



INTERIM CONDENSED STANDALONE
FINANCIAL STATEMENTS

FOR THE FIRST HALF OF 2022

XTPL S.A.

Wroclaw, 21 September 2022

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 2022 (“Balance Sheet Date”), the share capital of XTPL S.A. amounted to PLN 202,922.20 and consisted of 2,029,222 shares with a nominal value of PLN 0.10 each.

XTPL S.A. forms the XTPL Group (“Group”, “XTPL Group”). This document contains the interim condensed standalone financial statements of XTPL.

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.”).

This report (“Report”) is interim condensed standalone financial statements of XTPL S.A. for the period from 1 January 2022 to 30 June 2022 (“Reporting Period”) prepared in accordance with the International Financial Reporting Standards approved for application in the EU.

Unless indicated otherwise, the source of data in the Report is XTPL S.A. The Report publication date (“Report Date”) is 21 September 2022. As at the Report Date, the share capital of XTPL S.A. amounted to PLN 202,922.20 and consisted of 2,029,222 shares with a nominal value of PLN 0.10 each (“Shares”).

“Regulation on current and periodic reports” means the Finance Minister’s Regulation of 29 March 2018 on current and periodic reports released by the issuers of securities and the conditions for equivalent treatment of the information required by the laws of non-member states.

“Accounting Act” – the Accounting Act of 29 September 1994.

Due to the fact that the activities of XTPL S.A. have a dominant impact on the Group’s operations, the information presented in the Management Report (contained in a separate document) 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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Selected standalone figures and key information about the Issuer

1 Selected standalone figures

Figures in PLN thousand	1 January – 30 June 2022		1 January – 30 June 2021	
	PLN	EUR	PLN	EUR
Net revenue from the sale of products and services	2,970	640	143	31
Revenue from grants	1,816	391	605	133
Profit (loss) on sales	1,411	304	-939	-207
Profit (loss) before tax	-2,801	-603	-4,722	-1,038
Profit (loss) after tax	-2,801	-603	-4,722	-1,038
Depreciation/amortization	433	93	154	34
Net cash flows from operating activities	74	16	-1,945	-428
Net cash flows from investing activities	-943	-203	-1,886	-415
Net cash flows from financing activities	-286	-62	-4	-1
Figures in PLN thousand	30 June 2022		31 December 2021	
Equity	3,636	777	5,288	1,150
Short-term liabilities	6,167	1,318	5,923	1,288
Long-term liabilities	2,435	520	1,616	351
Cash and cash equivalents	3,329	711	4,473	973
Short-term receivables	853	182	1,845	401
Long-term receivables	422	90	449	98

2 Key information about the Issuer

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

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

As regards financial reporting, the Company uses 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.

2.1 XTPL Group

2.1.1 Group structure

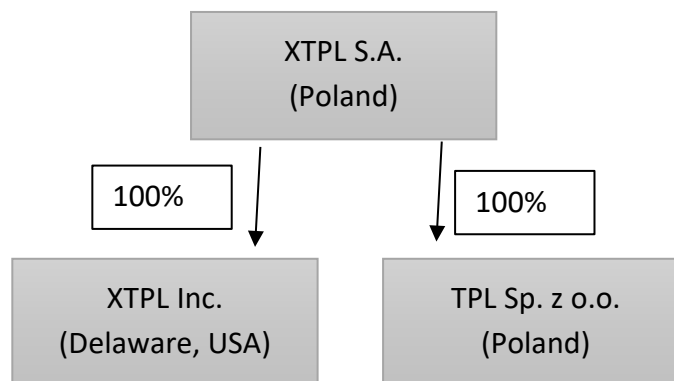
The corporate group XTPL S.A. was established on 31 January 2019.

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 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:



2.1.1 Branches

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

2.1.2 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.

2.1.3 Proceedings before courts and other bodies

No significant judicial, arbitration or administrative proceedings are pending in relation to liabilities or receivables of the Issuer.

