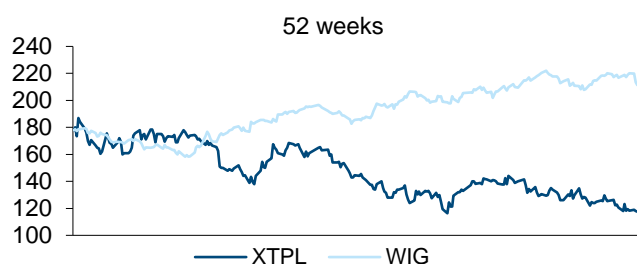


## COMPANY REPORT

# XTPL

## Buy

PLN mn	2023	2024e	2025e	2026e
Net sales	15.5	15.0	35.9	101.0
EBITDA	-3.0	-12.0	3.2	27.3
EBIT	-4.8	-14.9	0.2	24.2
Net result after min.	-4.9	-14.9	0.2	24.2
EPS (PLN)	-2.06	-6.34	0.09	10.28
CEPS (PLN)	-1.28	-5.09	1.38	11.61
BVPS (PLN)	14.30	7.95	8.04	18.32
Div./share (PLN)	0.00	0.00	0.00	0.00
EV/EBITDA (x)	-94.1	-22.9	85.0	9.4
P/E (x)	nm	nm	nm	11.5
P/CE (x)	-101.5	-23.1	85.3	10.1
Dividend Yield	0.0%	0.0%	0.0%	0.0%
Share price (PLN) close as of 22/07/2024				117.8
Number of shares (mn)				2.3
Market capitalization (PLN mn / EUR mn)				277 / 65
Enterprise value (PLN mn / EUR mn)				274 / 64



Performance	12M	6M	3M	1M
in PLN	-37.2%	-18.2%	-14.5%	-5.8%

Reuters	XTP.WA	Free float	44.8%
Bloomberg	XTP.PW	Shareholders	the Balaton Group (14.3%)
Div. Ex-date			Filip Granek (13.98%)
<b>Target price</b>	<b>152.0</b>	Homepage:	www.xtpl.com

### Analyst:

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## In anticipation of first industrial implementation

**We are updating our recommendation, maintaining our Buy recommendation with a reduced target price of PLN 152.** We are lowering our target price due to the adoption of more conservative sales assumptions for 2024-25 and the assumption of higher operating expenses. We still believe that the first industrial deployment expected in 2024/25 will allow the company to rapidly scale-up its operations.

**Lower-than-expected sales in 1H24.** XTPL sold 6 DPS devices in 1H24, a slower pace than we had previously anticipated, and we are lowering our forecast for full-year 2024 device sales from 18 to 15 printers. We expect an increase in printer orders in 2H24, which should be supported by, among other things, the acquisition of new distributors. We expect the first industrial deployment to support the 2025 results (vs. 2024 as previously assumed). On a positive note, we are seeing an increasing number of orders for industrial modules from new contractors, which increases the chances of another industrial deployment process.

**Higher-than-expected costs** associated with increased scale of operations and improved pace of commercialization of offered solutions. We are raising our cost expectations, while noting that after 2Q24, quarterly costs should remain at relatively similar levels. Given the above, and given the expected acceleration of sales in 2H24 and 2025, we believe that the company's cash consumption rate should slow significantly in the following quarters.

**Change in forecasts.** Taking into account our changes in assumptions, we are lowering our EBITDA24 forecast from PLN 5.7mn to PLN -12.0mn in 2024, and from PLN 15.2mn to PLN 3.2mn in 2025

## Risk factors

- 1. Risks related to financing of current operations.** With the aim of achieving the 2026 targets set under the adopted strategy, XTPL has made a number of investments to prepare the company for growth in scale of operations. This has a direct impact on XTPL's significantly higher operating expenses. Potential weaker sales of DPS equipment or delays in carrying out planned industrial deployments could force the company to temporarily cut current business costs or could lead to a potential share issue.
- 2. Failure in industrial deployment projects of Ultra Precise Deposition (UPD) technology,** or a significantly lower number of industrial deployments than expected, may significantly affect the results generated by the company in the future and the achievement of its revenue target. It should be borne in mind that in industrial deployment projects, XTPL's technology is subject to continuous evaluation and there is no guarantee of successful completion of such projects.
- 3. The appreciation of the PLN against other currencies** may negatively affect the amount of recognizable revenue. The company incurs a large portion of its costs in PLN, while most of its sales are generated in foreign currencies (mainly EUR and USD). Part of this risk has recently materialized, leading to lower revenues and a decline in business profitability.
- 4. Risks related to the macroeconomic environment.** XTPL plans to start selling products and providing services primarily in the United States, Asia and Western Europe. Deterioration of the macroeconomic environment may reduce the propensity for consumption and investment. This may affect the company's performance and the implementation of its growth strategy.
- 5. Risk associated with the development of new technologies.** There is a risk that, in the event of a change in current market trends, XTPL will be forced to look for new applications of technology outside the area considered core business or to make additional expenditures on existing solutions to increase their competitiveness. XTPL also cannot exclude the possibility that a new technology will be developed in the future, in the face of which the solutions proposed by XTPL will no longer be attractive to potential customers.
- 6. Risks related to the competitive environment.** XTPL operates in the rapidly growing high-tech market. A number of entities with much more experience and capital resources than XTPL operate in this market. Due to the high dynamics of the market, there is a risk of the emergence of a new entity whose offer will be more innovative than XTPL's. At present, XTPL is not aware of a solution that would technically offer better parameters for ultra-precision printing of nanomaterials.

