL GUI software. XTPL has introduced a new version of software with an improved graphical interface (GUI), significantly improving the comfort of use and work efficiency. The new GUI has been designed for intuitive navigation, streamlining the user experience by removing unnecessary complexities and reducing the risk of errors. Users can now quickly find the features they need without having to search through complex collections. The software also supports keyboard shortcuts and macros, allowing repetitive tasks to be automated and increasing productivity.
3. Development and demonstration of a multi-head UPD printing prototype XTPL presented the first prototype of a multi-head UPD printing system, enabling simultaneous and precise dispensing of materials using eight independently controlled nozzles. This breakthrough significantly enhances the scalability of the technology by accelerating the printing process and enabling the simultaneous use of both conductive and insulating inks. XTPL is the only company in the world to have demonstrated the ability to multi-channel print structures smaller than 10 µm using high-viscosity pastes. The solution has attracted significant interest from key customers in the microelectronics industry, unlocking new applications in areas such as semiconductors and displays. Work on the commercialization of the multi-head system will continue until 2026, with the potential for it to be implemented either as a standalone product or as an option within DPS+.
4. Development related to the launch of the new DPS+ business line for the HMLV market. XTPL plans to expand its offering with a new DPS+ business line, addressing the niche between industrial modules and DPS devices. The new solution is designed for High Mix Low Volume (HMLV) production, responding to the growing market demand for personalization in electronics production. DPS+ is a standalone device offering a higher level of automation than the DPS, designed for technology corporations and electronics manufacturers. As of the report's publication date, research and development on the prototype is well advanced, and the Company anticipates the possibility of

receiving the first orders in 2025. The commercialization of the new business line will play a key role in reaching the strategic goal of PLN 100 million in commercial sales by 2026.

5. XTPL has developed and implemented a technological solution using Ultra-Precise Dispensing (UPD) technology to repair open defects on electrodes with widths of 1-2 micrometers, which occur during the production of microOLED displays. An open defect refers to a break in the conductive path, resulting in dead pixels and causing production rejects as high as 50%. The cost of rejected components can reach up to 70% of the final product's value, and traditional repair methods are both costly and time-consuming. UPD allows for the precise repair of defects smaller than 1 µm, reducing material waste and improving efficiency.

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

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

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

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

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

1) On January 15, 2024, the Company announced that the United States Patent and Trademark Office had granted it a patent for the "Method of forming an elongate electrical connection feature traversing a microscopic step" (the Issuer provided this information in ESPI Current Report No. 3/2024 of January 15, 2024);
2) On January 25, 2024, the Company received information that the United States Patent and Trademark Office had approved its patent claims for the invention "Method of forming a feature by dispensing a metallic nanoparticle composition from an ink-jet print head and a metallic nanoparticle composition for ink-jet printing" (the Issuer provided this information in ESPI Current Report No. 8/2024 of January 30, 2024);
3) On February 5, 2024, the Company received information that the United States Patent and Trademark Office had approved the patent claims for the invention "Method of filling a microcavity with a polymer material, a filler in a microcavity, and an apparatus for filling a microcavity on or in a substrate with a polymer material" (the Issuer provided this information in ESPI Current Report No. 9/2024 of February 7, 2024);
4) On March 25, 2024, the Company received information that the Taiwan Intellectual Property Office had approved its patent claims for the invention "Method for forming structure upon a substrate" (the Issuer provided this information in ESPI Current Report No. 17/2024 of March 26, 2024);
5) On April 9, 2024, the Company received information that the Korean Intellectual Property Office had approved its patent claims for the invention "Fluid printing apparatus" (ESPI Current Report No. 20/2024 of April 9, 2024).

6) On May 7, 2024, the Company received information that the Korean Intellectual Property Office had approved its patent claims for the invention "Method of printing fluid" (ESPI Current Report No. 21/2024 of May 9, 2024).
7) On May 17, 2024, the Company received information that the Japan Patent Office had granted it a patent for the invention "Methods of dispensing a metallic nanoparticle composition from a nozzle onto a substrate" (ESPI Current Report No. 28/2024 of May 17, 2024).
8) On July 16, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Method of forming a transparent conductive member, and a free-standing transparent conductive film" (ESPI Current Report No. 39/2024 of July 17, 2024);
9) On July 16, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "A method for printing traces on a substrate and an additive manufacturing apparatus therefor" (ESPI Current Report 40/2024 of July 17, 2024);
10) On August 20, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Method of detecting surface irregularities on or in an internal surface of a cylinder for use in a piston-cylinder assembly, and related apparatus" (ESPI Current Report 42/2024 of August 27, 2024);
11) On September 30, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Additive method of forming a metallic nanoparticle microdot on a substrate, a metallic nanoparticle microdot, and an elongate metallic nanoparticle feature" (ESPI Current Report No. 47/2024 of October 1, 2024);
12) On October 23, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Method of measuring a minimum pressure for gas bubble generation of a capillary tube, and related methods" (ESPI Current Report No. 52/2024 of October 25, 2024);
13) On December 6, 2024, the Company received information that the United States Patent and Trademark Office had approved its patent claims for the invention "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" (ESPI Current Report No. 65/2024 of December 10, 2024).

In addition, after the Reporting Period, the Company obtained the following industrial and intellectual property protection:

1) On January 13, 2025, the Company received information that the South Korean patent office had approved its patent claims for the invention "Methods of Dispensing a Metallic Nanoparticle Composition from a Nozzle onto a Substrate" (ESPI Current Report No. 2/2025 of January 14, 2025);
2) On January 21, 2025, the Company received information that the Taiwan Intellectual Property Office (TIPO) had approved the patent claims for the invention "Method of filling a microcavity with a polymer material, a filler in a microcavity, and an apparatus for filling a microcavity on or in a substrate with a polymer material" (ESPI Current Report No. 4/2025 of January 23, 2025).

The Company has adapted its process of filing patent application to the recommendations of the patent offices cooperating with it. The recommendations help create patent applications of the highest quality and, as a result, strengthen the level of protection of the Company's intellectual property.

As at the Report Date, the Company has **44** patents approved, covering e.g. the territory of Japan, China, South Korea, Malaysia, Germany and the USA. As at the Report Date, the Company had trademarks registered with the Patent Office of the Republic of Poland and the European Union Intellectual Property Office, as well as in China, the United States and the UK.

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

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

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

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

On April 26, 2024, the Company organized two earnings calls for investors and all capital market stakeholders, summarizing the year 2023, with the participation of the XTPL Management Board. The first meeting was held in Polish and the other in English. During both videoconferences, XTPL's Management Board presented the Company's financial and operating results for 2023 and the key events and achievements of that period.

In connection with the publication of the Q1 2024 quarterly report on May 22, 2024, the Issuer organized results presentations on May 23, 2024, as part of two meetings in Polish and English. During these events, members of the Company's Management Board summarized the Company's financial and operational results achieved in the first quarter of 2024.

From June 7 to 9, 2024, the Company participated in **WallStreet 28**, the largest and most prestigious investment conference in Poland, where XTPL was represented by Filip Granek, CEO, and Jacek Olszański, CFO. During the conference, the Company held a dedicated presentation, followed by a panel discussion titled "Innovations Made in Poland," which focused on the growing activity and popularity of tech companies on the Warsaw Stock Exchange. Additionally, there were numerous one-on-one meetings with media representatives, investors, and other stakeholders present at the event. The recording of the Company's presentation is available on the YouTube website of the Association of Individual Investors: https://www.youtube.com/watch?v=W3KRUAGNiN8.

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

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

On November 8, 2024, the Company's Management Board organized an earnings conference as part of two meetings in Polish and English. During these events, members of the Company's Management Board summarized the Company's financial and operational results achieved during the first three quarters of 2024 and its further development plans.

On November 13, 2024, the Company took part in the 18th edition of the GPW Innovation Day conference under the slogan "All Stars Summit" in the Quotation Hall of the Warsaw Stock Exchange. The conference was

addressed to investors interested in the latest trends and innovations on the market, including key stakeholders: individual investors and institutional investors. The Company held its own presentation, and the entire event was also broadcast online. The recording can be found on the GPW YouTube website:

https://www.youtube.com/watch?v=eD5sKKwJPt4

On November 20, 2024, the Company discussed the implementation of its strategy and future development prospects during an investor chat hosted on the website of the Association of Individual Investors. The Company held a presentation and then answered investors' questions in text form. The recording of the presentation and the questions and answers are available at: https://www.sii.org.pl/17736/aktualnosci/czat-inwestorski/realizacja-strategii-i-perspektywy-rozwoju-xtpl.html.

The Issuer is monitoring upcoming investor events in which to participate to be able to showcase its achievements in 2024 with respect to technology and commercialization, financial performance and development prospects.

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

https://www.youtube.com/@xtplsa/videos.

3.8.6 Issuer's participation in industry events

In order to effectively promote its unique technology and products, the Company actively participates in numerous industry conferences that enjoy high reputation on an international scale. The technology solutions presented by the Company are highly appreciated by experts from different fields. As a result, XTPL receives numerous invitations to lectures on the latest technological achievements. For the Company, participation in industry events is one of the key promotion methods, as well as the opportunity to keep track of the current trends in technology development in selected areas and search for new use cases, for which the unique properties of the XTPL ultra-precise printing method are a key – if not the only – way to solve problems with and fabricate the target device.

The Issuer's activity at industry events in 2024 is described below:

1) Semicon Korea January 31–February 2, 2024 – the event showcased the latest semiconductor materials, equipment, and related technologies.
2) Nepcon Japan – January 24-26, 2024 in Tokyo – Asia's leading conference for the electronics market in both R&D and manufacturing. XTPL representatives were present at the conference as visitors. During the conference they had many talks and meetings with potential clients.
3) innoLAE – 22-24 January 2024 Cambridge UK – Innovation in Electronics conference. XTPL was represented at the conference by its UK distributor, Semitronics, which showcased the Company's UPD technology.
4) LOPEC – March 5–7, 2024 – Conference for Flexible, Organic, and Printed Electronics in Munich. XTPL has been an exhibitor for two consecutive years, using the event as a platform for numerous meetings with potential clients from academia, R&D centers, and the printed electronics industry.
5) TEK.day in Wrocław – March 14, 2024 – an event dedicated to people professionally involved in the design and production of electronics.
6) Touch Taiwan – April 24-26, 2024 – the world's only exhibition of UFI-certified touch panels and optical films. The Issuer took part in this event together with the distributor Sigmatec.
7) Advanced Materials Show Birmingham – 15-16 May 2024 – an exhibition and world-class conference dedicated to the development and application of high-performance materials technologies.
8) Display Week – May 17, 2024 – a conference in San Jose, California, a symposium and trade show dedicated to the latest technologies in the display industry. During the conference, Filip Granek, CEO, gave a speech on "High-Resolution Additive Manufacturing in the fabrication of MicroLed Displays".
9) Electronic Components and Technology Conference – May 28–31, 2024, Denver, Colorado, USA – the premier international event focused on microelectronic components and systems.
10) TechBlick Boston – June 12-13, 2024 – the leading North American conference and exhibition dedicated to these topics, bringing together the global ecosystem from end-users to suppliers and innovators.
11) SEMICON Taiwan – September 4-6, 2024 – the Company was present at the event together with one of the distributors, Sigma; additionally XTPL was presented as part of the Polish Pavilion prepared by the Polish Investment and Trade Agency (PAiH).
12) MultiSolution Day organized by Arrow Electronics – September 10, 2024 – an event attended by representatives of leading electronics companies, with a focus on innovative solutions in artificial intelligence and power semiconductor technologies.
13) iMAPS Conference in Boston, USA - September 30–October 2, 2024.
14) TechBlick Conference in Berlin – October 23-24, 2024.
15) Semicon Europa - November 12-15, 2024.One of the largest trade fair events in the industry, organized jointly with the Productronica Fair. Visited annually by approx. 70 thousand participants.

16) Semicon Japan at the invitation of the EU Business Hub – Japan and the Republic of Korea – December 9-13, 2024.

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

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

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

3.8.7 Events during the Reporting Period

Date	Event	Current Report
January 11, 2024	**Information that a project of a consortium that includes the Issuer was recommended for co-financing by the European Commission** The Issuer received information that the project developed in a consortium of which the Issuer is a member, entitled "Ultra-sound combined with bioimpedance analysis and graphene fet-enhanced wearable sensing for decentral health-monitoring" was recommended for funding in the competition HORIZON-CL4-2023-RESILIENCE-01-33 Smart sensors for the Electronic Appliances Market, organized by the European Commission under the Horizon Europe Framework Programme (HORIZON). The goal of the project is to develop a flexible, multifunctional device for body composition analysis and health monitoring, leveraging advanced materials and artificial intelligence to support a healthier lifestyle. The Issuer's task is to develop materials that will ensure the flexibility, high performance and energy efficiency of the device.	ESPI Current Report No. 1/2024 of January 12, 2024
January 12, 2024	**Exercising the right to exchange series A convertible bonds of XTPL S.A. for series U shares** Bondholders holding all the Issuer's series A convertible bonds issued and not redeemed until that date, issued on the basis of EGM Resolution 04/06/2020 of June 8, 2020, as amended by EGM resolution No. 03/06/2022 of June 21, 2022, in a total number of 45,655 (forty-five thousand six hundred and fifty-five) ("Convertible Bonds"), submitted to the Company a declaration on the exercise of the right to exchange Convertible Bonds for series U shares of the Company. Due to the receipt of the bondholders' declarations on the exchange of all issued and outstanding convertible bonds, the bondholders acquired 45,655 (forty-five thousand six hundred and fifty-five) series U ordinary shares of the Company, with a nominal value of PLN 0.10 (ten grosz) each, issued on the basis of EGM resolution No. 04/06/2020 of June 8, 2020, amended by EGM resolution No. 03/06/2022 of June 21, 2022.	ESPI Current Report No. 2/2024 of January 15, 2024
January 15, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Issuer announced that on December 12, 2023, the Company received information that the United States Patent and Trademark Office had granted it a patent for the "Method of forming an elongate electrical connection feature traversing a microscopic step". The application procedure for this patent was initiated on August 2, 2021. This is also the date when patent protection started for the invention.	ESPI Current Report No. 3/2024 of January 15, 2024
January 19, 2024	**Preliminary estimates of revenues from the sale of products and services for Q4 and 2023** The Issuer reported preliminary estimates of the Company's consolidated revenues from the sale of products and services for the fourth quarter and for the whole of 2023. The estimated results provided by the Issuer showed an increase in expected revenues from the sale of products and services compared to 2022.	ESPI Current Report No. 6/2024 of January 19, 2024

Date	Event	Current Report
January 23, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in Taiwan and China** A non-exclusive distribution agreement for the Issuer's technological solutions was signed between the Issuer and Sigma Technology Corporation based in Taiwan and China. Under the agreement, the distributor will advertise and sell XTPL technology solutions in Taiwan and China. The cooperation is designed to support XTPL in reaching new industrial clients and finding broader applications for XTPL technologies and products. It will focus on introducing solutions in the area of semiconductors, next-generation displays and optoelectronics. Sigma is a leading company in Taiwan and China providing production materials and equipment to industries such as semiconductor, photovoltaic, display, PCB, etc. As part of the cooperation, the Distributor will promote XTPL solutions among its current and new customers.	ESPI Current Report No. 7/2024 of January 23, 2024
January 25, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Company received information that the United States Patent and Trademark Office had approved its patent claims for the invention "Method of forming a feature by dispensing a metallic nanoparticle composition from an ink-jet print head and a metallic nanoparticle composition for ink-jet printing". The patent application process was initiated on February 12, 2021, which also marks the start of the protection period for the invention.	ESPI Current Report No. 8/2024 of January 30, 2024
February 5, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Company received information that the United States Patent and Trademark Office had approved its patent claims for the invention "Method of filling a microcavity with a polymer material, a filler in a microcavity, and an apparatus for filling a microcavity on or in a substrate with a polymer material". The application procedure for this patent was initiated on June 1, 2021. This is also the date when patent protection started for the invention.	ESPI Current Report No. 9/2024 of February 7, 2024
February 7, 2024	**KDPW decision on registration of series U shares and the date of registration of the share series** The National Depository for Securities (KDPW S.A.) issued an announcement on setting February 9, 2024 as the date of registration in the securities depository of 45,655 series U ordinary bearer shares of the Company in connection with the deregistration on that day of the series A convertible bonds of the Company marked with the code PLO228300011, from which the right to acquire Shares was exercised. On February 9, 2024, the Shares will be registered with KDPW under ISIN number: PLXTPL000059.	ESPI Current Report No. 10/2024 of February 7, 2024

Date	Event	Current Report
February 13, 2024	**Acquisition of rights from series U shares and change in the share capital** The Company received information that on February 12, 2024, series U shares of the Company were recorded in the account of the issue sponsor maintained by Dom Maklerski Navigator S.A., as a result of which rights from 45,655 series U shares of the Company were granted and the amount of the Company's share capital changed. Upon registration of 45,655 series U shares of the Company in the account of the issue sponsor, the share capital of the Company was increased by PLN 4,565.50, i.e. from PLN 230,422.20 to PLN 234,987.70 and as at the date of publication of this report is divided into 2,349,877 ordinary bearer shares.	ESPI Current Report No. 11/2024 of February 13, 2024
February 19, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in South Korea** A non-exclusive distribution agreement for the Issuer's technological solutions was signed between the Issuer and YES01, Youngil Education System Co., Ltd. based in South Korea. Under the agreement, the distributor will advertise and sell XTPL technological solutions in South Korea. The cooperation aims to support XTPL in finding broader applications for its technologies and products in technology corporations, research and development centers and scientific units and will focus on implementing solutions in the area of semiconductors, electronics and optoelectronics. YES01 is a leading company providing solutions related to additive technology, 3D printing and electronics devices in South Korea. As part of the cooperation, the Distributor will promote XTPL solutions among its current and new customers.	ESPI Current Report No. 12/2024 of February 19, 2024
March 20 and 25, 2024	**Admission and conditional introduction of series U shares to trading on the regulated market, assimilation of series U shares in KDPW** The Management Board of the Warsaw Stock Exchange ("WSE") adopted a resolution on the admission of 45,655 series U ordinary bearer shares of the Company to trading on the regulated market operated by the WSE and on the conditional introduction of the shares to trading on the regulated market as of March 27, 2024. The introduction of the Shares to trading on the regulated market was conditional on the assimilation by KDPW S.A. (National Depository for Securities) on March 27, 2024 of the Shares in the securities depository with the listed shares of the company marked with the code "PLXTPL000018". On March 25, 2024, the Company received information that on March 22, 2024, KDPW S.A. issued a statement setting March 27, 2024 as the date of assimilation and registration of 45,655 series U shares of the Company in the securities depository under the ISIN code PLXTPL000018.	ESPI Current Report No. 15/2024 of March 22, 2024 ESPI Current Report No. 16/2024 of March 25, 2024

Date	Event	Current Report
March 25, 2024	**Recognition of patent protection by Taiwan Intellectual Property Office** The Company received information that the Taiwan Intellectual Property Office had approved its patent claims for the invention "Method for forming structure upon a substrate". The patent application process was initiated on March 21, 2017, which also marks the start of the protection period for the invention.	ESPI Current Report No. 17/2024 of March 25, 2024
March 29, 2024	**Sale of the Delta Printing System to an industrial client in California, USA.** The Company confirmed an order placed by a new industrial client based in California, USA, for the delivery of a Delta Printing System (DPS) device. The DPS device will be used in research on advanced packaging in integrated microelectronic devices. This is the fourth sale of the DPS device in the USA.	ESPI Current Report No. 18/2024 of March 29, 2024
April 9, 2024	**Recognition of patent protection by the Korea Intellectual Property Office (KIPO)** The Company received information that the Korean Intellectual Property Office had approved its patent claims for the invention "Fluid printing apparatus". The patent application process was initiated on February 1, 2019, which also marks the start of the protection period for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 20/2024 of April 9, 2024
April 9, 2024	**Recognition of patent protection by the Korea Intellectual Property Office (KIPO)** The Company received information that the Korean Intellectual Property Office had approved its patent claims for the invention "Method of printing fluid". The patent application process was initiated on February 1, 2019, which also marks the start of the protection period for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 21/2024 of April 9, 2024

