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**CONSOLIDATED QUARTERLY REPORT
FOR THE THIRD QUARTER OF 2020**

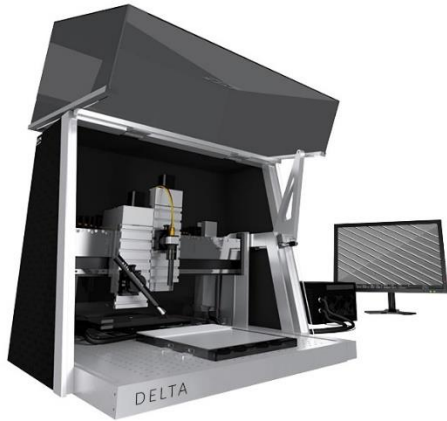
XTPL S.A.

Wrocław, 26 November 2020

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

We are pleased to present to you the quarterly report of XTPL S.A., which is a summary of our activities and achievements in the third quarter of 2020.



Despite the pandemic, we are continuing our business without significant disruptions. In the third quarter of 2020, we stepped up our commercialization activities. This process included: developing a product offer; building sales teams; designing and creating product landing pages; pursuing marketing and sales activities aimed at creating a valuable sales funnel; and, consequently, finalizing the first contracts. During this period, we continued selling processes involving inks and R&D services, but our efforts were focused on the sale of the laboratory printer, a demonstrator of the UPD technology. These activities culminated in the first contract for the supply of the laboratory printer for the University of Stuttgart, Institute for Large Area Microelectronics (IGM), signed in November. Our first client in the area of printing devices is a globally recognized research unit that develops display technology, cooperating with the largest global display manufacturers to generate breakthrough solutions. The Institute's reputation opens up an additional channel for presenting our technology to global display manufacturers. We are excited about this significant milestone in the life of the organization as our

technology is delivered to the globally leading R&D center in the display industry. The decision of the IGM institute confirms the high level of technological readiness of our solution and its unique properties attractive for this industry. We are also continuing our cooperation with global industrial partners from the display industry, getting closer to achieving our strategic goal, which is to bring the XTPL technology onto production lines.

In the third quarter of 2020, the Company actively participated in virtual industry and investor events, which now predominantly take place online. The deep-tech industry appreciates our expert contribution and knowledge, which is why in the last quarter we participated in numerous international technology conferences, where we showcased the ultra-precise XTPL technology for printing electronics. In the third quarter, we also continued investor meetings to present the Company's strategy, projects, technological achievements, and financial position. We are committed to ensuring the highest standards in the area of investor relations.

Ending the financial round was a major event that took place in the third quarter of 2020. As a result, we obtained PLN 12.85 million for the Company's further growth. The issue proceeds will be used for R&D, continued commercialization, and extension of the intellectual property portfolio. XTPL has funds secured for R&D and operating activity until the beginning of 2022.

In the period from July to September 2020, the Company filed one patent application. After the Balance Sheet Date, we made another submission. In total, the Company has 18 international patent applications and patents. We attach great importance to securing intellectual property. We are constantly growing our patent cloud, which is one of the most important factors driving the Company's value and determining its competitive advantage.

In September 2020, German MainFirst Bank AG from the Stifel Group recommended "BUY" with regard to XTPL and valued the Company at a PLN 210 price target. For XTPL, the valuation confirms the Company's potential and constant progress towards commercialization. It should be noted that we are the first Polish company to be covered by MainFirst.

The upcoming period will be a big challenge for our management and the entire team. XTPL is ripe for further development, commercialization of technology and creating more value for Shareholders. Our ambition is to share our further successes with you in the coming months. We would like to thank the Supervisory Board, Shareholders, Investors and Employees for their trust and contribution to the growth of XTPL. We encourage you to read the additional information contained in this report.

Yours sincerely,

Filip Granek, PhD

Jacek Olszański

XTPL Spółka Akcyjna, a joint stock company having its registered office at ul. Stabłowicka 147, 54-066 Wrocław, entered in the business register of the National Court Register kept by the District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register under KRS No. 0000619674 ("**XTPL**", "**XTPL S.A.**", "**Company**", "**Entity**", "**Parent Company**", "**Issuer**"), NIP: 9512394886, REGON: 361898062.

As at 30 September 2020 ("**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**").