## Valuation

Our valuation of XTPL is based entirely on the discounted cash flow method. The comparative valuation is shown for presentation purposes only. In our opinion, it is difficult to find entities with similar business profiles and at a similar stage of development as XTPL. Taking into account our forecasts, we set a 12-month target price of PLN 152 per share, 29% above the current market valuation, which implies a Buy recommendation.

	Weight	Price
Peer valuation	0%	137.6
DCF valuation	100%	152.0
<b>12M target price per share (PLN)</b>		<b>152.0</b>

Source: Company, Erste Group Research

### Peer valuation

In the peer valuation, we selected companies operating in the broad consumer electronics industry and in the semiconductors industry. We note that none of the companies is at a similar stage of development as XTPL. All of the selected entities have a much larger scale of business than XTPL. In calculating the company's value per share, we factor in 2025-26, as the company should report an EBITDA/net profit loss in 2024, according to our forecasts.

### Peer valuation

	Mcap (USD mn)	P/E			EV/EBITDA		
		2024E	2025E	2026E	2024E	2025E	2026E
KLA Corporation	108 992	34.8	28.2	24.0	26.2	22.3	19.1
ASML Holding	376 113	46.0	28.5	24.3	36.0	22.7	19.7
Lam Research	127 737	32.8	26.7	21.2	26.8	22.0	17.9
ASM International	36 667	49.1	36.7	30.6	34.6	26.1	21.3
Applied Materials	185 028	26.6	23.0	20.5	22.2	19.1	17.2
Entegris	20 134	40.5	29.9	24.1	24.0	19.2	16.1
Axcelis Technologies	4 454	21.6	15.7	n.a	15.9	12.0	n.a
Amkor Technology	10 140	24.1	17.2	12.7	8.2	6.6	n.a
Tokyo Electron Limited	93 056	41.8	30.7	23.5	27.8	21.0	15.8
Median: Total		34.8	28.2	23.7	26.2	21.0	17.9
Implied valuation per share		-221.0	2.6	244.2	-132.5	29.4	216.6
Weight		0%	25%	25%	0%	25%	25%
Premium/Discount		0%					
Weighted valuation per share		<b>123.2</b>					
<b>12M weighted valuation per share</b>		<b>137.6</b>					

Source: Bloomberg, Erste Group Research

### DCF valuation:

- 5-year forecast period.
- Risk-free rate of 5.75% (10-year government bond yields).
- In the valuation, we take net debt at the end of 2024. In the valuation, we do not take into account the FCFF generated in 2024.
- FCFF growth after the forecast period 2.5%.

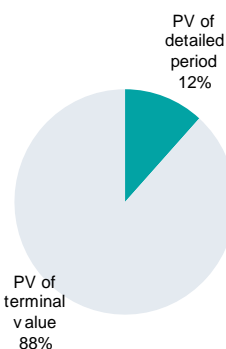
### WACC calculation

	2024E	2025E	2026E	2027E	2028E	Term. value Normalized
Risk free rate	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
Equity risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
<b>Cost of equity</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>
Cost of debt	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Nominal tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
<b>After-tax cost of debt</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.5%</b>
Equity weight	100%	100%	100%	100%	100%	100%
<b>WACC</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>