2.1.4 Guarantees given

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

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

In the Reporting Period, in the statement of comprehensive income the Company recognized the cost of 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 Company'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 XTPL's result for the period from 1 January 2022 to 30 June 2022 with and without the effect of the incentive scheme:

STATEMENT OF COMPREHENSIVE INCOME	WITHOUT THE INCENTIVE SCHEME	WITH THE INCENTIVE SCHEME
	PLN`000	PLN`000
Continued operations		
Sales	4,786	4,786
Revenue from the sale of products and services	2,970	2,970
Revenue from grants	1,816	1,816
Cost of sales	3,030	3,375
Research and development expenses	2,799	3,144
Cost of finished goods sold	231	231
Gross profit (loss)	1,756	1,411
General and administrative expenses	3,299	4,103
Other operating income	–	–
Other operating costs	1	1
Operating profit (loss)	-1,544	-2,693
Financial revenues	61	61
Financial expenses	169	169
Profit/ loss before tax	-1,652	-2,801
Income tax	–	–
Net profit (loss) on continued operations	-1,652	-2,801

2.1.6 Achievement of financial forecasts

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

2.1.7 Explanation of seasonality or business cycles

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

2.1.8 Acquisition of own shares

Not applicable. None in the Reporting Period.

2.1.9 Other information

Employment as at the Balance Sheet Date – 36 people.

Interim condensed standalone financial statements

3 Interim condensed standalone financial statements

3.1 Condensed standalone statement of financial position

ASSETS	NOTE	30.06.2022	31.12.2021
		PLN'000	PLN'000
Non-current assets		6,950	5,845
Tangible fixed assets	2	3,671	2,615
Intangible assets	1	2,857	2,781
Long-term receivables		422	449
Current assets	12	5,288	6,982
Inventories		908	560
Trade receivables		78	1,359
Other receivables		775	486
Cash and cash equivalents		3,329	4,473
Other assets		198	104
Total assets		12,238	12,827
EQUITY AND LIABILITIES	NOTE	30.06.2022	31.12.2021
		PLN'000	PLN'000
Total equity		3,636	5,288
Share capital		203	203
Supplementary capital		1,531	8,129
Reserve capital		5,075	3,926
Retained profit (loss carried forward)		-3,173	-6,970
<i>-Profit (loss) for the current period</i>		-2,801	-6,598
Long-term liabilities		2,435	1,616
Long-term financial liabilities		424	242
Deferred income in respect of grants		2,011	1,374
Short-term liabilities	12	6,167	5,923
Trade liabilities		1,189	1,093
Short-term financial liabilities		3,575	3,383
Other liabilities		1,013	981
Deferred income in respect of grants		363	466
Total equity and liabilities		12,238	12,827

3.2 Interim condensed standalone statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME	NOTE	1.01.2022 – 30.06.2022 PLN`000	1.01.2021 – 30.06.2021 PLN`000
Continued operations			
Sales	13, 27	4,786	748
Research and development revenue		2,356	7
Revenue from the sale of products		614	136
Revenue from grants		1,816	605
Cost of sales	14	3,375	1,687
Research and development expenses		3,144	1,687
Cost of finished goods sold		231	–
Gross profit (loss)		1,411	-939
General and administrative expenses	14	4,103	3,584
Other operating income		–	1
Other operating costs		1	–
Operating profit (loss)		-2,693	-4,522
Financial revenues		61	135
Financial expenses		169	335
Profit/ loss before tax		-2,801	-4,722
Income tax		–	–
Net profit (loss) on continued operations		-2,801	-4,722
Discontinued operations		–	–
Net profit (loss) on discontinued operations		–	–
Net profit (loss) on continued and discontinued operations		-2,801	-4,722
Other comprehensive income		–	–
Total comprehensive income		-2,801	-4,722
Net profit (loss) per share (in PLN)			
On continued operations			
Ordinary		-1.38	-2.33
Diluted		-1.35	-2.27
On continued and discontinued operations			
Ordinary		-1.38	-2.33
Diluted		-1.35	-2.27
number of shares		2,029,222	2,029,222
number of shares to calculate diluted profit (loss) per share *		2,077,870	2,077,870

* number of shares reflecting the conversion of convertible bonds into shares

3.3 Interim condensed standalone statement of changes in equity

STATEMENT OF CHANGES					
IN EQUITY PLN`000	Share capital	Supplementary capital	Reserve capital	Retained profit (loss carried forward)	Total
As at 1 January 2022	203	8,129	3,926	-6,970	5,288
Comprehensive income:	-	-	-	-2,801	-2,801
Profit (loss) after tax	-	-	-	-2,801	-2,801
Transactions with owners:	-	-6,598	1,149	6,598	1,149
Issue of shares	-	-	-	-	-
Incentive scheme	-	-	1,149	-	1,149
Distribution of profit	-	-6,598	-	6,598	-
As at 30 June 2022	203	1,531	5,075	-3,173	3,636
As at 1 January 2021	203	16,311	2,777	-8,554	10,737
Comprehensive income:	-	-	-	-4,722	-4,722
Profit (loss) after tax	-	-	-	-4,722	-4,722
Transactions with owners:	-	-8,182	1,149	8,182	1,149
Issue of shares	-	-	-	-	-
Incentive scheme	-	-	1,149	-	1,149
Distribution of profit	-	-8,182	-	8,182	-
As at 30 June 2021	203	8,129	3,926	-5,094	7,164