This document ("**Report**") contains the Report of the Management Board of XTPL S.A. on the activities of XTPL Group ("**Group**", "**XTPL Group**") and on the activities of XTPL S.A. for the third quarter of 2020 ("**Management Report**"), and the standalone and consolidated financial statements of XTPL S.A. and the Group, respectively.

The Group includes the parent company and a subsidiary (XTPL Inc. with its registered office in the USA), fully controlled by XTPL S.A. ("**Subsidiary**", "**Subsidiary Undertaking**", "**XTPL Inc.**").

The source of data in the Report is XTPL S.A., unless indicated otherwise.

The date of publication of the Report ("**Report Date**") is 26 November 2020.

The consolidated financial statements contained in the Report mean the consolidated financial statements (including the Company and the Subsidiary) for the quarter from 1 January to 30 September 2020 prepared in accordance with the International Financial Reporting Standards approved for application in the EU. The standalone financial statements contained in the Report mean the Parent Company's financial statements for the quarter from 1 January to 30 September 2020 ("**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 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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Financial highlights

1 Financial highlights

1.1 Selected standalone figures

Figures in PLN thousand	1 January–30 September 2020		1 January–30 September 2019	
	PLN	EUR	PLN	EUR
Net revenue from sales	2,101	473	1,593	370
Profit (loss) on sales	-424	-95	-4,476	-1,039
Profit (loss) before tax	-6,444	-1,451	-18,467	-4,286
Profit (loss) after tax	-6,444	-1,451	-18,501	-4,294
Depreciation/amortization	337	76	438	102
Net cash flows from operating activities	-3,717	-837	-7,306	-1,696
Net cash flows from investing activities	-518	-117	-2,072	-481
Net cash flows from financing activities	12,861	2,895	10,108	2,346
Figures in PLN thousand	30 September 2020		31 December 2019	
Owner's equity	11,620	2,567	6,892	1,618
Short-term liabilities	1,663	367	1,900	446
Long-term liabilities	3,612	798	-	-
Cash and cash equivalents	12,781	2,823	4,153	972
Short-term receivables	588	130	936	220
Long-term receivables	286	63	291	68

	2020 January – September	2019 January – September
exchange rates used in the financial statements	EUR	EUR
for balance sheet items	4.5268	3.8658
for profit or loss and cash flow items	4.4420	3.9337

1.2 Selected consolidated figures

Figures in PLN thousand	1 January–30 September 2020		1 January–30 September 2019	
	PLN	EUR	PLN	EUR
Net revenue from sales	2,101	473	1,593	370
Profit (loss) on sales	-424	-95	-4,476	-1,039
Profit (loss) before tax	-6,424	-1,446	-19,829	-4,602
Profit (loss) after tax	-6,428	-1,447	-19,465	-4,518
Depreciation/amortization	337	76	438	102
Net cash flows from operating activities	-4,137	-931	-9,059	-2,103
Net cash flows from investing activities	-98	-22	-261	-61
Net cash flows from financing activities	12,861	2,895	10,108	2,346
Figures in PLN thousand	30 September 2020		31 December 2019	
Owner's equity	11,626	2,568	6,907	1,622
Short-term liabilities	1,673	370	1,931	453
Long-term liabilities	3,612	798	-	-
Cash and cash equivalents	12,832	2,835	4,206	988
Short-term receivables	588	130	935	220
Long-term receivables	234	52	272	64

exchange rates used in the financial statements	2020 – January – September		2019 - January – September/ December 2019	
	EUR	USD	EUR	USD
for balance sheet items	4.5268	3.8658	4.2585	3.7977
for profit or loss and cash flow items	4.4420	3.9337	4.3086	3.8426

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Management Report

2 Management Report

DEFINITIONS:

µm means micrometer, i.e. one millionth of a meter (1/1,000,000 m)

nm means nanometer, i.e. one billionth of a meter (1/1,000,000,000 m)

Adhesion means the tendency of different materials to stick together

Particle agglomeration means joining fine particles into larger parts

CAGR means Compound Annual Growth Rate – the average rate of annual growth over the period under analysis, assuming that annual increases are added to the base value of the next period

Deposition means depositing a material locally

Ink formulation means precise formulation of the ink, giving it the desired physicochemical properties