### DCF valuation

(PLN mn)	2024E	2025E	2026E	2027E	2028E	Normalized
<i>Sales growth</i>	-3.3%	139.6%	181.7%	33.0%	23.4%	2.5%
EBIT	-14.9	0.2	24.2	34.9	44.9	44.3
<i>EBIT margin</i>	-99.6%	0.6%	23.9%	26.0%	27.0%	26.0%
<i>Effective Tax rate</i>	-0.5%	0.0%	10.0%	0.0%	0.0%	0.0%
Taxes on EBIT	-0.1	0.0	-2.4	0.0	0.0	0.0
<b>NOPLAT</b>	<b>-15.0</b>	<b>0.2</b>	<b>21.7</b>	<b>34.9</b>	<b>44.9</b>	<b>44.3</b>
+ Depreciation	2.9	3.0	3.1	3.2	3.3	1.8
<i>Capital expenditures / Depreciation</i>	275.6%	183.7%	185.3%	184.0%	180.0%	100.0%
+/- Change in working capital	-0.7	1.0	-1.5	-0.8	-0.7	-0.6
<i>Chg. working capital / chg. Sales</i>	137.4%	4.6%	-2.3%	-2.3%	-2.3%	-14.5%
- CAPEX	-8.1	-5.6	-5.8	-5.9	-6.0	-1.8
<b>FCFF</b>	<b>-20.9</b>	<b>-1.4</b>	<b>17.6</b>	<b>31.5</b>	<b>41.5</b>	<b>43.7</b>
<i>Terminal value growth</i>						2.5%
Terminal value						484.2
Discounted free cash flow - Dec 31 2024	-18.7	-1.1	12.6	20.2	23.8	277.8
<b>Enterprise value - Dec 31 2024</b>	<b>333.3</b>					
Minorities	0.0					
Non-operating assets	0.0					
Net debt	-2.3					
Other adjustments	0.0					
<b>Equity value - Dec 31 2024</b>	<b>335.7</b>					
Number of shares outstanding (mn)	2.3					
Cost of equity	11.8%					
<b>12M target price per share (PLN)</b>	<b>152.0</b>					
Current share price (PLN)	117.8					
<i>Up/Downside</i>	29.0%					

### Enterprise value breakdown



Source: Erste Group Research

### Sensitivity (per share)

		Terminal value EBIT margin				
		20.0%	23.0%	26.0%	29.0%	32.0%
W A C C	10.8%	140.0	158.0	175.0	192.0	209.0
	11.3%	131.0	147.0	163.0	179.0	195.0
	11.8%	123.0	137.0	<b>152.0</b>	167.0	182.0
	12.3%	115.0	129.0	143.0	156.0	170.0
	12.8%	109.0	121.0	134.0	147.0	159.0
		Terminal value growth				
		1.5%	2.0%	2.5%	3.0%	3.5%
W A C C	10.8%	158.0	166.0	175.0	185.0	197.0
	11.3%	148.0	155.0	163.0	172.0	182.0
	11.8%	139.0	145.0	<b>152.0</b>	160.0	169.0
	12.3%	131.0	136.0	143.0	149.0	157.0
	12.8%	123.0	128.0	134.0	140.0	147.0

## Progress in technology commercialization

**Increasing the number of distributors.** In recent months, the company has consistently implemented steps to further commercialize its technology. Currently, the company has 13 distributors for its devices worldwide, and since 4Q23, agreements have been signed with 8 distributors. This increases the chances of accelerating sales of XTPL devices in additional markets.

### XTPL equipment distributors in each market

USA	EMEA	ASIA	
CWI Technical Sales	Semitronics (UK & Ireland)	Vertex (India)	YI XIN (China and Hong Kong)
Ontos Equipment System	Merconics (Germany, France, Austria, Switzerland)	Trident Electronics Technologies (Singapore)	3H Corporation (South Korea)
	CDS Electronique (France)	Detekt Technology (Taiwan)	YES01, Youngil Education System (South Korea)
	Vector Technologies (Greece)	Sigma Technology Corporation (Taiwan, China)	

Source: Company, Erste Group Research

**Development in the US market.** Since 4Q24, XTPL has signed agreements with two distributors in the US market. As of early 2024, an experienced sales director for the US market has been hired (16 years of experience in this market), and an XTPL sales and demonstration center located in Boston is expected to open in 2H24. Four DPS devices have been sold to the US so far, and the initiatives undertaken should translate into increased sales volume in this market.

**Increased marketing activity.** In January-May 2024, company representatives attended 7 international industry events to promote the technology offered by XTPL (vs. 18 events in 2023). The company intensified marketing activities using external industry portals, LinkedIn, and its own website, among others.

## Ongoing industrial deployment projects

As of the end of 1Q24, the company was conducting four phase 4 industrial deployment projects (phase 5 is industrial deployment) related to printing technology, and had completed phase 4 of technology phase development work with Nano Dimension (High Performance Materials segment; it was agreed to continue jointly defining the next phases of commercial cooperation). In 2024, XTPL secured one industrial deployment project, in which the Chinese contractor decided to go straight to the fourth phase bypassing the previous phases. Details of each project are listed below:

- **South Korea - FPD displays (phase 4 started in 2Q23)**, end customer - the world's leading FPD display manufacturer from South Korea. In 2024, a second industrial module order was placed from HB Technology of South Korea, and the first prototype device was placed on the end customer's pilot line. Phase 4 testing was intensified in 1Q24.

