



INTERIM CONDENSED STANDALONE
FINANCIAL STATEMENTS

FOR THE FIRST HALF OF 2023

XTPL S.A.

Wroclaw, September 20, 2023

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 June 30, 2023 (“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 (“Shares”).

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 January 1, 2022 to June 30, 2023 (“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 September 20, 2023. As at the Report Date, the share capital of XTPL S.A. amounts to PLN 230,422.20 and consists of 2,304,222 shares with a nominal value of PLN 0.10 each (“Shares”).

“Regulation on current and periodic reports” means the Finance Minister’s Regulation of March 29, 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 September 29, 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 relates to both to XTPL S.A. and XTPL Group, unless stated 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	January 1 – June 30, 2023		January 1 – June 30, 2022	
	PLN	EUR	PLN	EUR
Net revenue from the sale of products and services	5,532	1,199	2,970	640
Revenue from grants	1,356	294	1,816	391
Profit (loss) on sales	3,084	669	1,411	304
Profit (loss) before tax	-1,833	-397	-2,801	-603
Profit (loss) after tax	-1,833	-397	-2,801	-603
Depreciation/amortization	713	155	433	93
Net cash flows from operating activities	-458	-99	74	16
Net cash flows from investing activities	-2,356	-511	-943	-203
Net cash flows from financing activities	-219	-47	-286	-62
Figures in PLN thousand	June 30, 2023		December 31, 2022	
Equity	2,321	522	4,153	886
Short-term liabilities	12,881	2,894	7,076	1,509
Long-term liabilities	3,188	716	6,447	1,375
Cash and cash equivalents	2,883	648	5,891	1,256
Short-term receivables	3,289	739	2,577	549
Long-term receivables	176	40	366	78

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 Comm. Div. of the National Court Register
<u>Share capital:</u>	PLN 230,422.20, paid up in full.
<u>Phone number:</u>	+48 71 707 22 04
<u>Website:</u>	www.xtpl.com
<u>Email:</u>	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 January 1 to December 31.

Management Board

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

As at the Balance Sheet Date:	As at the Report Date:
Filip Granek, PhD, CEO	Filip Granek, PhD, CEO
Jacek Olszański – Management Board Member	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:

As at the Balance Sheet Date:	As at the Report Date:
Wiesław Rozłucki, PhD – Chairman of the Supervisory Board, an independent Supervisory Board Member	Wiesław Rozłucki, PhD – Chairman of the Supervisory Board, an independent Supervisory Board Member
Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board	Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board
Andrzej Domański – Deputy Chairman of the Supervisory Board, an independent Supervisory Board Member	Andrzej Domański – Deputy Chairman of the Supervisory Board, an independent Supervisory Board Member

Beata Turlejska – Supervisory Board Member	Beata Turlejska – Supervisory Board Member
Piotr Lembas – an independent Supervisory Board Member	Piotr Lembas – an independent Supervisory Board Member
Prof. Herbert Wirth – an independent Supervisory Board Member	Prof. Herbert Wirth – an independent Supervisory Board Member

2.1 XTPL Group

2.1.1 Group structure

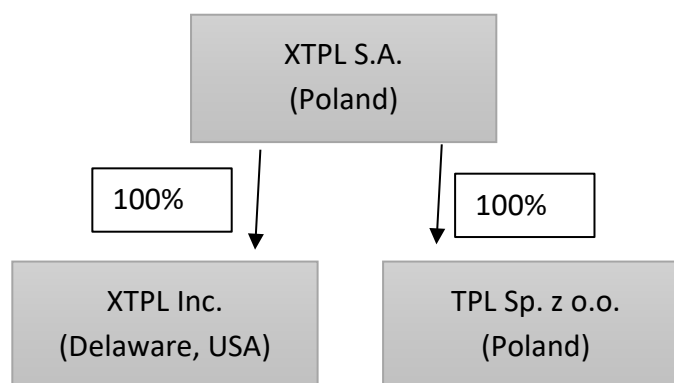
The corporate group XTPL S.A. was established on January 31, 2019.

On January 31, 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 November 3, 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:



2.1.2 Branches

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

2.1.3 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.

2.1.4 Proceedings before courts and other bodies

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

2.1.5 Guarantees given

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

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

Not applicable.

2.1.7 Achievement of financial forecasts

The Management Board's position regarding the possibility of achieving the previously published performance forecasts for a given year, in the light of the results presented in the Report in relation to the forecast results, i.e. preliminary estimates of consolidated revenues from the sale of products and services achieved by the Company in Q2 2023 and H1 2023, published in ESPI Current Report No. 38/2023 of July 18, 2023:

The preliminary data disclosed to the public were substantially in line with the actual data.