FHE (Flexible Hybrid Electronics) means an electronic circuit made on a flexible substrate containing rigid electronic components, i.e. components not susceptible to bending

IP (Intellectual Property) means intellectual and industrial property

Conductance means electrical conductivity, which is the inverse of resistance

Hydrophilic material means a material whose tendency is to attract water molecules

Hydrophobic material means a material whose tendency is to repel water molecules

Additive method means adding material to obtain a specific structure; it is the opposite of the subtractive method whereby material is subtracted to obtain a specific structure

NDA (Non-Disclosure Agreement) means a confidentiality agreement

ODR (Open Defect Repair) means repairing defects in the form of broken conductive paths in the electronic system

OLED (organic light-emitting diode) means an LED based on organic material

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

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

R&D means Research and Development

Resistance means electrical resistance

SEM means scanning electron microscope

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

In the Reporting Period, the Company continued efforts towards sale of its ultra-precise deposition (UPD) technology demonstrator – XTPL Delta Printing System – a device designed for laboratory use and rapid prototyping. Activities in the current form focus on establishing direct contact with specialists who could use the potential of the Company's technology in their research and development work. Currently, almost 50 talks are under way with entities willing to purchase the device. 12 of these entities are at the stage of making test prints on their own substrates, in accordance with the design. The Company's clients include research centers, universities and institutes of technology, as well as representatives of companies from electronics, semiconductor and display industries. As well as playing a commercial function, the provision of the technology demonstrator is one of the stages of the complex process aimed at selling XTPL technology licenses for industrial applications.

The work on commercialization of the UPD technology demonstrator has led to signing a long-term lease-purchase agreement for the XTPL Delta Printing System device with the University of Stuttgart, Institute for Large Area Microelectronics. With this agreement, the Institute will become the first user of the device equipped with the UPD technology developed by the Company.

The Company maintains its focus on the tasks related to the commercialization of UPD technology in industrial applications.

Some of the evaluation tests to check the readiness of the Company's technology for use in repairing open defects in OLED displays have already been completed. The results of the work in this area are being discussed with several different industry players.

During the reporting period, the Company completed the evaluation process carried out with Hefei BOE Joint Technology Co. Ltd. related to the production of a new generation of displays. Currently, the structures produced by XTPL are being verified before commencement of further stages of negotiations with the display manufacturer.

The Company continues its activities related to the sale of conductive silver inks with unique physicochemical properties. The offered products met with interest from the scientific community working on the use of additive technologies for producing new types of devices. The cooperation with several research centers has resulted in confirming the uniqueness of the offered product in printing technologies other than UPD. Work is currently under way to extend the offering to include new products adapted to other printing technologies.

2.2 Intellectual and industrial property

In the period from January to September 2020, the Company filed another seven patent applications with the United States Patent and Trademark Office, covering further layers of intellectual property protection in the field of precise printing. The first two patent applications relate to the method and apparatus for characterizing and optimizing ink flow in the printing head nozzle. This method is generic and can be applied not only to the XTPL technology, but also to other printing techniques. Therefore, both patent applications have a major commercial value. The third patent application is a crucial invention from the point of view of applying the XTPL technology in the smart glass sector. It shows how to significantly improve the parameters of transparent conductors. In May 2020, another two patent applications were submitted, covering further layers of intellectual property protection in the area of precise printing. Both applications were filed with the United States Patent and Trademark Office. One of the two applications relates

to the design of a new printing head used in the Ultra-Precise Deposition (UPD) process. The other application concerns the formulation of high-viscosity ink, compatible with the UPD method. This unique combination of the high-viscosity ink and the printing head that enables its precise deposition (with the width of printed features ranging from 1 to 10 micrometers) makes it possible to print in a very high resolution on complex substrates, including on materials with very different wetting properties, junctions, and vertical steps. With this capability, the UPD technology enables, e.g. rapid prototyping of new generation microelectronic devices, including organic light-emitting diodes and printed circuit boards. In June 2020, another patent application was filed for a method of predicting the geometric parameters of printed structures based on print parameters. One more patent application was filed in August 2020. It relates to an invention that makes it possible to use the XTPL method for high resolution printing on complex topographies, typical of modern microelectronic devices such as organic light-emitting diodes. In particular, the XTPL method offers a unique possibility of creating connections in flexible electronic devices.