- **China - FPD displays (phase 4 started in 2Q24)**, end customer - a leading machine manufacturer for the high-tech display industry from China
- **United States - FPD displays and semiconductors (phase 4 started in 2Q23)**, end customer - Nasdaq 100 listed leading industrial machinery manufacturer from the US.
- **Taiwan - semiconductors - advanced packaging (phase 4 started in 3Q22)**, end customer - leading semiconductor manufacturer from Taiwan.

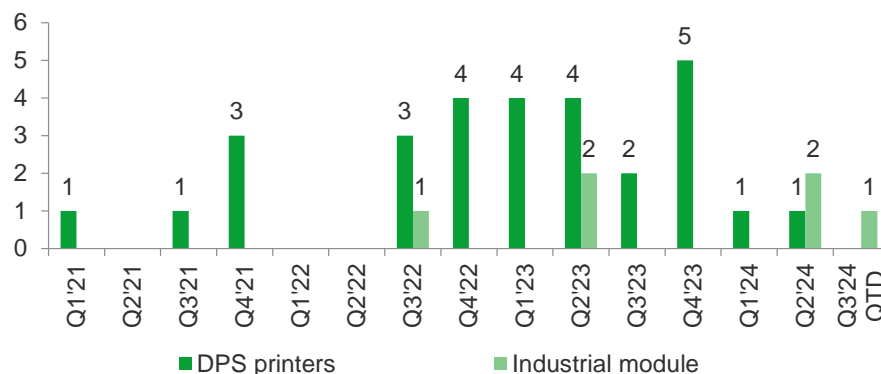
In addition to the most advanced processes mentioned, the company has 5 other processes that are at a minimum of stage 2. According to the MB's commentary, the two industrial implementations are capable of generating the PLN 50mn in revenue assumed in 2026.

## Slower than expected sales in 1H24, but potential rebound in 2H24

In 1H24, the company booked sales of 6 DPS printers (vs. 5 in the same period of 2023) and 2 industrial modules (vs. no sales in 1H23). Revenues from sales of products and services amounted to PLN 5.5mn in 1H24 (flat y/y), but it should be noted that in 1H24 the company recognized non-recurring revenues from R&D services in the amount of PLN 1.6mn in 1H23 (equipment sales amounted to PLN 3.9mn in 1H23). **On a positive note, we see more orders for industrial modules coming from commercial customers, creating opportunities for further industrial deployment of XTPL technology.**

The number of orders for DPS devices in YTD 2024 is significantly lower than in the previous year. **Management explains the weaker 1H24 result by the return of sales to seasonal trends. Management indicates that recovery in orders for XTPL equipment should occur in the seasonally stronger 2H24**, supported by the acquisition of a much larger number of distributors worldwide (8 of 13 distributors have been acquired since 3Q23), investments in the sales department and marketing activities. XTPL has also invested in reducing the time it takes to manufacture and deliver an ordered device, which, according to our estimates, can take even less than 90 days (previously, it took 1-2 quarters to complete an order).

### Number of contracted DPS printers and industrial modules by quarter



Source: Company, Erste Group Research

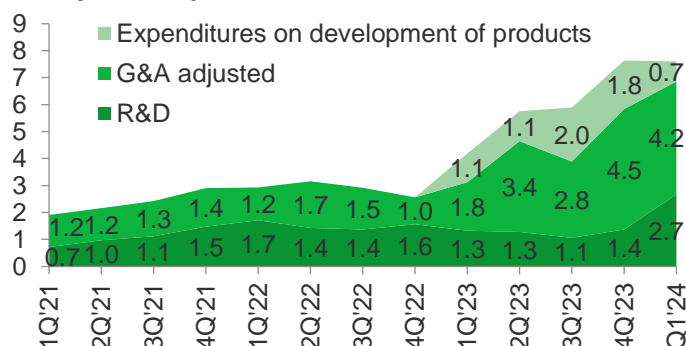
**Given the slower-than-expected pace of obtaining new contracts for DPS printers YTD, we are lowering our expectations for sales of these devices to 15 in 2024 (vs. 18 expected earlier)**, which would mean that the company would need to contract 9 more DPS devices by the beginning of 4Q24 (assuming the company's production time is reduced to less than 3 months).

Under our assumptions, we do not forecast more industrial module sales than the reported YTD in 2024. We expect the first financial effects of the expected first industrial deployment in 2025.