2.1.8 Explanation of seasonality or business cycles

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

2.1.9 Acquisition of own shares

Not applicable. None in the Reporting Period.

2.1.10 Other information

Employment as at the Balance Sheet Date – 54 people.

Interim condensed standalone financial statements

3 INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

3.1 Condensed standalone statement of financial position

ASSETS PLN '000	NOTE	30.06.2023	31.12.2022
Non-current assets		10,135	8,103
Property, plant and equipment	2	4,539	4,298
Intangible assets	1	5,420	3,439
Long-term receivables	6	176	366
Current assets		8,255	9,573
Inventories	7	1,849	948
Trade receivables		643	776
Other receivables		2,646	1,801
Cash and cash equivalents		2,883	5,891
Other assets		234	157
Total assets		18,390	17,676

EQUITY AND LIABILITIES PLN '000	NOTE	30.06.2023	31.12.2022
Total equity		2,321	4,153
Share capital		203	203
Supplementary capital		1,531	1,531
Reserve capital		2,792	5,048
Retained earnings, including:		-372	-2,629
- current period result		-1,833	-2,257
Long-term liabilities		3,188	6,447
Long-term financial liabilities		331	3,573
Deferred income in respect of grants		2,857	2,874
Short-term liabilities		12,881	7,076
Trade liabilities		2,316	1,429
Short-term financial liabilities		3,958	337
Other liabilities		4,266	3,021
Deferred income in respect of grants		2,341	2,289
Total equity and liabilities		18,390	17,676

3.2 Interim condensed standalone statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME	NOTE	1.01.2023 - 30.06.2023 PLN`000	1.01.2022 - 30.06.2022 PLN`000
Continued operations			
Sales	13	6,888	4,786
Revenue from the sale of products and services	13	5,532	2,970
Revenue from grants		1,356	1,816
Cost of sales	14	3,804	3,375
Research and development expenses	14	2,604	3,144
Cost of finished goods sold	14	1,200	231
Gross profit (loss)		3,084	1,411
General and administrative expenses	14	4,597	4,103
Other operating income		5	–
Other operating costs		25	1
Operating profit (loss)		-1,533	-2,693
Financial revenues		9	61
Financial expenses		309	169
Profit/ loss before tax		-1,833	-2,801
Income tax		–	–
Net profit (loss) on continued operations		-1,833	-2,801
Discontinued operations		–	–
Net profit (loss) on discontinued operations		–	–
Net profit (loss) on continued and discontinued operations		-1,833	-2,801
Other comprehensive income		–	–
Total comprehensive income		-1,833	-2,801
Net profit (loss) per share (in PLN)			
On continued operations			
Ordinary		-0.90	-1.38
Diluted		-0.88	-1.35
On continued and discontinued operations			
Ordinary		-0.90	-1.38
Diluted		-0.88	-1.35
number of shares		2,029,222	2,029,222
number of shares to calculate diluted profit (loss) per share *		2,074,877	2,077,870

3.3 Interim condensed standalone statement of changes in equity

STATEMENT OF CHANGES

IN EQUITY PLN`000	Share capital	Supplementary capital	Reserve capital	Retained earnings	Total
As at January 1, 2023	203	1,531	5,048	-2,629	4,153
Comprehensive income:	-	-	-	-1,833	-1,833
Profit (loss) after tax	-	-	-	-1,833	-1,833
Other comprehensive income	-	-	-	-	-
Transactions with owners:	-	-	-2,257	2,257	-
Issue of shares	-	-	-	-	-
Incentive scheme	-	-	-	-	-
Distribution of profit	-	-	-2,257	2,257	-
As at June 30, 2023	203	1,531	2,792	-2,205	2,321
As at January 1, 2022	203	8,129	3,926	-6,970	5,288
Comprehensive income:	-	-	-	-2,801	-2,801
Profit (loss) after tax	-	-	-	-2,801	-2,801
Other comprehensive income	-	-	-	-	-
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 June 30, 2022	203	1,531	5,075	-3,173	3,636

