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MANAGEMENT BOARD'S REPORT ON THE  
ACTIVITIES OF XTPL S.A. AND XTPL GROUP  
FOR THE FIRST HALF OF 2021

## LETTER FROM THE MANAGEMENT BOARD

Ladies and Gentlemen,

We are pleased to present our financial report for the first half of 2021. For XTPL, this was a busy time filled with many events supporting continued growth of our business.



During this period, we achieved further important advances towards commercialization of our technology and products. Above all, we acquired distributors for XTPL solutions on three globally important markets: South Korea, China and the British Isles. Before the relationship was established, our partners had looked into the possibilities of the UPD technology and had identified its potential recipients. The first result of the cooperation was prestigious industry awards granted to us during the Display & Touch Industry Conference 2021 (DTIC 2021), one of the most important industry conferences for display manufacturers in China.

As regards processes closely related to the commercialization of our products and solutions, in the first place it is necessary to mention the successful finalization of negotiations for the sale of another prototyping device – the Delta Printing System. By the end of this year, the printer will be delivered to the Light Technology Institute (LTI), which operates as part of the Karlsruhe Institute of Technology (KIT), a prestigious technical university in Germany. As a reminder, the first device of this type has already been used in Stuttgart for several months now, and we are receiving regular feedback regarding possible expansion of our technology. In addition, we are constantly developing another product: conductive inks with silver nanoparticles. We have executed 16 orders to date. Importantly, some of them were new orders from the same customers. This confirms the outstanding value of our product and allows us to obtain positive testimonials in this regard.

During the reporting period, we also continued talks about industrial implementation of the XTPL technology. We conducted technology evaluation processes with customers from electronics, semiconductor and display industries. Our technology was also tested in terms of its potential use for repairing open defects in OLED displays. Since the beginning of 2021, we have been working on implementation of the UPD technology for use in new products in the area of advanced integrated circuits. In a specific target application, the XTPL technology is the only additive method available in the market to have met the key requirements of a client from the semiconductor industry. Once implemented, the UPD technology will help shorten the current multi-stage subtractive process, while significantly reducing the use of materials. It should be noted that the companies working with us on evaluation of our solutions put them to thorough tests, as a result of which some of the ongoing efforts and talks gradually take the commercialization process to the next stages. We are aware of the expectations of our Shareholders and Investors in this respect. However, please note that the innovative features of the solutions developed by XTPL will be used with a new generation of electronic devices that manufacturers are already working on. Significantly, we are negotiating and testing our technology with entities from various market segments. In our opinion, this approach vastly increases the possibilities of establishing the expected cooperation with industrial clients.

As we have pointed out on many occasions, continuous development of our technology based on emerging global trends in the electronics market is part of our DNA. By focusing on this area, we are able to reach further milestones. During the first six months of the year, we successfully tested the printing of ultra-thin conductive lines (5  $\mu\text{m}$  wide with the same pitch between them), while maintaining a very high density on the substrates provided by the client and based on the client's design. Moreover, the proposed pattern consisted of five independent paths. We

successfully confirmed their excellent conductivity with no short circuit between them. Based on the outcome of the tests, the client decided to go ahead with the negotiations. Another key technological milestone in the reporting period was the achievement of a very high degree of repeatability of conductive lines printed on the electrical layer of high-resolution OLED displays. These substrates have very complex topography due to the high number of layered conductive paths manufactured during the production process. The capability of the XTPL technology to deposit thin (1 µm wide) conductive lines in a repeatable manner increases technological readiness of the Company's solution to repair open defects in electrical structures of new generation OLED displays.

Patent cloud development is yet another key focus area for us. In May and June, we filed two new patent applications for a method of checking the geometric parameters of cartridges and for precise filling of micrometric cavities with polymer. To date, XTPL has submitted 23 applications that guarantee patent protection for the Company.

The beginning of the year was also marked by positive information about XTPL's project being recommended for co-funding by the NCBR with a grant amount of PLN 7.7 million (66% of the project value). The agreement was signed at the end of May. This is an important factor that enables us to move forward with the development of our technologies in line with the current market trends. In the first half of 2021, our strategic projects received grants totalling PLN 1,722 thousand (including PLN 605 thousand in respect of refunds posted as revenue in the income statement, and PLN 1,117 thousand in advances recognized under accruals in the balance sheet), compared to PLN 893 thousand in the first half of last year.

Thanks to our efforts undertaken in the first half of the year, we generated PLN 143 thousand in revenue from the sale of products and services compared to PLN 43 thousand posted in the same period of the previous year. Our net result was PLN -4.6 million vs PLN -5.6 million last year. At the end of June 2021, EBITDA was PLN -4.3 million compared to PLN -5.3 million in the first half of 2020. The first results of commercialization of our products strongly motivate us to continued work on implementation of our technologies for industrial applications.

As you can see, we are not letting up and we do believe we can attain the ultimate goal that lies ahead. There are no shortcuts on this journey, but we are confident that we are going at the right pace, and soon will reap the first rewards of our hard work. Therefore, let me take this opportunity and thank our team for their day-to-day engagement, the Supervisory Board and external advisors for their professional support, and our Investors and Shareholders for each sign of their commitment to the Company's affairs and the trust they put in XTPL. We also thank you for your strong participation in and interest shown during the XTPL Investor Day held on 14 September this year.

Enjoy reading this Interim Report, and remember that if you have any questions, you can contact us via e-mail at [investors@xtpl.com](mailto:investors@xtpl.com) or use other contact channels. All the necessary contact details are available in the investor relations section on our website.

Yours faithfully,

Filip GrANEK, PhD



Jacek OLSZAŃSKI



XTPL Spółka Akcyjna, a joint stock company having its registered office at ul. Stabłowicka 147, 54-066 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.

As at 30 June 2021 ("**Balance Sheet Date**"), the share capital of XTPL S.A. amounted to PLN 202,922.20 and consisted of 2,092,222 shares with a nominal value of PLN 0.10 each.

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 first half of 2021 ("**Management Report**"). The standalone and consolidated financial statements of XTPL S.A. and the Group are contained in separate documents.

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 28 September 2021. As at the Report Date, the share capital of XTPL S.A. amounts to PLN 202,922.20 and consists of 2,029,222 shares with a nominal value of PLN 0.10 each ("**Shares**").

The consolidated financial statements mean the consolidated financial statements (including the Company and the Subsidiary) for the period from 1 January to 30 June 2021 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 period from 1 January to 30 June 2021 ("**Reporting Period**"), prepared in accordance with the International Financial Reporting Standards approved for application in the EU.

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 indicated otherwise.

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

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# Financial highlights

## 1 Financial highlights

### 1.1 Selected standalone figures

Figures in PLN thousand	1 January – 30 June 2021		1 January – 30 June 2020	
	PLN	EUR	PLN	EUR
Net revenue from the sale of products and services	143	31	43	10
Revenue from grants	605	133	893	201
Profit (loss) on sales*	-939	-207	-990	-223
Profit (loss) before tax*	-4,722	-1,038	-5,631	-1,268
Profit (loss) after tax*	-4,722	-1,038	-5,631	-1,268
Depreciation/amortization	154	34	257	58
Net cash flows from operating activities	-1,945	-428	-3,061	-689
Net cash flows from investing activities	-1,886	-415	-311	-70
Net cash flows from financing activities	-4	-1	9,249	2,082
Figures in PLN thousand	30 June 2021		31 December 2020	
Owner's equity	7,164	1,585	10,737	2,327
Short-term liabilities	2,796	618	1,097	238
Long-term liabilities	3,234	715	3,198	693
Cash and cash equivalents	6,462	1,429	10,298	2,232
Short-term receivables	577	128	735	159
Long-term receivables	454	100	33	7

\*in point 2.13.3 the impact of the non-cash settlement of the incentive system on the Company's results is presented

## 1.2 Selected consolidated figures

Figures in PLN thousand	1 January – 30 June 2021		1 January – 30 June 2020	
	PLN	EUR	PLN	EUR
Net revenue from the sale of products and services	143	31	43	10
Revenue from grants	605	133	893	201
Profit (loss) on sales*	-939	-207	-990	-223
Profit (loss) before tax*	-4,648	-1,022	-5,471	-1,232
Profit (loss) after tax*	-4,652	-1,023	-5,472	-1,232
Depreciation/amortization	154	34	257	58
Net cash flows from operating activities	-2,053	-451	-3,406	-767
Net cash flows from investing activities	-1,534	-337	54	12
Net cash flows from financing activities	-319	-70	9,249	2,082
Figures in PLN thousand	30 June 2021		31 December 2020	
Owner's equity	6,883	1,523	10,386	2,251
Short-term liabilities	2,812	622	1,443	313
Long-term liabilities	3,234	715	3,198	693
Cash and cash equivalents	6,571	1,454	10,478	2,271
Short-term receivables	587	130	530	115
Long-term receivables	32	7	33	7