After the Balance Sheet Date, in October 2020, the Company filed another patent application.

As at the Report Date, the Company had trademarks registered with the Patent Office of the Republic of Poland and the European Union Intellectual Property Office, as well as in China.

As at the Report Date, the Company had one patent approved, granted in Australia, China, South Korea, the USA, Germany and Great Britain.

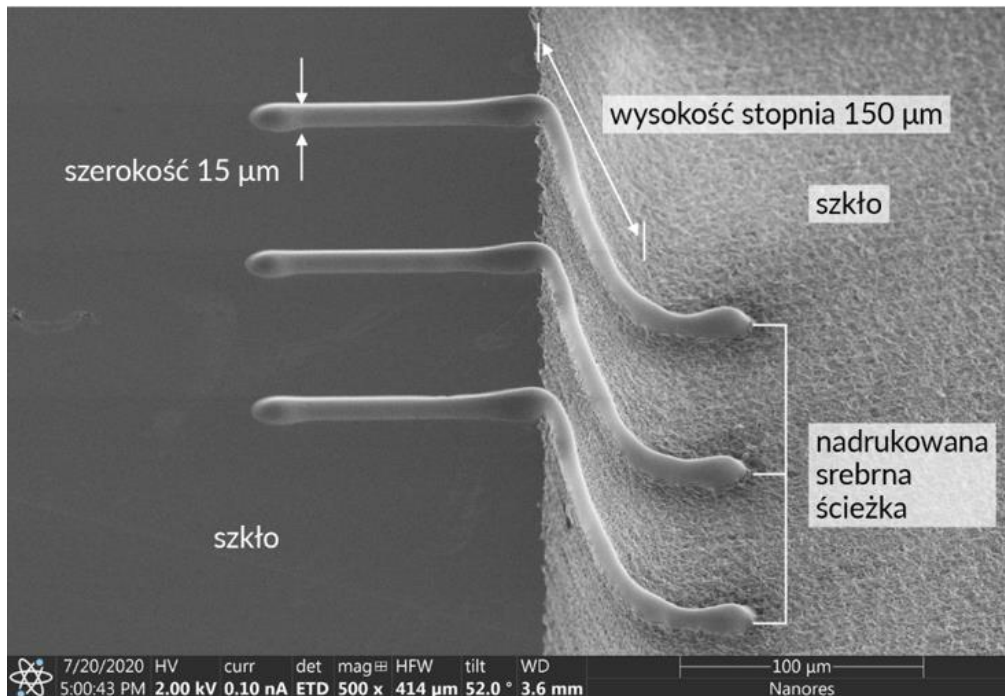
2.3 Progress in research and development

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

An important advantage of using concentrated ink is the ability to print on non-flat substrates with complex topography. Such ink allows the continuity of the structure to be maintained even if it was printed, for example, on steep edges, when the substrate is not homogeneous and its layers are at different heights. An additional advantage of using the ink in question is the negligible influence of the material on which printing takes place.

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

The breakthrough technological result achieved by the XTPL R&D team is the demonstrated ability to print precise conductive features that effectively cover a high step, up to 150 micrometers. Already today, this capability opens up new talks with potential clients.



Currently, the Company's research is focused on increasing the repeatability and speed of printing connectors on substrates with advanced topography. This is achieved by optimizing printing parameters, modifying the conductive ink, fully automating the printing process, and using a script for automatic movement in 3D. As a result, the time needed to print a single conductive connection on steep edges was reduced to less than 1 second.

For the Company, this opens further application areas related to advanced electronic circuits or integrated circuits. The use of the UPD technology in these markets fits with the strategy adopted by a group of experts from the semiconductor industry (from the United States, Europe, Japan, China, South Korea and Taiwan) laid down in the documents of the National Technology Roadmap for Semiconductors (NTRS), which provide for integration of individual electronic circuits into one integrated circuit. The precise deposition of material with a high concentration of nanoparticles started to be used in the Company's several new technological and business streams. This is testament to the uniqueness of the developed solution and its potential to be used in new technologies.