Date	Event	Current Report
April 17, 2024	**Sale of another module for industrial implementation as part of the ongoing implementation project. The buyer is HB Technology from South Korea.** The Management Board of XTPL reports that on April 17, 2024, it confirmed the acceptance of an order for the delivery of another industrial module as part of a project aimed at industrial implementation in the display industry conducted together with HB Technology.	ESPI Current Report No. 22/2024 of April 17, 2024
April 24, 2024	**First sale of an industrial application module to a partner in China. The printing module will be delivered to one of the key manufacturers of machines for the modern display industry on the Chinese market.** The Company reports that on April 24, 2024, it confirmed the acceptance of an order for the delivery of a printing module for industrial integration for a partner in China.	ESPI Current Report No. 24/2024 of April 24, 2024
May 7, 2024	**Sale of the Delta Printing System to the Italian Institute of Technology in Pisa** The Company reports that on May 6, 2024 it confirmed an order placed by the Italian Institute of Technology (Istituto Italiano di Tecnologia, IIT) for the delivery of a Delta Printing System device.	ESPI Current Report No. 25/2024 of May 7, 2024
May 9, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Management Board of XTPL S.A. reports that on May 7, 2024, the Company received information about the approval by the United States Patent and Trademark Office of its patent claims for the invention "Method of forming an electrically conductive feature traversing a microscopic step and related apparatus". The application procedure for this patent was initiated on March 23, 2021. This is also the date when patent protection started for the invention. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market.	ESPI Current Report No. 26/2024 of May 9, 2024
May 10, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in France** The Management Board of XTPL S.A. reports that on May 10, 2024, a non-exclusive agreement for the distribution of the Issuer's technological solutions was signed between the Issuer and CDS ELECTRONIQUE, based in France ["CDS ELECTRONIQUE", "Distributor"]. Under the signed Agreement, the Distributor will advertise and sell XTPL solutions from the High-Performance Materials _HPM_ business line in France. The cooperation aims to support XTPL in identifying new applications for its technologies and products within technology corporations, research and development centers, and scientific institutions, with a focus on introducing solutions in electronics, semiconductor technologies, and	ESPI Current Report No. 27/2024 of May 10, 2024

Date	Event	Current Report
	advanced PCBs. It is a step that enables even better fulfillment of XTPL clients' needs in the European market.	
May 17, 2024	**Patent granted by the Japanese Patent Office (JPO)** The Company reports that on May 17, 2024 it received information that the Japan Patent Office had granted it a patent for the invention "Methods of dispensing a metallic nanoparticle composition from a nozzle onto a substrate". The patent application process was initiated on July 28, 2020, which also marks the start of the protection period for the invention. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 28/2024 of May 17, 2024
June 28, 2024	**Annual General Meeting** On June 28, 2024, the Annual General Meeting of the Company was held. The Meeting was convened on May 31, 2024 (ESPI Current Report No. 30/2024), followed by the Issuer's announcement on June 25, 2024, regarding the nomination of Agata Gładysz-Stańczyk to the Company's Supervisory Board (ESPI Current Report No. 31/2024). After the meeting, the Issuer published a list of shareholders holding at least 5% of the votes (ESPI Current Report No. 32/2024), along with the resolutions adopted during the meeting (ESPI Current Report No. 33/2024). During the meeting, a resolution was adopted on the implementation of an incentive scheme for members of the Management Board and senior management, as well as on the issue of series B registered subscription warrants (fully disapplying the pre-emptive rights of existing shareholders), a conditional increase of the Company's share capital to the exclusion of all pre-emptive rights of existing shareholders (fully disapplying the pre-emptive rights of existing shareholders) in connection with the issue of series W ordinary bearer shares, and on amendments to the Company's Articles of Association.	ESPI No. 30/2024 of May 31, 2024, No. 31/2024 of June 25, 2024, No. 32/2024 and 33/2024 of June 28, 2024
June 28, 2024	**Appointment of a Supervisory Board Member** The Annual General Meeting adopted a resolution appointing Agata Gładysz-Stańczyk to the Supervisory Board of the Company as a Supervisory Board Member. According to the submitted declaration, Agata Gładysz-Stańczyk: – meets the independence criteria described in Article 129(3) of the Act of May 11, 2017 on statutory auditors, audit firms and public supervision; – has no real or significant links with any shareholder of the Company holding at least 5% of the total number of votes in the Company;	ESPI Current Report No. 34/2024 of June 28, 2024

Date	Event	Current Report
	– is not entered in the Register of Insolvent Debtors maintained pursuant to the Act of August 20, 1997 on the National Court Register; – does not conduct any activity in competition against the Company, does not participate in a company in competition against the Company as a partner in a civil partnership, partnership or a corporation, and does not participate in another legal person in competition against the Company as a member of its body.	
July 1, 2024	**Sale of UPD printing module to a partner in Hong Kong** The Issuer confirmed the acceptance of the order for the delivery of a UPD printing module. The direct buyer is a Hong Kong-based company that will deliver the print module to a customer in mainland China. Using the UPD printing module supplied by XTPL S.A., the end customer will build a device for prototyping and conducting R&D processes for applications in modern microelectronics and printed electronics.	ESPI Current Report No. 36/2024 of July 1, 2024
July 2, 2024	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in Greece** The Issuer entered into a non-exclusive agreement with Vector Technologies Ltd from Greece for the distribution of the Issuer's technological solutions. Under the agreement, the distributor will advertise and sell XTPL technological solutions in Greece. The cooperation is designed to support XTPL in reaching new academic and industrial clients and finding broader applications for XTPL technologies and products. It will focus on introducing solutions in the area of thin-film photovoltaics, memristors and sensors.	ESPI Current Report No. 37/2024 of July 2, 2024
July 17, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Method of forming a transparent conductive member, and a free-standing transparent conductive film".	ESPI Current Report No. 39/2024 of July 17, 2024
July 17, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "A method for printing traces on a substrate and an additive manufacturing apparatus therefor".	ESPI Current Report No. 40/2024 of July 17, 2024
August 5, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Company received information that on August 5, 2024, the United States Patent and Trademark Office approved its patent application for the invention "Method for repairing pattern defect on a substrate and apparatus therefor" (application number: 17596920). The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the	ESPI Current Report No. 41/2024 of August 7, 2024

Date	Event	Current Report
	Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	
August 27, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** On August 20, 2024, the Issuer received information about the approval of its patent application by the United States Patent and Trademark Office for the invention "Method of detecting surface irregularities on or in an internal surface of a cylinder for use in a piston-cylinder assembly, and related apparatus (application number: 17/663,226). The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report.	ESPI Current Report No. 42/2024 of August 27, 2024
September 17, 2024	**Sale of the Delta Printing System to a University in the north-east region of the United States** On September 17, 2024, the Issuer confirmed an order placed by a University in the north-east region of the United States for the delivery of the Delta Printing System. The DPS device will be used for R&D in the area of advanced packaging technology for semiconductors. This is a second transaction concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, USA (XTPL Inc.), which will also handle operational aspects of the transaction. The establishment of the XTPL Inc. Center in Boston is part of the Company's strategy adopted in November 2023 (Current Report 54/2023 of November 22, 2023).	ESPI Current Report No. 43/2024 of August 17, 2024
September 20, 2024	**Sale of the Delta Printing System to an industrial client in Canada** On September 20, 2024, the Issuer confirmed an order placed by an industrial client in Canada States for the delivery of the Delta Printing System (DPS). The DPS device will be used in the area of advanced packaging for application in modern displays. This is a third transaction concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, which will also handle operational aspects of the transaction. The establishment of the XTPL Inc. Center in Boston is part of the Company's strategy adopted in November 2023 (Current Report 54/2023 of November 22, 2023).	ESPI Current Report No. 44/2024 of September 20, 2024
September 23, 2024	**Sale of the Delta Printing System to the Vienna University of Technology (TU Wien) in Austria** On September 23, 2024, the Company confirmed an order from the Vienna University of Technology in Austria for the delivery of a Delta Printing System (**DPS**). The DPS device will be used for R&D in the area of biomedical electronics.	ESPI Current Report No. 45/2024 of September 23, 2024
September 30, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** On September 30, 2024, the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Additive method of forming a metallic nanoparticle microdot on a substrate, a metallic	ESPI Current Report No. 47/2024 of September 30, 2024

Date	Event	Current Report
	nanoparticle microdot, and an elongate metallic nanoparticle feature".	
October 14, 2024	**Sale of the Delta Printing System to an industrial client in California, USA.** On October 14, 2024, the Company confirmed an order placed by an industrial client from California, USA, for the delivery of the Delta Printing System (DPS). This is a fourth transaction concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, USA.	ESPI Current Report No. 48/2024 of October 14, 2024
October 17, 2024	**Intention to raise financing and initiate a share issue process** The Management Board of XTPL S.A. announced that on October 17, 2024 it made a decision to commence steps aimed at raising financing for the Company through an issue of new shares. The intention of the Company's Management Board is to call an Extraordinary General Meeting in the second half of November 2024 to decide on the issue of up to 300,000 ordinary bearer shares addressed to investors who meet the requirements specified in the issue resolution. The share issue proceeds are to be used to finance the second part of capital expenditures as part of the Company's Development Strategy adopted in 2023 geared towards achieving PLN 100 million in revenues from sales of products and services by the end of 2026. In accordance with this Strategy, the Company has planned investments totaling approx. PLN 60 million in 2023–2026 in three key business areas: sales, production and R&D.	ESPI Current Report No. 50/2024 of October 17, 2024
October 25, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Management Board of XTPL S.A. reports that on October 23, 2024 the Company received information about the approval by the United States Patent and Trademark Office of the patent claims for the invention "Method of measuring a minimum pressure for gas bubble generation of a capillary tube, and related methods" (application number: 17/174,892). The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.	ESPI Current Report No. 52/2024 of October 25, 2024
November 18, 2024 - December 6, 2024	**Issue of series X shares** On November 18, 2024, the Extraordinary General Meeting adopted a resolution on increasing the Company's share capital by issuing series X ordinary bearer shares (fully disapplying shareholders' preemption rights), amending the Company's Articles of Association and applying for the admission and introduction of those shares to trading on the regulated market, on the basis of which the share	ESPI: 51/2024; 54/2025; 55/2025; 56/2025; 58/2025; 60/2024; 61/2024;

Date	Event	Current Report
	capital was increased by an amount of not less than PLN 0.10 and not more than PLN 30,000.00 by issuing not less than 1 and not more than 300,000 ordinary bearer shares of series X ("**Series X Shares**"). As part of the issue of Series X Shares, 300,000 series X shares were acquired by 20 investors, and the total amount of payments for series X shares amounted to PLN 27,600,000.00.	62/2024; 63/2024; 64/2024; 66/2024
December 10, 2024	**Recognition of patent protection by the United States Patent and Trademark Office** The Company received information that the United States Patent and Trademark Office had approved its patent claims for the invention "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".	ESPI 65/2024
December 24, 2024	**Sale of the Delta Printing System to Yi Xin in China** On December 24, 2024, the Company confirmed an order placed by Yi Xin HK Technology Co., Ltd based in China for the delivery of a Delta Printing System device. Yi Xin is a distributor of the Company's technological solutions.	ESPI 67/2024
December 27, 2024	**Sale of the Delta Printing System to a University in the north-east region of the United States** The Company confirmed an order placed by a University in the Pacific Northwest region of the United States for the delivery of a Delta Printing System device. The DPS device will be used in research and development work in the area of printed and flexible electronics. The transaction was concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, which will also handle operational aspects of the transaction. The establishment of the XTPL Inc. Center in Boston is part of the Company's strategy adopted in November 2023 (Current Report 54/2023 of November 22, 2023).	ESPI 68/2024
December 31, 2024	**Date of registration of series X shares in KDPW** On December 31, 2024, the National Depository for Securities (KDPW S.A) issued an announcement setting January 10, 2025 as the date of registration in the securities depository of 300,000 series X ordinary bearer shares of the Company marked with the ISIN code PLXTPL000018.	ESPI 71/2024

3.8.8 Events occurring after the Balance Sheet Date

Date	Event	Current Report
January 3, 2025	**Sale of the first batch of UPD modules for industrial implementation on the production line of ultra-high resolution displays at a leading manufacturer of displays in China** The Issuer confirmed receipt of an order for the first batch of six UPD modules (printheads) to be deployed on the industrial production line of the end client – a leading display maker from China listed on the Shenzhen Stock Exchange with annual revenues of tens of billions of USD. The modules will be used to repair defects in modern, ultra-high resolution FPDs). The direct ordering party is Yi Xin (HK) Technology Co., Ltd based in China, which distributes XTPL's technological solutions. (Current Report No. 4/2021 of April 15, 2021). The final buyer of the UPD modules will be a major Chinese manufacturer of testing and repair machines used on the production lines of modern displays (FPDs). The partner's clients are leading manufacturers of modern FPDs on the Chinese market. The order was placed following a technological evaluation in the form of tests of a prototype industrial device by the Partner (Current Report No. 24/2024 of April 24, 2024).	ESPI 1/2025
January 13, 2025	**Recognition of patent protection by the South Korean Patent Office (KIPO)** The Company has received information that the South Korean patent office has approved its patent claims for the invention "Methods of Dispensing a Metallic Nanoparticle Composition from a Nozzle onto a Substrate".	ESPI 2/2025
January 22, 2025	**Preliminary estimates of revenues from the sale of products and services for Q4 and 2024** The Issuer reported preliminary estimates of the Company's consolidated revenues from the sale of products and services for the fourth quarter and for the whole of 2024: 1. **Estimated consolidated revenues from the sale of the Company's products and services in the fourth quarter of 2024** were PLN 5,434 thousand. In the same period of the previous year, the revenues were PLN 4,247 thousand. This figure does not include proceeds on account of grants related to the Issuer's implementation of research and development projects. 2. **Estimated consolidated revenues from the sale of the Company's products and services in** 2024 are PLN 12,095 thousand compared to PLN 13,418 thousand posted in the previous year. This figure does not include proceeds on account of grants related to the Issuer's implementation of research and development projects.	ESPI 3/2025
January 29, 2025	**Recognition of Patent Protection by the Taiwan Intellectual Property Office ("TIPO")** The Company has received information that the Taiwan Intellectual Property Office (TIPO) has approved the patent claims for the invention "Method of filling a microcavity with a polymer material, a filler in a microcavity, and an apparatus for filling a microcavity on or in a substrate with a polymer material".	ESPI 4/2025

Date	Event	Current Report
February 3, 2025	**Sale of Delta Printing System to the Faculty of Engineering at the University of Cambridge, UK** The Company has confirmed an order placed by the Department of Engineering, University of Cambridge, UK, for the delivery of a Delta Printing System. The Company will deliver and install the device in the first quarter of 2025. The Department of Engineering, University of Cambridge is one of the world's leading research institutions. The DPS device will be used for research and development projects in the field of sensors and other microelectronics applications.	ESPI 6/2025
February 19, 2025	**Conclusion of a non-exclusive agreement for distribution of the Issuer's technological solutions in Japan** The Management Board of XTPL S.A. announces that on February 19, 2025, a non-exclusive distribution agreement for the Issuer's technology solutions was signed between the Issuer and Printed Electronics Corporation headquartered in Japan. Under the agreement, the distributor will advertise and sell XTPL technological solutions in Japan. The cooperation is designed to support XTPL in reaching new academic and industrial clients and finding broader applications for XTPL technologies and products. It will focus on introducing solutions in the area of thin-film photovoltaics, memristors and sensors.	ESPI 7/2025
March 4, 2025	**Entering into an exclusive agreement to distribute the Issuer's technology solutions in Australia and New Zealand** The Company announced that on March 4, 2025, an exclusive distribution agreement for the Issuer's technology solutions was signed between the Issuer and InnovoTechX, headquartered in Australia. Under the agreement, the distributor will advertise and sell XTPL technology solutions in Australia and New Zealand. The cooperation is designed to support XTPL in reaching new academic and industrial clients and finding broader applications for XTPL technologies and products. It will focus on introducing solutions in the area of micro- and nano-manufacturing and biointerface.	ESPI 8/2025
March 13, 2025	**Entering into a non-exclusive agreement to distribute the Issuer's technology solutions in Spain, Portugal, Mexico, Italy, France** The Management Board of XTPL S.A. announced that on March, 13, 2025, a non-exclusive distribution agreement for the Issuer's technology solutions was signed between the Issuer and SURFACE MOUNT TECHNOLOGY, SL, headquartered in Spain. Under the agreement, the distributor will advertise and sell XTPL technological solutions in Spain, Portugal, Mexico, Italy, France. The cooperation aims to support XTPL in reaching new academic and industrial customers, finding broader applications for XTPL technologies and products, and will focus on introducing solutions in the area of microelectronics assembly, semiconductors, as well as inks and consumables. SMT is a leading company supplying research and manufacturing equipment and materials in Southern Europe and Central America to the universities and industries such as semiconductor or microelectronics. As part of the cooperation, the Distributor will promote XTPL solutions among its current and new customers.	ESPI 10/2025

Date	Event	Current Report
March 27, 2025	**Recognition of patent protection by the United States Patent and Trademark Office** The Management Board of XTPL S.A. reported that on March 25, 2025 The Company received information about the approval by the United States Patent and Trademark Office (USPTO) of the patent claims for the invention "Metallic nanoparticle composition dispenser and method of dispensing metallic nanoparticle composition". The application procedure for the patent was initiated on May 7, 2021. The formal requirement to obtain a patent is to pay appropriate fees. Should the requirement not be met, the Company will communicate this in a separate current report. The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the technology solutions for the next generation electronics market.	ESPI 11/2025
March 28, 2025	**Sale of the Delta Printing System to a defence contractor in the USA** The Issuer reported that on March 27, 2025 the Company confirmed an order placed by an industrial client from the USA for the delivery of the Delta Printing System. The client is a defence contractor operating in the defence sector. The DPS device will be used for research, development and prototyping. The transaction was concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, which will also handle operational aspects of the transaction. The opening of the XTPL Inc. office, a Demo Center in Boston, was part of the Company's strategy adopted in November 2023. The Company has so far sold a total of eight DPS devices on the North American market.	ESPI 12/2025
April 8, 2025	**Sale of Delta Printing System to the University of Massachusetts at Lowell, USA** The Management Board of XTPL S.A. reported that on April 7, 2025, the Company confirmed an order placed by the University of Massachusetts at Lowell in the USA for the delivery of a Delta Printing System device. The DPS device will be used for research and development activities in the field of microelectronics and printed electronics. The transaction was concluded as a result of the activities of the subsidiary XTPL Inc. based in Boston, which will also handle operational aspects of the transaction. The revenue from the order for the ordered DPS device will have a positive impact on XTPL's financial performance in 2025.	ESPI 13/2025

3.8.9 Industry and investor events after the Balance Sheet Date

The Company focuses on regular communication with the capital market, including through a constantly updated website with a separate investor relations section where current information materials are posted (including press releases and presentations) and through the publication of selected video materials on YouTube. Furthermore, the Company tries to provide fast and reliable answers to the questions received from individual investors. In order to facilitate contact with the Company, the "Contact" tab on the investor relations site contains contact details for institutional investors, analysts and journalists. The Company publishes earnings calls in Polish on its corporate channel on YouTube:
https://www.youtube.com/@xtplsa/videos.

After the Reporting Period, the Company continued active communication with investors:

On January 28, 2025, the Company's Management Board conducted an investor webinar, during which the Company's current achievements and development plans for 2025-2026 were presented. The webinar also covered a detailed discussion of another milestone in the Company's development, i.e. concluding an agreement to deliver the first batch of UPD modules (printheads) for industrial implementation on the client's production lines in China.

On March 16, 2025, the Management Board of the Company, represented by the CEO Filip Granek, took part in the 15th edition of the "Książęca Street" conference in Warsaw. The two-day in-person event dedicated to individual investors featured several presentations by companies, including those listed on the Warsaw Stock Exchange. During the conference, XTPL outlined its achievements and development prospects for the coming years.

On March 29, 2025, the Management Board of the Company, represented by CFO Jacek Olszański, took part in the Invest Cuffs conference in Kraków as part of the "Individual Investor Day" organized by Telewizja Biznesowa (Business TV). XTPL took part in the "Innovations Made in Poland" panel, where it presented its unique UPD technology and its role in shaping the production of next-generation electronics.

In the coming months, the Company plans to participate in the following industry events:

German Spring Conference, Frankfurt (Germany) on May 12-14 – investor conference with company presentation and 1-on-1 meetings. The event is organized by Equity Forum, and the conference is one of the key meetings for institutional investors, financial analysts and representatives of venture capital and private equity.
WallStreet 29, Karpacz (Poland) on May 23-25 – investor conference with company presentation and 1-on-1 meetings. WallStreet 29 is the largest and most prestigious event for individual investors and entrepreneurs in Poland, organized by the Association of Individual Investors (SII) and co-organized by the Entrepreneurship Club.

