



INTERIM CONDENSED CONSOLIDATED
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.

This document relates to XTPL Group (“Group”, “XTPL Group”), and contains the Group’s interim consolidated financial statements (“Report”).

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 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”).

In this Report, the consolidated financial statements mean the consolidated financial statements (including the Company and its Subsidiaries) for the six months from 1 January to 30 June 2022 (the “Reporting Period”) prepared in accordance with the International Financial Reporting Standards approved for application in the EU.

“Regulation on current and financial reports” – 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 consolidated figures and key information about the Issuer

1 Selected consolidated 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	-2,704	-582	-4,648	-1,022
Profit (loss) after tax	-2,724	-587	-4,652	-1,023
Depreciation/amortization	433	93	154	34
Net cash flows from operating activities	117	25	-2,053	-451
Net cash flows from investing activities	-957	-206	-1,534	-337
Net cash flows from financing activities	-286	-62	-319	-70
Figures in PLN thousand	30 June 2022		31 December 2021	
Equity	3,414	729	4,983	1,083
Short-term liabilities	6,173	1,319	5,947	1,293
Long-term liabilities	2,435	520	1,616	351
Cash and cash equivalents	3,465	740	4,580	996
Short-term receivables	863	184	1,855	403
Long-term receivables	102	22	33	7

2 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>	www.xtpl.com
<u>Email:</u>	investors@xtpl.com

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.

As regards financial reporting, the Group uses IASs/ IFRSs.

The presented interim condensed consolidated financial statements cover the period of six months from 1 January to 30 June 2022.

Management Board

As at the Balance Sheet Date and the Report Date, the Management Board of the Parent Company 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 of the Parent Company 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

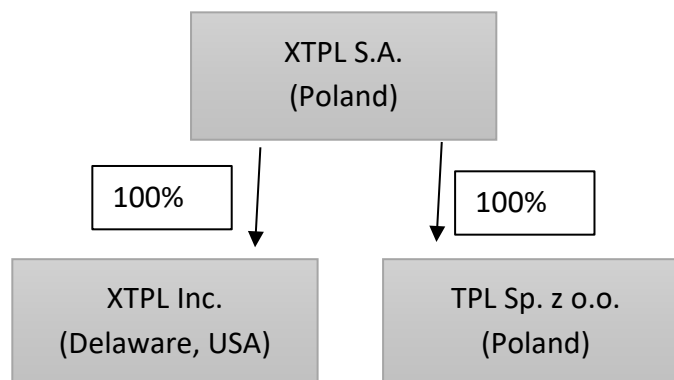
The corporate group XTPL S.A. was established on 31 January 2019.

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.

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-arm 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 and its Subsidiaries.

2.1.4 Guarantees given

Not applicable. Neither the Issuer nor its Subsidiaries 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 Group 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 XTPL Group's result for the period from 1 January 2022 to 30 June 2022 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
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	3,283	4,087
Other operating income	—	—
Other operating costs	1	1

Operating profit (loss)	-1,528	-2,677
Financial revenues	30	30
Financial expenses	57	57
Profit/ loss before tax	-1,555	-2,704
Income tax	20	20
Net profit (loss) on continued operations	-1,575	-2,724

Interim condensed consolidated financial statements

3 Interim condensed consolidated financial statements

3.1 Interim condensed consolidated statement of financial position

ASSETS	NOTE	30.06.2022 PLN'000	31.12.2021 PLN'000
Non-current assets		6,630	5,429
Tangible fixed assets	2	3,671	2,615
Intangible assets	1	2,857	2,781
Long-term receivables	6	102	33
Current assets	13	5,392	7,117
Inventories		908	560
Trade receivables		88	1,369
Other receivables		775	486
Cash and cash equivalents		3,465	4,580
Other assets		156	122
Total assets		12,022	12,546
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EQUITY AND LIABILITIES	NOTE	30.06.2022 PLN'000	31.12.2021 PLN'000
Total equity		3,414	4,983
Share capital		203	203
Supplementary capital		1,531	8,129
Own shares		-7	-8
Reserve capital		4,199	3,050
FX differences arising on translation		76	70
Retained earnings		-2,588	-6,461
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	13	6,173	5,947
Trade liabilities		1,195	1,116
Short-term financial liabilities		3,575	3,383
Other liabilities		1,013	983
Deferred income in respect of grants		390	465
Total equity and liabilities		12,022	12,546