2.4 Other events related to the Issuer's technology

2.4.1 **Signing a technology evaluation agreement with OSRAM**

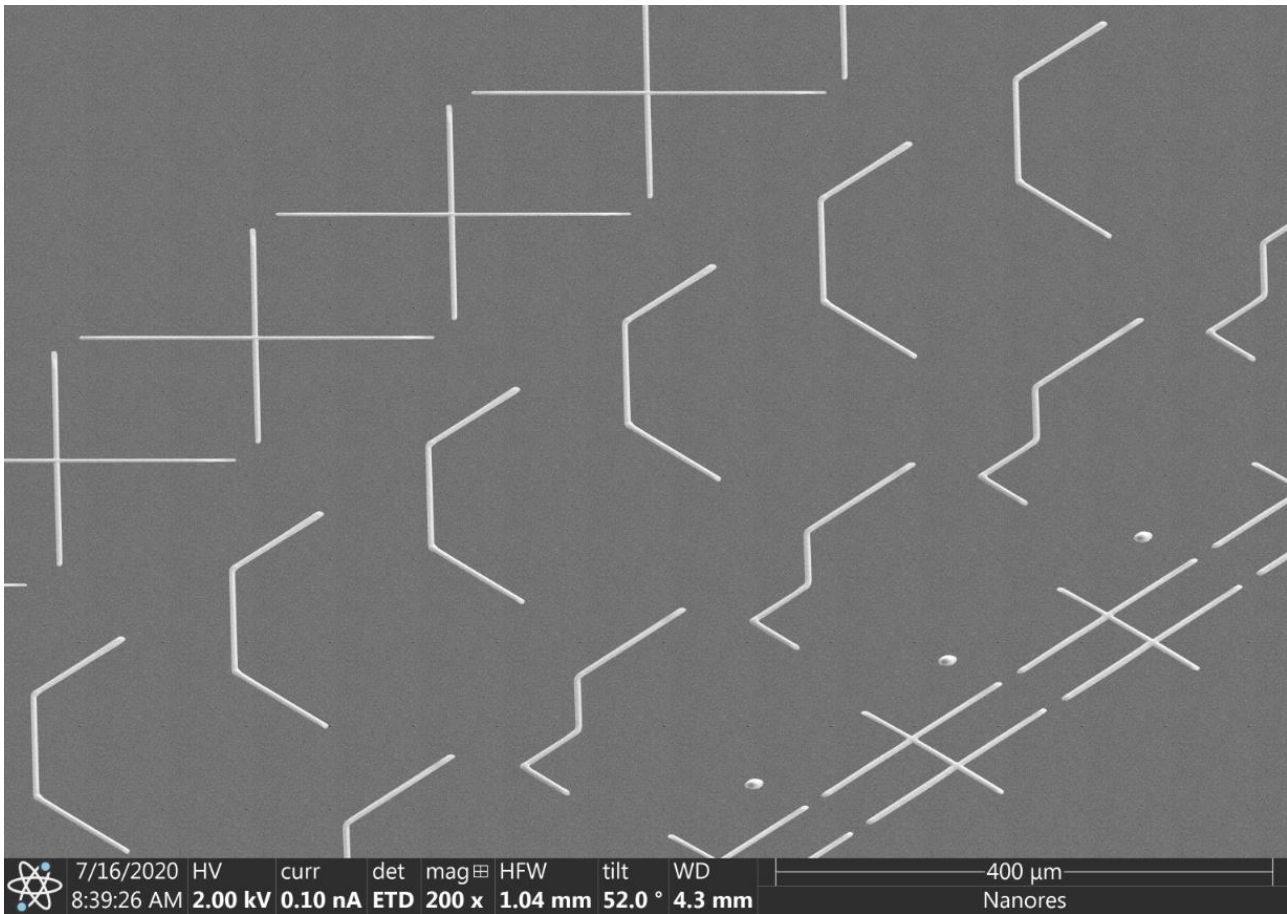
On 21 January 2020, the Company announced the signing of a technology evaluation agreement with OSRAM Opto Semiconductors GmbH, a subsidiary of OSRAM – the global lighting group based in Munich, Germany. The purpose of the agreement is to confirm parameters of the technology developed and commercialized by XTPL and to assess the possibility of implementing it in the partner's process of manufacturing new generation products.