3.9 INTERNAL AND EXTERNAL FACTORS IMPORTANT FOR THE DEVELOPMENT OF THE ISSUER'S BUSINESS

3.9.1 External factors:

Macroeconomic factors:

In accordance with the adopted strategy, XTPL carries on its business in international markets, particularly in the United States, Southeast Asia and Western Europe. Accordingly, the macroeconomic situation in these areas will have an impact on the Company's results and the degree of achievement of its development strategy.

Trends in printed electronics:

In recent years, screen printing technology has held the largest market share, driven by its growing use in the production of displays and sensors. Today, it remains the most widely used method for manufacturing displays in commercial devices such as smartphones and laptops. Screen printing is also used in the production of sensors and photovoltaic cells due to the possibility of precise printing of conductive lines of various widths. One of the features of screen printing is the use of conductive materials with a high density of active material (such as silver particles), which makes it possible to achieve high electrical conductivity.

The market for conductive materials is expected to grow significantly in the coming years. Printed electronics uses metal-based materials to produce electronic components. Technological innovations in conductive inks and their improved performance have driven the demand for these materials worldwide, the most common being inks based on silver particles.

According to IDTechEx, a key trend in printed electronics is the capability to produce the next generation of electronic devices in three-dimensional space. While partially additive 3D electronics have been used for some time to print antennas and simple conductive connections on plastic surfaces, increasingly complex circuits are now being integrated onto surfaces made from various materials using advanced techniques. Today, 3D printed electronics allow for the integration of entire systems within a single object, offering numerous advantages such as streamlined manufacturing processes and the ability to create new shapes.

The technology developed by the Company aligns perfectly with the key trends in printed electronics. Thanks to the innovative printing method combined with conductive materials like XTPL Ag Nanopaste CL85, it is possible to produce highly conductive structures similar to screen printing, but with significantly higher resolution. Additionally, the ability to print on 3D surfaces, which is currently one of the most sought-after functionalities by both existing and potential clients, further enhances the technology's appeal.

Trends related to the miniaturization of consumer electronics:

Miniaturization has been the prevailing trend in electronics for several decades. As devices are reduced in size, the packing density of discrete components increases, resulting in a significant increase in performance of the devices. Certainly, the trend in miniaturization is visible in most electronic devices. At the same time, it enables production of completely new, previously unattainable products. Thanks to miniaturization, new medical instruments are devised which make treatment less invasive and allow the patient to recover faster. The biosensors sector is developing rapidly, where the key challenge is to find a solution with the highest efficiency, both in terms of precise and simple detection, and a unique size-reduction capability, while allowing production using inexpensive and scalable methods. The telecommunications market generates less costs due to light, small and at the same time very efficient satellites. Precise deposition of ultra-thin conductive lines and new active materials, such as light-emitting organic compounds or quantum dots, is the only way of cost-effective and easily scalable implementation of such projects. And this creates a potentially attractive application field for XTPL, which can offer here an absolutely groundbreaking solution, much awaited by the market.

Trends related to flexible electronics:

The introduction of flexible electronics is now of key importance for the manufacturers who want to meet customer expectations and offer them new generation devices. These devices are intended to be ready for bending, folding or wearing, e.g. on clothes or directly on the skin. Although it is still a growing market, the consumer market has already seen an influx of new devices based on flexible materials (e.g. phones with foldable screens). Experts note that as the cost of these products decreases and their durability improves, the size of this market can reach a very high value in a short time. The XTPL technology has every potential to play a very important role in this trend.

Trends in the displays sector:

Although very much mature, the display market continues to see technological innovation, not only that resulting from miniaturization trends, but also in the area of higher efficiency of light emission. This in practice means thin, very bright, high-contrast displays. Currently, the most intensive technological changes relate to the type of substrate on which the display is to be created. IDTechEx expects that as early as at the end of 2020, 40% of AMOLED displays will be plastic-based, with this proportion growing to nearly 60% in 2026, at

the expense of glass substrates. This trend opens up development opportunities for another type of displays – flexible ones. Judging by the great interest attracted by this technology and the first products from this segment, in the coming years the technology will undoubtedly stand out in terms of its visible development and popularity. However, this will require a solution to the problems that can already be seen in the production processes. These include, for example, the fact that OLED screens are fabricated using an organic material deposited by FMM (fine metal mask) methods. Two main approaches are used here. The first one is intended for small displays such as telephones or watches – it consists in separate deposition of red, green and blue pixels. The process uses three different FMMs, and any material not deposited in the pixel is wasted. As well as being suboptimal, the process has technological limitations – it does not allow pixels to be deposited on large substrates. Due to the amount and weight of the organic material, the distance between the FMM and the substrate must be increased, which produces a "shadow" effect. Another approach, which is used for e.g. fabricating large displays, is to embed WOLED (White Organic Light Emitting Diode) on the whole substrate in the first place. Next, a color filter is applied, the deposition of which is much easier. Unfortunately, only 20% of the light passes through the color filter, so much more electric power is required to maintain appropriate screen brightness, which in turn significantly reduces the life of such a screen. The problem can be addressed by the introduction of additive technology into the fabrication process as the technology enables precise deposition of the material with no restrictions as to the substrate. An additional advantage for the methods of printing in electronics is the potentially wide spectrum of materials that can be deposited. This makes it possible to fabricate completely new types of screens such as QLED – displays whose emission material is quantum dots, which ensure a very bright image with high contrast. Most of QLED-labelled displays that are currently on sale are in fact WOLEDs with the addition of quantum dots in a color filter. Admittedly, quantum dots, stimulated with blue light, emit the appropriate color of light and reduce the loss of light through a color filter by 80%, but it is only the introduction of a suitable additive method with a precise deposition will allow the potential of this material to be exploited in full. The main technological requirements for the fabrication of such screens include high repeatability of pixel sizes as well as precision in the XY axis. Bearing in mind the trend of continuous increase in resolution and hence pixel density, the XTPL technology has every potential to respond positively to market needs. The possibility of multiplication of printing heads will effectively increase printing efficiency following implementation of XTPL ultra-precise deposition on a production scale, and the wide range of materials that can be deposited using the Issuer's technology will help market new generation displays that are more efficient and consistent with the current consumer trends.

Trends in additive manufacturing:

In addition to the above developments, additive production is a quite discernible trend in modern electronics. Due to the extremely reduced size of structures, unattainable by any other method, the subtractive technology has become the main or in some areas even the only method of producing electronics. Continuous development of the printed electronics market increasingly often replaces previous methods with their excessive deposition of material. At present, there are printing devices available in the market that are successfully deployed in key spots on production lines. However, their capabilities are limited by the range of sizes that can be obtained, and their deposition precision is not sufficient in relation to the size and accuracy of arrangement of individual discrete components in electronic circuits. Taking into account these rigorous parameters and the huge market demand, the technology developed by XTPL may constitute a breakthrough in the context of printed electronics production. The sheer number of possible application areas within this sector where the XTPL technology might by used bears witness to its versatility and huge potential.

Possibility of co-financing R&D from grants:

In addition to using own funds acquired through the share issue, the Company's R&D activities are also funded by the EU. This source makes it possible to reduce the cost of in-house R&D and research in new application fields, also at the early stages of technological readiness.

3.9.2 Internal factors:

Ability to protect and safeguard intellectual and industrial property:

Effective protection of the intellectual and industrial property developed by XTPL is an essential part of its business. The ongoing patent applications ensure security for the Company and its disruptive technology. At the same time, they are one of the pillars of XTPL value. The intellectual value obtained may also have a positive impact on the ongoing and future commercialization talks. In the process of protecting and safeguarding intellectual property, the Company is supported by renowned entities: law firms from the UK and the USA. The London-based law firm Gill Jennings & Every is a team of more than 100 lawyers, which received multiple awards in the prestigious Legal 500 ranking. They provide services to both enterprises from the SME sector and to global corporations. The K&L Gates law firm supports patent protection of companies specializing in advanced technologies, particularly those from Silicon Valley.

Ability to acquire and maintain appropriate staff

The Company's business profile – building solutions for the high-tech sector – requires the use of high-class specialists from various fields: chemistry, physics, electronics, mechanics, material engineering and numerical simulations. Staff sourcing is a two-pronged process: The Issuer conducts a number of activities in the area of employer branding, and strives to be present at national conferences on nanotechnology, constantly extending its network of contacts.

Commercialization of technology

In 2024, the Company delivered 12 Delta Printing System devices:

- to DETEKT Technologies Inc. in Taiwan (Q1 2024)
- to the Research Institute of Tsinghua University in Shenzhen, China (Q1 2024)
- to Ontos Equipment System INC in the USA (Q1 2024)
- to the Technical University of Hamburg in Germany (Q1 2024)
- to the University of Surrey, UK (Q2 2024)
- to a new industrial client based in California, USA (Q2 2024)
- to the Italian Institute of Technology in Pisa, Italy (Q3 2024)
- to a university in the northeastern region of the USA (Q4 2024)
- to an industrial client in Canada (Q4 2024)
- to the Vienna University of Technology (TU Wien) in Austria (Q4 2024).
- to an industrial client based in California, USA (Q4 2024)
- to Åbo Akademi University in Turku, Finland (Q4 2024).

In addition, orders were accepted in 2024, the implementation and physical delivery of which will be completed in 2025:

- to Yi Xin HK Technology Co., Ltd based in China (Q4 2024)
- to a university in the Pacific Northwest region of the USA (Q4 2024)

After the Reporting Period, the Company confirmed another order placed by:

- The Department of Engineering at the University of Cambridge, UK
- a defense contractor in the USA

University of Massachusetts at Lowell, USA

The implementation of the printer sales strategy for both research and industrial clients will not only drive financial revenue but also significantly enhance awareness of XTPL technology. Quite importantly, each client that uses the Delta Printing System specializes in a different area of printed electronics.

Attracting clients active in research in various fields where the UPD technology is used increases the potential scope of the commercial market for XTPL.

The Company also supplies conductive inks for use with the UPD technology and other technologies. The inks are supplied both to the owners of the Delta Printing System (as consumables), and to other interested entities. The latter group includes research units and industrial clients from all over the world.

The Company's strategic goal is to become a global supplier for key players in the printed electronics market. In 2024, 9 industrial implementations projects were under way at stages of advancement. The projects are implemented in three key markets (USA, Asia, Europe), in three key areas (displays, semiconductors, PCBs). As at the Report Date, all the projects are being continued and progressed.

In terms of industry cooperation, XTPL reached a significant milestone with the sale of the first batch of UPD modules for industrial use on the production line of ultra-high-resolution displays at a leading display manufacturer in China, listed on the Shenzhen Stock Exchange, with annual revenues of tens of billions of USD. The modules will be used to repair defects in modern, ultra-high resolution Flat Panel Displays (FPDs).

The direct ordering party is Yi Xin (HK) Technology Co., Ltd based in China, which distributes XTPL's technological solutions. (Current Report No. 4/2021 of April 15, 2021). The final buyer of the UPD modules will be a major Chinese manufacturer of testing and repair machines used on the production lines of modern displays (FPDs). The partner's clients are leading manufacturers of modern FPDs on the Chinese market. The order was placed following a technological evaluation in the form of tests of a prototype industrial device by the Partner (Current Report No. 24/2024 of April 24, 2024).

3.10 FINANCIAL PERFORMANCE

3.10.1 Principles for drafting the annual financial statements

3.10.2 General information and basis of preparation

The financial statements of XTPL Group (standalone and consolidated financial statements) cover the period of 12 months ended December 31, 2024, and the comparative data for the period of 12 months ended December 31, 2023. They were prepared using the historical cost convention. The financial statements have been prepared on the assumption that the Company will continue in operation for at least a year from the Report Date.

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

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) ratified by the EU and in accordance with the Finance Minister's Ordinance on current and financial information.

3.10.3 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.

3.10.4 Exchange rates used in 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.

3.10.5 Description of significant accounting principles

In preparing the financial statements, the accounting principles described in points: 3.4, 3.5 and 3.13 of the Standalone Financial Statements for 2024 and the Consolidated Financial Statements for 2024 were used.

3.10.6 Overview of the key economic and financial figures disclosed in the annual financial statements, including the balance sheet structure

Parent Company:

As at December 31, 2024, the balance sheet total was PLN 60,532 thousand. As at the Balance Sheet Date, non-current assets were PLN 23,894 thousand and constituted 39.5% of the Company's balance sheet total. The key asset items were intangible assets, representing 50.6% of non-current assets, as well as property, plant and equipment, representing 45.6% of non-current assets. The main item of intangible assets are the costs of completed development related to the development of various types of laboratory printers and an industrial printhead.

The value of current assets as at the Balance Sheet Date was PLN 36,638 thousand, and accounted for 60.5% of the Company's balance sheet total. Their key item was cash, constituting 73.5% of current assets.

As at the Balance Sheet Date, the Company's equity was PLN 40,727 thousand, and accounted for 67.3% of the balance sheet total. Short-term liabilities of PLN 9,460 thousand constitute 15.6% of the balance sheet total. Long-term liabilities, which are lease liabilities and deferred income in respect of grants, amounted to PLN 10,344 thousand and constitute 17.1% of the balance sheet total.

Compared to previous years, the balance sheet structure clearly changed due to development of the Company's business through the commercialization of its technological solutions. Trade receivables and inventories increased significantly. Moreover, the value of tangible assets underpinning the Company's production capacity has increased.

The Company's revenues in the reporting period were PLN 13,865 thousand, including PLN 12,435 thousand (89.7%) in respect of revenues from the sale of products. Grants – which in previous years constituted the main source of revenues – were recognized at PLN 1,430 thousand in 2024. The total value of proceeds from grants (reimbursements and advances) was PLN 2,192 thousand in 2024.

In 2024, the Company recorded positive cash flows, which meant an increase in cash of PLN 881 thousand to PLN 26,925 thousand at the end of 2024. This was mainly influenced by the share issue carried out in December 2024.

The Company's net result for the period from January 1, 2024 to December 31, 2024 was PLN -20,864 thousand compared to PLN -6.255 thousand last year. This is a result of the implementation of the 2023-2026 Strategy, along with investments in key areas such as expanding production capacity, growing the team, and driving sales growth in the coming periods. XTPL's strategic goal is to achieve PLN 100 million in revenues from the sale of products and services by the end of 2026.

Group:

As at December 31, 2024, the balance sheet total was PLN 60,426 thousand. As at the Balance Sheet Date, non-current assets were PLN 23,668 thousand and constituted 39.2% of the Group's balance sheet total. The key asset items were intangible assets, representing 51.1% of non-current assets, as well as property, plant and equipment, representing 46.8% of non-current assets. The main item of intangible assets are the costs of completed development related to the development of various types of laboratory printers and an industrial printhead.

As at the Balance Sheet Date, current assets were PLN 36,758 thousand and constituted 60.8% of the Group's balance sheet total. Their key item was cash, constituting 75.3% of current assets.

As at the Balance Sheet Date, the Group's equity was PLN 40,548 thousand and constituted 67.1% of the balance sheet total. Short-term liabilities of PLN 9,534 thousand constitute 15.8% of the balance sheet total. Long-term liabilities, which are lease liabilities and deferred income in respect of grants, amounted to PLN 10,344 thousand and constitute 17.1% of the balance sheet total.

Compared to previous years, the balance sheet structure clearly changed due to development of the Group's business through the commercialization of its technological solutions. Trade receivables and inventories increased significantly. Moreover, the value of tangible assets underpinning the Group's production capacity has increased.

The Group's revenues in the reporting period were PLN 13,704 thousand, including PLN 12,274 thousand (89.6%) in respect of revenues from the sale of products. Grants – which in previous years constituted the main source of revenues – were recognized at PLN 1,430 thousand in 2024. The total value of proceeds from grants (reimbursements and advances) was PLN 2,192 thousand in 2024.

In 2024, the Group recorded positive cash flows, which meant an increase in cash of PLN 414 thousand to PLN 27,686 thousand at the end of 2024. This was achieved as a result of the issue of shares.

The Group's net result for the period from January 1, 2024 to December 31, 2024 was PLN -22,070 thousand compared to PLN -4,851 thousand last year. This is a result of the implementation of the 2023-2026 Strategy, along with investments in key areas such as expanding production capacity, growing the team, and driving sales growth in the coming periods. XTPL's strategic goal is to achieve PLN 100 million in revenues from the sale of products and services by the end of 2026.

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

None in the Reporting Period.

3.10.8 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 Q4 2024 and 2024, published in ESPI Current Report No. 3/2025 of January 22, 2025, is as follows: The preliminary data disclosed to the public were substantially in line with the actual data.

3.10.9 Grants

Description PLN '000	31.12.2024	31.12.2023
Long-term, including:	**4,616**	**4,801**
– grants to assets	4,616	4,801
– advance payments on R&D	–	–
Short-term, including:	**2,597**	**1,646**
– grants to assets	1,539	494
– advance payments on R&D	1,058	1,152
Total	**7,212**	**6,447**

During the reporting period, the Company received proceeds from submitted grant applications in the amount of PLN 2,192 thousand.
In accordance with IFRS 20, grants to assets are recognized in the liabilities of the statement of financial position at the balance sheet date. Grants to depreciable assets are recognized in the Company's profit or loss over the individual periods in proportion to the recognition of depreciation on those assets.

3.10.10 Loans incurred

In the Reporting Period, the Company had a PLN 600 thousand overdraft agreement. The facility was used rarely and for a short term only. As of the balance sheet date of December 31, 2024, the Company and the Group report a financial liability of PLN 125 thousand in respect of a partial use of the limit.

3.10.11 Loans granted

As at the Balance Sheet Date, the Company had following loans granted:

3.10.12 Issue of securities

During the Reporting Period, the Company issued 300,000 series X shares with a nominal value of PLN 0.10 (ten groszy) and a total nominal value of PLN 30,000.00 (thirty thousand zloty) ("**Series X Shares**"). The Series X Shares were issued pursuant to resolution No. 03/11/2024 of the Extraordinary General Meeting of the Company of November 18, 2024 on increasing the Company's share capital by issuing series X ordinary bearer shares (fully disapplying shareholders' preemption rights), amending the Company's Articles of Association and applying for the admission and introduction of those shares to trading on the regulated market

(ESPI Current Report No. 55/2024 of November 18, 2024). The subscription for Series X Shares was completed on December 6, 2024, whereby 300,000 Series X Shares were subscribed for, and the Company's Management Board made a declaration on determining the share capital in the Company's Articles of Association, in such a way that the Company's share capital amounts to PLN 264,987.70 and is divided into 2,649,877 ordinary bearer shares with a nominal value of PLN 0.10. Amendments to the Company's Articles of Association in this respect were registered in the National Court Register on December 17, 2024 (ESPI Current Report No. 66/2024 of December 17, 2024).

The Series X Shares were registered with KDPW S.A. and admitted to trading on the regulated market operated by the Warsaw Stock Exchange (GWP S.A.) and introduced to trading on the regulated market on January 10, 2025 (ESPI Current Report No. 70/2024 of December 27, 2024 and 71/2024 of December 31, 2024).

During the Reporting Period, the Company did not issue any bonds.

3.10.13 Current and anticipated financial position, and development outlook

The Management Board evaluates the current situation of the Company as stable. The Company is steadily expanding sales of printing devices and inks while advancing through successive stages of its industrial projects. At the beginning of the first quarter of 2025, the Group started the implementation of its first-ever industrial implementation of its technology and confirmed the order for the first batch (6) of Ultra-Precise Dispensing (UPD) modules to a direct partner – a leading Chinese manufacturer of machines for the mass production of FPDs. The end client of the XTPL-enabled solution is one of China's largest display manufacturers, generating annual revenues of several tens of billions of USD. This is a direct result of previous investments in the development of the Company in three key areas: sales, production and R&D.

In 2025, the Company will focus on fulfilling the first order under the industrial project, advancing other industrial projects to secure additional orders, and developing new products, including DPS+, designed to meet demand for devices operating in High Mix – Low Volume mode. At the same time, the Company will continue to grow sales of the Delta Printing System (DPS) laboratory and demonstration printers, its most mature product with a well-established reputation, particularly within the scientific community, as demonstrated by the order for the supply of a DPS printer to the University of Cambridge. In addition, the Company will supply consumables for its devices (printing nozzles, conductive inks). A steady increase in sales of this product group is expected, driven by the growing number of the Company’s devices already operating in the market.