3.4 Interim condensed standalone statement of cash flows

STATEMENT OF CASH FLOWS	NOTE	1.01.2022	1.01.2021
		30.06.2022	30.06.2021
		PLN'000	PLN'000
Cash flows from operating activities	15		
Profit (loss) before tax		-2,801	-4,722
Total adjustments:		2,874	2,776
Depreciation/amortization		433	154
FX gains (losses)		-40	-27
Interest and profit distributions (dividends)		51	-69
Profit (loss) on investing activities		114	271
Change in the balance of provisions		85	107
Change in the balance of inventories		-347	-291
Change in the balance of receivables		923	-46
Change in short-term liabilities, except bank and other loans		40	364
Change in the balance of other assets		-95	-60
Change in prepayments/accruals		561	1,224
Other adjustments		1,149	1,149
Income tax paid		20	-
Total cash flows from operating activities		73	-1,945
Cash flows from investing activities	15		
Inflows		270	-
Disposal of tangible and intangible assets		169	-
Repayment of long-term loans		100	-
Interest on financial assets		1	-
Outflows		1,212	1,886
Acquisition of tangible and intangible assets		1,127	1,534
Acquisition of financial assets		-	-
Long-term loans granted		85	353
Total cash flows from investing activities		-942	-1,886
Cash flows from financing activities	15		
Inflows		-	-
Contributions to capital		-	-
Bank and other loans		-	-
Outflows		286	4
Repayment of bank and other loans		-	-
Finance lease payments		267	-
Interest		19	4
Total cash flows from financing activities		-286	-4
Total net cash flows		-1,155	-3,835

Change in cash and cash equivalents:		-1,144	-3,836
– change in cash due to FX differences		11	-1
Cash and cash equivalents at the beginning of the period		4,477	10,298
Cash and cash equivalents at the end of the period, including:		3,322	6,463
– restricted cash		1,364	286

3.5 Notes

Note 1 Intangible assets

OTHER INTANGIBLE ASSETS	figures in PLN thousand	30.06.2022	31.12.2021
Acquired concessions, patents, licenses and similar rights		9	15
Intellectual property rights		–	–
Completed development		2,582	2,766
In-process development expenditure		266	–
Total (net)		2,857	2,781
Previous write-off		1,555	1,365
Total (gross)		4,412	4,146

All intangible assets are the property of the Company; none of these assets are used based on any rental, lease or a similar contract. The intangible assets are not used as collateral. As at 30 June 2022, the Company did not have any agreements whereby it would be required to purchase any intangible assets. In 2022 and 2021, no impairment charges were posted for intangible assets.

Note 2. Property, plant and equipment and significant acquisitions

PROPERTY, PLANT AND EQUIPMENT	figures in PLN thousand	30.06.2022	31.12.2021
Technical equipment and machines		365	278
Vehicles		–	–
Other fixed assets		984	610
Tangible assets under construction		2,322	1,727
Total (net)		3,671	2,615
Previous write-off		1,924	1,758
Total (gross)		5,595	4,373

Tangible assets under construction include expenditure related to the construction of the prototype printing device as part of the grant project, as well as devices intended for lease/ sale. No tangible assets are used as collateral. In 2022 and 2021, no impairment charges were posted for tangible assets.

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS	figures in PLN thousand	01.01.2022 - 30.06.2022	01.01.2021 - 31.12.2021
XTPL printers, 3D		67	145
Computer sets		33	66

Confocal microscope	287	400
Pressure control system and other	15	22
Laser measuring system	144	–
Rheometer	162	–
Other laboratory equipment	32	–
Server with software	–	130
Laboratory centrifuge	293	
Office equipment	–	4
Total significant acquisitions	1,033	767

Note 3. Significant liabilities on account of purchase of tangible assets

In the reporting period, the Company did not incur any significant liabilities on account of purchase of tangible assets. As at 30 June 2022, the Company did not have any agreements whereby it would be required to purchase any fixed assets.