2.4.2 Signing a technology evaluation agreement with Suzhou Cowin Laser Technology Co Ltd

On 28 February 2020, XTPL S.A. and Suzhou Cowin Laser Technology Co Ltd based in China signed a Technology Evaluation Agreement (TEA). The goal of the first, Proof of Concept, stage is to confirm the parameters of the technology commercialized by XTPL and to assess the possibility of implementing it in the Chinese partner's production processes. Cowin is a supplier of devices for the production of displays for leading Chinese players in this sector, such as BOE (leader of the global display market, which is working on an independent Proof of Concept project with XTPL); CSOT (display manufacturer based in China, producing LCD panels and developing OLED technology) and Tianma (global display manufacturer operating for over three decades, producing modern LCD displays and new display lines using the AMOLED technology).

2.4.3 New patent applications

The Company is gradually increasing its competitive edge by filing further patent applications. During the Reporting Period, seven patent applications (described in Section 2.2) were filed. Particularly important is another patent application, filed in August 2020, for the printing of high-resolution features on complex substrates, typical of modern microelectronic devices, e.g. organic light-emitting diodes (OLED). In particular, this application describes a solution that enables printing on uneven surfaces, including on steep edges.



After the Balance Sheet Date, in October 2020, the Company filed another patent application.

2.4.4 Testing XTPL inks for various printing methods and launching a website with a nanoinks offer:

Taking into account the interest in XTPL nanoinks, protected by patent applications, a decision was made to create a special section on the Issuer's website that presents the advantages of our inks along with additional technical information. XTPL conductive inks based on silver nanoparticles attract the interest of manufacturers from several industry sectors and representatives of the scientific community due to their innovative physicochemical properties. A list of available conductive inks with information on their unique properties is available at xtpl.com/pl/nanotusze/.

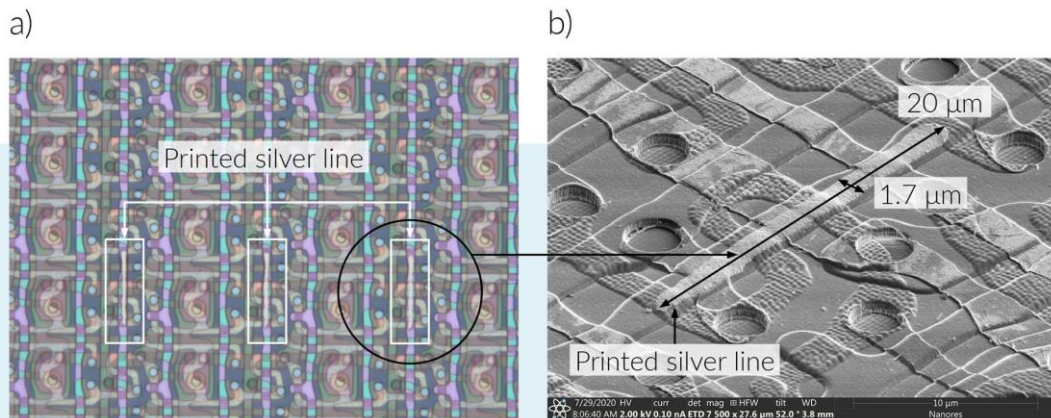
The Company is currently working with R&D units in Europe to verify the compatibility and attractiveness of using XTPL inks in other printing methods, such as: ink-jet, LIFT (Laser Induced Forward Transfer), Aerosol Jet printing, electro-hydro-dynamic printing (EHD) and precise deposition. As of today, the Company has received initial positive feedback and comments on two of the above printing methods. It is worth noting that one of the XTPL ink formulations is now being tested by a leading global R&D center for application in the photovoltaic industry for the purpose of advanced metallization in solar cells.

2.4.5 Achieving further milestones in technology development

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

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

Another breakthrough technological result achieved by the XTPL R&D team is the demonstrated ability to print precise conductive features that effectively cover a high step, up to 150 micrometers. The ongoing optimization work has made it possible to increase the speed and repeatability of this type of connections, which is directly related to the potential commercialization of the described solution.



The Company's further cooperation with entities from the display industry led to the achievement of another milestone: printing structures with a width of less than 2 μm on the surface of the actual electronic layer of a high-resolution OLED displays. The result has been recognized by industry representatives as highly competitive in the ODR application. Achievement of this milestone has been helped by development of deposition of nanoinks with nanoparticle density and high viscosity. Thanks to the unique combination of process parameters, material and nozzle design, it was possible to cover sophisticated surfaces, such as an electric layer of OLED displays.