The future financial position will depend primarily on the following factors:

a) <u>expected cash flows related to the commercialization of the technology developed;</u>
When assessing the Company’s future situation, the Management Board only looks at revenues from the sale of proprietary products, i.e. UPD, DPS and their dedicated consumables as well as revenues from the four most advanced industrial projects. At present, the Management Board conservatively excludes revenues from industrial implementations (license and similar fees), although delivery of such contracts will cause a sharp increase in revenues.

b) <u>projects with grants;</u>
Co-financing a portion of R&D activities through the implementation of projects subsidized by the European Union has been a tool employed by the Company since its inception. As the business grows, the structure of the Company's revenues is shifting dynamically in favor of commercial revenues. In 2023, the Company completed the implementation of two grant projects and as at the Report Date is implementing two international grant projects [Current Report 7/2022 of March 31, 2022 and Current

Report 1/2024 of January 12, 2024]. At the same time, the Company is engaged in several processes aimed at obtaining additional subsidies for innovative projects related to its business activities and treats this instrument as support for R&D efforts, providing additional capital and strengthening the Company's cash position.

c) expected cash flows related to financial activities;

In accordance with the Company's Strategy for 2023–2026 adopted by the Management Board, the investment plan necessary to achieve the target of PLN 100 million in sales in 2026 was estimated at PLN 60 million. In the first step, PLN 34.6 million net was raised as part of the public offering conducted in July 2023. In the fourth quarter of 2024, the Group started the second stage of the investment process, raising PLN 27.6 million gross for this purpose through the issue of shares. In this way, XTPL has managed to significantly increase its production capacity, even halving the time needed to build the devices. The Company has also achieved an appropriate level of inventory to secure key components for the fabrication of the devices. A Demo Center was also launched in Boston, USA (XTPL Inc.), and the international network of distributors was expanded. At the same time, the strengthened R&D and Product Management Departments are constantly working on the development of products in individual industrial projects, where commercialization is the main source of the sales growth expected over the Strategy horizon. As its business develops, the Company plans to resort to debt financing.

On January 12, 2024, Bondholders holding all the Issuer's series A convertible bonds issued and not redeemed until that date, issued on the basis of EGM Resolution 04/06/2020 of June 8, 2020, as amended by EGM resolution No. 03/06/2022 of June 21, 2022, in a total number of 45,655 ("**Convertible Bonds**"), submitted to the Company a declaration on the exercise of the right to exchange Convertible Bonds for series U shares of the Company, which the Issuer communicated via ESPI Current Report No. 2/2024 of January 15, 2024.

Due to the receipt of the bondholders' declarations on the exchange of all issued and outstanding convertible bonds, the bondholders acquired 45,655 series U ordinary shares of the Company, with a nominal value of PLN 0.10 each, issued on the basis of EGM resolution No. 04/06/2020 of June 8, 2020, amended by EGM resolution No. 03/06/2022 of June 21, 2022.

On March 20, 2024, the Management Board of the Warsaw Stock Exchange adopted a resolution on the admission of 45,655 series U ordinary bearer shares of the Company to trading on the regulated market operated by the WSE and on the conditional introduction of the shares to trading on the regulated market as of March 27, 2024. The introduction of the Shares to trading on the regulated market took place after the KDWP S.A. assimilated the Shares in the securities depository with the listed shares of this company marked with the code "PLXTPL000018" on March 27, 2024.

Next, as part of the issue of 300,000 series X shares under resolution No. 03/11/2024 of the Extraordinary General Meeting of the Company of November 18, 2024 on increasing the Company's share capital by issuing series X ordinary bearer shares (fully disapplying shareholders' preemption rights), amending the Company's Articles of Association and applying for the admission and introduction of those shares to trading on the regulated market, the Company raised PLN 27,600,000.

On December 27, 2024, the Management Board of the Warsaw Stock Exchange adopted a resolution on the admission and introduction to exchange trading on the Main WSE Market of 300,000 series X ordinary bearer shares of XTPL S.A. and on the conditional introduction of those shares to trading on the regulated market as of January 10, 2025. On December 31, 2024, the National Depository for Securities (KDPW S.A) issued an announcement setting January 10, 2025 as the date of registration in the securities depository of 300,000 series X ordinary bearer shares.

3.10.14 Financial resources management

Parent Company:

As at the Balance Sheet Date, the ratio of current assets to current liabilities (current liquidity ratio) was 3.87. The Company's current assets were PLN 36,638 thousand, and short-term liabilities were PLN 9,460 thousand. In 2024, the Company faced no material risks with regard to liquidity and timely payment of its obligations.

Moreover, in the Reporting Period, the Company signed a PLN 600 thousand overdraft agreement.

Group:

As at the Balance Sheet Date, the ratio of current assets to current liabilities (current liquidity ratio) was 3.86. The Group's current assets were PLN 36,758 thousand, and short-term liabilities were PLN 9,534 thousand. In 2024, the Group faced no material risks with regard to liquidity and timely payment of its obligations.

Moreover, in the Reporting Period, the Parent Company signed a PLN 600 thousand overdraft agreement.

3.10.15 Investment plans

The Company's and the Group's Development Strategy for 2023–2026, prepared by the Management Board, provides for significant investment outlays, primarily for the development of production capacities in the area of manufacturing printing devices and consumables for them, activities aimed at increasing and financing growing sales, expanding the organizational structure, strengthening the competences of the Team, and continuing research and development works in the field of nanoprinting technology related to the advancement of the technology and its adaptation to the requirements of industrial partners.

The main source of financing for investments related to business and technology development will be funds obtained from the share issue in mid-2023 (approx. PLN 34 million), November 2024 (PLN 27.6 million), proceeds from growing sales and, if necessary, debt financing. In addition, the Company takes into account the possibility of co-financing its capital expenditures by a counterparty (under a JDA).The Company also includes in its Strategy the possibility of co-financing part of its R&D work, although it does not include any amounts related to this in its financial calculations.

When assessing the risk attached to the above model of financing investment plans, the Management Board of the Parent Company is guided by the potential of securing financial resources.

3.10.16 Factors which may affect the results in the subsequent quarters

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

- Signing commercial contracts, and progress of work on paid evaluation initiatives, licensing or joint-development agreements in relation to the Issuer's technology;
- Ability to protect and safeguard intellectual and industrial property, including the number and scope of submitted patent applications;
- Favorable trends in the electronics industry;
- Acquiring additional financing in the form of grants and subsidies supporting the Issuer's research and development activities;
- Economic consequences of the war in Ukraine;
- Situation in financial markets.

3.11 REMUNERATION

3.11.1 Remuneration, bonuses or benefits for members of the Company's bodies

Figures in PLN thousand

Management Board:

Name	Role	2024	2023
Filip Granek	CEO	**360**	**360**
Salary under employment contract		360	360
Incentive scheme valuation		–	–
Jacek Olszański	Management Board Member	**360**	**360**
Salary under employment contract		360	360
Incentive scheme valuation		–	–

The value of remuneration includes remuneration under the employment contract.
Detailed information on the conditions and amount of remuneration of the Management Board:
Filip Granek – PhD, CEO:
Receives remuneration based on an employment contract at PLN 30,000 gross monthly.
He did not receive any bonus or reward for the Reporting Period.
Jacek Olszański – Management Board Member
Receives remuneration based on an employment contract at PLN 30,000 gross monthly.
He did not receive any bonus or reward for the Reporting Period.

Supervisory Board:

Name	Role	2024	2023
Wiesław Rozłucki, PhD	Chairman of the Supervisory Board	108.0	96.0
Bartosz Wojciechowski, PhD	Deputy Chairman of the Supervisory Board	36.0	24.0
Prof. Herbert Wirth	Supervisory Board Member	24.0	12.0
Piotr Lembas	Supervisory Board Member	24.0	12.0
Beata Turlejska	Supervisory Board Member	24.0	12.0
Agata Gładysz-Stańczyk	Supervisory Board Member	18.1	0.0

Until June 2024, Members of the Supervisory Board received a fixed monthly remuneration of PLN 1,000 per month (except for the Chairman, whose remuneration is PLN 8,000 per month and the Deputy Chairs, whose remuneration is PLN 2,000 per month).
By resolution number 22/06/2024 of June 28, 2024, new remuneration of the Supervisory Board was established and adopted.
Under the resolution, Members of the Supervisory Board receive a fixed monthly remuneration of PLN 3,000 per month (except for the Chairman, whose remuneration is PLN 10,000 per month and the Deputy Chairs, whose remuneration is PLN 4,000 per month).
As of June 28, 2024, pursuant to resolution No. 23/06/2024 Agata Gładysz-Stańczyk was appointed to the Supervisory Board as a Member of the Supervisory Board.

In 2024, the remuneration of Agata Gładysz-Stańczyk amounted was [PLN 18.1 thousand due to her appointment to the Supervisory Board on June 28, 2024 (ESPI No. 34/2024 of June 28, 2024).

Audit Committee:

Name	Role	2024	2023
Piotr Lembas	Chairman of the Audit Committee	12.0	12.0
Wiesław Rozłucki	Audit Committee Member	12.0	12.0
Herbert Wirth	Audit Committee Member	12.0	12.0

Members of the Audit Committee receive a fixed monthly remuneration of 1,000 PLN.

3.11.2 Agreements between the Issuer and its executive directors providing for payment of compensation

Not applicable. No agreements were made between the Issuer and its executive directors that would provide for payment of compensation in the event of their resignation or removal without a valid reason or if their removal is due to acquisition of the Issuer by another entity.

Where a member of the Management Board is removed, the provisions of the Labor Code may apply, specifically Article 10(1) of the Act of March 13, 2003 on special rules for terminating employment relationships with employees for reasons not attributable to employees.

3.11.3 Obligations arising from pensions and similar benefits

Not applicable. The Issuer has no obligations resulting from pensions or similar benefits towards former management personnel members and has no liabilities incurred in connection with any such pensions.

3.11.4 Remuneration policy

Overview of the remuneration system adopted by the Company
On June 28, 2024, the Issuer adopted a remuneration policy. There have been no changes to the policy since its adoption.
Until June 28, 2024, the Issuer followed the remuneration policy adopted on June 30, 2020. It was amended to ensure that the remuneration of the Deputy Chairman of the Supervisory Board could be differentiated from the remuneration of the Supervisory Board Members (see ESPI Current Report No. 43/2020 for details).
Members of the Management Board are entitled to a fixed monthly remuneration determined by the Supervisory Board. Decisions on granting a bonus to the Management Board members are taken by the Supervisory Board.
Members of the Supervisory Board (and the Audit Committee) are entitled to a fixed monthly remuneration determined by the General Meeting.
Detailed information on the conditions and amount of remuneration:
Detailed information can be found in point 3.11.1 of the Report.
Non-financial components of remuneration:
Members of the Management Board (based on a resolution of the Supervisory Board) may be granted the Issuer's shares or subscription warrants as part of the incentive scheme. The decision to grant them is discretionary. Details are described in point 3.11.1 and 3.14.5 of the Report.
Assessment of the remuneration policy
The overarching goal of the fixed and variable remuneration system is to ensure the incentive nature of remuneration paid to Members of the Management Board and to create a basis for their development. The

implementation of the objectives is assessed by the Company's body indicated in the policy. Where the objectives are achieved, the body may decide on granting the bonus. The Company's remuneration policy supports the implementation of the Company's objectives, in particular the long-term increase in shareholder value and the stability of the business. An important feature ensuring an incentive nature of the remuneration of Management Board Members is the incentive scheme adopted in the Company based on shares and subscription warrants.

3.12 OTHER INFORMATION

3.12.1 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.

3.12.2 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.

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

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

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

3.12.4 Information about the auditor

On July 8, 2021, the Issuer concluded an agreement on audit of the standalone and consolidated financial statements with **4AUDYT sp. z o.o.** with its registered office in Poznań (60-779) at ul. Skryta 7/1, with share capital of PLN 100,000.00, NIP 7811817052, entered under KRS number 0000304558 in the National Court Register, Register of Entrepreneurs kept by the District Court for Poznań Nowe Miasto i Wilda in Poznań.

The agreement provides for:

- audit of the standalone financial statements of **XTPL S.A.** prepared in accordance with the International Financial Reporting Standards, International Accounting Standards and related interpretations published in the form of European Commission Regulations (IFRSs/ IASs) **for the period from January 1, 2021 to December 31, 2021;**
- audit of the consolidated financial statements of the **XTPL Group** prepared in accordance with IFRSs/IASs for the period from **January 1, 2021 to December 31, 2021**;
- interim review of the half-yearly standalone financial statements of **XTPL S.A.** prepared in accordance with IFRSs/IASs for the period from **January 1, 2021 to June 30, 2021.**
- interim review of the half-yearly consolidated financial statements of the **XTPL Group** prepared in accordance with IFRSs/IASs for the period from **January 1, 2021 to June 30, 2021.**
- audit of the standalone financial statements of **XTPL S.A.** prepared in accordance with IFRSs/IASs **for the period from January 1, 2022 to December 31, 2022.**
- audit of the consolidated financial statements of the **XTPL Group** prepared in accordance with IFRSs/IASs for the period from **January 1, 2022 to December 31, 2022;**
- interim review of the half-yearly standalone financial statements of **XTPL S.A.** prepared in accordance with IFRSs/IASs **for the period from January 1, 2022 to June 30, 2022.**
- interim review of the half-yearly consolidated financial statements of the **XTPL Group** prepared in accordance with IFRSs/IASs **for the period from January 1, 2022 to June 30, 2022**.

The remuneration for the above services is:

a. item 1 – net remuneration of **PLN 30,000.00** + VAT
b. item 2 – net remuneration of **PLN 16,000.00** + VAT
c. item 3 – net remuneration of **PLN 15,000.00** + VAT
d. item 4 – net remuneration of **PLN 10,000.00** + VAT
e. item 5 – net remuneration of **PLN 30,000.00** + VAT
f. item 6 – net remuneration of **PLN 16,000.00** + VAT
g. item 7 – net remuneration of **PLN 15,000.00** + VAT
h. item 8 – net remuneration of **PLN 10,000.00** + VAT.

The agreement was amended to include audit of compliance of financial statements in the ESEF format and increased the remuneration as below:
re b – by PLN 4,000 net + VAT;
re f – by PLN 4,000 net + VAT.

Furthermore, pursuant to the agreement of May 10, 2021, 4AUDYT sp. z o.o. assessed the Issuer's report on remuneration for 2019-2020 and, pursuant to the agreement of April 20, 2022, 4AUDYT sp. z o.o. assessed the Issuer's report on remuneration for 2022.
The remuneration for this service was PLN 11,000 + VAT for 2019-2020 and PLN 7,000 + VAT for 2022.

On August 16, 2023, the Issuer concluded another agreement on audit of the standalone and consolidated financial statements with **4AUDYT sp. z o.o.** with its registered office in Poznań (60-779) at ul. Skryta 7/1, with share capital of PLN 100,000.00, NIP 7811817052, entered under KRS number 0000304558 in the National Court Register, Register of Entrepreneurs kept by the District Court for Poznań Nowe Miasto i Wilda in Poznań.
The agreement provides for:
1. Audit of the standalone financial statements of XTPL S.A. prepared in accordance with IFRSs/IASs and related interpretations published in the form of European Commission Regulations ("IFRSs/IASs") for the period from January 1, 2023 to December 31, 2023.
2. Audit of the consolidated financial statements of the XTPL Group prepared in accordance with IFRSs/IASs for the period from January 1, 2023 to December 31, 2023.
3. Interim review of the half-yearly standalone financial statements of XTPL S.A. prepared in accordance with IFRSs/IASs for the period from January 1, 2023 to June 30, 2023.
4. Interim review of the half-yearly consolidated financial statements of the XTPL Group prepared in accordance with IFRSs/IASs for the period from January 1, 2023 to June 30, 2023.
5. Assurance service regarding the assessment of the completeness of disclosures in the report on the remuneration of members of the Management Board and Supervisory Board of XTPL S.A. for 2023
6. Audit of the standalone financial statements of XTPL S.A. prepared in accordance with IFRSs/IASs for the period from January 1, 2024 to December 31, 2024.
7. Audit of the consolidated financial statements of the XTPL Group prepared in accordance with IFRSs/IASs for the period from January 1, 2024 to December 31, 2024.
8. Interim review of the half-yearly standalone financial statements of XTPL S.A. prepared in accordance with IFRSs/IASs for the period from January 1, 2024 to June 30, 2024.
9. Interim review of the half-yearly consolidated financial statements of the XTPL Group prepared in accordance with IFRSs/IASs for the period from January 1, 2024 to June 30, 2024.
10. Assurance service regarding the assessment of the completeness of disclosures in the report on the remuneration of members of the Management Board and Supervisory Board of XTPL S.A. for 2024

The remuneration for the above services is:

a. item 1 of the agreement: net remuneration of **PLN 38,000.00** + VAT;
b. item 2 of the agreement: net remuneration of **PLN 25,000.00** + VAT;
c. item 3 of the agreement: net remuneration of **PLN 20,000.00** + VAT;
d. item 4 of the agreement: net remuneration of **PLN 13,000.00** + VAT;
e. item 5 of the agreement: net remuneration of **PLN 7,000.00** + VAT;
f. item 6 of the agreement: net remuneration of **PLN 40,000.00** + VAT;
g. item 7 of the agreement: net remuneration of **PLN 27,000.00** + VAT;
h. item 8 of the agreement: net remuneration of **PLN 20,000.00** + VAT;
i. item 9 of the agreement: net remuneration of **PLN 13,000.00** + VAT;
j. item 10 of this agreement, the Contractor will receive a net remuneration of **PLN 7,000.00** + VAT;

4AUDYT sp. z o.o. is an audit firm in accordance with Article 46 of the Act of May 11, 2017 on statutory auditors, audit firms and public oversight, and in accordance with Article 57 of this Act is entered on the list of audit firms kept by the Polish Audit Oversight Agency under number 3363.
The auditor was selected by the Supervisory Board by resolution No. 01/08/2023 of August 14, 2023 on the selection of audit firm 4AUDYT sp. z o.o. to conduct audits of the standalone financial statements of XTPL S.A. and the consolidated financial statements of the XTPL Group for the years 2023 and 2024 and interim review of the standalone half-yearly financial statements of XTPL S.A. and the consolidated half-yearly financial statements of the XTPL Group for the periods: from January 1, 2023 to June 30, 2023 and from January 1, 2024 to June 30, 2024.
In 2024, the audit of the Issuer's unconsolidated and consolidated financial statements was also conducted by 4AUDYT sp. z o.o.
On April 8, 2025, the Supervisory Board adopted resolution No. 02/04/2025 on the selection of the audit firm 4AUDYT sp. z o.o. to conduct audits of standalone financial statements and the consolidated financial statements of the XTPL Group for the years 2025 and 2026 and interim review of the standalone half-yearly financial statements of XTPL S.A. and the consolidated half-yearly financial statements of the XTPL Group for the periods: from January 1, 2025 to June 30, 2025 and from January 1, 2026 to June 30, 2026.

3.12.5 Significant agreements signed after the balance sheet date

After the Balance Sheet Date, the Company did not enter into any significant agreements.

3.12.6 Changes in managing the Issuer's and the Group's business

Not applicable. None in the Reporting Period.

3.12.7 Branches

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

3.12.8 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.

3.12.9 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.

3.12.10 Guarantees given and received

Not applicable. Neither the Issuer nor its Subsidiaries provided or received any guarantees in the reporting period.

3.12.11 Explanation of seasonality or business cycles

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

3.12.12 Financial instruments

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

3.12.13 Key financial and non-financial performance indicators

The financial statements have been prepared on the assumption that the Group and its entities will continue as going concern in the foreseeable future, i.e. for a period of at least one year from the Report Date.

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

In the first stage, the Group raised PLN 36.6 million gross through the issue of shares in July 2023. In the fourth quarter of 2024, the Group started the second stage of the investment process, raising PLN 27.6 million gross for this purpose through the issue of shares. In this way, XTPL has managed to significantly increase its production capacity, even halving the time needed to build the devices. The Company has also achieved an appropriate level of inventory to secure key components for the fabrication of the devices. A Demo Center was also launched in Boston, USA (XTPL Inc.), and the international network of distributors was expanded. At the same time, the strengthened R&D and Product Management Departments are constantly working on the development of products in individual industrial projects, where commercialization is the main source of the sales growth expected over the Strategy horizon.

As a result of these activities, at the beginning of the first quarter of 2025, the Group started the implementation of its first-ever industrial implementation of its technology and confirmed the order for the first batch (6) of Ultra-Precise Dispensing (UPD) modules to a direct partner – a leading Chinese manufacturer of machines for the mass production of FPDs. The end client of the XTPL-enabled solution is one of China's largest display manufacturers, generating annual revenues of several tens of billions of USD. It is also worth noting the high efficiency of the Demo Center in Boston, which delivered five Delta

Printing System devices to the North American market in its first year of operation. Moreover, already in the first quarter of 2025, XTPL Inc. received its first order from the defense sector, which, given the global situation, is a potentially important market for the Group. The Management Board sustains its opinion about the high commercialization potential of XTPL's technology, as evidenced in particular by progress within all 4 of the most advanced industrial projects.

