FLASH NOTE

XTPL - Hold - Last update: 27.06.2025

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Q2'25 results above expectations; strategic target of PLN 100mn revenue postponed to 2028

Q2'25 results exceeded our expectations in terms of revenue/EBIT/EBITDA/net profit. The difference in revenue is due to the recognition of PLN 0.4mn in revenue from research and development services. In turn, the smaller nominal difference in EBIT/EBITDA/net profit is mainly due to the recognition of higher than expected marketing costs.

Quarterly snapshot

Consolidated, IFRS (PLN, mn)	Reported 2Q25	2Q24	y/y	Expected Erste	Reported vs. Erste
Revenue	3.6	3.2	11%	3.2	11%
EBIT	-5.3	-4.4		-5.5	
EBITDA	-3.8	-3.5		-4.2	
Net income	-5.6	-4.6		-5.5	
EBITDA margin	-107%	-107%			
EBIT margin	-147%	-136%			
Net margin	-155%	-141%			

Source: Company Data, Erste Group Research

Revenues. Revenues from the sale of products and services were higher than previously published preliminary estimates (+PLN 0.3mn) and amounted to PLN 3.1mn in Q2'25 (+7% y/y). Revenues from the sale of products increased by 1% y/y to PLN 2.7mn, the R&D line recorded PLN 0.4mn in revenues in Q2'25 (vs. PLN 0.22mn in Q2'24), and revenues from subsidies increased by 39% y/y to PLN 0.87mn. The sale and rental of printers generated PLN 2.4mn in revenue in Q2'25 (-2% y/y), while the sale of HPM (High Performance Materials) generated PLN 0.32mn in revenue in Q2'25 (+83% y/y).

Costs. The cost of goods sold amounted to PLN 1.6mn in Q2'25 (flat y/y), implying a 50% gross margin on product sales (-5pp y/y). Research and development costs increased by 10% y/y to PLN 1.6mn, which was probably related to work performed in connection with ongoing industrial implementation processes (-12% q/q). General and administrative expenses increased by 8% y/y to PLN 2.7mn in Q2'25, while marketing expenses increased by 98% y/y to PLN 1.9mn.

Financial activities and net result. The balance on financial activities amounted to PLN -0.3mn in Q2'25 vs. PLN -0.2mn a year earlier. Income tax amounted to PLN 0mn, which translated into a net loss of PLN 5.6mn in Q2'25, compared to a net loss of PLN 4.6mn in Q2'24.

Cash flow from operating activities amounted to PLN -4.2mn in Q2'25 (vs. PLN -3.0mn in Q2'24), which was negatively affected by a year-on-year decline in results and a decrease in liabilities. Capital expenditure amounted to PLN -0.3mn in Q2'25 vs. PLN -2.2mn in Q2'24. Cash and cash equivalents amounted to PLN 15.8mn at the end of Q2'25 (PLN -4.4mn q/q).

Strategy update. The company has updated its strategy for 2023-26, replacing it with a strategy for 2026-28, in which **the target of PLN 100mn in revenue has been moved to 2028 (from 2026 as previously assumed).** The Management Board indicates that the dynamics of the first industrial implementation are lower than originally assumed, which may also translate into the pace of subsequent industrial implementations. At the same time, **the Management Board has identified a capital gap in the first half of 2026 of PLN 15-20mn and is currently conducting processes aimed at securing financing for 2026.** These processes include: obtaining debt financing, co-financing R&D work with grant funds, attracting a strategic investor for a minority stake in the company, and increasing capital.

Q2'25 results review

P & L (PLN mn)	2Q24	3Q24	4Q24	1Q25	2Q25	Y/Y	Q/Q
Revenue	**3.2**	**1.2**	**6.4**	**2.4**	**3.6**	11%	48%
Sales of products and services	2.9	1.0	5.6	2.0	3.1	7%	54%
Grants	0.3	0.1	0.8	0.4	0.5	39%	20%
Costs of sales	4.1	4.7	5.1	4.8	4.3	5%	-10%
R&D costs	2.5	3.2	3.3	3.1	2.8	10%	-12%
Costs of products sold	1.6	1.5	1.8	1.7	1.6	-3%	-8%
Gross profit	**-0.9**	**-3.5**	**1.3**	**-2.4**	**-0.7**		
Marketing costs	1.0	1.4	3.5	1.9	1.9	98%	2%
G&A	2.5	2.5	1.8	2.9	2.7	8%	-6%
Other operating activities	0.0	0.0	0.0	0.0	0.1		
EBITDA	**-3.5**	**-5.9**	**-2.7**	**-5.9**	**-3.8**		
EBIT	-4.4	-7.5	-4.0	-7.2	-5.3		
Balance on financial activities	-0.2	-0.3	0.0	0.0	-0.3		
Profit before tax	**-4.6**	**-7.7**	**-4.0**	**-7.3**	**-5.6**		
Income tax	0.0	0.0	0.0	0.0	0.0		
Net profit	-4.6	**-7.7**	**-4.0**	**-7.3**	**-5.6**		

Opinion. **NEGATIVE.** *The results for Q2 2025 exceeded our expectations, but the company deepened its loss at the EBIT/EBITDA/net profit level y/y, which was due to an increase in operating costs y/y. At the same time, the company managed to reduce its loss q/q, thanks to cost savings and slightly better sales q/q. Nevertheless, the cash burn rate remains high, which, among other things, prompted the company to begin the process of securing financing for its operations in connection with an identified capital gap of PLN 15-20mn in the first half of 2026. The Management Board decided to bring forward the target of PLN 100mn from 2026 to 2028 in the new strategy (vs. PLN 104mn forecast by us in 2028), and the postponement of the target to subsequent years could have been expected after recent comments by the Management Board. In summary, given the potential share issue (7-9% of current capitalization) and the postponement of the acceleration of technology commercialization, we expect a negative market reaction.*

In this commentary, we are not changing our target price or recommendation for the company.

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XTPL	PLXTPL000018				Y						

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