Note 4. Changes in the classification of financial assets as a result of a change in the purpose or use of these assets

In the reporting period no changes were made in the classification of financial assets.

Note 5. Impairment allowance for financial assets, tangible assets, intangible assets or other assets and reversal of the impairment allowance

Loan granted to the subsidiary.

Due to the results of the subsidiary XTPL Inc., the Management Board of XTPL S.A. assessed the value of the loans granted to the subsidiary in terms of impairment of assets. The Management Board has assessed the probability of obtaining revenues by XTPL Inc. as a result of a license agreement signed by the subsidiary in 2022 is low, and for this reason decided to create an impairment allowance for the loan value, including interest, i.e. PLN 114 thousand.

Note 6. Long-term receivables

Long-term receivables	figures in PLN thousand	30.06.2022	31.12.2021
Loans granted		320	416
Security deposits		102	33
Shares		–	–
Total long-term receivables		422	449

Note 7. Write-down of inventories to their net recoverable amount and reversal of the write-down

In the Reporting Period, no write-down (impairment allowance) of inventories was created or reversed.

Note 8. Change in the balance of provisions

CHANGE IN THE BALANCE OF PROVISIONS	figures in PLN thousand	01.01.2022 - 30.06.2022	01.01.2021 - 31.12.2021
Balance at the beginning of the period		229	318
increased/ created		105	150
utilization		–	–
release		20	239
Balance at the end of the period		314	229

The change in provisions presented in the table above relates to provisions created for unused annual leaves by the Company's employees and provisions for business travel expenses. The above provisions are presented in the statement of financial position under other liabilities.

Either in the reporting period or in prior years, the Company did not create any provisions for restructuring costs.

Note 9. Types and amounts of changes in estimates presented in prior interim periods of the present financial year or changes to estimates presented in prior financial years

In the reporting period no changes in estimates were made.

Note 10. Correction of errors from previous periods

In the first half of 2022, no corrections were made on account of errors from previous periods.

Note 11. Transfers between individual fair value hierarchy levels in respect of financial instruments

In the reporting period no transfers took place between individual fair value hierarchy levels in respect of financial instruments.

Note 12. Fair value of the individual classes financial assets and liabilities

Category	Book value		Fair value		
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	
Financial assets					
Loans granted	WwgZK	320	416	320	416
Trade receivables	WwgZK	78	1,359	78	1,359

Other receivables	WwgZK	775	486	775	486
Cash and cash equivalents	WwgZK	3,329	4,473	3,329	4,473
Total		4,502	6,734	4,502	6,734
Financial liabilities					
Lease liabilities	according to IFRS 16	693	355	693	355
Bond liabilities	WwWGpWF	3,306	3,270	3,306	3,270
Trade liabilities	PZFwgZK	1,189	1,093	1,189	1,093
Other liabilities	PZFwgZK	1,013	982	1,013	982
Total		6,201	5,700	6,201	5,700

Abbreviations used:

WwgZK – measured at amortized cost

PZFwgZK – Other liabilities measured at amortised cost

WwWGpWF – Financial assets/ liabilities measured at fair value through profit or loss

Fair value of financial instruments that the Company held as at 30 June 2022 and 31 December 2021 was not materially different from the values presented in the financial statements for the respective years, which is due to the following circumstances:

- with regard to short-term instruments, the potential effect of the discount is not material;
- the instruments relate to the transactions concluded on market terms.

Bond liabilities were measured at fair value due to the fact that they represent complex financial instruments, as series A registered bonds are convertible into series U shares of the Company. At the initial recognition, the value of the complex financial instrument was assigned to equity and to liabilities.

Note 13. Net revenue from sales

NET REVENUE FROM SALES	figures in PLN thousand	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Research and development revenue		2,356	7
Revenue from the sale of products		614	136
Revenue from grants		1,816	605
Total net revenue from sales		4,786	748

The total value of grants obtained in the reporting period amounted to PLN 2,190 thousand. zloty. Out of this figure, PLN 374 thousand represents advances to be settled in future periods, recognized under liabilities in the statement of financial position, as well as refund of costs incurred for the construction of a tangible asset, which in accordance with IFRS 20 "Grants" constitutes a grant in relation to assets, and is also recognized as at the balance sheet date in the liabilities of the statement of financial position. Grants in relation to depreciable assets will be recognized in the Company's profit or loss over the subsequent periods in proportion to the recognition of depreciation charges on those assets.