At the same time, to ensure the Group's financial stability, the management board maintains a flexible approach to strategic assumptions, adapting them as necessary in response to changing market conditions In 2024, the Group conducted a review of its R&D projects, with payback period identified as one of the key priorities in project implementation. Depending on the implementation of budget assumptions, the management board may suspend, terminate, start or unfreeze individual projects, which will have a direct impact on the level of operating costs in most areas. In addition, the Group is engaged in several processes aimed at securing grants for innovative projects aligned with its business activities, while actively exploring debt financing options to support the Group in the event of dynamic sales growth. In addition, the Group is in advanced discussions with an external partner regarding production outsourcing, which is expected to enable a swift response in 2025 to changes in production costs and inventory levels of materials and components, without disrupting the production process.

At the date of approval of these financial statements, the Management Board is not aware of any circumstances that would point to a risk to continuity of operations.

3.12.14 Structure of major equity investments

The Company holds shares in two subsidiaries:

- XTPL Inc. with its registered office in Massachusetts, USA – investment of PLN 5,099 thousand.
- TPL Sp. z o.o. – shares were contributed to the Company in the form of donation.

3.12.15 Significant off-balance sheet items

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

At the Balance Sheet Date and until the date of approval of the financial statements for publication, no events occurred that could result in materialisation of the above contingent liabilities. As at the date of approval of the financial statements there were no undisclosed liabilities resulting from any agreements of material value.

In addition, the Company issues promissory notes to secure claims up to the amount of liabilities arising from lease agreements. The total amount of promissory notes relating to applicable lease agreements as at December 31, 2024 was PLN 15,834 thousand.

The value of contingent liabilities as at 31.12.2024 decreased by PLN 6,691 thousand due to the termination of lease agreements and the return of promissory notes of PLN 632 thousand, as well as the return of collateral for grant projects of PLN 6,059 thousand.

CONTINGENT LIABILITIES	31.12.2024	31.12.2023
Promissory notes	15,834	22,525
Total contingent liabilities	**15,834**	**22,525**

3.12.16 Share capital

On December 10, 2024, the Issuer's Management Board submitted a declaration on determining the share capital in the Company's Articles of Association, in such a way that the Company's share capital is PLN 264,987.70 (two hundred sixty-four thousand nine hundred and eighty-seven zlotys and 70/100) and is divided into 2,649,877 (two million six hundred and forty-nine thousand eight hundred and seventy-seven) ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each, including:

Ref.	number of shares	series
1	670,000	A
2	300,000	B
3	30,000	C
4	198,570	D
5	19,210	E
6	19,210	F
7	68,720	G
8	68,720	H
9	10,310	I
10	5,150	J
11	10,310	K
12	140,020	L
13	155,000	M
14	47,000	N
15	41,400	O
16	42,602	P
17	78,000	S
18	125,000	T
19	45,655	U
20	275,000	V
21	300,000	X

Below, the Company presents information summarizing the public offering (in the form of a private placement) of series X ordinary bearer shares issued pursuant to resolution No. 03/11/2024 of the Extraordinary General Meeting of the Company of November 18, 2024 on increasing the Company's share capital by issuing series X ordinary bearer shares (fully disapplying shareholders' preemption rights), amending the Company's Articles of Association and applying for the admission and introduction of those shares to trading on the regulated market ("Series X Shares"):

1. Subscription start and end dates: November 18, 2024 to December 6, 2024;

2. Share allocation date: The Series X Shares were acquired through a private placement pursuant to Article 431 § 2 point 1 of the Polish Commercial Companies Code, by way of the Company submitting offers to acquire Series X Shares to designated investors. As a result, no public subscriptions for shares were conducted, nor was there an allocation of shares within the meaning of Article 434 of the Polish Commercial Companies Code.

3. Number of shares covered by the placement: The private placement for Series X Shares included no fewer than 1 and no more than 300,000 Series X Shares

4. Reduction rate in individual tranches: The Series X Shares were acquired by investors in a private placement. As a result, no public subscriptions were made for shares and therefore no reduction occurred. The issue of Series X Shares was not divided into tranches

5. Number of securities subscribed for under the placement: The issue of Series X Shares was carried out in the form of a private placement, so no public share subscriptions were conducted. 300,000 Series X Shares were acquired in the private placement.

6. Number of shares allocated under the placement: The issue of Series X Shares was carried out in the form of a private placement, so no shares allocations were made within the meaning of Article 434 of the Commercial Companies Code. 300,000 Series X Shares were acquired in the private placement.

7. Issue price: Series X shares were acquired at an issue price of PLN 92.00 (ninety-two zlotys) per share.

8. Method of paying for shares: Series X shares were fully covered by cash contributions. The payment for the Series X Shares was not made by offsetting mutual receivables.

9. Number of persons who subscribed for shares covered by the placement in individual tranches: The issue of Series X Shares was carried out in the form of a private placement, so no public subscriptions for shares were conducted, nor was there an allocation of shares within the meaning of Article 434 of the Commercial Companies Code. A total of 23 investors acquired Series X shares.

10. Number of persons who were allocated shares under the placement carried out in individual tranches: The issue of Series X Shares was carried out in the form of a private placement, so no public subscriptions for shares were conducted, nor was there an allocation of shares within the meaning of Article 434 of the Commercial Companies Code. A total of 23 investors acquired Series X shares.

11. Company names of the underwriters who acquired the securities under the underwriting agreements: No underwriting agreements were concluded, and the Series X Shares were not acquired by underwriters.

12. The value of the placement, understood as the product of the number of Series X Shares acquired and their issue price: The value of the offer of Series X Shares was PLN 27,600,000.

13. Total amount of costs included in the issue costs:As of the date of publication of the report, total costs included in the issue costs amounted to PLN 1,458,335.48, including:a) preparation and execution of the offer: PLN 1,458,335.48;
b) remuneration of underwriters: not applicable;
c) preparation of the prospectus, including advice: not applicable;
d) offer promotion: not applicable.

The costs of issuing Series X Shares reduced the Company's reserve capital.
The average placement cost per Series X Share is: PLN 4.86.

In connection with the completion of the placement of Series X Shares and the submission by the Management Board of the Company of a declaration on determining the share capital in the Company's Articles of Association, on December 31, 2024, the National Depository for Securities (KDPW S.A) issued an

announcement setting January 10, 2025 as the date of registration in the securities depository of 300,000 series X ordinary bearer shares of the Company marked with the ISIN code PLXTPL000018.

Change in share capital	01.01.2024 -31.12.2024	01.01.2023 - 31.12.2023
Balance at the beginning of the period	230	203
Increases	35	27
Decreases	–	–
Balance at the end of the period	**265**	**230**

In accordance with Resolution No. 04/06/2020 of the Extraordinary General Meeting of XTPL SA of June 8, 2020 on the issue of bonds convertible into series U shares and the conditional increase of the share capital by issuing series U shares, depriving the shareholders of the entire preemptive rights in relation to convertible bonds and series U shares, on July 30, 2020, the Management Board of XTPL S.A. adopted a resolution on the allocation of 48,648 series A registered bonds convertible into series U shares of the Company with a nominal value of PLN 74 per bond, with a total nominal value of PLN 3,599,952. The bonds were issued at a price equal to their nominal value. The bonds were subject to redemption on July 30, 2022. The interest rate on the Bonds is fixed and amounts to 2% per annum, calculated on the nominal value of the Bonds starting from the allocation date (excluding that date) to the redemption date or early redemption date (including that date) and will be paid on one of those dates. As part of conversion of the Bonds into the Issuer's series U shares, there will be one U series 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 request the conversion of the Bonds into series U shares not earlier than 1 (one) month prior to the redemption date and not later than 11 (eleven) business days prior to the redemption date. The Issuer is not entitled to redeem all or part of the Bonds before the redemption date. The Bonds will not be listed on the regulated market or in an alternative trading system. The bonds are not secured. The bonds were offered pursuant to Article 33(1) of the Bonds Act of January 15, 2015, as amended, and Article 1(4)(a) and (b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC by offering the Bonds to investors selected by the Management Board of the Company – but fewer than 149 – without drawing up an issue prospectus or an information memorandum.

On July 6, 2022, the Issuer entered into an agreement with a bondholder to purchase 2,993 of the Company's series A bonds convertible to series U shares for the purpose of their redemption, which the Issuer announced on July 6, 2022 in ESPI Current Report No. 20/2022, in reference to ESPI current report No. 12/2022 of May 25, 2022. In consideration for the purchase of the Bonds, the Issuer was to pay 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 included 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 National Depository for Securities (KDPW S.A.). Following the redemption of the Bonds, the total number of issued and unredeemed series A convertible bonds of the Company is 45,655.

On July 20, 2022, the Management Board of the Parent Company, in ESPI Current Report No. 23/2022, announced the conclusion of an agreement on amending the terms of the issue of the Bonds with two bondholders holding all issued and unredeemed series A bonds of the Company convertible to series U shares, in the total number of 45,655 and a total nominal value of PLN 3,378,470, registered in the securities register maintained by the National Depository for Securities (KDWP S.A) under ISIN number PLO228300011.

Pursuant to the second sentence of Article 7(1) of the Bonds Act of January 15, 2015 and based on the concluded Agreements, the terms and conditions of the Bonds issue were changed as follows:

a) redemption date: the redemption date of the Bonds was changed from July 30, 2022 to January 30, 2024;

b) interest rate: the interest rate on the Bonds was changed in that from the date of allocation of the Bonds to July 30, 2022 it is 2% per annum, calculated on the nominal value of the Bonds, and starting from July 31, 2022 until the redemption date or early redemption date, it will be 5% per annum, calculated on the nominal value of the Bonds. In all other respects, the terms and conditions of the Bonds issue remain unchanged.

The change in the terms of the issue of the Bonds was previously authorised by the General Meeting of the Company by Resolution No. 03/06/2022 of June 21, 2022 amending Resolution No. 04/06/2020 of the Extraordinary General Meeting of June 8, 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, and on amending the Articles of Association, which the Issuer communicated in ESPI Current Report No. 16/2022 of June 21, 2022.

In accordance with IAS 32 Financial Instruments: Presentation, as at July 30, 2020, the complex financial instrument was subject to measurement. At the initial recognition, the value of the complex financial instrument was assigned to equity and to liabilities.

Upon initial recognition, the fair value of the liability component is the present value of the future contractual cash flows, discounted at the interest rate used by the market at that time for instruments with similar credit characteristics, cash flows and the same terms, but without the conversion option.

As at the measurement date, the Group was unable to identify any bonds with those parameters on the CATALYST market, issued by an entity with capital/ debt characteristics similar tho those of XTPL S.A.

Due to the lack of reference to the measurement, an alternative approach was used, based on the Black-Scholes option valuation model taking into account the valuation as at the date of initial recognition, i.e. July 30, 2020

As at the balance sheet date of December 31, 2023, the liability for the bonds issued, taking into account the redemption date in 2024, was presented under short-term financial liabilities.

In 2024, Bondholders holding all the Issuer's series A convertible bonds issued and not redeemed until that date, issued on the basis of EGM Resolution 04/06/2020 of June 8, 2020, as amended by EGM resolution No. 03/06/2022 of June 21, 2022, in a total number of 45,655 ("Convertible Bonds"), submitted to the Company a declaration on the exercise of the right to exchange Convertible Bonds for series U shares of the Company.

Due to the receipt of the bondholders' declarations on the exchange of all issued and outstanding convertible bonds, the bondholders acquired 45,655 series U ordinary shares of the Company, with a nominal value of PLN 0.10 each, issued on the basis of EGM resolution No. 04/06/2020 of June 8, 2020, amended by EGM resolution No. 03/06/2022 of June 21, 2022. In connection with the above, the convertible bonds were converted into shares with a nominal value of PLN 3,378 thousand, which did not affect the financial position of the Company.

Taking into account the conversion of convertible bonds into shares in 2024, the value of the share capital of the Parent Company increased compared to the value of the share capital presented as at December 31, 2023 by PLN 4,565.50, to PLN 234,987.70. As of December 31, 2024, the increase was registered in the National Court Register.

3.13 Description of significant risks and threats

3.13.1 Risk factors and threats related to the Company's and the Group's business environment

3.13.1.1 Macroeconomic risk

The Company's and the Group's activity depends on the macroeconomic situation in the markets in which the Company plans to start the sale of its products and services, primarily in the United States, Asia and Western Europe. Profitability of the Company's operations will depend, inter alia, on the economic growth, consumption and investment level (particularly in the electronics sector), fiscal and monetary policy, inflation, and especially the level of expenditures on consumer electronics in those countries. All these factors may have an impact on the Company's and the Group's financial results, and thus may also affect implementation of the Company's development strategy.

The Issuer's level of exposure to risk: low

3.13.1.2 Currency risk

Due to the fact that the Company's and the Group's clients are international entities, most of the Company's revenues related to the commercialization of technology are settled in foreign currencies (mainly the euro and the US dollar). At the same time, as the Company is based in Poland, most of its ongoing expenses will be settled in the Polish zloty. As a result, the Company may be exposed to a significant FX risk. Volatility of exchange rates may primarily cause changes in the value of the Company's revenues and receivables after their conversion into PLN.

Despite the significant weakening of the Polish currency related to the outbreak of the war in Ukraine,, the Company and the Group do not see currency risk as a significant threat to the expected level of their operating profitability. The weakening of the Polish zloty strengthens the cash position of the Company as an exporter. A significant portion of purchases of materials and components for the production of printers is settled in euro. As a result, revenues from foreign currency sales constitute a natural hedge against exchange rate movements. As and when required, the Company and the Group will resort to FX risk management instruments available in the banking market.

The Issuer's level of exposure to risk: low

3.13.1.3 New technology risk

The market in which the Company and the Group operate is characterized by rapid development of technologies. For this reason, the development of the Company's and the Group's operations entails constant tracking and analysis of new market trends and identification of emerging potential competitors and technological solutions they implement. There is a risk that if the current market trends change, the Company and the Group will be forced to look for new applications for its technology outside of what it previously saw at its core business or to incur expenditures to make its existing solutions more competitive. Likewise, the Company and the Group can not rule out that in the future a new technology will be developed which will make the solutions offered by the Company and the Group unattractive for potential clients. Materialization of this risk will mean additional costs, which will adversely affect profitability of the Company's and the Group's operations. In addition, the need to perform additional work may delay the moment of commercialization of the Company's and the Group's products.

The Issuer's level of exposure to risk: medium

3.13.1.4 Competitive risk

The Company and the Group operate in a very attractive market of modern technologies characterized by a steadily growing demand. In this market, there is a number of players whose experience and capital resources are higher than those of the Company. As the market is changing fast, there is a risk of a new entity emerging whose offer will be more innovative than the Company's and the Group's offer. A competitive edge may be obtained by implementing innovative, unique solutions that are attractive for prospective clients in utility and economic terms.

At present, the Company is not aware of any solutions that would technically offer better parameters for the ultra-precise printing of nanomaterials. However, it cannot be ruled out that a new entity or a solution will emerge that will surpass the Company's technology in some or all key parameters. There is also a risk that the Company and the Group will be unable to respond quickly or effectively to the changing market environment, and consequently the solutions offered by the Company and the Group will be considered less competitive. Materialization of this risk may have a negative impact on the sale of the Company's and the Group's products and services and, in consequence, on its trading performance.

The Issuer's level of exposure to risk: medium

3.13.1.5 Risk related to the development of the SARS-CoV-2 pandemic

Due to the market in which the Company operates, the situation related to the coronavirus threat fundamentally does not affect the Issuer's operational activity. The Company has developed a number of procedures depending on the level of risk and applies them as appropriate depending on the situation. Office workers may perform their duties remotely (they are provided with a company phone with Internet access and a laptop). Technology staff work in compliance with all the standards announced by state authorities. Some technology staff are involved in the development of new grant applications, and therefore may also partly work from home. As a rule, all meetings take place using video- or teleconferencing. The planned operations related to the shipment of products take place in conformity with the requirements in force in the country of destination.

The Issuer's level of exposure to risk: low

3.13.1.6 Sources of supply

The Company commercializes and develops its proprietary nanoprinting technology. Due to the advancement of the technology, the Company makes use of a wide range of products and services available in the market, the key ones being measurement, research, conductive nanoinks formulation development and patent protection services as well as services related to rental of specialist equipment and laboratories. The great diversity and variability of the Company's R&D work is reflected in the number of sources of supply it uses. As a result, in 2022, the Company reached a 56% threshold of purchases from one supplier – provider of research services and lessor of laboratories and office space (100%). At the same time, the Company steadily increases its laboratory equipment and limits the use of outsourced measurement and research services.

In the manufacturing process, the Company sources materials and chemical reagents, which are the key inputs for the production of highly conductive inks offered by XTPL S.A. and uses suppliers of components and materials in the process of making the Delta Printing System devices.

The chemicals suppliers base is highly fragmented. No supplier exceeds 20% of total purchases in this category. In addition, there are many high-quality materials available in the market and there is no risk of dependence on any single source of supply. Importantly, the vast majority of chemicals are purchased in the domestic market, so potential problems with global supply chains have only limited impact on the Company.

In terms of materials and components for the production of printers, one supplier reached 32% of the total value of purchases in this category. The other suppliers do not exceed 15% of the total turnover. The Company constantly forges relationships with new entities and builds a base of alternative suppliers.

The Issuer's level of exposure to risk: medium

3.13.2 Risk factors related to the Company's and the Group's operations

3.13.2.1 Risk related to the technology commercialization process

The Company's and the Group's business model provides for a gradual commercialization of the technology of printing ultra-thin conductive lines for various applications in printed electronics. At present, the commercialization process already covers printing devices and nanoinks. In terms of industrial implementations on clients' production lines, the target business model is that the Company and the Group will commercialize their technological solutions through licensing or will manage the whole value chain, i.e. manufacture, product marketing, distribution and provision of specialized services tailored to the client's needs. The choice of the commercialization model will depend on the results of negotiations with the partner, specific nature of the particular application field and the Issuer's assessment regarding effectiveness of each of the possible commercialization methods in that field.

Currently, the Company is involved in nine industrial implementation projects, which confirms the market need for solutions offered by the XTPL technology. In addition, the Company signed and carries out an agreement with Nano Dimension Ltd. to develop a next generation conductive nanoink for industrial applications in the firm's products designed for the production of PCBs This agreement is the first agreement signed with an industrial partner and is a milestone in the Company's development.

However, there is a risk that introduction of devices into individual markets will not be in line with the current expectations due to, for example, a lack of or insufficient demand in target countries, misidentification of potential clients' needs, misidentification of legal conditions, incomplete adaptation of the Company's products to the requirements of foreign markets, an ineffective promotional campaign or an unexpected emergence of a competitor. Occurrence of the above events may stifle the Company's and the Group's growth dynamics, adversely impacting their operations and financial position.

The Issuer's level of exposure to risk: high

3.13.2.2 Risk of failure to achieve revenues

At the present stage of the Company's development, this risk should be considered negligible. In the financial year, the Company significantly increased its sales revenues compared to the previous year. The main stream of those revenues was the sale of printing devices. The Company intends to develop this product group rapidly, also by building its distribution network (external distributors) all over the world. At the same time, the Company steadily increases its revenues from the sale of inks and other consumables for printers. Furthermore, the Company has an agreement with an industrial entity to develop a next generation conductive nanoink. The first revenues in this respect were recognized in 2022.

The Issuer's level of exposure to risk: low

3.13.2.3 Risk of low product quality

The Company's and the Group's business model providing for a gradual introduction of the technology of printing ultra-thin conductive lines for various applications in printed electronics gives rise to a risk of defects, insufficient product quality or unsatisfactory performance of the technology at the initial phase of its commercialization. However, the emergence of unforeseen defects and problems should be taken into account.

Such situations may result in a negative first reception of the Company's and the Group's products and, consequently might dampen interest in and demand for the product. As a result, the Company and the Group might not receive revenues in the expected amount.

The Issuer's level of exposure to risk: high

3.13.2.4 Risk related to the business development model and the failure deliver the Company's and the Group's strategy

The goal of the business model is commercialization of the Company's ultra-precise technology of printing a wide range of nanomaterials. The Company is already commercializing its first products – technology carriers. It is also carrying out nine projects focused on implementing technologies on partners' production lines. However, in this area — which offers the greatest potential — the Company has not yet established a repeatable business model Due to the geographic and economic conditions in the market, the Company will develop its business presence mainly in the United States, Asia and Western Europe. The Company intends to build its market position through organic growth, primarily based on further development of its technology. Due to a number of factors, the Company is unable to guarantee in full that its business development model will work. The Company's future in the broadly understood printed electronics market depends on its ability to create and implement a successful long-term development strategy and to continue to develop its technology. The risk of making bad decisions resulting from improper assessment of the situation or the Company's inability to adapt to changing market conditions, incorrect strategic assumptions, including in relation to the developed technology and the adopted commercialization plan and the degree of demand from potential clients, may mean that the business development model will not be effective and the future financial results might be lower than currently expected.