3.2 Interim condensed consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	NOTES	1.01.2022 – 30.06.2022 PLN '000	1.01.2021 – 30.06.2021 PLN '000
Continued operations			
Sales	14	4,786	748
Research and development revenue	23	2,356	7
Revenue from the sale of products	23	614	136
Revenue from grants		1,816	605
Cost of sales		3,375	1,687
Research and development expenses	15	3,144	1,687
Cost of finished goods sold		231	–
Gross profit (loss)		1,411	-939
General and administrative expenses	15	4,087	3,531
Other operating income		–	1
Other operating costs		1	–
Operating profit (loss)		-2,677	-4,469
Financial revenues		30	17
Financial expenses		57	196
Profit/ loss before tax		-2,704	-4,648
Income tax		20	4
Net profit (loss) on continued operations		-2,724	-4,652
Discontinued operations		–	–
Net profit (loss) on discontinued operations		–	–
Net profit (loss) on continued and discontinued operations		-2,724	-4,652
Profit (loss) attributable to non-controlling interests		–	–
Profit (loss) attributable to shareholders of the parent		-2,724	-4,652
Other comprehensive income		6	1
Items that can be transferred to profit or loss in subsequent reporting periods		6	1
FX differences arising on conversion of foreign affiliates		6	1
Items that will not be transferred to profit or loss in subsequent periods		–	–
Total comprehensive income		-2,718	-4,651
Total comprehensive income attributable to non-controlling shareholders		–	–
Total comprehensive income attributable to the parent company		-2,718	-4,651
Net profit (loss) per share (in PLN)			
On continued operations			
Ordinary		-1.34	-2.29

Diluted		-1.31	-2.24
On continued and discontinued operations			
Ordinary		-1.34	-2.29
Diluted		-1.31	-2.24
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number of shares to calculate ordinary profit (loss) per share		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 consolidated statement of changes in equity

STATEMENT OF CHANGES	Share capital	Supplementary capital	Own shares	Reserve capital	FX differences arising on translation	Retained profit (loss carried forward)	Non-controlling interests	Total
IN EQUITY								
As at 1 January 2022	203	8,129	-8	3,050	70	-6,461	-	4,983
Comprehensive income:	-	-	1	-	6	-2,724	-	-2,718
Profit (loss) after tax	-	-	-	-	-	-2,724	-	-2,724
Other comprehensive income	-	-	1	-	6	-	-	6
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	-7	4,199	76	-2,588	-	3,414
As at 1 January 2021	203	16,311	-8	1,901	48	-8,070	-	10,386
Comprehensive income:	-	-	-	-	1	-4,652	-	-4,651
Profit (loss) after tax	-	-	-	-	-	-4,652	-	-4,652
Other comprehensive income	-	-	-	-	1	-	-	1
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	-8	3,050	49	-4,540	-	6,883

3.4 Interim condensed consolidated 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			
Profit (loss) before tax		-2,704	-4,648
Total adjustments:		2,841	2,595
Depreciation/amortization		433	154
FX gains (losses)		-5	2
Interest and profit distributions (dividends)		53	39
Profit (loss) on investing activities		–	–
Change in the balance of provisions		85	107
Change in the balance of inventories		-347	-291
Change in the balance of receivables		923	-56
Change in short-term liabilities, except bank and other loans		23	350
Change in the balance of other assets		-34	-83
Change in prepayments/accruals		561	1,224
Income tax paid		-20	–
Other adjustments		1,149	1,149
Total cash flows from operating activities	16	117	-2,053
Cash flows from investing activities			
Inflows		170	–
Disposal of tangible and intangible assets		169	–
Repayment of long-term loans		–	–
Interest on financial assets		1	–
Outflows		1,127	1,534
Acquisition of tangible and intangible assets		1,127	1,534
Total cash flows from investing activities	16	-957	-1,534
Cash flows from financing activities			
Inflows		–	–
Contributions to capital		–	–
Bank and other loans		–	–
Other financial inflows		–	–
Outflows		286	319
Repayment of bank and other loans		–	315
Finance lease payments		267	–
Interest		19	4
Total cash flows from financing activities	16	-286	-319
Total net cash flows		-1,126	-3,906
Change in cash and cash equivalents:		-1,115	-3,907
– change in cash due to FX differences		-11	1
Cash and cash equivalents at the beginning of the period		4,583	10,478
Cash and cash equivalents at the end of the period, including:		3,457	6,571

– restricted cash		1,364	286
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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 Group; none of these assets are used based on any rental, lease or a similar contract. The intangible assets are not used as collateral by the Group. As at 30 June 2022, the Group 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. All tangible assets are the property of the Group; none of these assets are used based on any rental, lease or a similar contract. 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, neither the Group nor the Company incurred any significant liabilities on account of purchase of tangible assets.

As at 30 June 2022, the Group companies did not have any agreements whereby they would be required to purchase any tangible 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

In the reporting period no impairment allowances for financial assets, tangible assets, intangible assets or other assets were created or reversed.

Note 6. Long-term receivables

Long-term receivables	figures in PLN thousand	30.06.2022	31.12.2021
Loans granted		–	–
Security deposits		102	32
Shares		–	–
Total long-term receivables		102	32

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 leave by employees of the Group 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 Group 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. Significant liabilities on account of purchase of tangible assets

In the reporting period, neither the Group nor the Company incurred any significant liabilities on account of purchase of tangible assets.