Note 14. Operating costs

OPERATING COSTS	figures in PLN thousand	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Depreciation/ amortization, including		433	243
– depreciation of tangible assets		243	233
– amortization of intangible assets		190	10
Use of raw materials and consumables		1,242	390
External services		2,206	1,658
Cost of employee benefits		3,548	2,999
Taxes and charges		60	23
Other costs by type		255	46
Value of goods and materials sold		–	–
Total costs by type, including:		7,744	5,359
Items reported as research and development costs		3,144	1,687
Items reported as cost of finished goods sold		231	–
Items reported as general and administrative expenses		4,103	3,584
Change in finished goods			–
Cost of producing services for internal needs of the entity		266	88

Recognition of the costs related to the valuation of the incentive scheme in the total amount of PLN 1,149 thousand (PLN 345 thousand recognized in the cost of research & development, and PLN 804 thousand in general and administrative expenses) has no impact on the Company'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).

Note 15. Explanations to the statement of cash flows

	figures in PLN thousand	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
PBT presented in the statement of comprehensive income		-2,801	-4,722
PBT presented in the statement of cash flows		-2,801	-4,722
INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS		01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Realized interest on financing activities		19	3
Realized interest on investing activities		-1	–

Unrealized interest on financing activities	36	-108
Unrealized interest on investing activities	-3	36
Total interest and dividends:	51	-69
<hr/>		
CHANGE IN THE BALANCE OF RECEIVABLES	01.01.2022 - 30.06.2022	01.01.2021 -
		30.06.2021
<hr/>		
Change in the balance of trade receivables	1,281	-11
Other receivables	-358	-35
Total change in the balance of receivables	923	-46
<hr/>		
CHANGE IN THE BALANCE OF LIABILITIES	01.01.2022 - 30.06.2022	01.01.2021 -
		30.06.2021
<hr/>		
Change in the balance of trade liabilities	96	262
Other liabilities	-56	102
Total change in the balance of liabilities:	40	364
<hr/>		
Cash and cash equivalents at the end of the period	01.01.2022 - 30.06.2022	01.01.2021 -
		30.06.2021
<hr/>		
Statement of cash flows	3,322	6,463
Statement of financial position	3,329	6,462

The amount of PLN 1,149 thousand presented in the statement of cash flows as “other adjustments” refers to the cost of remuneration included in the statement of comprehensive income in respect of the valuation of the incentive scheme.

In its statement of cash flows the Company recognizes inflows and expenses related to received grants to its operating activities.

Note 16. Related party transactions

2 QUARTERS OF 2022	To	To
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	figures in PLN thousand	subsidiaries	joint ventures	To key management personnel*	To other related entities **
Purchase of services		180	–	–	–
Loans granted		85	–	–	–
Financial expenses – interest on loans		32	–	–	–

2 QUARTERS OF 2021	figures in PLN thousand	To subsidiaries	To joint ventures	To key management personnel*	To other related entities **
Purchase of services		180	–	–	–
Loans granted		391	–	–	–
Financial expenses – interest on loans		69	–	–	–

* the item includes persons who have the authority and responsibility for planning, managing and controlling the company's activities

** the item includes entities linked through key management

Terms of related party transactions

Sales to and purchases from related parties are made on an arm's length basis. Any overdue liabilities/ receivables existing at the end of the period are interest-free and settled on cash or non-cash basis. The company does not charge late interest from other related entities. Receivables from or liabilities to related parties are not covered by any guarantees given or received. They are not secured in any other way either.

At the end of the Reporting Period, i.e. on 30 June 2022, the Company created an impairment allowance for tranches of the loans granted to the related party, covering the principal amount and interest. In each financial year, an assessment is carried out which involves examining the financial position of the related party and the market in which it operates.