The Issuer's level of exposure to risk: high

3.13.2.5 Risk related to the difficulty with acquiring experienced and specialized employees

The high level of technological advancement of the Company's research leads to a constant increase in the requirements regarding skills and experience of employees. Next to technology, the engineering and scientific staff is the Company's most valuable asset. The pace and quality of the Company's R&D is directly related to the skills of specialists who form the R&D team. The Company employs engineers from the fields of chemistry, physics, electronics, mechanics, material engineering, programming and numerical simulations. Nearly in all these fields, the number of specialists available for hiring is not high. As regards acquisition of the best specialists, the Company competes with firms both in Poland and abroad.

As the Company expands the size of its operations, this factor may be of particular importance in the future as it might limit the development potential. Difficulties in sourcing employees may delay work or force the Company to abandon certain projects.

The Issuer's level of exposure to risk: medium

3.13.2.6 Risk of losing key team members

The Company's activity is based on a narrow team of people with relevant know-how who pool competencies in engineering and technical, financial management and strategic management of the Company. For this reason, losing key people may adversely affect the Company's further business, its financial, property and economic condition as well as its development prospects as it may impair the Company's potential to sell its products, develop its technology, win new contracts and properly manage already existing contracts.

Most of the Company's personnel are people employed in operational roles. They do tasks which require expertise, skill and education. The Company is exposed to the risk of losing some of its operational staff, which might weaken the organizational foundations of the Company's business. These situations might result in the Company's stability being undermined and force it to raise remuneration levels in order to retain employees. As a result, it may affect the Company's operating costs.

The Issuer's level of exposure to risk: medium

3.13.2.7 Risk of dependence on future counterparties

Due to the specific nature of industrial implementation projects (with high contract values), commercialization of the first projects will result in major dependence on individual clients. Hence, the Company conducts projects with many partners in various markets and application fields.

The sale of printing devices and consumables does not pose such a risk due to the one-sided nature of transactions in the case of printers and the fragmented market in the case of consumables.

Due to the fact that the Company supplies advanced technical equipment, there is a risk of dependence on suppliers of materials and components. The Company tries to diversify supply sources, forges partnerships and builds a base of alternative suppliers, but it should be kept in mind that with such technically advanced devices, the replacement of components is also subject to risk in terms of efficiency of the manufactured devices.

The Issuer's level of exposure to risk: medium

3.13.2.8 Risk of potential disclosure of confidential information on technology

Implementation of the Company's strategy depends, inter alia, on the fact that the holders of confidential information, particularly that concerning development and technological processes related to the ultra-precise printing technology. There is a risk that sensitive information will be divulged by persons connected with the Company, which may result in the information being used by competitors, despite the intellectual property protection measures used by the Company.

The indicated risk factor may have a negative impact on the Company's business, financial position, development prospects, results and share price.

The Issuer's level of exposure to risk: low

3.13.2.9 Risk of intellectual property infringement

The Company operates in an area where regulations concerning industrial and intellectual property rights and their protection are of significant importance. At present, there are no proceedings under way regarding infringement of any industrial or intellectual property rights in which the Company would be involved. The Company intends to conduct its business in such a way as not to infringe any third party rights in this respect. However, it can not be ruled out that third parties would bring claims against the Company regarding infringement of industrial and intellectual property rights by the Company. Even if unwarranted, such claims might adversely affect the schedule of the Company's strategy implementation, and the defense against such claims may involve significant costs, which may adversely impact the Company's financial results. In addition, during work on its own patent applications, the Company carefully reviews the available literature and patents known at present. However, there is a risk of infringement of intellectual property rights related to patents that have been submitted but not published yet.

Cooperation with external partners gives rise to similar risks. Formally unauthorized entities might attempt to use the intellectual property of XTPL by either violating or attempting to circumvent the patent application.

The circumstances described above may have a material adverse effect on the Company's development prospects, results and financial position.

The Issuer's level of exposure to risk: medium

3.13.2.10 Risk of technology scaling

Due to the fact that the technology underlying the printing process developed by XTPL is based on highly innovative solutions, there is a risk that an increase in its use from laboratory to industrial scale might end up unsuccessfully.

This risk may materialize due to difficulties with obtaining technology parameters in industrial production that would be equally stable as those obtained in the laboratory. In addition, there is a risk that the technology developed may not be sufficiently effective for certain production processes in industry (e.g. due to a failure to achieve satisfactory production process efficiency).

The Issuer's level of exposure to risk: high

3.13.2.11 Risk of a failure to reach the target clients and achieve sales plans

XTPL clients will include, in particular, large manufacturers of devices for the fabrication of electronics. They have long communication and decision-making channels. There is a risk that a proposition from XTPL, as a company with a short market history, will be assessed as not reliable enough. This may delay delivery of the Company's sales targets or indeed lead to a failure to acquire a targeted client. However, an increase in sales, especially the sales of printing devices, is accompanied by a steady increase in awareness of the XTPL technology, both among direct buyers, including research institutes, and indirect ones, such as industrial partners that research institutes cooperate with. In addition, the Company itself has established a number of relationships with industrial partners and is now working with them on nine projects.

The Issuer's level of exposure to risk: medium

3.13.2.12 Risk of emergence of a competitive technological solution

New technological solutions that are in competition against XTPL are constantly being developed in the global technology market. A comparison of the parameters of the currently available solutions with the parameters achieved in the XTPL technology shows, in the Company's opinion, that competitive technologies offer solutions with weaker parameters and oftentimes higher production costs compared with what is expected to be achieved by the industrial XTPL solution. The Company has undertaken measures designed to cover its technology with extensive patent protection. As at the report date, the Company's competitive risk can be described as low, as the developed solutions are less effective than those on which the Company is working at present. However, it is not possible to rule out the possibility that a more technologically advanced or more cost-effective solution might emerge in the market. There is also a risk that competitors might significantly increase their expenditures to promote available solutions. These risks may materially affect the Company's development outlook.

The Issuer's level of exposure to risk: medium

3.13.2.13 Risk of loss of financial liquidity and access to financing

As at the Report Date, the Company's revenues from the sale of products and services, supported by grant proceeds, are sufficient to secure its operating activities. However, it should be noted that except for nanoink sales, the Company has not yet achieved stable, recurring income.

There is also a risk of financing the operations when the business is taken to an industrial scale. However, the possibility of obtaining financing from several different sources should be taken into account, i.e. debt financing, grant projects and equity financing (profits and new share issues).

The Issuer's level of exposure to risk: medium

3.13.2.14 Risk of not receiving grants and subsidies

Grants and subsidies are the second source (next to share issues) of financing the Company's research and development. There is a risk of not receiving adequate grants and subsidies, which may delay research and development.

In the past, the Company entered into a grant agreement with NCBR whereby NCBR is authorized to terminate the financing in the cases enumerated in the agreement, including when (i) the Issuer refuses to undergo or hinders inspections; (ii) the Issuer has made legal and organizational changes that jeopardize the performance of the agreement or fails to inform the NCBR of its intention to make such changes; (iii) the NCBR identifies gaps in the submitted documentation on the environmental impact of the project, and such gaps are not eliminated by a stated deadline; (iv) the beneficiary fails to comply with disclosure obligations during implementation and durability period of the project; (v) irregularities, listed directly in the agreement, occur in delivery of the project. Therefore, there is a risk that NCBR might claim reimbursement of the grant provided to the Company, in whole or in part, which may affect the financial position of the Company.

The Issuer's level of exposure to risk: low

3.13.2.15 Risk of implementation of in-house technologies by the Company's potential clients

An important group of potential buyers of the technology developed by the Companies are global producers of electronic components (e.g. displays). There is a risk that these entities, which have significant technical and organizational resources, may develop their in-house nanoprinting solutions, and consequently will not be interested in the product offered by the Company.

The Issuer's level of exposure to risk: high

3.13.2.16 Risk of unforeseen events

The Company is exposed to the risk of extraordinary events, such as technical failures (e.g. of electrical networks, either internal or external), natural disasters, acts of war, etc. These events might impair the effectiveness of or disrupt the Company's operations. In such circumstances, the Company may be exposed to unforeseen costs.

The Issuer's level of exposure to risk: low

3.13.2.17 Human factor risk

In its production activity, the Company works with people employed under employment contracts and other civil law contracts. Actions performed by these persons as part of their work may lead to errors caused by improper performance of their duties. Such actions may be intentional or unintentional and may lead to disruptions and delays in the commercialization process.

The Issuer's level of exposure to risk: medium

3.13.2.18 Risk of failure of the equipment used in the Company's and the Group's operations

In its operations, the Company relies on properly working specialist equipment. There is a risk that in the event of a serious equipment failure which cannot be addressed immediately, the Company may be forced to temporarily suspend some or all of its activities until the failure is removed. Equipment failures may also lead to a loss of the data used for developing the Company's product. An interruption in business or loss of key data for a particular project may result in the Company being unable to perform its obligations under existing contracts or cause a loss of these contracts, which may adversely affect the Company's financial performance.

The Issuer's level of exposure to risk: low

3.13.2.19 Risk of insufficient insurance coverage

The Company enters into insurance contracts in the course of its activity. However, it can not be ruled out that insurance risks will materialize in the Company's activity that will go beyond the scope of insurance coverage, or unforeseen events occur that are out of scope of the existing insurance policies. Such events may have an adverse impact on the Company's trading performance.

The Issuer's level of exposure to risk: low

3.13.2.20 Risk of court and administrative proceedings

According to the available information, no court or administrative proceedings are pending against the Company that would have a significant impact on its operations. However, the Company's future sales activity will give rise to potential risks associated with possible customer claims in relation to the products sold. The Company also enters into commercial contracts with external entities whereby both parties are required to provide specified service/ consideration. This in turn gives rise to a risk of disputes and claims arising from such contracts. These disputes or claims may adversely affect the Company's reputation and, consequently, its financial results.

The Issuer's level of exposure to risk: low

3.13.2.21 Risk of related-party transactions

The Company enters into transactions with its related parties. Where competent tax authorities question the methods of how the Company has determined market conditions for related-party transactions, this may have negative tax implications for the Company, potentially causing a material adverse effect on its business, financial position and results.

The Issuer's level of exposure to risk: low

3.13.2.22 Risk of intellectual property rights and application patents

The Company's technology may be the basis for other entities to develop derivative or related technologies. There is a risk that such entities will decide to submit application patents based on the Company's technology. As a result, the Company, as the holder of the underlying patent, will have to cooperate with a third party, as the application patent holder, to ensure commercial implementation of a particular technology. In terms of intellectual property rights, the Company uses works created by persons employed under employment contracts.

The Issuer's level of exposure to risk: low

3.13.2.23 Risk related to commercialization agreements

Due to the specific nature of its operations, the Company may use various types of commercialization agreements (license agreements, JDAs, product sale agreements, joint venture agreements).

However, it is not possible to rule out the market risk related to a failure to find a partner interested in purchase of the Company's products or commercialization. Market risk is also affected by changes in potential clients' strategies, changes resulting from movements in market trends and inability to reach decision makers. In addition, account should be taken of the risk of default by a contractual partner or the risk of the Issuer's failure to abide by the terms of the contract due to materialization of any of the risks described above. Should any of these circumstances occur, this may adversely affect the Issuer's operations, financial results and/or development prospects.

The Issuer's level of exposure to risk: medium

SHAREHOLDING STRUCTURE

3.14 SHAREHOLDING STRUCTURE

3.14.1 Significant shareholdings

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

Ref.	Shareholder	Number of shares held	% of all shares	Number of votes	% of all votes
1.	Deutsche Balaton Group	392,042	14.79	392,042	14.79
2.	Filip Granek, PhD	330,498	12.47	330,498	12.47
3	Leonarto Funds	267,564	10.10	267,564	10.10
4	ACATIS Investment	262,337	9.90	262,337	9.90
5	Esaliens TFI SA	174,453	6.58	174,453	6.58
7	Others	1,222,983	46.15	1,222,983	46.15
	TOTAL	**2,649,877**	**100.0%**	**2,649,877**	**100.0%**

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

Ref.	Shareholder	Number of shares held	% of all shares	Number of votes	% of all votes
1.	Deutsche Balaton Group	392,042	14.79	392,042	14.79
2.	Filip Granek, PhD	330,498	12.47	330,498	12.47
3	Leonarto Funds	267,564	10.10	267,564	10.10
4	ACATIS Investment	262,337	9.90	262,337	9.90
5	Esaliens TFI SA	174,453	6.58	174,453	6.58
7	Others	1,222,983	46.15	1,222,983	46.15
	TOTAL	**2,649,877**	**100.0%**	**2,649,877**	**100.0%**

During the Reporting Period, the Issuer received the following notifications from shareholders pursuant to Article 69 of the Act of July 29, 2005 on Public Offering:

1) on March 19, 2024, the Issuer received a notification from Leonarto VC Pankiewicz Spółka jawna about the indirect acquisition of the Company's shares (through Leonarto Funds SCA based in Luxembourg);
2) on April 2, 2024, the Issuer received a notification from the shareholder Esaliens Towarzystwo Funduszy Inwestycyjnych S.A. (notification regarding Esaliens Senior Fundusz Inwestycyjny Otwarty) about the acquisition of the Company's shares;
3) on May 24, 2024, the Issuer received a notification from shareholder Sebastian Młodziński about a decrease in the number of the Company's shares held by him below 5%;
4) on November 27, 2024, the Issuer received a notification from a shareholder of Deutsche Balaton Group (Deutsche Balaton AG and Heidelberger Beteiligungsholding AG) about a change in the number of shares held, among others as a result of the sale by Heidelberger Beteiligungsholding AG of all shares in the Issuer to Deutsche Balaton AG, as a result of which the number of shares held by Heidelberger Beteiligungsholding AG decreased below the 5% threshold, while the number of shares held by Deutsche Balaton AG exceeded the 10% threshold.

3.14.2 Shares held by members of management and supervisory bodies

Ref.	Name	Role	Shares held as at December 31, 2024	Shares held as at the Report Date
1.	Filip Granek, PhD	CEO	330,498	330,498
2.	Jacek Olszański	Management Board Member	9,250	9,250
3.	Wiesław Rozłucki, PhD	Chairman of the Supervisory Board	–	–
4.	Bartosz Wojciechowski, PhD	Deputy Chairman of the Supervisory Board	1,240	1,240
5.	Prof. Herbert Wirth	Supervisory Board Member	–	–
6.	Piotr Lembas	Supervisory Board Member	–	–
7.	Beata Turlejska	Supervisory Board Member	–	–
8	Agata Gładysz-Stańczyk	Supervisory Board Member	–	–

On December 3, 2024, Filip Granek, CEO, notified the Company of the acquisition of 2,000 shares of the Company on December 3, 2024.

3.14.3 Share warrants held by members of management and supervisory bodies

Ref.	Name	Role	Shares held as at December 31, 2024	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	Agata Gładysz-Stańczyk	Supervisory Board Member	–	–

3.14.4 Acquisition of own shares

Not applicable. The company did not acquire its own shares in the financial year.

3.14.5 Employee Stock Option Plan

On April 24, 2019, the Company's EGM voted in favour of a package of resolutions introducing a new employee incentive scheme at the Company. The scheme covered the key personnel of XTPL S.A. and XTPL Inc., and will continue until 2021. It is based on warrants (stock options), entitling its holders to subscribe for no more than 182,622 series R shares. The price for taking up shares by the beneficiaries of the program will be set at the market value of XTPL at the time of adoption of the scheme, i.e. PLN 165.84. The warrants' underlying stock will be issued gradually in the years 2021–2029. In accordance with the conditions of the incentive scheme, vesting will take place annually. The scheme will also use shares from the previous incentive scheme and – to a small extent (approx. 2% of the share capital) – the issue of series P shares (to supplement the stock pool due to the increase in the number of scheme participants). As a result, the scheme will bring maximum benefits in terms of building the value of XTPL, while not causing any noticeable equity dilution for the existing shareholders. The decision to grant shares or warrants is discretionary in nature, and is made by the Supervisory Board (for Members of the Management Board) or the Management Board (for other eligible persons).

To limit any adverse impact associated with the sale of shares by participants of the incentive scheme, including to limit the potential effect of periodic increase in the supply of shares in the market, the rules of the incentive scheme stipulate that the Company's Management Board, and in the case of the participants who are members of the Management Board – the Supervisory Board, may make the subscription or acquisition of shares conditional on prior conclusion of a lock up agreement with the Company on the terms specified by the Company's Management Board or Supervisory Board, respectively.

In addition, on June 28, 2024, the Company introduced an incentive program for members of the Management Board and senior management, which is based on series B subscription warrants and new series W shares. As a result of the implementation of the program, there may be a change in the proportions of shares held by shareholders. The maximum pool of subscription warrants that can be granted under the scheme is 70,500, which will entitle their holders to take up 70,500 shares of the Issuer. In accordance with the terms of this incentive scheme, the disposal of series W shares will be subject to restrictions (lock-up) described in resolution of the Annual General Meeting No. 18/06/2024 of June 28, 2024 on the adoption of an incentive scheme in the Company for members of the Management Board and top management staff, as well as in the agreements on accession to this scheme.

The Company consistently implements plans related to the introduction and execution of the incentive scheme based on the standards used in technology companies operating in the Silicon Valley. Such incentive schemes allow the Company to acquire and maintain the most talented specialists not only in Poland, but also in the United States. In the Company's opinion, the system in which key personnel participate in potential financial success is one of the most important factors that might contribute to rapid growth and market expansion and, quite importantly, without increasing current cash expenses.

3.15 CORPORATE GOVERNANCE

3.15.1 General information

Since February 20, 2019, the Issuer's shares have been listed on the regulated (parallel) market operated by the Warsaw Stock Exchange. Accordingly, since July 2021, the Issuer has been subject to a set of corporate governance rules specified in the Resolution of the Stock Exchange Council of March 29, 2021 on the adoption of "Best Practices for WSE Listed Companies 2021" (DPSN 2021). The set of corporate governance principles (2021) is publicly available on the website of the Warsaw Stock Exchange at https://www.gpw.pl/dobre-praktyki2021

3.15.2 Scope of application of the corporate governance principles applicable to the regulated market (DSPN 2021) as at the Report Date

Within respect to the "Best Practice of GPW Listed Companies 2021", the Issuer adheres to the principles set out in that document. According to the current status of compliance with the Best Practice, the Company does not apply 12 principles: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 2.11.6., 3.4., 3.5., 4.1., 4.3.

INFORMATION POLICY AND COMMUNICATION WITH INVESTORS

In the interest of all market participants as well as its own, the listed company ensures proper communication with stakeholders by maintaining a transparent and reliable information policy.

1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.

The principle is followed.

Company's comment: *The Company has a website, including a service for capital market participants, with all essential corporate documents, articles of association, financial and current reports and other information documents, including quarterly presentations on the financial performance in a particular period. Currently, the Company does not publish on its website any answers provided to investors and shareholders via electronic correspondence. The Company's Management Board is considering publication of this correspondence in the near future. So far, the Company has not published recordings of investor meetings. The Management Board will consider the possibility of implementing this practice using the YouTube channel operated by the Company and available through its website.*

1.2. The company makes the financial results included in the interim report available for inspection as soon as possible after the end of the reporting period or, where that is not possible for justified reasons, publishes at least a preliminary estimated financial result as soon as possible.

The principle is followed.

Company's comment: *The Company starts work on drafting financial reports immediately after the end of the reporting period, setting the dates for publication of those reports well in advance. This is to ensure that financial results are presented as soon as practicable after the end of the reporting period, while maintaining the highest degree of care and integrity. For this reason, the Company does not plan to publish estimates prior to the publication of a financial report for a given period.*

1.3. Companies integrate ESG factors in their business strategy, including in particular:

1.3.1. environmental matters, including measures and risks related to climate change and sustainable development;

The principle is not followed.

Company's comment: *The Company's business model or strategic goals do not make direct reference to environmental issues or the risk of climate change. This is also related to the type of the Company's activity, which does not have any significant adverse impact on the environment. However, the Company's Management Board and employees are environmentally aware and undertake actions aimed at mitigating the risk of climate change and ensure that the Company develops its business showing respect for the natural environment. If the Company updates its current development strategy, it will also take into account ESG matters.*

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

The principle is not followed.