## Higher than expected operating costs

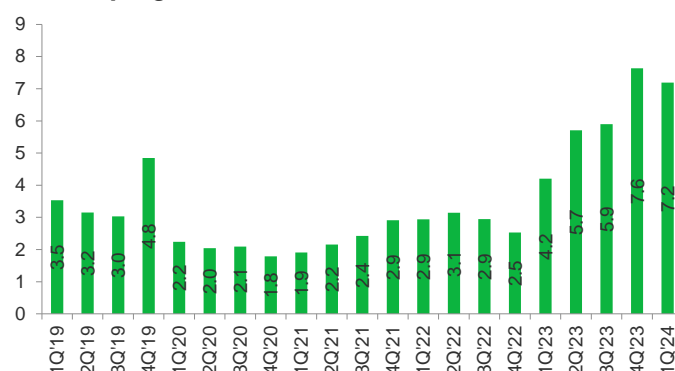
The company has made significant investments in recent quarters, including in improving production capacity, improving R&D capabilities and increasing marketing spending. The significant investments are part of XTPL's growth strategy through 2026. However, the rate of cost growth is faster than we had previously anticipated. **According to the MB's commentary, the company has already made necessary investments in key areas and the rate of growth of the cost base should slow down.**

**R&D costs, adjusted G&A and expenditure on development of products**



Source: Company, Erste Group Research

**Total costs (R&D costs, management costs) adjusted for incentive program**



Source: Company, Erste Group Research

We expect that the cost base, understood as R&D, G&A and development expenses, should not increase in the coming quarters. At the same time, we are raising our cost assumptions in our forecasts.

## Expected acceleration of sales pace should provide the necessary funding

XTPL's management stresses that the funds raised from the latest issue should be sufficient to meet the goals set in the strategy until 2026, and they see no need for another issue. In recent quarters, cash levels have been declining at a rapid pace, related to investments in business scale-up and in accelerating the commercialization of the solutions offered.

**According to the reported preliminary data for 2Q24, cash decreased by PLN 5mn q/q in 2Q24. This represents a slowdown in the rate of consumption of financial surpluses relative to previous quarters.** We expect the company to make lower investments in working capital q/q in 2Q24 (in 1Q24, the increase in inventories was related to preparing to accelerate deliveries on ordered equipment) and recognize lower CAPEX than in previous quarters due to the assumption of recognizing a larger portion of development expenditure costs in P&L (similar level q/q).

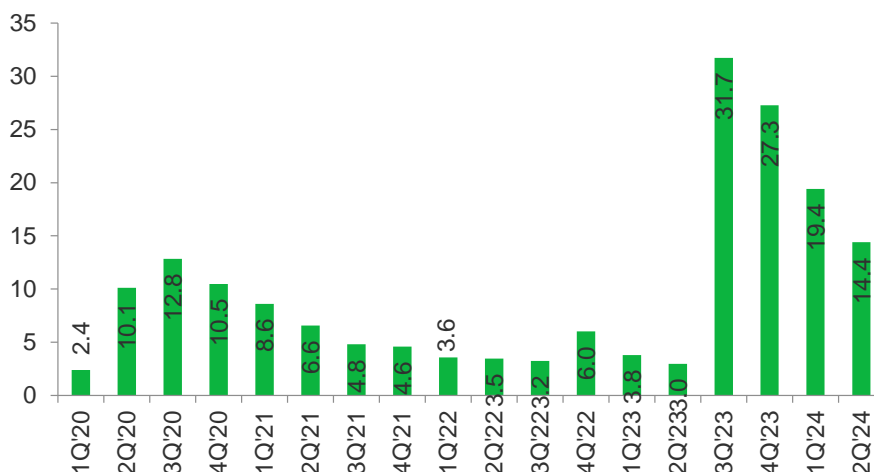
### FCF decomposition quarterly

	3Q'23	4Q'23	Q1'24	2Q'24E
Pre-tax profit	-0.8	-2.2	-5.7	-4.6
D&A	0.6	0.6	0.7	0.7
Change in working capital	-3.2	-0.4	-0.7	-0.2
Other	1.0	0.4	0.3	0.3
Capex	-2.7	-2.7	-1.7	-1.2
FCF	-5.1	-4.4	-7.2	-5.0
Cash at the end of period	31.7	27.3	19.4	14.4

Source: Company, Erste Group Research

All in all, **2Q24 sees lower cash spending q/q, and according to the MB's commentary, most of the investments in business development have already been made.** Given the assumed sales growth in 2H24 supported by, among other things, the acquisition of new distributors and seasonality, we expect XTPL's rate of cash burn rate to slow down in 2H24. At the same time, we expect the company to deliver positive OCF in 2025. In a scenario assuming no improvement in sales, no first industrial deployment, and a sustained level of cash burn rate at PLN 5mn per quarter, the company would have the funds to run the business until the end of 1Q25 (assuming no cost optimization measures). Such a scenario deviates sharply from our baseline scenario and, in our view, has a low chance of materializing.

