

FLASH NOTE

# XTPL - Buy

Target Price: PLN 216.00 | Close as of 19/09/2023: PLN 173.50

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## Q2'23 EBITDA in line with expectations

**Q2'23 results are in line with our expectations at the EBIT/EBITDA level. Revenue was above our expectations (+PLN 0.3m), mainly due to recognition of a higher amount of grants than stated in preliminary sales estimates. The Company recognized higher-than-expected cost of sales (+PLN 0.15m) and general and administrative expenses (+PLN 0.19m), which ultimately translated into an EBIT result in line with our estimates. The difference on the net result is a result of recognizing a loss on financing activities vs. positive result assumed by us.**

### Quarterly snapshot

Consolidated, IFRS (PLN, mn)	Reported		y/y	Expected Erste	Reported vs. Erste
	2Q23	2Q22			
Revenue	3.3	3.0	11%	3.0	11%
EBIT	-1.3	-1.3		-1.3	
EBITDA	-0.9	-1.0		-1.0	
Net income	-1.4	-1.2		-1.2	
EBITDA margin	-28%	-33%			
EBIT margin	-40%	-42%			
Net margin	-44%	-39%			

Source: Company Data, Erste Group Research



**Revenue.** Revenues from sales of products and services were in line with the published preliminary estimates (+25% y/y to PLN 2.6m in Q2'23). All revenue in this category was generated in the product sales line (+316% y/y to PLN 2.6m in Q2'23), while no revenue was recognized in the R&D line. Sales and rental of printers generated PLN 2.4m of revenue in Q2'23 (+355% y/y), and sales of nanopaste generated PLN 0.15m of revenue in Q2'23 (+76% y/y).

**Costs.** On the cost of sales side, research and development costs were maintained at a similar level q/q, while cost of goods sold increased (in line with the increase in product sales). General and administrative expenses increased y/y and q/q in Q2'23 mainly due to intensified efforts to commercialize the developed technology.

**Financial activities and net profit.** The balance on financing activities was PLN -0.1m in Q2'23 vs. PLN 0m in Q2'22). Income tax amounted to PLN 0m and, as a result, net profit was PLN -1.4m in Q2'23 vs. PLN 0m in Q2'22.

**Cash flow from operations** was PLN 0.4m in Q2'23 (flat y/y), positively impacted by decrease of receivables and an increase in payables. Capex amounted to PLN -1.2m (flat q/q and PLN -0.7m vs. Q2'22)

(i.e. not the standard word numbering or automatic bullet options.).

Opinion. **NEUTRAL.** *We expect a neutral reaction to the company's results, which are close to our expectations and in our view have little material impact on the company's equity story. We note that revenues are dominated by printer sales and rentals, confirming the successful commercialization of the offered technology. In 1H'23, the company recognized revenue from the sale of 5 printers, and for the full year it expects to recognize revenue from the sale of a dozen printers, which is in line with our expectations (assumed sale of 11 printers in 2023). In the coming months, the company plans to publish a medium-term strategy and continue to commercialize the products it offers, which will translate into the cost side and weigh on results in the short term. The company is currently pursuing nine commercial deployment projects of the offered technology, of which four projects are at an advanced stage. We expect the first commercial deployment at the end of 2024, which should significantly support the company's performance.*

**Q2'23 results review**

P & L (PLN mn)	2Q22	3Q22	4Q22	1Q23	2Q23	Y/Y	Q/Q
<b>Revenue</b>	<b>3.2</b>	<b>3.7</b>	<b>4.3</b>	<b>3.6</b>	<b>3.3</b>	4%	-8%
Sales of products and services	2.0	3.7	3.4	3.0	2.6	25%	-14%
Grants	1.1	0.1	0.9	0.6	0.8	-33%	24%
Costs of sales	1.5	1.5	1.9	1.8	2.0	36%	13%
R&D costs	1.4	1.4	1.6	1.3	1.3	-12%	-7%
Costs of products sold	0.1	0.2	0.3	0.4	0.8	1317%	76%
<b>Gross profit</b>	<b>1.7</b>	<b>2.2</b>	<b>2.4</b>	<b>1.8</b>	<b>1.3</b>	-24%	-28%
G&A	1.7	1.6	2.1	2.0	2.6	51%	30%
Other operating activities	0.0	0.0	0.0	0.0	0.0		
<b>EBITDA</b>	<b>0.2</b>	<b>0.9</b>	<b>0.6</b>	<b>0.1</b>	<b>-0.9</b>		
EBIT	0.0	0.6	0.3	-0.2	-1.3		
Balance on financial activities	0.0	-0.1	-0.2	-0.1	-0.1		
<b>Profit before tax</b>	<b>0.0</b>	<b>0.5</b>	<b>0.1</b>	<b>-0.3</b>	<b>-1.4</b>		
Income tax	0.0	0.0	0.0	0.0	0.0		
<b>Net profit</b>	<b>0.0</b>	<b>0.5</b>	<b>0.1</b>	<b>-0.3</b>	<b>-1.4</b>		

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