Company's comment: *The Company's business model or strategic goals do not make direct reference to social or employee matters. The Company adheres to the applicable employment law provisions relating to working conditions, respect for employee rights, equality and non-discrimination. In this regard, the Company implemented its anti-bullying, discrimination and harassment procedure. At the same time, in terms of relations with local communities and customers, the Company, its Management Board and employees follow the principles of mutual respect and kindness, and provides knowledge and education, e.g. by participating in business associations. If the Company updates its current development strategy, it will also take into account the above matters.*

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

The principle is not followed.

Company's comment: *By ensuring proper and reliable communication with stakeholders, the Company publishes its business strategy on its website (in a separate service dedicated to investors and shareholders). Due to the specific nature of the Company's business, this strategy does not take into account ESG matters or financial/ non-financial metrics. If the Company updates its current development strategy, it will also take into account ESG matters.*

1.4.1. explain how climate change considerations are integrated into the decision-making processes of the company and its group entities, highlighting the resulting risks;

The principle is not followed.

Company's comment: *Due to the specific nature of its business, with negligible impact on the environment and climate change, the Company did not include ESG matters in its development strategy. However, the Company's Management Board and employees have high environmental awareness and undertake actions aimed at development with respect for the natural environment. If the Company updates its current development strategy, it will also take into account the above matters.*

1.4.2. present, among other things, the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of achieving the equality target.

The principle is not followed.

Company's comment: *Due to the specific nature of its business, providing data in the scope specified above would not reliably reflect the actual situation in terms of equal pay broken down by gender. The Company adopted internal rules of remunerating employees, with priority given to knowledge and experience, regardless of gender.*

1.5. The company discloses, at least annually, the expenditure incurred by it and its group in supporting culture, sport, charitable institutions, the media, social organisations, trade unions, etc. Where the company or its group has incurred expenditure for such purposes in the year under review, the disclosure includes a breakdown of such expenditure.

The principle is followed.

1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

The principle is followed.

Company's comment: *Even though the Company does not currently belong to the WIG20, mWIG40 indices, it regularly organizes earnings calls with investors, during which it discusses the financial results achieved, the most important events and implementation of strategic goals. During these meetings, the Company's Management Board also answers investors' questions. In addition, the Company regularly contacts the media informing them about the most important events, and the Management Board provides comments and interviews in this regard.*

1.7. Where an investor requests information on the company, the company responds promptly, but no later than within 14 days.

The principle is followed.

MANAGEMENT BOARD AND SUPERVISORY BOARD

To ensure top standards of the responsibilities and effective performance of the management board and the supervisory board of a company, only persons with the adequate competences, skills and experience are appointed to the management board and the supervisory board.

Management Board members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.

The supervisory board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

The principle is not followed.

Company's comment: *The Company does not have a diversity policy. The Company employs people with appropriate qualifications and professional experience, without differentiating them by age or gender. When selecting candidates for members of the supervisory and management bodies, the Company's competent bodies follow the best interest of the Company and its shareholders, taking into account the candidates' qualifications, skills and performance.*

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

The principle is not followed.

Company's comment: *The Company does not have a diversity policy. The Company employs people with appropriate qualifications and professional experience, without differentiating them by age or gender. Currently, men represent a majority in the Company's bodies. When selecting candidates for members of the supervisory and management bodies, the Company's competent bodies follow the best interest of the Company and its shareholders, taking into account the candidates' qualifications, skills and performance.*

2.3. At least two members of the supervisory board meet the independence criteria listed in the Act of 11 May 2017 on auditors, audit firms and public supervision, and have no real and significant links with a shareholder holding at least 5% of the total number of votes in the company.

The principle is followed.

2.4. Supervisory board and the management board members vote in an open ballot, unless the law stipulates otherwise.

The principle is followed.

2.5. Supervisory and management board members voting against the resolution may enter a dissenting opinion in the minutes.

The principle is followed.

2.6. Serving on a company's management board is the management board member's main area of professional activity. Management board members should not undertake additional professional activity if the time devoted to such activity prevents them from diligently performing their duties in the company.

The principle is followed.

2.7. The exercise of functions by members of the company's management board in the bodies of entities outside the company's group requires the consent of the supervisory board.

The principle is followed.

2.8. Supervisory board members must be able to devote the time necessary to perform their duties.

The principle is followed.

2.9. The chairman of a supervisory board should not combine his function with managing the work of the supervisory board's audit committee.

The principle is followed.

2.10. The company, in accordance with its size and financial situation, delegates the administrative and financial resources necessary to ensure the efficient functioning of the supervisory board.

The principle is followed.

2.11. In addition to its activities under the law, once a year the supervisory board draws up an annual report and submit it to the ordinary general meeting for approval. The report referred to above includes at least:

2.11.1. information on the composition of the supervisory board and its committees, with an indication of which supervisory board members meet the independence criteria set out in the Act of 11 May 2017 on auditors, audit firms and public supervision, and which of them have no real and significant links with a shareholder holding at least 5% of the total number of votes in the company, as well as information on the composition of the supervisory board in the context of its diversity;

The principle is followed.

2.11.2. summary of the activities of the council and its committees;
The principle is followed.
2.11.3. an assessment of the company's situation on a consolidated basis, including an evaluation of the internal control systems, risk management, compliance and the internal audit function, together with information on the steps that the supervisory board has taken to perform this assessment; this assessment includes all significant control mechanisms, including in particular reporting and operational activities;
The principle is followed.
2.11.4. an assessment of the application by the company of the corporate governance principles and the manner of fulfilling information obligations concerning their application, as defined in the Stock Exchange Regulations and regulations concerning current and periodical information provided by issuers of securities, together with information on actions taken by the supervisory board in order to perform this evaluation;
The principle is followed.
2.11.5. an assessment of the validity of the expenditure referred to in principle 1.5;
The principle is followed.
2.11.6. information on the extent to which the diversity policy is implemented in relation to the management board and the supervisory board, including the achievement of the objectives referred to in principle 2.1.
The principle is not followed.
Company's comment: *The principle is not followed, as the Company does not apply principle 2.1. The Company does not have a diversity policy. The Company employs people with appropriate qualifications and professional experience, without differentiating them by age or gender. When selecting candidates for members of the supervisory and management bodies, the Company's competent bodies follow the best interest of the Company and its shareholders, taking into account the candidates' qualifications, skills and performance.*

INTERNAL SYSTEMS AND FUNCTIONS
Efficient internal systems and functions are an indispensable tool of exercising supervision over a company. The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

3.1. A listed company maintains effective internal control, risk management and compliance systems and an effective internal audit function appropriate to the size of the company and the nature and scale of its business, which is the responsibility of the management board.
The principle is followed.
3.2. A company identifies within its structure the units responsible for the tasks of particular systems or functions, unless this is not justified by the size of the company or the nature of its activities.
The principle does not apply to the Company.
Company's comment: *Due to the Company's size and scope of activities the Company's structure does not include a separate unit that would be responsible for risk management and compliance. All tasks resulting related to those areas are performed directly by the Management Board and are supervised by the Audit Committee. The existing structure ensures proper control in this respect. However, in the future the Company might consider setting up relevant separate organizational units, if it is justified by the size or type of business carried on by the Company.*
3.3. A company included in the WIG20, mWIG40 or sWIG80 index appoints an internal auditor heading the internal audit function, who acts in accordance with internationally recognised standards of professional practice for internal auditing. In other companies where no internal auditor meeting the aforementioned requirements has been appointed, the audit committee (or the supervisory board if it performs the functions of an audit committee) annually assesses whether there is a need to appoint such a person.
The principle is followed.

3.4. Remuneration of risk managers, compliance officers and the head of internal audit should be based on the fulfilment of assigned tasks and not on short-term company performance.

The principle is not followed.

Company's comment: *The Company's structure does not include a separate unit that would be responsible for risk management and compliance. All tasks resulting related to those areas are performed directly by the Management Board and are supervised by the Audit Committee. The existing structure ensures proper control in this respect. However, in the future the Company might consider setting up relevant separate organizational units, if it is justified by the size or type of business carried on by the Company.*

3.5. Those responsible for risk management and compliance report directly to the president or another member of the management board.

The principle is not followed.

Company's comment: *The Company's structure does not include a separate unit that would be responsible for risk management and compliance. All tasks resulting related to those areas are performed directly by the Management Board. The existing structure ensures proper control in this respect. However, in the future the Company might consider setting up relevant separate organizational units, if it is justified by the size or type of business carried on by the Company.*

3.6. The head of internal audit reports organisationally to the chairman of the management board and functionally to the chairman of the audit committee, or to the chairman of the supervisory board if the board acts as the audit committee.

The principle is followed.

3.7. Principles 3.4 – 3.6 also apply to entities within the company's group that are material to the company's business, if they have designated persons to perform these tasks.

The principle does not apply to the Company.

Company's comment: *The Company's group does not include entities that would be significant for its operations.*

3.8. At least once a year, the person responsible for internal audit, or in the absence of such a function in the company, the company's management board, provides the supervisory board with an assessment of the effective functioning of the systems and functions referred to in principle 3.1, together with an appropriate report.

The principle is followed.

3.9. The supervisory board should monitor the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and make an annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, it should monitor the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

The principle is followed.

3.10. At least every five years, a company included in the WIG20, mWIG40 or sWIG80 index has its internal audit function reviewed by an independent auditor selected with the participation of the audit committee.

The principle does not apply to the Company.

Company's comment: *The Company is not a member of the WIG20, mWIG40 or sWIG80 indices.*

GENERAL MEETING AND RELATIONS WITH SHAREHOLDERS

The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.

The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different groups of shareholders.

Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good conduct. Participants of a general meeting should come prepared to the general meeting.

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

The principle is not followed.

Company's comment: *The principle is not followed by the Company due to the high cost of ensuring appropriate equipment and the technical resources needed to meet the obligations implied by this principle. In this regard, the Company compiles with the applicable provisions of its Articles of Association and law, and operates an appropriate information policy.*

4.2. Companies should set the place and date as well as the form of a general meeting so as to enable the participation of the highest possible number of shareholders. To this end, the company also endeavours to ensure that the cancellation of the general meeting, rescheduling or adjournment of the meeting takes place only in justified cases and that it does not prevent or restrict shareholders from exercising their right to participate in the general meeting.

The principle is followed.

4.3. Companies provide a public real-life broadcast of the general meeting.

The principle is not followed.

Company's comment: *The current ownership structure of the Company does not justify the need to ensure publicly available real-time broadcasts of general meetings. The principle is not followed by the Company also due to the high cost of ensuring appropriate equipment and the technical resources needed to meet the obligations implied by this principle. In this regard, the Company compiles with the applicable provisions of its Articles of Association and law, and operates an appropriate information policy. This ensures proper and effective exercise of rights from shares, and sufficiently safeguards the interests of all shareholders, including minority shareholders.*

4.4. Presence of representatives of the media should be allowed at general meetings.

The principle is followed.

Company's comment: *Media representatives will be asked to register their presence at the General Meeting in advance.*

4.5. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board should immediately take steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

The principle is followed.

4.6. In order to make it easier for shareholders participating in the general meeting to vote on resolutions with due knowledge, draft resolutions of the general meeting concerning issues and resolutions other than those of a procedural nature should contain a justification, unless this can be deduced from the documentation presented to the general meeting. Where an item is put on the agenda of a general meeting at the request of a shareholder or shareholders, the management board requests a statement of the reasons for the proposed resolution, if not already provided by the shareholder or shareholders.

The principle is followed.

4.7. The supervisory board gives its opinion on draft resolutions submitted by the management board to the agenda of the general meeting.

The principle is followed.

4.8. Draft resolutions of the general meeting on items on the agenda of the general meeting should be tabled by shareholders at least 3 days before the general meeting.

The principle is followed.

4.9. Where the subject of the general meeting is to be an appointment to the supervisory board or the appointment of a new supervisory board:

4.9.1. nominations for supervisory board members should be made in sufficient time to enable the shareholders attending the general meeting to take a decision with due deliberation, but no later than 3 days before the general meeting; the nominations, together with a set of materials concerning them, should be published on the company's website without delay;

The principle is followed.

4.9.2. a candidate for a supervisory board member submits declarations with regard to meeting the requirements for members of the audit committee set out in the Act of 11 May 2017 on auditors, audit firms and public supervision, as well as with regard to the existence of the candidate's real and significant links with a shareholder holding at least 5% of the total number of votes in the company.

The principle is followed.

4.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

The principle is followed.

4.11. Members of the management board and the supervisory board attend the general meeting, either at the meeting place or by means of real-time bilateral electronic communication, and are able to express themselves on the items on the agenda of the general meeting and to answer substantively to questions put to the general meeting. The management board presents to the participants of the annual general meeting the financial results of the company and other relevant information, including nonfinancial information, contained in the financial statements to be approved by the general meeting. The management board discusses significant events relating to the past financial year, compares the data presented with previous years and indicates the extent to which the plans of the past year have been implemented.

The principle is followed.

4.12. A resolution of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent governing body to set the price prior to the subscription right record date within the timeframe necessary for investors to make decisions.

The principle is followed.

4.13. A resolution on a new issue of shares with exclusion of pre-emptive rights, which at the same time grants the pre-emptive right to subscribe for the new issue shares to selected shareholders or other entities, may be adopted if at least the following conditions are met:

the company has a reasonable, economically justifiable need to raise capital urgently, or the share issue is connected with reasonable, economically justifiable transactions, such as, inter alia, a merger with or acquisition of another company, or the shares are to be subscribed under an incentive scheme adopted by the company;

the persons to whom the right of preference will be given will be identified according to objective general criteria;

the share subscription price is reasonably related to the current price of the shares in that company or is determined as a result of a market-based book-building process.

The principle is followed.

4.14. The company should aim to distribute profits by paying dividends. It is possible to leave all profits with the company if any of the following reasons apply:
the amount of this profit is minimal and consequently the dividend would be insignificant in relation to the value of the shares;
the company recognises uncovered losses from previous years and the profit is allocated to reducing them;
the company will justify that the allocation of the profit to investment will bring tangible benefits to the shareholders;
the company has not generated cash to pay dividends;
payment of dividends would significantly increase the risk of breaching covenants arising from loan agreements or bond issue conditions binding the company;
leaving the profit with the company is in line with the recommendation of the institution supervising the company by virtue of carrying out a particular activity.
The principle is followed.

CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

For the purpose of this section, 'related party' is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur.

Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.

5.1. Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from considering any issue which may give rise to such a conflict of interest in their case.
The principle is followed.
5.2. Where a member of the management board or the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or the supervisory board meeting show his or her position.
The principle is followed.
5.3. No shareholder should be privileged over other shareholders with regard to related party transactions. This also applies to transactions of the company's shareholders with entities belonging to its group.
The principle is followed.
5.4. The company may only purchase its own shares (buy-back) in a manner that respects the rights of all shareholders.
The principle is followed.
5.5. If a company's transaction with a related party requires the supervisory board's approval, the supervisory board assesses, before adopting a resolution on approval, whether it is necessary to first consult an external entity that will carry out a valuation of the transaction and an analysis of its economic effects.
The principle is followed.

5.6. If the conclusion of a transaction with a related party requires the approval of the general meeting, the supervisory board draws up an opinion on the advisability of concluding such a transaction. In such a case, the supervisory board assesses the need for prior consultation with an external body as referred to in principle 5.5

The principle is followed.

5.7. Where a decision on the conclusion by the company of a significant transaction with a related party is taken by the general meeting, the company, before such decision is taken, ensures that all shareholders have access to the information necessary to assess the impact of the transaction on the company's interest, including the opinion of the supervisory board referred to in principle 5.6.

The principle is followed.

REMUNERATION

Companies and their groups protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.

Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.

6.1. Remuneration of management and supervisory board members and key managers should be sufficient to attract, retain and motivate individuals with the necessary competences to properly manage and supervise the company. Remuneration should be commensurate with the tasks and duties performed by the individual and the associated responsibilities.

The principle is followed.

6.2. Incentive schemes should be designed in a way that, inter alia, makes the level of remuneration of members of the company's management board and key managers conditional on an actual long-term situation of the company in terms of financial and nonfinancial performance and long-term growth of shareholder value and sustainability, as well as the stability of the company's operations.

The principle is followed.

6.3. If one of the company's incentive programmes is a managerial options programme, then the realisation of the options programme should be conditional on the fulfilment by the entitled persons, within a period of at least three years, of predetermined, realistic and appropriate financial and non-financial and sustainable development objectives for the company, and the price set for the acquisition of shares by the entitled persons or the settlement of the options may not differ from the value of the shares at the time of the adoption of the programme. *The principle is followed.*

6.4. The supervisory board carries out its tasks on a continuous basis, and therefore the remuneration of board members cannot depend on the number of meetings held. Remuneration of members of committees, in particular the audit committee, should take into account the additional workload related to the work in those committees.

The principle is followed.

6.5. Supervisory board members should not be remunerated on the basis of the short-term performance of the company.

The principle is followed.

3.15.3 Internal control and risk management

Due to its size, the Company does not have a separate internal audit unit. Internal audit tasks have been divided and allocated to the bodies and functions indicated below. Effective functioning of the system of internal control over financial reporting is the direct responsibility of the Company's Management Board. In 2024, the Company had a financial department supported by legal advisors, who provided assistance in relation to the internal control process, among other things. In addition, some internal control tasks (testing the Company's operations for compliance with law) are performed by the Head of the Project Management Office. Keeping the books of account was entrusted to a third party which has appropriate qualifications, knowledge and experience. Responsibility for performance of duties relating to accounting rests on members of the Management Board of the Company (they are also responsible for exercising oversight over delegation of the account-keeping to a third party). In addition, members of the Management Board and members of the Supervisory Board are obliged to ensure that the financial statements meet the requirements of the Accounting Act. Members of the Management Board and members of the Supervisory Board are jointly and severally liable to the Company for any damage caused by their acts and omissions in relation to the above responsibilities.
The Company's internal control system mainly includes the following areas:
– controlling and management accounting
– accounting, including financial reporting
– forecasting and financial analyses.

As part of the internal control and risk management system there are organizational solutions and corporate standards/ procedures in place that support effectiveness of the control over financial reporting and identification/ elimination of risk factors in this area. The following measures should be noted:
– harmonized accounting policies, financial reporting and accounting procedures;
– application of a standardized financial reporting model for external and internal purposes – operational management;
– division of roles and responsibilities of individual departments (including the external accounting function), and the middle and upper management;
– regular and formalized process of reviewing and updating the budget assumptions and financial projections;
– having the financial accounts reviewed and audited by an independent auditor.
The Company keeps abreast of the legal developments relating to the stock exchange reporting and makes sure it is prepared for their implementation comfortably in advance.
Vertical functional control is performed daily by the managers of individual departments in relation to the employees and processes within their areas of responsibility. All the Company's cost-related documents are confirmed by the person responsible for the purchase (expert approval) and verified by the Financial Manager (horizontal check, including the check for compliance of the expenditure with the budget). If the costs are related to a public grant to a project, the documents are additionally verified by the Head of the Project Management Office. Once verified, the documents are subject to final approval by the Management Board. Any documents not approved according to the above procedure can not be booked or sent for payment. The final (additional) stage of the ongoing verification is the formal check of accounting documents carried out by third party responsible for account-keeping. This is carried out using Standard ERP IT system, which guarantees high efficiency of the process both in terms of internal control and work organization. This system prevents, for example, the posting and payment of documents not approved in the above procedure.

Each month, upon closing on the books of account, a management report is put together with details on the key financials. The Management Board and unit managers analyse and discuss the Company's performance on an ongoing basis.

Each quarter, interim financial reports are drawn up in cooperation with the third party responsible for account-keeping. Next, the reports are verified by the financial manager of the Company (at the first stage) and by the Management Board. Furthermore, each quarter, the Company's Management Board verifies the reliability and currency of the annual budgets and short-term projections. Where appropriate, the Management Board liaises with the management of individual departments to review and update the budget assumptions.

In accordance with principle 2.11.3 of the Code of Best Practice for WSE Listed Companies 2021, the annual report on the activities of the supervisory board should include an assessment of the company's consolidated position, taking into account assessment of the internal control, risk management and compliance systems and the internal audit function.

3.15.4 Shareholders

Major shareholders are indicated in item 3.14.1

The list of shares held by members of the Management Board and Supervisory Board is presented in item 3.14.2.

3.15.5 Special control rights

Not applicable. The Issuer has not any issued securities that would give special control rights.

3.15.6 Restrictions of voting rights

The Issuer's Articles of Association do not provide for any restrictions on the exercise of voting rights attached to shares.

3.15.7 Restrictions as to the transfer of debt securities

The Issuer's Articles of Association do not provide for any restrictions as to the transfer of ownership of the rights attached to shares or other securities of the Issuer.