2.4.6 Presentation of the XTPL technology at international industry events

The global situation related to the coronavirus pandemic has affected not only the internal work system, but also the activities outside the organization. The events planned for the first half of the year in which XTPL was to take active part have been postponed or canceled. Due to current limitations and logistic restrictions, the Company decided to postpone its participation in the Display Week 2020 conference, which was to take place in the USA, and decided to come back for the 2021 edition. Display Week is the most important event dedicated to display manufacturers. Its high profile is confirmed by such leading brands as LG Display, BOE and VISIONOX, which present themselves at the conference every year.

After the Balance Sheet Date, the Company took part in an international symposium on flexible organic electronics: NANOTECHNOLOGY 2020. XTPL was represented by Piotr Kowalczewski, PhD – Head of the Numerical Simulation Laboratory. His presentation was entitled “Ultra-precise deposition technology for high-resolution printing of highly transparent electrodes in OLEDs”. Another event in which the Company took part was the NanoInnovation conference. At this event, XTPL was again represented by Piotr Kowalczewski, who made a presentation entitled “Ultra-precise deposition technology enabling high-resolution printing of nanomaterials”. The NanoInnovation 2020 conference is the most important international event in Italy dedicated to nanotechnology, attended by representatives of the science and innovative industry.

July 2020 saw the Eureka GlobalStars virtual conference, at which the Company presented the most important information about its activity. Participants of the event had the opportunity to establish contact with potential partners for international cooperation in the future.

On 6 October, the Metallization & Interconnection Workshop took place, where XTPL showcased its technology. This is another edition of the event devoted to new technologies used in the production of conductive connections in silicon photovoltaic cells. The Company was represented by its CEO Filip Granek, PhD.

The results prepared by XTPL’s R&D team, based on which the Company declared its willingness to participate in the International Display Workshops (IDW), were approved by the organizers of the event, thanks to which the Company will give a presentation at IDW'20. The conference will be held on 9–11 December 2020. The Company will be represented by Aneta Wiatrowska, PhD, XTPL Technology Director. It is one of the most important events in the world devoted to the design and production of new generation displays. The conference consists of several thematic sessions on such topics as electroluminescent microdiodes (uLED), quantum dot-based displays, thin-film transistors (TFT) and micro-electromechanical systems (MEMS) for applications in modern displays. Due to this range of subjects, the conference is an excellent platform to present the capabilities of the XTPL technology to leading representatives of the world of science and industry who deal with the broadly understood display technology. XTPL will present its technology in a session devoted to process innovations, next to such significant industry players as, for example, Canon and V Technology.

2.4.7 Development and commercialization of the XTPL UPD technology demonstrator

The Company is continuing its efforts to sell further UPD technology demonstrators. Currently, almost 50 talks are under way with entities willing to purchase the device. 12 of these entities are at the stage of making test prints on their own substrates, in accordance with the design. The Company's clients include research centers, universities and institutes of technology, as well as representatives of companies from electronics, semiconductor and display industries. As well as playing a commercial function, the provision of the technology demonstrator is one of the stages of the complex process aimed at selling XTPL technology licenses for industrial applications.

2.4.8 Potential integration of the XTPL UPD technology in devices of manufacturers of advanced printing devices

Four entities from the EMEA region, manufacturers of printers for pilot and small-series production of advanced electronics, approached XTPL in order to look into the possibility of integrating the XTPL technology into those devices. The potential sale of a complete printing module that supports the XTPL UPD technology, and then the supply of consumables is attractive for the Company. Increasing the variety of devices in the market will help the Company reach more customers and make inroads into new markets. Given the diversity of the target markets of individual partners, it is possible that contracts will be signed with each of them separately.

2.5 Other events

2.5.1 Professor Herbert Wirth appointed to the Supervisory Board

On 9 January 2020, XTPL shareholders appointed Prof. Herbert Wirth, the former CEO of KGHM Polska Miedź S.A., to the company's Supervisory Board. He has considerable experience in business development in global markets and unique competences and a network of contacts which will strategically strengthen the Company's business activities.