Note 11. Correction of errors from previous periods

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

Note 12. 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 13. 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	–	–	–
Trade receivables	WwgZK	88	1,369	88
Other receivables	WwgZK	775	486	775

Cash and cash equivalents	WwgZK	3,465	4,580	3,465	4,580
Total		4,328	6,435	4,328	6,435
Financial liabilities					
Lease liabilities	according to IFRS 16	693	355	693	355
Interest bearing borrowings	PZFwgZK	–	–	–	–
Bond liabilities	WwWGpWF	3,306	3,270	3,306	3,270
Trade liabilities	PZFwgZK	1,195	1,116	1,195	1,116
Other liabilities	PZFwgZK	1,013	983	1,013	983
Total		6,207	5,722	6,207	5,722

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 Group held as at 30 June 2021 and 31 December 2020 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 Parent Company. At the initial recognition, the value of the complex financial instrument was assigned to equity and to liabilities.

Note 14. 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 Group's profit or loss over the subsequent periods in proportion to the recognition of depreciation charges on those assets.

Note 15. 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		2,277	1,582
Cost of employee benefits		3,548	2,999
Taxes and charges		67	25
Other costs by type		257	67
Value of goods and materials sold		–	–
Total costs by type, including:		7,824	5,486
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		4,183	3,531
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 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 Group'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 16. 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		-2,704	-4,648
PBT presented in the statement of cash flows		-2,704	-4,648
INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS			
Realized interest on financing activities		19	3
Realized interest on investing activities		-1	–
Unrealized interest on financing activities		35	–

Unrealized interest on financing activities	–	36
Total interest and dividends:	53	39
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CHANGE IN THE BALANCE OF RECEIVABLES	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
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Change in the balance of trade receivables	1,281	-11
Other receivables	-358	-45
Total change in the balance of receivables	923	-56
<hr/>		
CHANGE IN THE BALANCE OF LIABILITIES	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
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Change in the balance of trade liabilities	79	247
Other liabilities	-56	103
Total change in the balance of liabilities:	23	350
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Cash and cash equivalents at the end of the period	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
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Statement of cash flows	3,457	6,571
Statement of financial position	3,465	6,571

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 Group recognizes inflows and expenses related to received grants to its operating activities.

Note 17. Related party transactions

01.01.2022 - 30.06.2022	figures in PLN thousand	To associates	To joint ventures	To key management personnel*	To other related entities **
Purchase of services		–	–	–	–
Loans granted		–	–	–	–
Financial expenses – interest on loans		–	–	–	–
<hr/>					
01.01.2021 - 30.06.2021	figures in PLN thousand	To associates	To joint ventures	To key management personnel*	To other related entities **
Purchase of services		–	–	–	–

Loans granted	–	–	–	–
Financial expenses – interest on loans	–	–	–	–

* 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 Group 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. 30 June 2022, the Group did not create any allowances for doubtful receivables from related parties. 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 18. 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 19. Objectives and rules of financial risk management

The Group 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 Group 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 Group 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 Group 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 achievement is primarily dependent on the Group's internal situation and market conditions.

PRICE RISK

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

CURRENCY RISK

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

The Group is exposed to financing risk due to the possibility that it in the future it will 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 Group:

- 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 Group secures its receipts through bank guarantees or corporate guarantees.

Note 20. 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 21. Information about changes in the economic position and operating conditions which might have a material impact on the fair value of the Group's 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 Group's financial assets and liabilities.

Note 22. 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 23. Incentive scheme

In the reporting period, in the statement of comprehensive income the Group recognized the cost the incentive scheme for employees and collaborators based on the Parent 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 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).

Note 24. Information about seasonality of business and cycles

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

Note 25. 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 26. 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 27. Dividend paid or declared, in total and per share, with a division into ordinary and preference shares

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

Note 28. Operating segments

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

As at the Reporting Date, the Group distinguished two 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 29. Information about the influence of changes in the composition of the entity during the interim period, any business combinations, acquisition or loss of control over subsidiaries, long-term investments, restructures or discontinued businesses.

During the first half of 2022, there were no changes in the composition of XTPL Group as compared to the previous reporting periods.

Note 30. 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 31. 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 Parent Company's Management Board on 21 September 2022.

Note 32. Deferred tax liability

	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
Deferred tax liability caused by positive temporary differences			
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 33. 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 consolidated financial statements of XTPL Group 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 using the historical cost convention.

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

The Group 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 Group to cover its operational requirements. In addition, some operating costs and investment expenses are largely supported with funds from grant projects. Currently, the Group 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 Parent'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 Management Board of the Parent Company 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 of the Parent 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

4.4 Description of significant accounting principles

For the purpose of preparing the interim condensed financial statements, the same accounting principles have been used as in the last annual financial statements, and in the last 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 preparing the consolidated financial statements

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 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

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

The half-yearly report for the first half of 2022 ended on 30 June 2022 was approved for publication by the Management Board of the Parent Company on 21 September 2022.

Signatures of all Management Board members

Wrocław, 21 September 2022