### Cash & bank deposits quarterly



Source: Company, Erste Group Research

### 2Q24 earnings forecast

**Revenues.** We expect revenue to decline 11% y/y to PLN 2.9mn in 2Q24. We estimate sales of products and services to be in line with the preliminary estimates published by the company. In the subsidy line, we assume recognition of about PLN 0.15mn in 2Q24, consisting of the current subsidy and settlement of subsidies the company received in previous periods.

**Costs.** We assume an increase in R&D costs y/y (flat q/q; mainly due to an increase in the scale of operations y/y) and expect an increase in costs of products sold due to an assumed higher share of product sales in the sales mix. We expect general and administrative expenses to increase by 15% y/y to PLN 3.8mn, which should result from the increase in scale of operations (we assume a similar cost base q/q).



**Net profit.** We expect a net loss of PLN 4.2mn in 2Q24 vs. a net loss of PLN -1.4mn in 2Q23. We assume a balance on financing activities of PLN 0.1mn in 2Q24 (mainly interest on cash held) vs. PLN -0.1mn in 2Q23.

**2Q24 earnings forecast**

PLN mn)	2Q23	3Q23	4Q23	1Q24	2Q24E	Y/Y	Q/Q
<b>Revenue</b>	<b>3.3</b>	<b>3.9</b>	<b>4.6</b>	<b>2.9</b>	<b>2.9</b>	-11%	3%
Sales of products and services	2.6	3.6	4.2	2.7	2.8	9%	2%
Grants	0.8	0.3	0.4	0.1	0.2	-80%	27%
Costs of sales	1.9	2.0	2.6	4.5	3.4	84%	-24%
R&D costs	1.3	1.1	1.4	2.7	2.6	100%	-4%
Costs of products sold	0.6	1.0	1.2	1.8	0.8	47%	-53%
<b>Gross profit</b>	<b>1.5</b>	<b>1.9</b>	<b>2.1</b>	<b>-1.6</b>	<b>-0.4</b>		
G&A	3.4	2.8	4.5	4.2	4.2	25%	1%
Other operating activities	0.0	0.0	0.0	0.0	0.0		
<b>EBITDA</b>	<b>-0.9</b>	<b>-0.4</b>	<b>-1.8</b>	<b>-5.1</b>	<b>-4.0</b>		
EBIT	-1.3	-0.9	-2.4	-5.8	-4.7		
Balance on financial activities	-0.1	0.1	0.2	0.0	0.1		
<b>Profit before tax</b>	<b>-1.5</b>	<b>-0.8</b>	<b>-2.2</b>	<b>-5.7</b>	<b>-4.6</b>		
Income tax	0.0	0.0	0.0	0.0	0.0		
<b>Net profit</b>	<b>-1.5</b>	<b>-0.8</b>	<b>-2.3</b>	<b>-5.8</b>	<b>-4.6</b>		

**Financial forecasts**

We are lowering our estimates for sales of DPS printers and industrial modules in 2024 and 2025. For industrial modules, we assume a revenue effect of the first industrial deployment in 2025 (vs. 2024 assumed earlier). We have also made a more conservative assumption for HPM sales and revenues from grants. We include a higher cost base (both R&D and G&A costs) during the forecast period, effectively lowering the business profitability assumed in the forecasts.

	2022	2023	2024E	2025E	2026E
<b>Revenue</b>	<b>12.8</b>	<b>15.5</b>	<b>15.0</b>	<b>35.9</b>	<b>101.0</b>
<i>change y/y (%)</i>	173%	21%	-3%	140%	182%
Research and Development	6.7	2.2	0.6	1.3	1.9
Delta Printing System	3.0	10.6	11.7	18.4	24.5
Industrial modules	0.0	0.0	1.2	13.1	50.0
High Performance Materials	0.4	0.6	0.9	2.5	24.2
Grants	2.8	2.1	0.6	0.5	0.5
<b>COGS</b>	<b>6.8</b>	<b>8.4</b>	<b>13.0</b>	<b>18.2</b>	<b>45.5</b>
Research and Development	6.1	5.0	7.8	6.6	9.3
Cost of products sold	0.8	3.4	5.2	11.6	36.2
<b>Gross Profit</b>	<b>6.0</b>	<b>7.0</b>	<b>2.0</b>	<b>17.6</b>	<b>55.5</b>
<i>margin (%)</i>	46.7%	45.5%	13.3%	49.1%	54.9%
G&A costs	7.8	11.9	16.9	17.4	31.3
<b>EBIT</b>	<b>-1.8</b>	<b>-4.8</b>	<b>-14.9</b>	<b>0.2</b>	<b>24.2</b>
<i>margin (%)</i>	-14%	-31%	-100%	1%	24%
<b>EBITDA</b>	<b>-0.8</b>	<b>-3.0</b>	<b>-12.0</b>	<b>3.2</b>	<b>27.3</b>
<i>margin (%)</i>					
Balance on financial activities	-0.3	0.0	0.0	0.0	0.0
<b>Pre-tax profit</b>	<b>-2.1</b>	<b>-4.8</b>	<b>-14.9</b>	<b>0.2</b>	<b>24.2</b>
Income tax	0.0	0.0	0.0	0.0	0.0
<b>Net income (loss)</b>	<b>-2.1</b>	<b>-4.9</b>	<b>-14.9</b>	<b>0.2</b>	<b>24.2</b>
<i>margin (%)</i>	-16.7%	-31.3%	-99.6%	0.6%	23.9%
Assumed invoiced sales of DPS equipment (units)	3	13	15	23	28
<i>change y/y (%)</i>	50%	333%	15%	53%	22%
Assumed price of the DPS device (EUR mn)	0.211	0.180	0.183	0.189	0.206
<i>change y/y (%)</i>	-3%	-15%	2%	3%	9%
Assumed sales of Industrial modules (units)			3	33	123
<i>change y/y (%)</i>				1000%	273%
Assumed price of Industrial modules (EUR mn)			0.09	0.09	0.10
<i>change y/y (%)</i>				3%	2%
Number of HPM orders	38	35	47	115	1 006
<i>change y/y (%)</i>	90%	-8%	33%	147%	773%
Assumed average order value	9.95	16.43	18.89	21.44	24.05
<i>change y/y (%)</i>	114%	65%	15%	14%	12%