3.4 Interim condensed standalone statement of cash flows

STATEMENT OF CASH FLOWS	NOTE	1.01.2023	1.01.2022
		–	–
		30.06.2023	30.06.2022
		PLN'000	PLN'000
Cash flows from operating activities	15		
Profit (loss) before tax		-1,833	-2,801
Total adjustments:		1,375	2,874
Depreciation/amortization		673	433
FX gains (losses)		-5	-40
Interest and profit distributions (dividends)		171	51
Profit (loss) on investing activities		47	114
Change in the balance of provisions		135	85
Change in the balance of inventories		-901	-347
Change in the balance of receivables		-701	923
Change in short-term liabilities, except bank and other loans		1,999	40
Change in other assets		-78	-95
Change in the balance of grants to be settled		35	561
Incentive scheme valuation		–	1,149
Income tax paid		–	–
Total cash flows from operating activities		-458	73
Cash flows from investing activities	15		
Inflows		180	270
Disposal of tangible and intangible assets		–	169
Repayment of long-term loans		180	100
Interest on financial assets		–	1
Outflows		2,536	1,212
Acquisition of tangible and intangible fixed assets		2,469	1,127
Acquisition of financial assets		67	–
Long-term loans granted		–	85
Other investment outflows		–	–
Total cash flows from investing activities		-2,356	-942
Cash flows from financing activities	15		
Inflows		248	–
Contributions to capital		–	–
Bank and other loans		248	–
Outflows		467	286
Repayment of bank and other loans		–	–
Finance lease payments		378	267
Interest		89	19
Total cash flows from financing activities		-219	-286
Total cash flows from investing activities		-3,033	-1,155
Change in cash and cash equivalents:		-3,008	-1,144
– change in cash due to FX differences		25	11

Cash and cash equivalents at the beginning of the period		5,920	4,477
Cash and cash equivalents at the end of the period, including:		2,887	3,322
– restricted cash		576	1,364

3.5 Notes

Note 1 Intangible assets

OTHER INTANGIBLE ASSETS	figures in PLN thousand	30.06.2023	31.12.2022
Acquired concessions, patents, licenses and similar rights		–	2
Intellectual property rights		–	–
Completed development		2,213	2,398
In-process development expenditure		3,207	1,039
Total (net)		5,420	3,439
Amortization to-date		1,932	1,745
Total (gross)		7,352	5,184

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 June 30, 2023, the Company did not have any agreements whereby it would be required to purchase any intangible assets. In 2023 and 2022, 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	30.06.2023	31.12.2022
Technical equipment and machines		259	280
Vehicles		95	–
Other tangible assets		3,567	1,135
Tangible assets under construction		618	2,882
Total (net)		4,539	4,297
Depreciation to-date		2,838	2,271
Total (gross)		7,377	6,568

Tangible assets under construction include expenditure related to the construction of the prototype printing device as part of the ongoing subsidy project. No tangible assets are used as collateral. In 2023 and 2022, no impairment charges were posted for tangible assets.

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS	figures in PLN thousand	01.01.2023 - 30.06.2023	01.01.2022 - 31.12.2022
XTPL printers, 3D		40	–
Computer sets		73	197
Rheometer		108	162

Laser measuring system	92	144
Centrifuge	426	592
Anti-vibration system	–	46
Car	98	–
Pressure control system and other	–	15
Confocal microscope	172	–
Other laboratory equipment	–	71
Glovebox	328	–
Total significant acquisitions	1,337	1,227

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 June 30, 2023, 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 is of the opinion that the probability of XTPL Inc. obtaining revenues as a result of a license agreement signed by the subsidiary in 2023 is low, and for this reason decided to create an impairment allowance for full value of the tranches paid out from January 1, 2023 to June 30, 2023, i.e. PLN 54 thousand.

Note 6. Long-term receivables

Long-term receivables	figures in PLN thousand	30.06.2023	31.12.2022
Loans granted		143	322
Security deposits		33	44
Shares		–	–
Total long-term receivables		176	366

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	01.01.2023 - 30.06.2023	01.01.2022 - 31.12.2022
Balance at the beginning of the period		272	229
increased/ created		138	152
utilization		–	–
release		–	109
Balance at the end of the period		410	272

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 2023, 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	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Financial assets				
Loans granted	143	322	143	322

Trade receivables	WwgZK	643	776	643	776
Other receivables	WwgZK	2,646	1,801	2,646	1,801
Cash and cash equivalents	WwgZK	2,883	5,891	2,883	5,891
Total		6,315	8,790	6,315	8,790
Financial liabilities					
Interest bearing bank and other loans	PZFwgZK	248	–	248	–
Bond liabilities	WwWGpWF	3,263	3,180	3,263	3,180
Lease liabilities	according to IFRS 16	778	729	778	729
Trade liabilities	PZFwgZK	2,316	1,429	2,316	1,429
Other liabilities	PZFwgZK	4,266	3,021	4,266	3,021
Total		10,871	8,359	10,871	8,359