\*in point 2.13.3 the impact of the non-cash settlement of the incentive system on the Company's results is presented

exchange rates used in the financial statements	2021 – January – June		2020 – January – June/ December 2020	
	EUR	USD	EUR	USD
for balance sheet items	4.5208	3.8035	4.6148	3.7584
for profit or loss and cash flow items	4.5472	3.7815	4.4413	4.0214



# Management Report

## 2 Management Report

### DEFINITIONS:

**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

**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

**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** means a display manufacturing technology in which each pixel is a semiconductor light emitting diode (LED)

**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 deposition) means a technology of ultra-precise printing of structures developed by the Company

**Sintering process** means mutual binding of particles after heating them to a temperature lower than the temperature 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

**TEA** means a Technology Evaluation Agreement

## **2.1 Summary of activities related to the commercialization of the technology developed by the Company:**

In the Reporting Period, the Company continued efforts towards new sales of its ultra-precise deposition (UPD) technology demonstrator – XTPL Delta Printing System – a device designed for laboratory use and rapid prototyping. The Company seeks to acquire new partners – R&D units of technological corporations, scientific and research institutes – that can leverage the potential of the Company’s technology in their activities. In the period from January to June 2021, almost 80 talks were held with entities willing to purchase the device. In more than 10 cases, test prints were made on clients’ substrates, in accordance with the design. The Company’s clients interested in the device include research centers, universities and institutes of technology, as well as representatives of companies from electronics, semiconductor and display sectors. As well as playing a commercial function, the provision of the technology demonstrator is one of the stages of the complex process aimed at implementing XTPL technology solutions for industrial applications.

Advanced talks are currently underway with new potential clients interested in purchasing the XTPL Delta Printing System, including esteemed representatives of the scientific community who work on innovative use of the printed electronics technology, as well as R&D departments of the largest global companies from the display, semiconductor, medical, automotive, aerospace and defense industries.

Furthermore, in the Reporting Period the Company maintained its focus on the tasks related to the commercialization of UPD technology in industrial applications. Due to completion of a part of the evaluation tests to check the readiness of the Company’s technology for use in repairing open defects in OLED displays, talks are being held with several independent industry players concerning industrial implementation of the Issuer’s technology.

At the same time, the Company also started talks with industrial entities regarding the use of the UPD technology for repairing also 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).

Since the beginning of 2021, the Company has been working on implementation of the UPD technology for use in new products in the area of advanced integrated circuits. In a specific target application, the XTPL technology was the only additive method available in the market to have met the key requirements of a customer from the semiconductor industry. Once implemented, the UPD technology will help replace the current multi-stage subtractive process, while significantly reducing its duration and the use of materials. The process is currently being optimized in order to achieve the most efficient parameters.

The Company continued its activities related to the sale of conductive silver inks with unique physicochemical properties. Inquires are being received in relation to the Company’s products from scientific and industrial entities working on development of new types of electronic devices with the use of additive technologies. Work is currently under way to extend the inks on offer to include new products adapted to other printing technologies.

## 2.2 Achieving milestones in development

XTPL continues to attach great value to the development of its proprietary UPD technology. Critical milestones were achieved in the second quarter. The first is the repetitive printing of lines less than 2  $\mu\text{m}$  wide, regardless of the material on which the process is carried out (printing on hydrophobic and hydrophilic materials). This success is particularly important in repairing open defects in next-generation high-resolution displays, in which, in addition to the requirement to print very narrow features, the conductive line can pass through various materials of the substrate, which means that regardless of the material used, the line should maintain the same geometrical dimensions.

The second technological milestone achieved is the extension of the replaceable nozzle life to more than two weeks. This printing head element can be easily replaced by the device operator.

Another technological breakthrough achieved by the XTPL R&D team is the demonstrated ability to print precise conductive features that effectively cover a high step in substrate topography, up to 150 micrometers in height.

## 2.3 Intellectual and industrial property

In the period from January to June 2021, the Company filed another three patent applications with the United States Patent and Trademark Office, covering further layers of intellectual property protection in the field of precise printing. The first two patent applications relate to the method and apparatus for characterizing and optimizing ink flow in the printing head nozzle. This method is generic and can be applied not only to the XTPL technology, but also to other printing techniques. Therefore, both patent applications have a major commercial value. The third patent application is a crucial invention from the point of view of applying the XTPL technology in the smart glass sector. It shows how to significantly improve the parameters of transparent conductors. In May 2021, another two patent applications were submitted, covering further layers of intellectual property protection in the area of precise printing. Both applications were filed with the United States Patent and Trademark Office. One of the two applications relates to the design of a new printing head used in the Ultra-Precise Deposition (UPD) process. The other application concerns the formulation of high-viscosity ink, compatible with the UPD method. This unique combination of the high-viscosity ink and the printing head that enables its precise deposition (with the width of printed features ranging from 1 to 10 micrometers) makes it possible to print in a very high resolution on complex substrates, including on materials with very different wetting properties, junctions, and vertical steps. With this capability, the UPD technology enables, e.g. rapid prototyping of new generation electronic devices, including organic light-emitting diodes and printed circuit boards. In June 2021, another patent application was filed for a method of predicting the geometric parameters of printed structures based on print parameters. After the Balance Sheet Date, in August 2021, the Company filed another patent application.

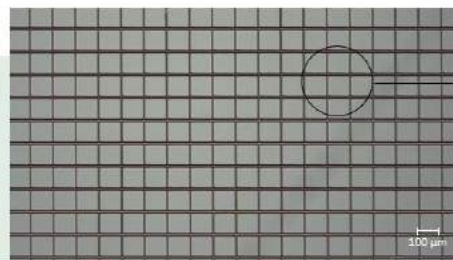
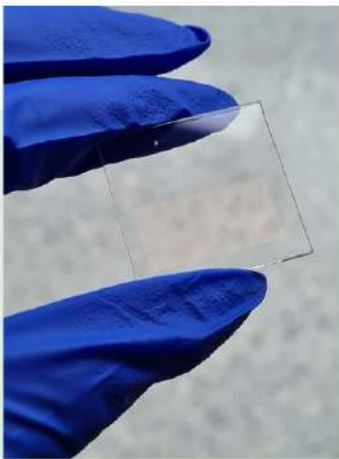
As at the Report Date, the Company had trademarks registered with the Patent Office of the Republic of Poland and the European Union Intellectual Property Office, as well as in China. By the Report Date, the Company had registered 23 patent applications, including 3 submitted in H1 2021. As at the Report Date, the Company had one patent granted.

## 2.4 Progress in research and development

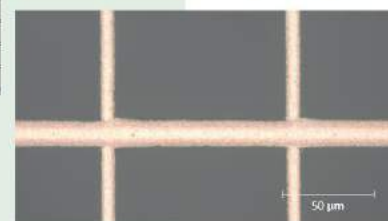
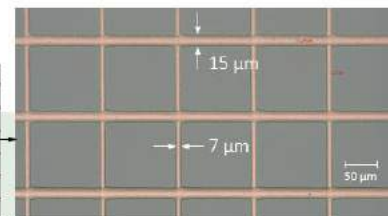
During the first half of 2021, the Company's R&D department worked on further development of the printing process for use in the electronics industry, using highly concentrated conductive ink based on silver nanoparticles. The new nanoink formulation keeps the physicochemical parameters that are key to the UPD technology, associated with, e.g. high homogeneity of nanoparticle size and the prevention of agglomeration (the sticking of nanoparticles) during the printing process. At the same time, due to the high concentration, the printed lines have a very high aspect-ratio, i.e. the height-to-width ratio after the printing head has deposited a single layer of ink, i.e. after a single "pass". This is a distinguishing feature of the Company's technology as in order to obtain a similar result by competitive methods it would be necessary to deposit conductive material multiple times at the same point with multiple "passes", thus extending process duration.

As well as developing the ink based on silver nanoparticles, during the reporting period the Company stepped up its efforts related to the development of ink based on copper and gold nanoparticles. The introduction of these materials is of great importance in the context of achieving optimal parameters for industrial applications and new market areas. For example, for the semiconductor industry, copper is more optimal due to its increased compatibility with materials used at other production stages. On the other hand, in the biomedical industry, gold is the main material used in biosensors due to its resistance to the biological materials applied in the measurement process. For both ink types that use copper and gold nanoparticles, the first tests have already been carried out demonstrating compatibility with the UPD printing method.