Source: Company, Erste Group Research

## Change in our forecasts

(PLN, mn)	2024E			2025E			2026E		
	New	Old	diff.	New	Old	diff.	New	Old	diff.
Revenue	15.0	30.6	-51.2%	35.9	53.9	-33.5%	101.0	104.0	-2.9%
Adj. EBITDA	-12.0	5.7		3.2	15.2	-78.6%	27.3	41.2	-33.8%
EBIT	-14.9	3.8		0.2	12.6	-98.3%	24.2	37.6	-35.8%
Net income	-14.9	3.1		0.2	10.1	-97.9%	24.2	30.4	-20.6%
Adj. EBITDA margin	-0.6%	0.3%		9%	28%		27.0%	39.6%	
EBIT margin	-0.7%	0.2%		1%	23%		23.9%	36.2%	
Net margin	-0.7%	0.2%		1%	19%		23.9%	29.3%	

Source: Erste Group Research

<b>Income Statement</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
(IAS, PLN mn, 31/03)	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
<b>Net sales</b>	<b>4.70</b>	<b>12.82</b>	<b>15.48</b>	<b>14.97</b>	<b>35.86</b>	<b>101.02</b>
Cost of goods sold	-4.78	-6.83	-8.43	-12.97	-18.23	-45.52
<b>Gross profit</b>	<b>-0.08</b>	<b>5.99</b>	<b>7.05</b>	<b>1.99</b>	<b>17.62</b>	<b>55.50</b>
SG&A	-6.27	-7.78	-11.86	-16.90	-17.41	-31.34
Other operating revenues	0.07	0.00	0.01	0.00	0.00	0.00
Other operating expenses	-0.03	-0.01	-0.04	0.00	0.00	0.00
<b>EBITDA</b>	<b>-5.74</b>	<b>-0.80</b>	<b>-3.00</b>	<b>-11.97</b>	<b>3.25</b>	<b>27.29</b>
Depreciation/amortization	-0.59	-1.00	-1.84	-2.94	-3.03	-3.12
<b>EBIT</b>	<b>-6.32</b>	<b>-1.80</b>	<b>-4.84</b>	<b>-14.91</b>	<b>0.21</b>	<b>24.16</b>
Financial result	-0.25	-0.32	0.01	0.00	0.00	0.00
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00
<b>EBT</b>	<b>-6.57</b>	<b>-2.12</b>	<b>-4.83</b>	<b>-14.91</b>	<b>0.21</b>	<b>24.16</b>
Income taxes	0.00	-0.02	-0.02	0.00	0.00	0.00
Result from discontinued operations						
Minorities and cost of hybrid capital	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net result after minorities</b>	<b>-6.57</b>	<b>-2.14</b>	<b>-4.85</b>	<b>-14.91</b>	<b>0.21</b>	<b>24.16</b>
<b>Balance Sheet</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
(IAS, PLN mn, 31/03)						
Intangible assets	2.78	3.44	9.55	14.03	18.51	22.99
Tangible assets	2.62	4.30	5.07	5.76	3.82	2.00
Financial assets	0.03	0.04	0.03	0.03	0.03	0.03
<b>Total fixed assets</b>	<b>5.43</b>	<b>7.78</b>	<b>14.65</b>	<b>19.82</b>	<b>22.36</b>	<b>25.03</b>
Inventories	0.56	0.95	1.83	3.57	2.65	7.47
Receivables and other current assets	1.98	2.77	4.18	4.92	5.18	9.18
Other assets	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents	4.58	6.01	27.28	6.33	4.96	24.97
<b>Total current assets</b>	<b>7.12</b>	<b>9.73</b>	<b>33.29</b>	<b>14.82</b>	<b>12.79</b>	<b>41.62</b>
<b>TOTAL ASSETS</b>	<b>12.55</b>	<b>17.51</b>	<b>47.94</b>	<b>34.64</b>	<b>35.15</b>	<b>66.64</b>
<b>Shareholders'equity</b>	<b>4.98</b>	<b>3.98</b>	<b>33.59</b>	<b>18.68</b>	<b>18.90</b>	<b>43.06</b>
<b>Minorities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Hybrid capital and other reserves</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Pension and other LT personnel accruals</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>LT provisions</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Interest-bearing LT debts	0.24	3.57	0.17	0.00	0.00	0.00