Abbreviations used:

WwgZK – measured at amortized cost

PZFwgZK – Other liabilities measured at amortized cost

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

Fair value of financial instruments that the Company held as at June 30, 2023 and December 31, 2022 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	01.01.2023 – 30.06.2023.	01.01.2022 – 30.06.2022.
Research and development revenue		1,595	2,356
Revenue from the sale of products		3,937	614
Revenue from grants		1,356	1,816
Total net revenue from sales		6,888	4,786

The total value of grants obtained in the reporting period amounted to PLN 1,400 thousand. Out of this figure, PLN 44 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	01.01.2023 – 30.06.2023.	01.01.2022 – 30.06.2022.
Depreciation/ amortization, including		713	433
– depreciation of tangible assets		526	243
– amortization of intangible assets		187	190
Use of raw materials and consumables		1,933	1,242
External services		2,662	2,206
Cost of employee benefits		4,537	3,548
Taxes and charges		46	60
Other costs by type		509	255
Value of goods and materials sold		–	–
Total costs by type, including:		10,400	7,744
Items reported as research and development costs		2,604	3,144
Items reported as cost of finished goods sold		1,200	231
Items reported as general and administrative expenses		4,597	4,103
Change in finished goods		-169	–
Cost of producing services for internal needs of the entity		2,168	266

Note 15. Explanations to the statement of cash flows

	figures in PLN thousand	01.01.2023 – 30.06.2023.	01.01.2022 – 30.06.2022.
PBT presented in the statement of comprehensive income		-1,833	-2,801
PBT presented in the statement of cash flows		-1,833	-2,801
INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS			
Realized interest on financing activities		89	19
Realized interest on investing activities		–	-1
Unrealized interest on financing activities		84	36
Unrealized interest on investing activities		-2	-3
Total interest and dividends:		171	51

	01.01.2023 – 30.06.2023.	01.01.2022 – 30.06.2022.
CHANGE IN THE BALANCE OF RECEIVABLES		
Change in the balance of trade receivables	133	1,281
Other receivables	-834	-358
Total change in the balance of receivables	-701	923
CHANGE IN THE BALANCE OF LIABILITIES		
Change in the balance of trade liabilities	887	96
Other liabilities	1,112	-56
Total change in the balance of liabilities:	1,999	40
Cash and cash equivalents at the end of the period		
Statement of cash flows	2,887	3,322
Statement of financial position	2,883	3,329

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 2023	figures in PLN thousand	To subsidiaries	To joint ventures	To key management personnel*	To other related entities **
Purchase of services		180	–	–	–
Loans granted		67	–	–	–
Financial expenses – interest on loans		22	–	–	–
2 QUARTERS OF 2022	figures in PLN thousand	To subsidiaries	To joint ventures	To key management personnel*	To other related entities **
Purchase of services		180	–	–	–
Loans granted		85	–	–	–
Financial expenses – interest on loans		32	–	–	–

* 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 June 30, 2023, 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
	30.06.2023	31.12.2022	01.01.2023 - 30.06.2023
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	77	51	26
Provision for remuneration	4	6	-2
Loan valuation	–	6	-6
Provision for the cost external services	14	–	14
Total deferred tax assets	95	63	32
Set-off with a deferred tax liability	-95	-63	-32
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, organizational 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 2023, 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 2023, 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 2022 amounts to PLN 1,400 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 materialization 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	30.06.2023	31.12.2022
Promissory notes	20,525	19,125
Total contingent liabilities	20,525	19,125

Note 22. Incentive scheme

In the Reporting Period, the Company did not grant any instruments and did not account for or recognize the cost of the incentive scheme for employees and collaborators based on the Parent Company's shares.

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	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Nanoinks	212	84
Printer sale/ lease	3,725	530
Research and development services	1,595	2,356
TOTAL	5,532	2,970

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 January 1, 2023 to June 30, 2022 was approved for publication by the Company's Management Board on September 20, 2022.