### XTPL Cu NANOPASTE DEVELOPMENT – PRINTING PROCESS



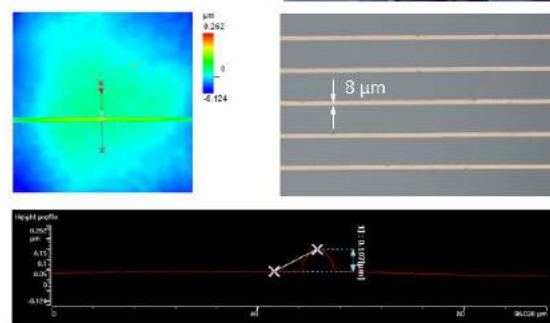
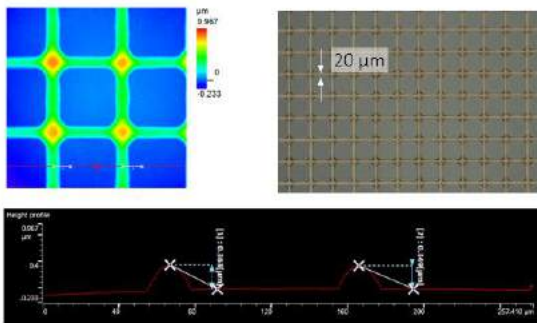
Development of a copper paste formulation dedicated mainly to printing using the UPD method



## XTPL Au NANOPASTE DEVELOPMENT – PRINTING PROCESS



Development of a gold ink formulation dedicated mainly to printing with the UPD method



All inks developed by the Company's R&D department, based on silver, copper and gold nanoparticles, are highly-concentrated, and thus enable printing on non-planar substrates with a complex topography. It allows the continuity of the structure to be maintained even if it was printed, for example, on a "step", when the substrate is not homogeneous and its layers are at different height levels. An additional advantage of using the ink in question is the negligible influence of the material on which printing takes place.

In practice, this means that whether hydrophobic or hydrophilic material is used for printing, the width and height remain almost unchanged, and so does adhesion. When using inks with a more fluid consistency (inks with a lower viscosity), the shape of the printed features depends largely on the type of substrate on which it was printed. Lower viscosity ink that will be used on a hydrophilic substrate will "spill", increasing the track width compared with what is achieved with same parameters on the hydrophobic material.

One of the first breakthrough technological connected with printing on 3D substrates achieved by the XTPL R&D team was the demonstrated ability to print precise conductive features that effectively cover a high step in substrate topography, up to 150 micrometers in height. For two different clients from the microelectronics and integrated circuits industry, the XTPL team has recently demonstrated similar electronic connections on steps with a height of 350 μm, while maintaining high print resolution and structure conductivity. The current research in this area is focused on increasing the repeatability and speed of printing connectors on substrates with advanced topography. This is achieved by optimizing printing parameters, modifying the conductive ink, fully automating the printing process, and using a script for automatic movement in 3D. As a result, the time needed to print a single conductive connection on steep edges was reduced to less than 1 second.



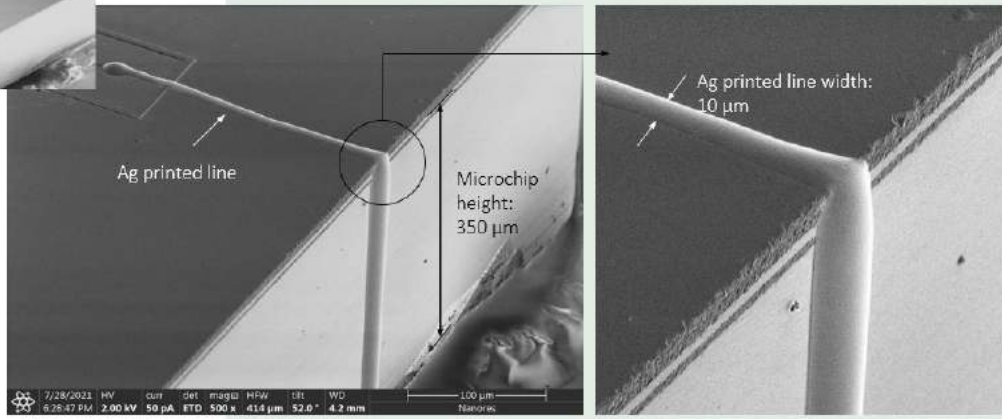
### 3D INTERCONNECTIONS



Microchip 350  $\mu\text{m}$

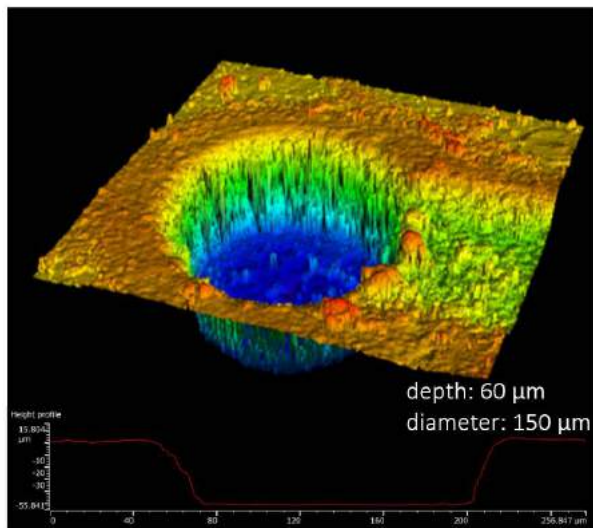


Printout of conductive connections on steep slopes of a step (e.g. microchip) 350  $\mu\text{m}$  high

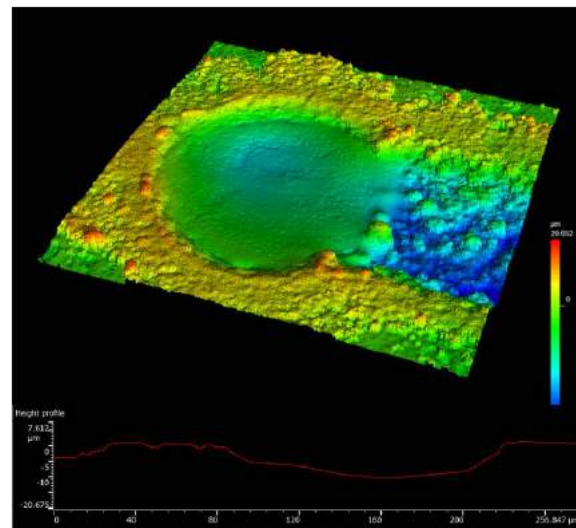


Another research area that has attracted great interest from industrial players and academic institutions is the possibility of filling gaps in semiconductor structures using selected materials. This applies to both making electronic connections between layers in advanced integrated circuits – TSVs (Through Silicon Vias), as well as filling gaps in insulating layers created at the production stage.