In relation to the shares that were or will be handed over to eligible persons under the incentive scheme, lock-up agreements were or will be signed to limit the possibility of selling these shares.
The following restrictions apply to series A subscription warrants issued pursuant to Resolution No. 07/04/2019 of the Extraordinary General Meeting of April 24, 2019 on the issue of series A subscription warrants with exclusion of pre-emptive rights (intended for the incentive scheme):

The Warrants shall not be transferable, except where:

a. the Warrants are sold to the Company for their cancellation;
b. the Warrants are sold to an entity or entities designated by the Company subject to the consent of the Company's Management Board;
c. the Warrants are sold in exceptional circumstances, subject to the consent of the Company's Management Board;
d. the Warrants are inherited, either under statutory and testimonial inheritance.

The following restrictions apply to series B subscription warrants issued under resolution No. 18/06/2024 of the Annual General Meeting of June 28, 2024 on the issue of series B registered subscription warrants (fully disapplying shareholders' preemption rights), a conditional increase of the Company's share capital (fully disapplying shareholders' preemption rights) in connection with the issue of series W ordinary bearer shares and on amendments to the Company's Articles of Association.

a. Series B Warrants will be non-transferable, except for their transfer to the Company for redemption without compensation;
b. Series B warrants will not be inheritable.

3.15.8 Appointment of members of management bodies

The Management Board members are appointed and removed by the Supervisory Board (§ 20(2) of the Articles of Association).

The Management Board runs the Issuer's affairs and represents the Issuer.

The powers the Management Board result from applicable law (including the Polish Commercial Companies Code) and the Issuer's Articles of Association. The powers of the Management Board include all matters not reserved for the General Meeting or the Supervisory Board (§ 21(1) of the Articles of Association).

The authorized capital provisions contained in the Articles of Association have expired, therefore, as at the Report Date, the Management Board has no rights to issue shares (this right belongs to the General Meeting).

§ 20 of the Articles of Association reads as follows:

*„**§ 20.** Composition and term of office*

1. *The Management Board includes 1 to 5 members appointed for a joint term of five years counted in full fiscal years, i.e. lasting at least 5 (five) full fiscal years and expiring at the end of the 5th (fifth) full fiscal year of the term. Each member of the Management Board may be reappointed for the next term of office.*
2. *Management Board members shall be appointed and removed by the Supervisory Board.*
3. *The mandate of a member of the Management Board shall expire no later than on the date of the General Meeting which approves the financial statements for the last full financial year within the particular term of office."*

3.15.9 Amendments to the Articles of Association

Any amendments to the Issuer's Articles of Association require a resolution by the General Meeting adopted by a majority of three quarters of votes, and need to be recorded in the register of entrepreneurs of the National Court Register – in accordance with Article 430 § 1 and Article 415 § 1 of the Commercial Companies Code.

According to Article 446 § 1 of the Commercial Companies Code, until 19 April 2020, the Management Board could decide to issue new shares and amend the Articles of Association in connection with an increase in the Issuer's share capital, within the authorized capital specified in the Company's Articles of Association. Another authorization for the Management Board to issue new shares within the authorized capital requires the prior amendment of the Articles of Association.

The following changes were made to the Issuer's Articles of Association in the Reporting Period:

1) On June 18, 2024, the Annual General Meeting decided to repeal the introduction to the Articles of Association and to amend: § 2, § 4, § 5, § 5A, § 5B, § 5C, § 6, § 8, § 12, § 14, § 15, § 16, § 17, § 18, § 19, § 20, § 21 and § 24 of the Company's Articles of Association and to repeal § 9, § 10, § 13, § 25 and § 26 of the Company's Articles of Association (notarial deed drawn up by a notary in Wrocław, Katarzyna Janicka, Notary's Office in Wrocław, repertory A number 4476/2024); amendments to the

Articles of Association were registered in the National Court Register on September 30, 2024, which the Issuer communicated in ESPI Current Report No. 46/2024 of October 1, 2024;

2) on November 18, 2024, the Extraordinary General Meeting decided to amend § 5(1) and § 5(2) of the Company's Articles of Association (notary deed drawn up by Katarzyna Janicka, notary in Wrocław, Notary Office in Wrocław, repertory A number 7751/2024); and then, on December 10, 2024, the Company's Management Board determined § 5(1) and § 5(2) of the Company's Articles of Association (notary deed drawn up by Katarzyna Janicka, notary in Wrocław, Notary Office in Wrocław, repertory A number 8240/2024); the amendments to the Articles of Association were registered in the National Court Register on December 17, 2024, which the Issuer communicated in ESPI Current Report No. 66/2024 dated December 17, 2024.

3.15.10 Brief of the General Meeting

The brief of the General Meeting of Shareholders and the basic rights and obligations of shareholders in terms of participation in the General Meeting are set out in the Commercial Companies Code, the Articles of Association and the Terms of Reference of the General Meeting available at:
https://ir.xtpl.com/pl/materialy/korporacyjne/

Detailed powers of the General Meeting are indicated in Chapter III of the Articles of Association in the part relating to the General Meeting (§12–§16) and in Article 393 et seq. of the Commercial Companies Code.

In accordance with the Commercial Companies Code, the powers of the General Meeting include in particular: consideration and approval of the Management Report and the financial statements for the previous financial year; granting discharge to Management Board and Supervisory Board members for performance of their duties; taking decisions regarding claims for compensation for damage caused in the establishment of the Company or in the exercise of management or supervision; selling or leasing the enterprise or its organized part and establishing limited property right thereon; distributing profit or covering losses; issuing convertible bonds or preemptive bonds, and issuing subscription warrants referred to in Article 453 § 2 of the Commercial Companies Code; liquidating the Company; purchasing own shares for cancellation, cancelling shares and reducing the Company's share capital; mergering, transforming and dividing the Company and making amendments to the Articles of Association.

According to the Articles of Association, the powers of the General Meeting include adopting and amending the terms of reference of the General Meeting.

During the General Meeting, the Management Board is required to provide shareholders, at their request, with information concerning the Company, if it is justified for the assessment of the matter included in the agenda. However, the Management Board will refuse to provide information if it could harm the Company, in particular if it involved revealing technical, commercial or organizational secrets of the business. An answer is considered given if the requested information is available on the Company's website at a place where shareholders can ask questions and receive answers.

The right to participate in the General Meeting is held only by persons who are shareholders of the Company sixteen days before the date of the General Meeting (day of registration of participation in the General Meeting, with each share carrying one vote at the General Meeting).

3.15.11 Supervisory Board and committees

The Supervisory Board consists of 5 to 7 members. Members of the Supervisory Board shall be appointed and removed by the General Meeting. Members of the Supervisory Board are appointed for a joint term of five years counted in full fiscal years, i.e. lasting at least 5 (five) full fiscal years and expiring at the end of the 5th (fifth) full fiscal year of the term. Each member of the Supervisory Board may be reappointed.

The Supervisory Board of the current term of office was appointed by the Annual General Meeting of Shareholders of XTPL S.A. of June 30, 2023.

In the Reporting Period one change was made in the Supervisory Board composition.

On 28 June 2024, the Annual General Meeting appointed Agata Gładysz-Stańczyk to the Supervisory Board (ESPI Current Report No. 34/2024 of June 28, 2024).

Composition of the Supervisory Board:

As at the Balance Sheet Date:	**As at the Report Date:**
Wiesław Rozłucki, PhD – Supervisory Board Chairman	Wiesław Rozłucki, PhD – Supervisory Board Chairman
Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board	Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board
Beata Turlejska – Supervisory Board Member	Beata Turlejska – Supervisory Board Member
Piotr Lembas – Supervisory Board Member	Piotr Lembas – Supervisory Board Member
Professor Herbert Wirth – Supervisory Board Member	Professor Herbert Wirth – Supervisory Board Member
Agata Gładysz-Stańczyk – Supervisory Board Member	Agata Gładysz-Stańczyk – Supervisory Board Member

The brief of the Supervisory Board is determined by Polish Commercial Companies Code, the Articles of Association and the Terms of Reference of the Supervisory Board available at the Issuer's website at: https://ir.xtpl.com/pl/materialy/korporacyjne/

Detailed powers of the Supervisory Board are indicated in Chapter III of the Articles of Association in the part relating to the Supervisory Board and in Article 381 et seq. of the Commercial Companies Code.

In accordance with the Articles of Association, the Supervisory Board's powers include:

1) expressing consent for the Company to enter into a significant transaction with a related entity – within the meaning of the Act of July 29, 2005 on public offering, conditions governing the introduction of financial instruments to organized trading and public companies, except where the provisions of this Act exclude such an obligation;
2) granting consent to acquire a business enterprise or an organized part thereof belonging to another entrepreneur, to join another company or purchase/acquire/dispose of shares in another company;
3) approving and amending the terms of reference of the Management Board;

4) expressing consent to grant members of the Management Board of the Company or members of the management boards of its subsidiaries the right to subscribe for or acquire the Company's shares as part of incentive schemes or remuneration systems based on shares or other financial instruments issued by the Company;
5) granting consent for the Company to make any decisions (including conclusion of an agreement) in the scope of disposal or acquisition of the Company's real estate or shares in real estate;
6) representing the Company in agreements with members of the Management Board and in disputes with the Management Board or its members;
7) selecting the auditor of financial statements.

Furthermore, in accordance with §18A of the Articles of Association, serving by members of the Company's Management Board on the bodies of corporations outside the XTPL Group requires the approval of the Supervisory Board.

In addition to the audit committee described in point 3.15.13., no committees have been set up within the Issuer's Supervisory Board.

3.15.12 Management Board

The Management Board consists of 1 to 5 members. Members of the Management Board are appointed and removed by the Supervisory Board. Members of the Management Board are appointed for a joint term of five years counted in full fiscal years, i.e. lasting at least 5 (five) full fiscal years and expiring at the end of the 5th (fifth) full fiscal year of the term. Each member of the Management Board may be reappointed for the next term of office.

The Management Board of the current term of office was appointed by the Supervisory Board on June 30, 2023.

Composition of the Management Board:

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

The brief of the Management Board is determined by Polish Commercial Companies Code and the Articles of Association available at the Issuer's website at: https://ir.xtpl.com/pl/materialy/korporacyjne/

Detailed powers of the Management Board are indicated in Chapter III of the Articles of Association in the part relating to the Management Board (§20-22) and in Article 368 et seq. of the Commercial Companies Code. The powers of the Management Board shall include all matters not reserved for the General Meeting or the Supervisory Board. The Management Board conducts current operations of the Company, manage its assets and represent it before third parties.

3.15.13 Audit Committee

Audit Committee

General information and composition of the Audit Committee:

By resolution of June 5, 2018, pursuant to Article 128(1) of the Act on statutory auditors, audit firms and public oversight of 11 May 2017 ("Statutory Auditors Act"), the Supervisory Board set up an Audit Committee at the Company.

The brief of the Audit Committee is set out in the "Terms of Reference of the Audit Committee of XTPL S.A." adopted by the Supervisory Board by Resolution of June 5, 2018.

The powers and duties of the Audit Committee provided for by law are performed by the Issuer's Audit Committee as of February 20, 2019 – i.e. from the date when the Issuer's shares were admitted to trading on the regulated market and when the Issuer obtained the status of a public interest entity.

The Audit Committee consists of three members.

The Audit Committee of the current term of office was appointed by the Supervisory Board on June 30, 2023.

In the Reporting Period, no changes were made in the composition of the Audit Committee.

Composition of the Audit Committee:

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

Independent members of the Audit Committee:

As at the Report Date, all Members of the Audit Committee (Wiesław Rozłucki, PhD, Piotr Lembas, Prof. Herbert Wirth) meet the independence criteria indicated in Article 129(3) of the Act on Statutory Auditors and have made appropriate statements in this respect.

Knowledge and skills of the Audit Committee members:

Piotr Lembas has knowledge and skills of accounting. Their respective backgrounds are described below.

Piotr Lembas has a degree in Finance and Accounting, the Faculty of Management, Computer Science and Finance of the University of Economics in Wrocław. Then he earned a degree in Master Studies in Finance, a CFA affiliate programme. He holds the Chartered Financial Analyst (CFA) certificate (no. 200403). Earlier, in 2013-2015, Piotr Lembas worked with EY Corporate Finance as a senior consultant. For nearly two years (2015–2017), he worked in the financial department of the Adiuvo Investments S.A. Group, where he supported the financial director in the preparation of financial statements for the purpose of fulfilment of the obligations of WSE listed entities.

Prof. Herbert Wirth, BEng, PhD, DSc, has knowledge and skills relating to the industry in which the Issuer operates. Their respective backgrounds are described below.

XTPL S.A. operates in the materials technology industry. Research and development is the key field of its operations. The buyers of the Company's products and services are large international corporations operating outside the country (international trade). Professor Herbert Wirth has knowledge of the materials technology industry (Master of Science, PhD, AGH University of Science and Technology in Kraków and current professor at the Wrocław University of Technology) and in the business administration industry (completed postgraduate studies in project management at George Washington University, School of Business and Public Management). Professor Herbert Wirth also has skills in the field of material technologies as well as international trade and management of global corporations (e.g. acquired while serving as the CEO of KGHM). In addition, he has experience in research and development – he held managerial functions at Cuprum sp. z o.o. (R&D Center) and served as Head of Development and Project Management at KGHM).

Provision of authorized non-audit services by the auditor:

In the Reporting Period, the auditor of the Issuer's financial statements did not provide any permitted non-audit services to it. This is with the exception of the audit firm's assessment of the report on remuneration of Management Board and Supervisory Board Members. The assignment was approved by the Audit Committee, which assessed the audit firm's independence in this regard. The audit firm's assessment of the report is attached to the ESPI Current Report No. 30/2024 of May 31, 2024.

Auditor selection:

On August 14, 2023, the Issuer's Supervisory Board selected an audit company to perform the statutory audit of the financial statements and carry out an interim review of the interim financial statements (standalone and consolidated) of XTPL. The assignment covers a term of two years (i.e. interim reviews for 2023 and 2024 and statutory audits for 2023 and 2024). The selected auditor is 4AUDYT sp. z o.o. having its registered office in Poznań.

The selection was made in the procedure of extending the contract with the existing audit firm (in accordance with the procedure and policy for selecting the audit firm). The recommendation to extend the contract with the current audit firm met the applicable conditions.

Policy and procedure on selection of an audit firm:

The Audit Committee adopted the policy and procedure on selection of an audit firm to audit standalone and consolidated financial statements, which is available on the Issuer's website at https://ir.xtpl.com/pl/finanse/audytor/

The purpose of the auditor selection policy and procedure is to define transparent and non-discriminatory rules for the process leading to submission by the Audit Committee, free from any influence by third parties, recommendations regarding the audit firm, and the selection by the Supervisory Board of an independent and competent audit firm to conduct the audit.

The Company may invite any audit firms to submit their proposals for a statutory audit provided that this is not in breach of Article 17(3) of Regulation No 537/2014 of the European Parliament and of the Council of 16

April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("Regulation No 537/2014), which applies to the maximum duration of an audit engagement with a particular audit firm; organisation of the tender procedure does not preclude the participation in the selection procedure of firms which received less than 15% of the total audit fees from public interest entities in the Member State concerned in the previous calendar year, as specified in the list of audit firms referred to in Article 91 of the Statutory Auditors Act; this is not in breach of the provisions which are the basis for provision of non-audit services by the audit firm, including Article 5 of Regulation No 537/2014 and Article 136 of the Statutory Auditors Act, which relate to prohibited services.

When selecting an audit firm, the Supervisory Board acts on the basis of the below criteria and recommendations from the Audit Committee. In the case of selection of an audit firm to conduct a statutory audit for the Issuer, except in the situation when the audit engagement is extended, the Audit Committee presents a recommendation to the Supervisory Board containing in particular:
– at least two possible choices for the audit engagement and a duly justified preference for one of them indicated to the Audit Committee;
– a statement that the recommendation is free from any undue influence by third parties;
– a statement that the Company has not entered into any agreements containing clauses referred to in Article 66(5a) of the Accounting Act.

The recommendation of the Audit Committee is made following a tender procedure, using the procedure described in detail in the said policy.

The Supervisory Board, when selecting an audit firm, and the Audit Committee, when drawing up the recommendation, may take into account the following criteria in particular (details shall be determined in the tender documentation): the audit firm's prior experience in conducting audits of financial statements and consolidated financial statements of companies, including public companies; the audit firm's capacity, including in terms of HR and organisation, to ensure full range of services specified by the Company in the request for proposal, taking into account the professional nature of this activity; the fee proposed by the audit firm;a possibility to conduct the audit within the time limit specified by the Company in the request for proposal; the audit firm's impartiality and independence in relation to the Company and the Group, within the meaning of the Act, in particular Article 69–73 of the Statutory Auditors Act; having the rights and authority to carry out the audit in accordance with the Statutory Auditors Act; satisfying the conditions to be able to issue an unbiased opinion in accordance with the Statutory Auditors Act; compliance with the conditions for the rotation of the audit firm and the key statutory auditor in accordance with the Statutory Auditors Act and Regulation (EU) No 537/2014; compliance by the audit firm with the standards pertaining to the audit of financial statements; other justified criteria, indicated at the discretion of the Audit Committee and the Supervisory Board.

When selecting an audit firm, the Supervisory Board uses the following rules: the rule of rotating the audit firm, based on which the maximum duration of uninterrupted statutory audit engagements with the same audit firm or an audit firm connected with such audit firm or any member of its network in the EU to which these audit firms belong, may not exceed 10 years; the rule of a cooling off period, based on which after the maximum period of uninterrupted duration of the audit engagement the current audit firm shall not carry out any statutory audit for the Company over the following 4 years; the rule of rotating the key statutory auditor, based on which the key statutory auditor may not carry out statutory audits at the Company for a period longer than 5 years. The key statutory auditor may carry out a statutory audit of the Company again after at least 3 years following the end of the last statutory audit. The rule is to select an audit firm for a minimum period of two years.

Permitted non-audit services policy

The Audit Committee adopted the policy on provision by the audit firm which conducts an audit, by its affiliates and by members of its network, of permitted non-audit services. The policy is available on the Issuer's website at:
https://ir.xtpl.com/pl/finanse/audytor/

The policy reflects the provisions of Regulation No 537/2014 and the Statutory Auditors Act.

The policy on provision by the audit firm which conducts an audit, by its affiliates and by members of its network, of permitted non-audit services provides that the Audit Committee issues a decision with consent to the provision of non-audit services after assessing whether the service is permitted, whether the service is not prohibited and whether there are any threats to the independence of the audit firm. The Audit Committee communicates its decision immediately to the Supervisory Board and the Management Board of the Company. Permissible services may be provided to the extent not related to the tax policy of the Company and after the Audit Committee has carried out an assessment of risks and independence safeguards.

The statutory auditor or audit firm carrying out the statutory audit of the Company and members of their networks, or entities connected with the statutory auditor or audit firm, may not provide the Company, its parent company or entities controlled by it with any prohibited services other than financial audit in the following periods: from the beginning of the audited period to the issuance of an audit report and in the financial year immediately preceding the above period, with respect to services related to development and implementation of internal control procedures and risk management procedures connected with preparation or control of financial information or development and implementation of technological systems related to financial information.

Audit Committee meetings:

During the Reporting Period, the Audit Committee held 6 meetings.

During those meetings, the Audit Committee:

1. Assessed the independence of the statutory auditor and adopted a resolution on assessing the independence of the statutory auditor and giving consent to the statutory auditor to provide permitted non-audit services at XTPL S.A., i.e. to audit the remuneration report of XTPL S.A. for the financial year 2023.
2. Assessed the independence of the statutory auditor and adopted a resolution on assessing the independence of the statutory auditor and giving consent to the statutory auditor to provide permitted non-audit services at XTPL S.A., i.e. to review the half-yearly condensed standalone and consolidated financial statements of XTPL S.A. and XTPL Group for the period from January 1, 2024 to June 30, 2024.
3. Discussed the H1 2024 report and points from interim review of the condensed consolidated and standalone financial statements.
4. Discussed the Q3 2024 report with the Management Board.

In addition, discussions were held with the auditor regarding the issue of the auditor's independence, the strategy performing financial statements audit and the objectives and scope of the audit. The level of materiality of the audit and how it was determined were also discussed with the auditor.

A detailed description of the activities of the Audit Committee during the Reporting Period will be presented in the report on the activities of the Audit Committee, which will be a part of the report on the activities of the Supervisory Board (it will be made available in the materials relating to the convocation of the Annual General Meeting).

Signatures:

Filip Granek	Jacek Olszański
Management Board President	Management Board Member