Note 17. Deferred tax assets

Deferred income tax assets due to negative temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income
	30.06.2022	31.12.2021	01.01.2022 - 30.06.2022
Due to differences between the tax value and the carrying amount:			
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	–	–	–
Accruals for unused annual leaves	53	26	27
Provision for the cost external services	–	–	–
Total deferred tax assets	53	26	27

Set-off with a deferred tax liability	-53	-26	-27
– Net deferred tax assets	–	–	–

Note 18. Objectives and rules of financial risk management

The Company is exposed to risk in each area of its operations. With understanding of the threats that originate through the Group's exposure to risk and the rules for managing those threats the Group can run its operations more effectively. Financial risk management includes the processes of identification, assessment, measurement and management of this risk. The main financial risks to which the Company is exposed include:

Market risks:

- The risk of changes in market prices (price risk)
- The risk of changes in foreign exchange rates (currency risk)
- The risk of changes in interest rates (interest rate risk)
- Liquidity risk
- Credit risk.

The risk management process is supported by appropriate policies, organisational structure and procedures.

MARKET RISK

The company actively manages the market risk to which it is exposed. The objectives of the market risk management process are to:

- limit the volatility of pre-tax profit/loss
- increase the probability of achievement of the budget plan
- maintain the Company in good financial condition
- support the strategic decision-making process in the area of investment activity taking into account the sources of investment financing

All market risk management objectives should be considered jointly, and their primarily dependent on the Company's internal situation and market conditions.

PRICE RISK

In the period from January to June 2022, the Company did not invest in any debt instruments and, therefore, is not exposed to any price risk.

CURRENCY RISK

The Company is exposed to currency risk in respect of the transactions it concludes. Such risk arises when the Company makes purchases in currencies other than the valuation currency.

INTEREST RATE RISK

Deposit transactions are made with institutions with a strong and stable market position. The instruments used – short-term, fixed-rate transactions – ensure full security.

LIQUIDITY RISK

The Company monitors the risk of a lack of funds using the periodic liquidity planning tool. This tool takes into account the maturity dates of both investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operating activities.

The Company seeks to maintain a balance between continuity and flexibility of financing by using different sources of financing, such as lease agreements.

The Company is exposed to financing risk due to the possibility that in the future it might not receive sufficient cash to fund commercialization of its research and development projects.

CREDIT RISK

In order to mitigate the credit risk related to cash and cash equivalents deposited in banks, loans granted, deposits paid in respect of rental contracts and performance security as well as trade credit, the Company:

- cooperates with banks and financial institutions with a known financial position and established reputation
- analyzes the financial position of its counterparties based on publicly available data as well as through business intelligence agencies
- in the event of a customer's insolvency risk, the Company secures its receipts through bank guarantees or corporate guarantees.

Note 19. Material settlements on account of court cases

At the reporting date there are no court proceedings pending whose value would be considered material. Furthermore, in the period covered by the interim report no material settlements were made on account of court cases.

Note 20. Information about changes in the economic position and operating conditions which might have a material impact on the fair value of financial assets and liabilities, whether those assets and liabilities are recognized at fair value or at adjusted purchase price (amortized cost)

In the first half of 2022, no significant changes were identified in the economic position or operating conditions which would have a material impact on the fair value of the Company's financial assets and liabilities.

Note 21. Information about changes in contingent liabilities and contingent assets and non-disclosed liabilities arising from contracts in relation to the last reporting period

Contingent liabilities granted by the Parent Company were in the form of promissory notes together with promissory note declarations to secure the contracts for co-financing projects financed by the EU as well as a bank loan agreement. The change in the value of contingent liabilities in relation 31 December 2021 amounts to PLN 2,190 thousand. It is caused by the payment of the next two tranches of grants and advances for grant settlement. At the Balance Sheet Date and until the date of approval of the financial statements for publication, no events occurred that could result in materialisation of the above contingent liabilities. As at the date of approval of the financial statements there were no undisclosed liabilities resulting from any agreements of material value.

CONTINGENT LIABILITIES	30.06.2022	30.06.2021
Promissory notes	15,399	13,209
Total contingent liabilities	15,399	13,209

Note 22. Incentive scheme

In the reporting period, in the statement of comprehensive income the Company recognized the cost the incentive scheme for employees and collaborators based on the Company's shares, in the portion relating to the period ended 31 December 2021. 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 Company'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).

Note 23. Information about seasonality of business and cycles

The Company's activity is not subject to seasonality or business cycles.

Note 24. Extraordinary factors which occurred in the reporting period with an indication of their impact on the financial statements

In the reporting period, no extraordinary events occurred that would affect the financial statements.

Note 25. Information on issue, redemption and repayment of debt and equity securities

In the reporting period no events took place in connection with an issue, redemption or repayment of debt or equity securities.