EMPTY VIA  
THROUGH SILICON VIA



VIA FILLED  
WITH CONDUCTIVE INK, XTPL Ag-based CL85

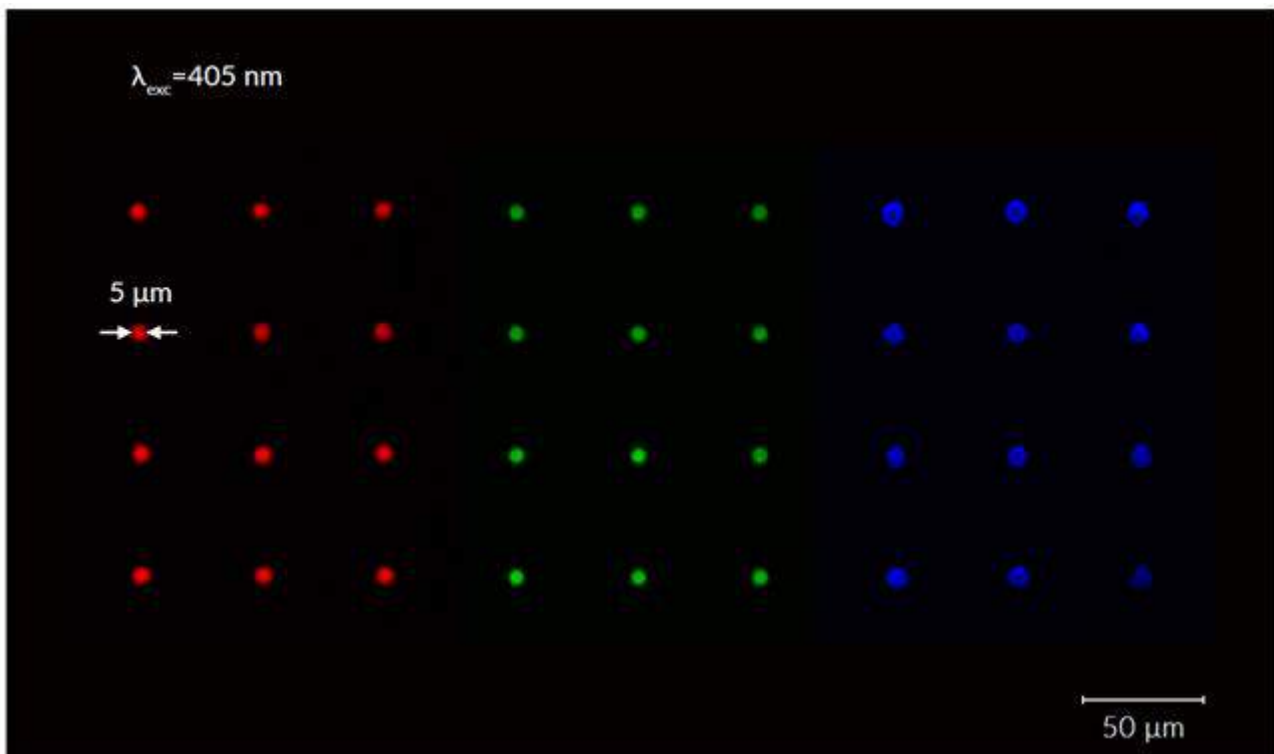


For the Company, this opens further application areas related to advanced electronic circuits or integrated circuits. The use of the UPD technology in these markets fits with the strategy adopted by a group of experts from the semiconductor industry (from the United States, Europe, Japan, China, South Korea and Taiwan) laid down in the documents of the National Technology Roadmap for Semiconductors (NTRS), which provide for integration of



individual electronic circuits into one integrated circuit. The precise deposition of material with a high concentration of nanoparticles started to be used in the Company's several new technological and business streams. This is testament to the uniqueness of the developed solution and its potential to be used in new technologies.

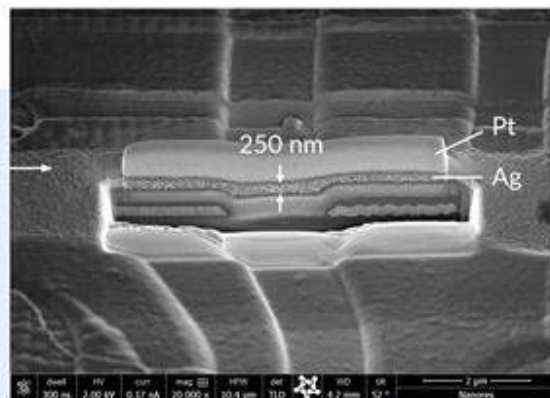
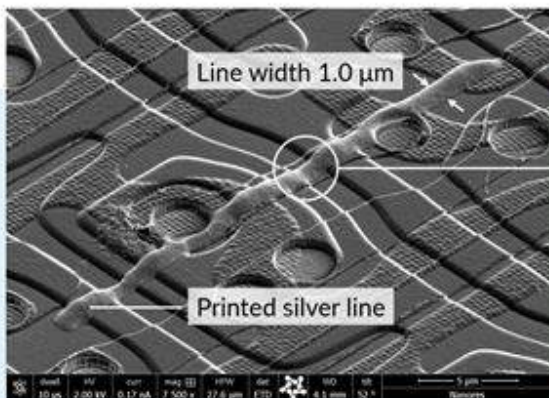
During the reporting period, together with industrial partners, the Company successfully delivered structures printed with the client-proposed material. With the versatility of the Company's technological solution confirmed, the Company could move on to the next stages of talks with potential clients. One example of a successful experiment is the printing using quantum dot ink supplied by an industrial partner.



XTPL attaches great value to the development of its proprietary UPD technology. In H1 2021, critical milestones were achieved. The first is a test printing of thin, high-density conductive lines on client-supplied substrates and based on the client's design. One of the tasks was to print  $5 \mu\text{m}$  wide conductive lines with a  $5 \mu\text{m}$  gap between them. Furthermore, the proposed pattern consisted of five independent paths. This not only made it possible to measure their conductivity, but ensured there was no short circuit between them. Both tests provided highly competitive results, paving the road to further stages of the talks.

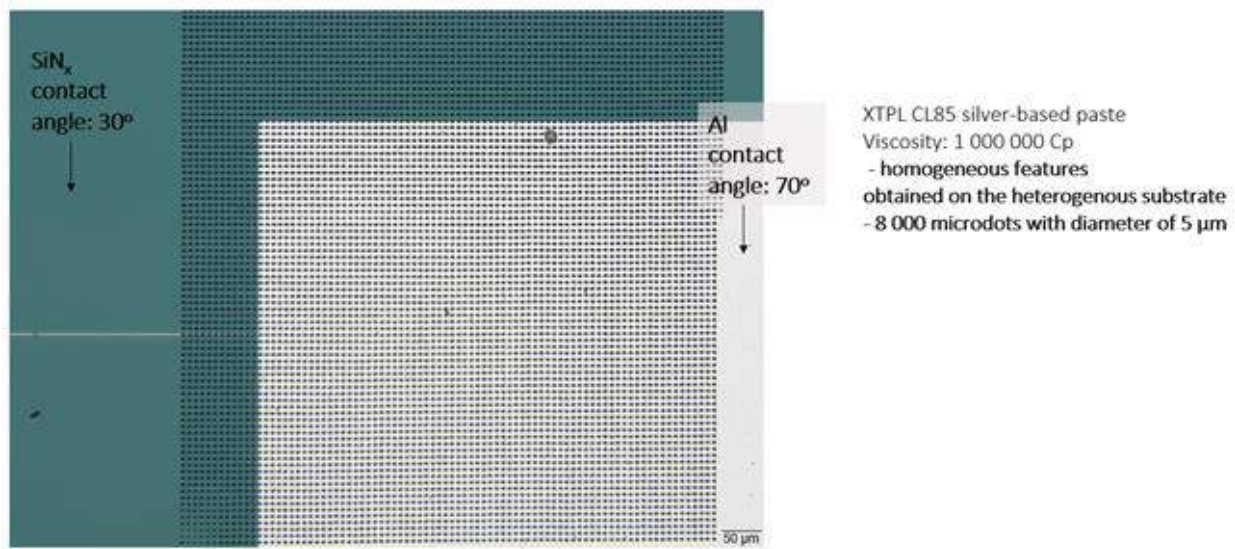


Another, and one of the most important technological milestones is the achievement of a very high degree of repeatability of conductive line printed on the electrical layer of high-resolution OLED displays. These substrates have very complex topography due to the high number of layered conductive paths manufactured during the production process. The confirmed technological capability of depositing thin (1 µm wide) conductive lines in a repeatable manner increases technological readiness of the Company's solution to repair open defects in electrical structures of new generation OLED displays.



In the first half of 2021, the Company also focused on optimizing the printing speed using the UPD method, as well as on increasing the possibility of automatic printing. In this way, it is possible to print advanced features and patterns obtained from clients with reduced or indeed no operator presence during the printing process itself. The introduction of this functionality is of great importance for the use in prototyping or even in small-lot production with the Delta Printing System.

Below you can see an example printout made by means of the automatic process, characterized by a very high repeatability of the shape.



## 2.5 Other events

### 2.5.1 Recommendation from Stifel Europe Bank AG

In June 2021, the German Stifel Europe Bank AG issued a "BUY" recommendation for XTPL shares. The Stifel Group is particularly strong when it comes to cooperating with technology investors from many countries, including the United States. XTPL is the first company from Poland and Central and Eastern Europe for which the broker published an analysis.

### 2.5.2 Annual General Meeting of Shareholders of 30 June 2021

On 30 June 2021, the Annual General Meeting was held. Among other things, it approved the financial statements and reports on activities, and granted discharge to members of the Company's governing bodies for performance of their duties. You can find details in current report ESPI [13/2021](#).

### 2.5.3 Presentation of the XTPL technology at international industry events

Industry events are an excellent opportunity to showcase the unique XTPL technology to leading representatives of industry and science from around the globe. At the time of the pandemic, the events are predominantly held online or in hybrid form. As of the first half of 2020, XTPL has been adapting its activities to the current trend and market conditions. The Company attaches great importance to building and increasing awareness of the XTPL's precision printing technology and the technology's capabilities among experts in the microelectronics, displays, semiconductors and printed electronics industries. For this reason, during the first six months of 2021, XTPL organized and actively participated in many industry events.

On 16–17 February 2021, the Company organized a webinar dedicated to the presentation of the XTPL technology, available for various time zones. During the meeting, Filip Granek, the CEO of XTPL, gave a presentation entitled "Rapid prototyping in microelectronic applications", in which he outlined the approach to prototyping microelectronic devices and components.