Note 30. Deferred tax liability

	Statement of financial position as at		Impact on the statement of comprehensive income
	30.06.2023	31.12.2022	01.01.2023 - 30.06.2023
Deferred tax liability caused by positive temporary differences			
In respect of:			
Interest on loans and deposits	9	–	9

Leased tangible assets	86	63	23
Total deferred tax liability	95	63	32
Set-off with deferred tax assets	-95	-63	-32
Net deferred tax liability	–	–	–

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

Date	Event	Current Report
July 12, 2023	<p>With reference to ESPI Current Report No. 30/2023 of June 22, 2023 and ESPI Current Report No. 27/2023 of June 12, 2023 and earlier ones, the Issuer's Management Board reported that on July 12, 2023 the placement of the Issuer's series V shares had been finalized.</p> <p>On July 12, 2023, the Issuer's Management Board made a statement on the final determination of the share capital in the Company's Articles of Association to the effect that the Company's share capital is PLN 230,422.20 and is divided into 2,304,222 ordinary bearer shares with a nominal value of PLN 0.10 each.</p>	ESPI Current Report No. 37/2023 of July 12, 2023
July 24, 2023	<p>The Company confirmed the order placed by the CENIMAT i3N scientific research center in Portugal for the delivery of the Delta Printing System.</p> <p>The Delta Printing System will be used by scientists from the Advanced Functional Materials for Micro and Nanotechnologies (AFMMN) Group, which is one of three Research Teams at CENIMAT i3N in Portugal. The AFMMN Group is focused on semiconductor fabrication and analysis processes, and has extensive experience in developing materials for key enabling technologies. The efforts are focused on the properties of materials in the nanoscale for industries such as electronics and optoelectronics. The device is to be delivered by the end of 2023.</p> <p>CENIMAT i3N is a Portuguese scientific research center sponsored by the Ministry of Science, Technology and Higher Education, through the Foundation for Science and Technology. For many years now, it has been the world's leading center of engineering and materials science.</p>	ESPI Current Report No. 39/2023 of July 24, 2023
July 26, 2023	<p>The Company received information that the United States Patent and Trademark Office had granted it patent for the method of characterizing and optimizing ink flow in the printing head. The patent was granted in response to the patent application "Method of estimating an output diameter of a capillary tube, and related methods".</p> <p>The application procedure for this patent was initiated on June 8, 2020. This is also the date when patent protection started for the invention. The final formal requirement for obtaining the patent is to pay the patent fee by October 17, 2023. Should the requirement not be met, the Company will communicate this in a separate current report.</p>	ESPI Current Report No. 40/2023 of July 27, 2023
August 3, 2023	<p>With reference to ESPI Current Report No. 37/2023 of July 12, 2023 and ESPI Current Report No. 26/2023 of June 12, 2023, the Company's Management Board reported that on August 3, 2023 the registry court had registered amendments in the Articles of Association of XTPL S.A. – § 5 of the Company's Articles of Association) in connection with</p>	ESPI Current Report No. 41/2023 of August 3, 2023

	Resolution No. 03/06/2023 of the Issuer's Extraordinary General Meeting of Shareholders of June 12, 2023 and the Management Board's statement of July 12, 2023 on the amount of share capital acquired and on determining the Company's share capital in the Articles of Association.	
August 3, 2023	<p>On August 3, 2023, the Company received information about the conditional granting of a patent by the Japanese Patent Office for the printing apparatus used for the method of Ultra-Precise Deposition. The patent was granted in response to the patent application "Fluid printing apparatus".</p> <p>The final formal requirement for obtaining the patent is to pay the patent fee by August 17, 2023. Should the requirement not be met, the Company will communicate this in a separate current report.</p> <p>The patent protection will increase the value of the potential commercialization of the Company's technology with respect to the Issuer's technological solutions for the next generation electronics market. The reported event confirms continued delivery of the Company's strategy of building a patent cloud for its proprietary technology and products, which will contribute to building the Issuer's credibility among potential industrial clients.</p>	ESPI Current Report No. 42/2023 of August 4, 2023
August 7, 2023	On August 7, 2023, the Issuer received a notification made by Filip Granek, PhD, under Article 69(1)(2) of the Act on Public Offering concerning reduction of his share in the total number of votes at the Issuer's General Meeting following the registration of the Issuer's share capital increase by the registry court in connection with the issue of the series V shares.	ESPI Current Report No. 43/2023 of August 7, 2023
August 16, 2023	On August 16, 2023, the Central Securities Depository of Poland ("KDPW") declared that it had entered into an agreement with the Company for the registration of 275,000 series V ordinary bearer shares of the Company ("Shares"). The shares will be registered in the securities depository operated by KDPW, provided that they are introduced to trading on the regulated market operated by the Warsaw Stock Exchange. The shares will be registered under the existing ISIN code PLXTPL000018.	ESPI Current Report No. 44/2023 of August 17, 2023
August 18, 2023	On August 18, 2023, the Management Board of the Warsaw Stock Exchange S.A. ("WSE") adopted a resolution on the admission of 275,000 series V ordinary bearer shares of the Company ("Shares") to trading on the regulated market operated by the WSE ("Regulated Market") and on the conditional introduction of the Shares to trading on the Regulated Market as of August 23 2023. The Shares were to be introduced to trading on the Regulated Market provided that on August 23, 2023 KDPW registered them in the securities depository under the ISIN code PLXTPL000018.	ESPI Current Report No. 45/2023 of August 21, 2023
August 21, 2023	On August 21, 2023, the Central Securities Depository of Poland announced that the date registration of 275,000 series V ordinary bearer shares of the Company marked with the ISIN code PLXTPL000018 in the securities register had been set to August 23, 2023.	ESPI Current Report No. 46/2023 of August 21, 2023