Note 26. Dividend paid or declared, in total and per share, with a division into ordinary and preference shares

In the reporting period the Company did not pay or declare any dividends.

Note 27. Operating segments

The entity's reporting segments are based on product groups.

As at the Reporting Date, the Company distinguished three product groups:

- sale/ lease of the Delta Printing System
- silver-based conductive nanoinks;
- research services related to (i) testing the suitability of XTPL S.A. technology to solve technological production problems and (ii) development of new nanoink formulations.

SALES REVENUE BY SEGMENTS	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Nanoinks	84	28
Printer sale/ lease	530	108

Research and development services	2,356	7
TOTAL	2,970	143

Note 28. Information on default on any bank and other loans or a breach of material provisions of bank and other loan agreements where no remedial actions have been taken before the end of the reporting period

No such events occurred in the reporting period.

Note 29. Date of approval of the financial statements for publication

This financial report for the period from 1 January 2022 to 30 June 2022 was approved for publication by the Company's Management Board on 21 September 2022.

Note 30. Deferred tax liability

Deferred tax liability caused by positive temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income
	30.06.2022	31.12.2021	01.01.2022 - 30.06.2022
In respect of:			
Interest on loans and deposits	4	13	9
The value of tangible asset (leased item)	49	13	-36
Loan valuation	-	-	-
Total deferred tax liability	53	26	-27
Set-off with deferred tax assets	-53	-26	27
Net deferred tax liability	-	-	-

Note 31. Events after the balance sheet date that have not been reflected in the interim financial statements

Signing an agreement for the purchase of, with the intention to redeem, as well as redemption of a part of series A convertible bonds of XTPL S.A.

On **6 July 2022**, the Issuer concluded an agreement with the bondholder to purchase 2,993 series A bonds of the Company convertible into series U shares ("**Bonds**") for the purpose of their redemption.

In consideration for the purchase of the Bonds, the Issuer paid the bondholder PLN 230,122.83, which included the nominal value of the purchased Bonds of PLN 221,482 and interest of PLN 8,640.83. The sale price of the Bonds included all receivables resulting from the purchased Bonds. After the settlement of the Bond purchase transaction, on **8 July 2022** the Issuer redeemed the Bonds and submitted an application for their deregistration from the securities register kept by

the Central Securities Depository of Poland (KDPW). After the redemption of the Bonds, the Company has a total of 45,655 series A convertible bonds issued and not redeemed.

The Company completes the second stage of the technological phase under the agreement with Nano Dimension Ltd

On **13 July 2022**, the second stage of development as part of the technological phase of the activities specified in the Agreement was completed and approved by Nano Dimension Ltd. The Agreement relates to developing a new generation conductive nanoink for industrial applications in the Client's products designed for the production of PCBs. Under the Agreement, completion of the second stage of the technological phase and the Client's approval of the work triggers the payment of the second tranche. The related revenue will be recognized in Q3 2022 and will significantly influence the financial results for that period.

Signing agreements for and change of conditions for the issue of series A convertible bonds of XTPL S.A.

On **20 July 2022**, the Issuer and two bondholders holding all issued and unredeemed Company's series A bonds convertible to series U shares – 45,655 bonds with a total nominal value of PLN 3,378,470, registered in the securities register kept by the National Depository for Securities S.A. under No. ISIN PLO228300011, entered into an agreement on changing the terms of the issue of the Bonds. Based on the second sentence of Article 7(1) sentence 2 of the Bond Act of 15 January 2015 and under the concluded Agreements, the terms of the Bonds were changed as follows:

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

B) interest rate: the interest rate on the Bonds (which from the Bond allocation date to 30 July 2022 is fixed and amounts to 2% per annum) is calculated on the nominal value of the Bonds, and as of 31 July 2022 to the redemption date or to the early redemption date will be 5% p.a., calculated on the nominal value of the Bonds.

Other terms of the Bonds issue remain unchanged.

Acceptance of an order for the delivery of a printing module for industrial integration in the prototype of an industrial device for applications in semiconductor production for a Partner from Taiwan.

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

The XTPL printing module will be an essential element of the industrial device prototype for advanced packaging applications in the semiconductor industry. The Company's printing module will be integrated into the prototype of the device, which is to meet the technological requirements set for the Partner by the End Client.

Sales revenue connected with the order will be recognized by the end of 2022.

Sale of the Delta Printing System to the Humboldt University of Berlin.