On 24 February 2021, Aneta Wiatrowska, PhD, XTPL Technology Director, represented the Company during the event innoLAE 2021 – Innovations in Large-Area Electronics. The conference agenda included the most innovative aspects of large-area electronics. As part of the “Manufacturing” session, Aneta Wiatrowska presented a paper entitled “High-resolution Printing of Micrometric Conductive Features for LAE”.

On 22 March 2021, the LOPEC conference was held. LOPEC is the world's leading communication platform for research and solutions in the printed electronics industry. The Company was represented by Piotr Kowalczewski, PhD – Head of the XTPL Numerical Simulation Laboratory.

Another event in which XTPL took part was the Internano Poland conference held in April 2021. This is an international forum of scientists, entrepreneurs, organizations that support business and students working in the sector of nanotechnology and technologically advanced materials. The Company was represented by Piotr Kowalczewski, PhD, who presented the Issuer’s latest technological results. The conferences in which the Company participated are key industry events related to printed electronics, nanotechnology and modern microelectronic devices (OLEDs and micro-LED displays, solar cells and sensors).

On 29 April 2021, the Ceramic Interconnect and Ceramic Microsystems Technologies (CICMT) conference took place. The Company was represented by Łukasz Kosior, XTPL Senior Business Development Specialist, who gave a presentation entitled “Ultra-precise printing of micrometric conductive structures for use in the integration and merging of MEMS circuits”.

On the same day, XTPL took part in one more event: the Smart Systems Integration conference. During the conference, Aneta Wiatrowska, PhD, made a presentation “Ultra-precise printing of micrometric conductive features for integrating intelligent systems”.

Another event with the Company’s participation was the “Printed, Flexible, Hybrid, & InMold Electronics” conference held on 11–12 May 2021 via the TechBlick platform. The Company was represented by Filip Granek, who outlined XTPL’s latest technological achievements.

On 17–21 May 2021, the Display Week was held. The Company took part in both the conference and exhibition part of the event. XTPL designed a virtual stand complete with information about the Company and its technological achievements. The virtual stand allowed the Company to make contact with giants from the deep-tech sector. In addition, during the conference part, Aneta Wiatrowska gave a presentation on “Ultra-precise printing of conductive micrometric connections for high-resolution micro-LED displays”.

In Q2 2021, the Company also took part in the International Conference on Display Technology, an event held in on 30 May–2 June. The conference topics covered a wide range of new display technologies. The Company was represented by its CEO Filip Granek.

In June 2021, the Company organized further webinars on XTPL technologies and products. The first webinar was held on June 16–17 for different time zones. The meeting was conducted by Ludovic Schneider, R&D Manager. During the webinar, Ludovic presented the properties and key information about the conductive inks produced by the XTPL laboratory. Another from the series of June webinars was held on June 23–24 also for different time zones. During the webinar, Łukasz Kosior, XTPL Senior Business Development Specialist, presented the most important information on the XTPL ultra-precise deposition technology for use in microelectronics or flat panel displays.

After the Balance Sheet Date, the Company took part in the Nanotechnology 2021 conference – an event focused on nanotechnology, organic and printed electronics and nanomedicine. During the conference, Filip Granek gave a presentation “Ultra-precise deposition of materials for flexible organic electronics”.

On 27 August 2021, XTPL took part in the International Meeting on Information Display conference. During the event, Filip Granek presented the Company’s latest technological achievements in the presentation “Ultra-precise deposition for the production of displays: from rapid prototyping to mass production”.

Another event on the Company's calendar was the Connecting Heterogeneous Systems Summit, which took place on 3 September 2021. During this event, Łukasz Kosior gave a presentation "Ultra-precise deposition of nanomaterials for heterogeneous integration".

At the same time, the Company keeps track of industry events and scientific conferences planned for the coming quarters, in which it could present its technology and products.

#### **2.5.4 Presenting XTPL at investor events**

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 in the first half of 2021 addressed to the capital market.

In connection with the publication of the 2020 Annual Report on 27 April 2021, two earnings calls were held with the Management Board of XTPL S.A. The first meeting took place on 28 April 2021, and was in Polish. The second meeting was held on 29 April 2021 in English. During both calls, the Company’s Management Board presented and discussed the financial results and the key events and achievements of the previous year.

Further investor videoconferences attended by the Management Board of XTPL S.A. were held in connection with the Q1 2021 report published on 27 May 2021. The meetings in Polish and English took place on 27 May 2021 and 28 May 2021, respectively. During the conference with investors, the Company’s Management Board presented the key events and achievements, as well as financial results for the first quarter of 2021.

At the same time, in H1 2021, the Company took part in several important international conferences with the participation of investors and analysts. Those events are summarized in the table below.

Event	Date	Idea
VIRTUAL ZÜRS	12-14.04.2021	A conference organized by Raiffeisen Bank International, during which XTPL representatives held a series of meetings with foreign institutional investors.
Equity Forum Spring Conference	17-19.05.2021	One of the largest capital market conferences in Germany, which is an opportunity to engage in dialogue on market developments, innovations and future trends. The event focuses on presentations by companies showcasing their activities, achievements and business strategies. During the three days of the conference, the XTPL Management Board met with investors, analysts and journalists.
#GPW Innovation Day	22-24.06.2021	This was the seventh edition of the highly popular meeting of Polish investors with innovative companies listed on the Warsaw Stock Exchange. During the event, the XTPL Management Board presented the key information about the Company to a wide group of investors.

Investor conferences taking place after the balance sheet date:



Equity Forum Fall Conference	6-7.09.2021	Fall edition of the annual conference focused on the capital market in Germany. During the event, the XTPL Management Board held meetings with investors, analysts and journalists, presenting the Company's latest technological achievements, business model and financial results.
Investor Day	14.09.2021	An online meeting organized at the initiative of the Company with the XTPL Management Board. During the meeting, investors could not only find out about the Company's operations, but also see the laboratories where the Issuer's technology and products are developed. In total, over 200 investors participated in the meeting.

The Company is identifying further investor events in which it could actively present its technology and financial results.

In addition, the Company focuses on regular communication with the capital market, including through a constantly updated website with a separate investor relations section; publication of short information from the life of XTPL in social media channels (Facebook, LinkedIn, Twitter), and 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 individual investors, institutional investors, analysts and journalists.

## 2.6 Events occurring after the balance sheet date

### 2.6.1 Sales of the Delta Printing System printer

On 2 July 2021, the Company accepted and confirmed an order from Karlsruher Institut für Technologie - Lichttechnisches Institut for delivery of the Company's technology demonstrator: Delta Printing System printer, which is tantamount to concluding a sales agreement. The Company will deliver and commission the device by the end of 2021. The Institute will use it for research and development related to modern light-emitting materials.

### 2.6.2 Conclusion of an agreement for distribution of XTPL's technological solutions in Great Britain and Ireland

On 6 July 2021 an agreement was signed between the Company and Semitronics Sales Ltd. based in the UK providing for distribution of the Issuer's technological solutions in Great Britain and Ireland. Under the agreement, Semitronics will be the distributor of XTPL's technological solutions in the British and Irish market. Thanks to the cooperation with the Semitronics, the Company's technology and products will continue to gather momentum in R&D centers, scientific institutions and technological corporations operating in Great Britain and Ireland. The partnership will also increase awareness and visibility of the Issuer's solutions among global market players.

### **2.6.3 Publication of a report on compliance with the principles of Best Practices of WSE Listed Companies 2021**

On 30 July 2021, the Company's Management Board published current report [EBI 1/2021](#) with a statement on its compliance with the corporate governance principles presented in the Best Practice for GPW Listed Companies 2021. The full text of the Company's statement is available on the investor relations site at [www.ir.xtp.com](http://www.ir.xtp.com).

## **2.7 Factors which may affect the results in the subsequent quarters**

The Company develops its range of nanoinks, supplementing the offer with products that could be applied in technologies other than the UPD. This can significantly increase the number of clients in a relatively short period of time. Moreover, the Company has signed an agreement for the supply of the Delta Printing System laboratory printer to the Karlsruher Institut für Technologie – Lichttechnisches Institut in Karlsruhe. It is yet another opinion-forming client with an excellent reputation and an established cooperation with the industry. This relationship may help the Company not only in generating revenues, but also in expanding the awareness and knowledge of its technology across the sector. Advanced talks, with good chances for a successful outcome, are under way regarding further printers to be delivered already this year. The Company consistently builds a base of potential clients, strengthens relationships and develops the sales funnel for both laboratory printers and inks. These activities coupled with the activity of distributors in three local markets (China, South Korea, Great Britain and Ireland), increase the odds for the Company to generate recurring revenues from the sale of its devices, additionally supported by orders for consumables.