<p>September 6, 2023</p>	<p>On September 6, 2023, the Company confirmed another order placed by Yi Xin (HK) Technology Co., Ltd, based in China [“Yi Xin”, “Dystrybutor”] for the delivery of the Delta Printing System. The Company will deliver and commission the device in the first half of 2024.</p> <p>The end buyer of the device will be a leading Chinese R&D center: Research Institute of Tsinghua University w Shenzhen, China [“End Client”]. The XTPL device will used in work on conductive structures for heterogeneous integration of 3D chips.</p>	<p>ESPI Current Report No. 47/2023 of September 6, 2023</p>
<p>September 8, 2023</p>	<p>On September 8, 2023, the Issuer and Detekt Technology Inc. with its registered office in Taiwan [“Detekt”] signed an agreement for the non-exclusive distribution of the Issuer's technological solutions [“Agreement”].</p> <p>Under the Agreement, Detekt will act as a distributor of XTPL’s technological solutions in Taiwan. The purpose of the cooperation is to support the Issuer in expanding the range of applications for the Company’s technology and products at technological corporations and R&D centers and scientific institutions. The partnership will also increase awareness and visibility of the Issuer's solutions among global players in semiconductor and display technologies market.</p>	<p>ESPI Current Report No. 48/2023 of September 11, 2023</p>

Additional information

4 ADDITIONAL INFORMATION

4.1 General information and basis of preparation

The (standalone) financial statements of XTPL Group cover the period of six months ended June 30, 2023, and the comparative data for the period of six months ended June 30, 2022. They were prepared using 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 Report Date.

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 annual financial statements of XTPL S.A. for 2022 as published on April 26, 2023.

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 the 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

	2023 January–June		2022 January – June/ December 2022	
	EUR	USD	EUR	USD
exchange rates used in the financial statements				
for balance sheet items	4.4503	4.1066	4.6899	4.4018
for profit or loss and cash flow items	4.6130	4.2711	4.6427	4.2744

4.4 Description of significant accounting principles

For the purpose of preparing the half-yearly condensed consolidated financial statements, the same accounting principles have been used as in the last annual financial statements published on April 26, 2023, and in the last quarterly financial statements prepared as at March 31, 2023 (report for Q1 2023 of May 17, 2023).

There were no changes in the accounting policies or significant changes in estimates in the Reporting Period.

Signatures of all Management Board members

Filip Granek
CEO

Jacek Olszański
Management Board Member

Person responsible for maintaining books of account
Edward Czuchajewski
Chief Accountant

Wrocław, September 20, 2023

5 MANAGEMENT BOARD'S STATEMENTS

The Management Board of XTPL S.A. declares that to the best of its knowledge the semi-annual 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

Filip Granek
Prezes Zarządu

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

Jacek Olszański
Członek Zarządu

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

Wrocław, September 20, 2023

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 the interim review of the semi-annual condensed financial statements was selected in accordance with the applicable law. The audit firm and the statutory auditors performing the review met the conditions for issuing an unbiased and independent report on the review of the interim condensed financial statements, in accordance with the applicable regulations and professional standards.

Signatures of all Management Board members

Filip Granek
Prezes Zarządu



Jacek Olszański
Członek Zarządu



Wrocław, September 20, 2023

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.

8 APPROVAL FOR PUBLICATION

The semi-annual report for the first half of 2023 ended on June 30, 2023 was approved for publication by the Management Board of the Parent Company on September 20, 2023.

Signatures of all Management Board members

Filip Granek
Prezes Zarządu

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

Jacek Olszański
Członek Zarządu

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

Wrocław, September 20, 2023