On **1 August 2022**, the Company confirmed the order placed by the IRIS Adlershof Institute of the Humboldt University in Berlin for the delivery of the Delta Printing System device. The Delta Printing System will be used by scientists of the Hybrid Devices Group for research on electronic and optoelectronic devices (based on hybrid material systems, and organic and hybrid semiconductors) carried out using additive methods. By developing novel electroactive materials and combining them with adapted structures and new methods of their processing, results of the scientific work can be applied in the area of sensor technology, photovoltaics and optoelectronics.

The device is to be delivered by the end of 2022.

Sale of the Delta Printing System to China

On **3 August 2022**, the Company confirmed the order placed by Yi Xin (HK) Technology Co., Ltd, based in China, for the delivery of the Delta Printing System. Yi Xin is a distributor of the Company's technological solutions. (Current Report No. 4/2021 of 15 April 2021). The Issuer accepted the Distributor's order, which means that a sales contract was formed. The Company will deliver and commission the device in the second half of 2022. The end buyer of the device will be a leading Chinese R&D center based in Beijing, which placed its order following the demonstration and tests of the XTPL technology. The Delta Printing System will be used by the End Client for work on advanced integration of semiconductor components in a new class of More-than-Moore (MtM) devices. MtM is a new area of micro and nanotechnology that goes beyond the boundaries of conventional semiconductor technologies and applications.

The revenue from the order for the device will have a positive impact on XTPL's financial performance in 2022.

Additional information

4 Additional information

4.1 General information and basis of preparation

The standalone financial statements of XTPL S.A. cover the period of six months ended 30 June 2022, and the comparative data for the period of six months ended 30 June 2021, and as at 31 December 2021 and were prepared in accordance with the historical cost convention.

The financial statements have been prepared on the assumption that the Company will continue in operation for at least a year from the Balance Sheet Date.

The Company has entered the stage of commercialization of its technological solutions. Sales of products and services are growing strongly quarter on quarter. The value of signed and implemented contracts, the relationship and product order base, as well as the advancement of some industrial projects allow the Company to cover its operational requirements. In addition, some operating costs and investment expenses are largely supported with funds from grant projects. Currently, the Company is implementing two projects co-financed by the National Center for Research and Development (NCBR) with a value of PLN 19,370 thousand and one project financed under the Horizon Europe program, with European Commission's co-financing of EUR 430 thousand. In order to reduce the pressure on cash flows from financing activities, the Company's Management Board signed an agreement with bondholders changing the date of redemption of series A bonds convertible to series U shares, with a total nominal value of PLN 3,378 thousand, from 30 July 2022 to 30 January 2024. In view of the above, the Company's Management Board does not see any risk to the continuation of the Company's business during the next 12 months.

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

The financial statements do not contain all the information and disclosures required of annual financial statements and should be read jointly with the Company's financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34 Interim Financial Reporting and in accordance with the Finance Minister's Ordinance on current and financial information.

4.2 Currency of the financial statements

The functional currency and reporting currency of these financial statements is the Polish zloty (PLN), and the data contained in the financial statements are presented in thousands of Polish zlotys.

4.3 Exchange rates used in the financial statements

	2022 – January – June		2021 – January – June/ December 2021	
	EUR	USD	EUR	USD
exchange rates used in the financial statements				
for balance sheet items	4.6806	4.4825	4.5208 / 4.5994	3.8035 / 4.0600

for profit or loss and cash flow items	4.6427	4.2744	4.5472	3.7815
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4.4 Description of significant accounting principles

For the purpose of preparing the interim condensed financial statements, the same accounting principles and calculation methods have been used as in the last annual financial statements and the quarterly financial statements prepared as at 31 March 2022 (report for Q1 2022 of 18 May 2022).

Signatures of all Management Board members

Person responsible for maintaining books of account

Wrocław, 21 September 2022

Other

5 Management Board's statements

The Management Board of XTPL S.A. declares that to the best of its knowledge the condensed interim standalone 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 S.A.

Signatures of all Management Board members

Wrocław, 21 September 2022

6 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

Wrocław, 21 September 2022

7 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.

Signatures of all Management Board members

Wrocław, 21 September 2022

8 Approval for publication

This half-yearly report H1 2022 ended 30 June 2022 was approved for publication by the Company's Management Board on 21 September 2022.

Signatures of all Management Board members

Wrocław, 21 September 2022