At the same time, the Company carries out industrial implementation projects for its technology targeted at manufacturers from display, semiconductor and advanced PCB industries. The intended outcome for each of these projects is the implementation of the Company's technological solutions on production lines. These projects have high profit potential, but require multi-stage and time-consuming execution.

The COVID-19 pandemic is an external factor that cannot be ignored here. As the previous waves have shown, the pandemic had no significant impact on the development of the printed electronics market. The biggest problems were experienced by logistics operations, which severely limited purchases from Asia and the USA. In addition, some partners, notably from the United States, saw a significant slowdown in their business due to limited access to laboratories. On the other hand, the supply chain problem, especially in the semiconductor industry, has strongly stimulated the European Commission to develop a European production ecosystem to maintain the EU's competitiveness and self-sufficiency. Industry Commissioner Thierry Breton has announced that the Chip Act will be developed, covering research, production and international collaboration. In addition, according to Breton, the EU should consider establishing a European Semiconductor Fund. This fact and Intel Co's plans to invest EUR 80 billion in new semiconductor production capacity in Europe can significantly increase the Company's commercialization potential.

As far as the Company is concerned, COVID-19 did not stop or slow down the development or commercialization of the XTPL technology. All contacts and business meetings with partners are held in the form of teleconferences. The previously planned activities are being continued and proceed without any significant disruptions. In addition,



the Company has established relationships with local distributors in China, South Korea, Great Britain and Ireland, who maintain direct contacts with XTPL's partners.

The Company has also developed a number of protocols to use depending on how the outbreak unfolds. By the Report Date, 90% of the XTPL team had been vaccinated with two doses of the vaccine.

## **2.8 Description of operations and basic products**

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 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.

### **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  $\mu\text{m}$ . For comparison, most of the methods of printing electronic materials available on the market with difficulty reach the value of 20  $\mu\text{m}$ , and only single manufacturers declare that they achieve values around 10  $\mu\text{m}$ . The Company's solution can be used on most typical substrate materials, 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.

### **PRINTING SYSTEM WITH UPD TECHNOLOGY**

At the end of 2020, XTPL unveiled its offer of the Delta Printing System, a printing device designed for use in research & development and prototyping. The Delta Printing System uses the XTPL-developed UPD technology distinguished by its platform character. As a result, the device will afford its future users a great degree of freedom in project management, which might open the door to new application areas. In the first quarter of 2021, the first device was put in place at the University of Stuttgart, and at the end of the second quarter, the Company announced the sale of the printer to the Karlsruhe Institute of Technology. The purchase of the device by the two institutions additionally boosted interest in the printing system offered by XTPL. Based on the level of advancement of the ongoing talks, we believe that subsequent devices will be sold by the end of 2021.

### **NANOINKS:**

Nanoinks with a unique formulation are one of the elements of XTPL's ultra-precise printing method. The materials developed by the in-house R&D department have dedicated physicochemical properties enabling full utilization of the UPD method's potential. In this way, the Company can develop the additive technology comprehensively, with concurrent work on the ink deposition head and constant adaptation of the deposition material. Most of the inks developed and used by XTPL are based on silver nanoparticles. Other elements are also used, including gold, copper and platinum, as well as quantum dots, for example. Owing to the diversity of materials, XTPL can flexibly respond to

the needs of the market and individual clients. The XTPL method can also accommodate many commercially available materials, which may expand the area of its application in the future, giving customers real technological versatility. 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 attractive for the ongoing development projects in the field of printed electronics.

#### **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. Due to the current lack of competitive technology, 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.

#### **2.9 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.

The Company is also acquiring distributors for its 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 printers complete with the necessary consumables. A lab printer 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 ink, 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 both of the above-mentioned business models, and the appropriate model is selected during the relationship-building process.

The market the Company wants to reach with its technology is growing rapidly. In 2020, the value of the entire printed, flexible and organic electronics market was estimated at more than USD 37.1 billion. Notably, the value of the market is to reach USD 74 billion by 2030 (source: IdTechEx). 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.

## 2.10 Target markets

XTPL intends to commercialize its technology in many segments of the broadly understood printed electronics market. According to IDTechEx, the value of the global market of printed, flexible and organic electronics exceeded USD 41 billion in 2020. In 2030, the market is forecast to grow to USD 74 billion, with a CAGR at 6.1% in 2020–2030.

The Company chose the first three application fields to implement strategic business partnerships commercializing the UPD technology:

### **Display sector (repairing broken metallic connections in thin-film transistors):**

Defects in conductive structures (broken metallic connections) are a serious challenge for manufacturers from many industries. The defects are one of the reasons for dead pixels particularly occurring in high resolution matrices. The technologies for repairing these structure available in the market today have serious limitations, are complicated and costly. The XTPL nanoprinting technology will enable open defect repair already at the production stage, reducing costs, ensuring precision and speed that none of the existing methods can offer.

### **FHE**

FHE (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 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 use cases, but also in the research and prototyping of new systems.

In addition to the main target markets, the Company plans to start commercialization by providing a laboratory device containing the UPD technology. According to the competitive environment analysis conducted within the Company, there is currently no commercially available additive technology that would offer print parameters comparable to those ensured by the UPD technology developed by XTPL. Firms operating in XTPL’s close competitive environment are defined in the 3D Printed Electronics market. This market is to develop rapidly in subsequent years (with projected CAGR at 27.8% according to Business Wire) and in 2029 it is expected to exceed USD 2 billion (according to IDTechEx).

An important element that fosters development of the electronics market is the growing number of new applications of printed, flexible and organic electronics in various fields. Ultimately, the Company will seek to ensure that its technology can be used in many existing areas of the printed electronics industry and – thanks to the unprecedented precision of printing – will lead to the emergence of new areas within this sector. The Company wishes to develop its technology in such a way that it can be used to manufacture complex and complicated devices with cheap and scalable printing methods.

The new, already identified and pre-verified application areas include:

- display market (in addition to the above-mentioned use for open defect repair, the next step is to provide the industry with solutions that will significantly increase the resolution of a new class of displays, improving their output parameters, even on flexible substrates)
- PCB (printed circuit boards) market
- security printing market
- biosensors market
- photovoltaic cells market.

### **2.11 Description of key threats and risks until the end of the financial year**

In the short-term, the COVID-19 pandemic is the main threat to the ongoing and potential new commercialization processes. At the peak of a next wave of contagions, the activities of XTPL's partners might be temporarily restricted. In

extreme situations, potential clients and partners might need to restructure, reorient their development strategies, and reduce their R&D operations and employment. As a result, XTPL might have to suspend or discontinue the projects in which it is involved.

In the following months of 2021, there is also a risk of suspending the international transport of materials. In consequence, the delivery of structural elements for the devices developed and manufactured by the Company might be suspended, with limited access to the chemical compounds and raw materials necessary for the production of the conductive ink. On the other hand, the materialization of that risk may make it difficult or impossible for the Company to send samples, conductive nanoink or devices to its clients. The Company has built up stocks for potential upcoming deliveries, but due to the high cost of components, the stocks cannot extend for too long into the planned sales process.

An outbreak of COVID-19 among XTPL employees remains the most serious risk. In this case, due to the specific nature of the operations of the Company's technological departments, it will be necessary to suspend any work that cannot be performed remotely. Accordingly, the Company's Management Board has developed and tested a number of protocols to be activated depending on the severity of the pandemic. Moreover, by the Report Date, 90% of the XTPL team had been vaccinated.

## 2.12 Key information about the Issuer

<u>Business name:</u>	XTPL Spółka Akcyjna
<u>Registered Office:</u>	Wrocław
<u>Address:</u>	Stabłowicka 147, 54-066 Wrocław
<u>KRS:</u>	0000619674
<u>NIP:</u>	9512394886
<u>REGON:</u>	361898062
<u>Registry Court:</u>	District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register
<u>Share capital:</u>	PLN 202,922.20 paid in full
<u>Phone number:</u>	+48 71 707 22 04
<u>Website:</u>	<a href="http://www.xtpl.com">www.xtpl.com</a>
<u>Email:</u>	<a href="mailto:investors@xtpl.com">investors@xtpl.com</a>

The Parent Company has the status of a public company. Since 20 February 2019, its shares have been listed on the regulated (parallel) market operated by the Warsaw Stock Exchange. For financial reporting, the Group and the Company use IASs/ IFRSs. The Company's financial year is from 1 January to 31 December.

### Management Board

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

Name
Filip Granek, PhD – CEO
Jacek Olszański – Management Board Member

### Supervisory Board

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

Name
Wiesław Rozłucki, PhD – Supervisory Board Chairman
Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board
Andrzej Domański – Deputy Chairman of the Supervisory Board
Beata Turlejska-Zduńczyk – Supervisory Board Member
Piotr Lembas – Supervisory Board Member
Professor Herbert Wirth – Supervisory Board Member.