Other LT liabilities	1.37	2.87	4.80	4.80	4.80	4.80
<b>Total long-term liabilities</b>	<b>1.62</b>	<b>6.45</b>	<b>4.97</b>	<b>4.80</b>	<b>4.80</b>	<b>4.80</b>
Interest-bearing ST debts	3.38	0.34	3.98	3.98	3.98	3.98
Other ST liabilities	2.56	6.75	5.40	7.18	7.48	14.80
<b>Total short-term liabilities</b>	<b>5.95</b>	<b>7.09</b>	<b>9.38</b>	<b>11.16</b>	<b>11.46</b>	<b>18.78</b>
<b>TOTAL LIAB. , EQUITY</b>	<b>12.55</b>	<b>17.51</b>	<b>47.94</b>	<b>34.64</b>	<b>35.15</b>	<b>66.64</b>
<b>Cash Flow Statement</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
(IAS, PLN mn, 31/03)						
Cash flow from operating activities	-3.80	4.72	-4.82	-12.67	4.20	25.80
Cash flow from investing activities	-1.62	-2.44	-7.50	-8.11	-5.57	-5.79
Cash flow from financing activities	-0.47	-0.83	33.56	-0.17	0.00	0.00
<b>CHANGE IN CASH , CASH EQU.</b>	<b>-5.90</b>	<b>1.46</b>	<b>21.24</b>	<b>-20.95</b>	<b>-1.37</b>	<b>20.01</b>
<b>Margins &amp; Ratios</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Sales growth	105.0%	172.6%	20.7%	-3.3%	139.6%	181.7%
EBITDA margin	-122.0%	-6.2%	-19.4%	-80.0%	9.1%	27.0%
EBIT margin	-134.4%	-14.1%	-31.3%	-99.6%	0.6%	23.9%
Net profit margin	-139.8%	-16.7%	-31.3%	-99.6%	0.6%	23.9%
ROE	-85.5%	-47.7%	-25.8%	-57.0%	1.1%	78.0%
ROCE	-143.3%	-35.8%	-48.6%	-81.9%	1.0%	97.4%
Equity ratio	39.7%	22.7%	70.1%	53.9%	53.8%	64.6%
Net debt	-1.0	-2.1	-23.1	-2.3	-1.0	-21.0
Working capital	1.2	2.6	23.9	3.7	1.3	22.8
Capital employed	5.4	4.7	15.3	21.1	22.7	26.9
Inventory turnover	14.7	9.1	6.1	4.8	5.9	9.0

Source: Company data, Erste Group estimates

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### **Company description**

XTPL is a technology company founded in 2015 that offers unique technology to the printed electronics market. The company has completed the development stage of the technology and is now focusing on commercializing the solutions it offers.

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<b>Buy</b>	> +20% from target price
<b>Accumulate</b>	+10% < target price < +20%
<b>Hold</b>	0% < target price < +10%
<b>Reduce</b>	-10% < target price < 0%
<b>Sell</b>	< -10% from target price

Our target prices are established by determining the fair value of stocks, taking into account additional fundamental factors and news of relevance for the stock price (such as M&A activities, major forthcoming share deals, positive/negative share/sector sentiment, news) and refer to 12 months from now. All recommendations are to be understood relative to our current fundamental valuation of the stock. The recommendation does not indicate any relative performance of the stock vs. a regional or sector benchmark.

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### Published by:

**Erste Group Bank AG**  
Group Research  
1100 Vienna, Austria, Am Belvedere 1  
Head Office: Wien  
Commercial Register No: FN 33209m  
Commercial Court of Vienna  
Erste Group Homepage: [www.erstegroup.com](http://www.erstegroup.com)