## 2.13 XTPL Group

### 2.13.1 Group structure

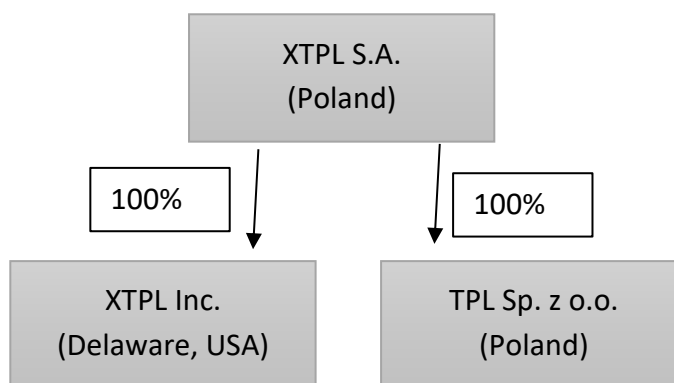
The corporate group XTPL S.A. was established on 31 January 2019.

On 31 January 2019, XTPL S.A. acquired all shares in XTPL Inc., a newly formed entity based in the state of Delaware, United States. The share capital of XTPL Inc. is USD 5,000. XTPL S.A. acquired 100% of the stock at the nominal price. XTPL INC. is consolidated using the line-by-line method.

On 3 November 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.

Structure of XTPL Group as at the Report Date:



### 2.13.2 Agreements that in the future might affect the proportion of shareholdings

In April 2019, the shareholders of XTPL S.A. adopted an incentive scheme for key employees and collaborators of the Group.

The scheme may potentially bring about changes in the proportions of shares held by shareholders. The resolution introducing the scheme conditionally increased the Company's share capital, excluding preemptive rights of existing shareholders, by no more than PLN 18,262.20 through the issue of no more than 182,622 series R ordinary bearer shares with a nominal value of PLN 0.10 each. The series R Shares may be subscribed for by holders of Series A registered subscription warrants. Under the resolution on the issue of series A subscription warrants with exclusion of preemptive rights, maximum 182,622 warrants, at a price of PLN 165.84, may be taken up. The incentive scheme covers the years 2019–2021. The scheme participants will have the right to exercise the warrants by 23 April 2029. After this date, the warrants will expire.

### 2.13.3 Extraordinary factors and events having a significant impact on the condensed financial statements

In the Reporting Period, in the standalone and consolidated statement of comprehensive income the Company recognized the cost the incentive scheme for employees and collaborators based on the Parent Company's shares. The date of recognition of costs was the moment when the persons covered by the scheme were offered the purchase of the shares. The cost of the scheme (fair value of the shares issued) was estimated at PLN 1,149 thousand and was fully taken to the profit or loss of the current period. Recognition of the scheme's costs of PLN 1,149 thousand has no impact on the Group's assets or financial position, or its ability to service its obligations. The scheme's costs are a non-cash in nature, and reflect the value of shares transferred (net of their purchase price paid by scheme participants). This transaction did not cause any changes in the measurement of assets, the level of equity or the company's ability to generate revenues in the future. The shares transferred also did not cause additional dilution of the existing stock as they had been issued in the first half of 2017 (and were intended for the incentive scheme).

The table below presents the Group's result for the period from 1 January 2021 to 30 June 2021 with and without the effect of the incentive scheme.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	WITHOUT THE INCENTIVE SCHEME	WITH THE INCENTIVE SCHEME
	PLN`000	PLN`000
<b>Continued operations</b>		
<b>Revenue from sales</b>	<b>748</b>	<b>748</b>
Revenue from research and development services	7	7
Revenue from the sale of products	136	65
Revenue from grants	605	605
<b>Cost of sales</b>	<b>1,447</b>	<b>1,687</b>
Research and development expenses	1,447	1,687
Cost of finished goods sold	–	–
<b>Gross profit (loss)</b>	<b>-699</b>	<b>-939</b>
General and administrative expenses	2,622	3,531
Other operating income	1	1
Other operating costs	–	–
<b>Operating profit (loss)</b>	<b>-3,320</b>	<b>-4,469</b>
Financial revenues	17	17
Financial expenses	196	196
<b>Profit/ loss before tax</b>	<b>-3,499</b>	<b>-4,648</b>



Income tax	4	4
<b>Net profit (loss) on continued operations</b>	<b>-3,503</b>	<b>-4,652</b>

#### 2.13.4 Branches

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

#### 2.13.5 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.

#### 2.13.6 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 the Subsidiaries.

#### 2.13.7 Guarantees given

Not applicable. Neither the Issuer nor its Subsidiaries provided any guarantees in the Reporting Period.

#### 2.13.8 Achievement of financial forecasts

Not applicable. The Issuer has not decided to publish financial forecasts.

#### 2.13.9 Explanation of seasonality or business cycles

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

#### 2.13.10 Acquisition of own shares

Not applicable. The Parent Company did not buy its own shares in the Reporting Period.

#### 2.13.11 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.

#### 2.13.12 Other information

As at 30 June 2021, the Company and the Group employed 32 people.

### 2.14 Basic threats and risks

## **2.14.1 Risk factors and threats related to the Company's business environment**

### **2.14.1.1 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.

### **2.14.1.2 Currency risk**

Due to the fact that the Company's and the Group's clients will be international entities, most of the Company's revenues related to the commercialization of technology will be 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, in the future 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.

It will be necessary to identify the risk of appreciation of the Polish currency as this will cause a fall in the Company's and the Group's revenues expressed in the base currency (PLN), pushing profit margins down. An increase in currency risk in the Company's and the Group's operations may have a material adverse effect on their trading performance and financial position. As at the Reporting Date, the Company and the Group see currency risk as a significant threat to the expected level of their operating profitability. As and when required, the Company and the Group will resort to FX risk management instruments available in the banking market.

### **2.14.1.3 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 product.

### **2.14.1.4 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.

#### **2.14.1.5 Risk related to the development of the SARS-CoV-2 pandemic**

The current situation related to the coronavirus threat does not significantly affect the Issuer's operational activity. During the peak of contagions, office workers performed their duties remotely (they are provided with a company phone with Internet access and a laptop). Technology staff worked in compliance with all the standards announced by state authorities. Some technology staff are involved in the development of new grant applications, and therefore also partly worked from home. As a rule, all meetings take place using video- or teleconferencing. The previously planned activities run smoothly. By the Report Date, more than 90% of the XTPL team had been vaccinated with two doses of the vaccine.

#### **2.14.2 Risk factors related to the Company's and the Group's operations**

##### **2.14.2.1 Risk associated with the process of implementing technology in the commercialization phase**

The Company's and the Group's business model provides for a gradual introduction of the technology of printing ultra-thin conductive lines for various applications in printed electronics into the commercialization phase. At present, the commercialization process already covers printing devices and nanoinks. 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 specific nature of the particular application field and the Issuer's assessment regarding effectiveness of each of the possible commercialization methods in that field.

As at the Report Date, the Company is carrying out nine projects aimed at implementing the XTPL technology on the production lines of leading manufacturers of consumer electronics, displays, semiconductors, PCBs, as well as manufacturers of devices for the production of electronics.

Due to the multi-stage nature of those projects and their current progress, today the Management Board is unable to give a precise estimate of profitability of their commercialization. The potential profitability of various market segments is estimated based on the cost calculations carried out by the Issuer (both the unit cost of a product, achievable revenue from licensing and the expected commercialization cost) and comparing them with the prices of the solutions which are the market standard today. As a result, the Issuer's Management Board has assessed that the application fields selected for commercialization in the first place, are justified both in terms of their relevant market potential and achievable profit margins, leading to an expected return on the investment into the project. Based on these analyzes, the Management

Board believes that the current projects and the Company's and the Group's development plan are a guarantee of profitability of their operations.

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.

#### **2.14.2.2 Risk of failure to achieve revenues**

The Company's and the Group's business model provides for a gradual introduction of the technology of printing ultra-thin conductive lines for various applications in printed electronics into the commercialization phase. The Company's and the Group's future revenues which would be capable of covering their operating costs are thus dependent on the degree of success of the commercialization, which in turn is influenced by many factors, including those beyond the Company's control. Similarly, failure to obtain co-financing from shareholders may result in the Company being unable to complete its product or the commercialization phase to the extent that would allow revenues to be generated. As a result, both the Company and its shareholders might not achieve the expected profits and returns, and the Company's investors might not be able to recover their funds invested into the Company's stock.

#### **2.14.2.3 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 into the commercialization phase gives rise to a risk of defects, insufficient product quality or unsatisfactory performance of the technology at the initial phase of its commercialization. It is possible that during the first stage of commercialization, unforeseen defects and problems will emerge.

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, at the initial commercialization phase the Company and the Group might not receive revenues in the expected amount.

#### **2.14.2.4 Risk related to the business development model and the failure deliver the Company's and the Group's strategy**

The ultimate goal of the business model is commercialization of the Company's ultra-precise technology of printing a wide range of nanomaterials. Due to the early stage of its development, the Company does not operate a replicable business model yet. Nevertheless, the Company has created a development strategy based on which it put its first products on the market. As a next step, it intends to finalize the maximum number of its current industrial implementation projects and commercialize them through a licensing model.

Due to the geographic and economic conditions in the market, the Company develops its business presence mainly in the United States, Asia and Western Europe. The Company builds its market position through organic growth, primarily based on further development of its technology, and building partnerships with entities having extensive distribution and service channels.

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.

#### **2.14.2.5 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.

#### **2.14.2.6 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.

#### **2.14.2.7 Risk of dependence on future counterparties**

Due to the stage of development of the Company (ahead of commercialization of its main product), as of the Report Date the Company has not identified any dependence on counterparties. However, there is a risk that the Company might become dependent on a singly counterparty after it has put its product on the market, especially in the early commercialization phase, when the Company will have to use the services of a limited number of counterparties. Similarly, given the specific nature of the Company's offer, this creates the risk of dependence on a single client, especially during the first phase of sales.

#### **2.14.2.8 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.

#### **2.14.2.9 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.

#### **2.14.2.10 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).

#### **2.14.2.11 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.

#### **2.14.2.12 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.

#### **2.14.2.13 Risk of loss of financial liquidity and access to financing**

As at the Report Date, the Company does not generate significant sales revenues, which results from its early stage of development. Significant sales revenues are expected to be generated as the technology being developed is commercialized. Implementation of the Company's business model and commencement of commercialization will be a gradual process and will entail costs. Accordingly, on the one hand the ability to generate recurring significant sales revenues by the Company is deferred at this stage of its development, and on the other hand, the preparations for commercialization of the technology entails operating costs. As a result, at the present stage of its development the Company needs to resort to external financing.

Firstly, there is a risk that the funds available to the Company now and in the future will not be sufficient to fully carry out activities aimed at preparing products for sales and commencing their commercialization, which may cause delays in development work and thus have an adverse impact on the Company's performance.

Secondly, there is a risk that the Company will not obtain financing at all, which will cause it to lose operational capacity.

As at the Report Date, the Company uses financing in the form of e.g. proceeds from previous issues of shares and convertible bonds.

#### **2.14.2.14 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.

#### **2.14.2.15 Risk of implementation of in-house technologies by the Company's potential clients**

The ultimate goal of the business model is commercialization of the Company's ultra-precise technology of printing a wide range of nanomaterials. This process will take place by means of granting licenses for the use of the technology or through sale of the products developed by Company: the printing head and nanoink.

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.

#### **2.14.2.16 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.

#### **2.14.2.17 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.

#### **2.14.2.18 Risk of failure of the equipment used in the Company'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.

#### **2.14.2.19 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.

#### **2.14.2.20 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.

#### **2.14.2.21 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.

#### **2.14.2.22 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.

#### **2.14.2.23 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.

# Shareholding structure

### 3 Shareholding structure

#### 3.1 Significant packets of shares

The shareholding structure as at the Balance Sheet Date 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.	Filip Granek	316,998	15.62%	316,998	15.62%
2.	Deutsche Balaton Group	238,577	11.76%	238,577	11.76%
3.	Sebastian Młodziński	233,657	11.51%	233,657	11.51%
4.	ACATIS Investment	195,663	9.64%	195,663	9.64%
5.	Pankiewicz Venture	161,172	7.94%	161,172	7.94%
6.	TFI Rockbridge	101,584	5.01%	101,584	5.01%
7.	Others	781,571	38.52%	781,571	38.52%
	<b>TOTAL</b>	<b>2,029,222</b>	<b>100.0%</b>	<b>2,029,222</b>	<b>100.0%</b>

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.	Filip Granek	316,998	15.62%	316,998	15.62%
2.	Deutsche Balaton Group	238,577	11.76%	238,577	11.76%
3.	Sebastian Młodziński	233,657	11.51%	233,657	11.51%
4.	ACATIS Investment	195,663	9.64%	195,663	9.64%
5.	Pankiewicz Venture	161,172	7.94%	161,172	7.94%
6.	Others	883,155	43.52%	883,155	43.52%
	<b>TOTAL</b>	<b>2,029,222</b>	<b>100.0%</b>	<b>2,029,222</b>	<b>100.0%</b>

### 3.2 A decrease in shareholding below 5% of the total number of votes in the Company

On 7 July 2021, XTPL received a notice – under Article 69(1)(2) in conjunction with Article 87(1)(2)(a) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies – from Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A., an investment fund company with its registered office in Warsaw, acting for on behalf of the investment funds it manages, advising of reduction of the Funds' share in the total number of votes at the General Meeting of XTPL S.A. based in Wrocław below the 5% threshold. According to the notice, the decrease in the total number of votes in the Company below the 5% threshold was a result of the transaction of 2 July 2021 whereby the Funds sold 4,705 (four thousand seven hundred and five) shares of the Company on the regulated market operated by the Warsaw Stock Exchange. The transaction was settled on 6 July 2021, prior to the Transaction, the Funds held a total of 101,584 (one hundred and one thousand five hundred and eighty-four) shares of the Company, which constituted 5.006% of its share capital, and carried 101,584 (one hundred and one thousand five hundred and eighty-four) votes at the Company's General Meetings, and represented 5.006% of the total number of votes in the Company. Now that the Transaction has been concluded and settled, the Funds hold 96,879 (ninety six thousand eight hundred and seventy-nine) shares of the Company, which represent 4.774% of the Company's share capital and carry 96,879 (ninety six thousand eight hundred and seventy-nine) votes at the Company's General Meetings, and representing 4.774% of the total number of votes in the Company.

### 3.3 Shares held by members of management and supervisory bodies

The Management Board and Supervisory Board members held the Company's shares as per the table below:

Ref.	Name	Role	Shares held as at the Balance Sheet Date	Shares held as at the Report Date
1.	Filip Granek, PhD	CEO	316,998	316,998
2.	Jacek Olszański	Management Board Member	1,250	1,250
3.	Wiesław Rozłucki	Chairman of the Supervisory Board	–	–
4.	Bartosz Wojciechowski	Deputy Chairman of the Supervisory Board	800	800
5.	Andrzej Domański	Deputy Chairman of the Supervisory Board	–	–
6.	Herbert Wirth	Supervisory Board Member	–	–
7.	Piotr Lembas	Supervisory Board Member	–	–
8.	Beata Turlejska-Zduńczyk	Supervisory Board Member	–	–

Other

#### 4 Management Board's statements

The Management Board of XTPL S.A. declares that to the best of its knowledge the interim condensed financial statements and the comparable data have been prepared in accordance with the applicable accounting policies and give a true, fair and clear view of the assets, financial position and profit or loss of XTPL Group.

Signatures of all Management Board members

Filip Granek  
Chairman of the  
Management Board

A handwritten signature in blue ink, appearing to read 'Filip Granek'.

Jacek Olszański  
Member of the  
Management Board

A handwritten signature in blue ink, appearing to read 'Jacek Olszański'.

Wrocław, 28 September 2021

## 5 Management Board's statement on the statutory auditor

The Management Board of XTPL S.A. hereby declares that the audit firm authorized to examine financial statements and entrusted with review of the interim considered financial statements was selected in accordance with the applicable law. The audit firm and the statutory auditors performing the review met the conditions for issuing an unbiased and independent report on the review of the interim condensed financial statements, in accordance with the applicable regulations and professional standards.

Signatures of all Management Board members

**Filip Granek**  
Chairman of the  
Management Board

A handwritten signature in blue ink, appearing to read 'Filip Granek'.

**Jacek Olszański**  
Member of the  
Management Board

A handwritten signature in blue ink, appearing to read 'Jacek Olszański'.

Wrocław, 28 September 2021

## 6 Management Board's opinion

Not applicable. The auditor has not issued any qualified opinion, adverse opinion or a disclaimer of opinion about the interim condensed standalone financial statements.



## 7 Approval for publication

The half-yearly report for the first half of 2021 ended on 30 June 2021 was approved for publication by the Management Board of the Parent Company on 28 September 2021.

Signatures of all Management Board members

Filip Granek  
Chairman of the  
Management Board



Jacek Olszański  
Member of the  
Management Board



Wrocław, 28 September 2021