2.5.2 Recommendation of MainFirst Bank AG:

In February 2020, the German MainFirst Bank AG from the Stifel Group issued a "BUY" recommendation for XTPL shares. The Stifel Group is particularly strong when it comes to cooperating with technology investors from many countries, including the United States. In Europe, MainFirst services about 700 companies. XTPL is the first company from Poland and Central and Eastern Europe for which the broker published an analysis.

2.5.3 Dual listing on the Frankfurt Stock Exchange

On 6 March 2020, the Frankfurt Stock Exchange consented to admit XTPL shares to the Quotation Board segment, which is a part of the Open Market. The Company did not incur any costs related to this

operation, as the introduction of its shares to trading resulted from the initiative undertaken, independently from the Company, by one of the German institutions responsible for the process of trading shares of selected companies on the German stock exchange (“Spezialist”). In this case it is Baader Bank AG.

XTPL shares are traded on a dual-listing basis, with the Warsaw Stock Exchange remaining the Company's main trading floor.

2.5.4 Extraordinary General Meeting of Shareholders of 8 June 2020

On 8 June 2020, an Extraordinary General Meeting of Shareholders took place. The EGM adopted resolutions regarding the issue of shares and convertible bonds. Details regarding the General Meeting and the issues are specified in ESPI Current Reports Nos. 12/2020, 13/2020 and 17/2020.

2.5.5 Annual General Meeting of Shareholders of 30 June 2020

On 30 June 2020, the Annual General Meeting was held. Among other things, it approved the financial statements and reports on activities, and appointed the Supervisory Board for a new term. Details are specified in ESPI Current Reports Nos. 15/2020 and 23/2020.

2.5.6 Beata Turlejska appointed to the Supervisory Board

On 30 June 2020, XTPL shareholders appointed Beata Turlejska to the Supervisory Board. Beata Turlejska is a Managing Partner of the Leonarto Fund and is responsible for managing the fund's investment portfolio (the fund invests in technology companies).

2.5.7 Jacek Olszański appointed to the Management Board

On 30 June 2020, the XTPL Supervisory Board appointed the Management Board of a new term. In addition to Filip Granek, who was entrusted with the function of Management Board President (CEO), the Supervisory Board appointed Jacek Olszański to the role of Management Board Member. Jacek Olszański joined XTPL S.A. in October 2018, and so far has served as the financial manager. Jacek Olszański has 20 years' hands-on experience in finance and controlling gained in corporate groups. Previously worked for KGHM Polska Miedź S.A. and Selena Group, where he held a number of managerial functions. Jacek Olszański previously was Supervisory Board and Audit Committee member at companies from various sectors, including companies listed on the Warsaw Stock Exchange.

2.5.8 Issue of shares and convertible bonds

In June and July 2020, the Company issued series T shares and bonds convertible into shares of the Company (the decision to start activities aimed at obtaining financing by issuing shares and convertible bonds was announced on 11 May 2020 in ESPI Current Report No. 12/2020).

Overall, the Company's proceeds from the issue of shares and convertible bonds were PLN 12,849,952, including PLN 3,599,952 in connection with the issue of the bonds convertible into shares. The subscription for series T shares was completed on 23 June 2020 (in accordance with ESPI Current Report No. 20/2020), while the convertible bonds were issued on 30 July 2020 (in accordance with ESPI Current Report No. 29/2020). The proceeds from the issue of shares and convertible bonds will be used for R&D, continued commercialization, and extension of the intellectual property portfolio. XTPL has funds secured for research and development activity until the beginning of 2022. The convertible bonds will not be introduced to organized trading. In turn, the series T shares were admitted and introduced to trading on the regulated market operated by the WSE on 28 August 2020.

On 30 July 2020 the Management Board of XTPL S.A. adopted a resolution on the allocation of 48,648 series A registered bonds convertible into the Company's series U shares with a nominal value of PLN 74 per bond, and a total nominal value of PLN 3,599,952. The bonds were issued at an issue price equal to their nominal value, i.e. PLN 74 per bond. The bonds are to be redeemed on 30 July 2022. They have a fixed rate of interest of 2% (two percent) per annum, calculated on their nominal value as of the allocation date (excluding that date) until the redemption date or an early redemption date (including that date). The interest will be paid on one of those dates. The bonds will be converted into the Issuer's series U shares in such a way that there will be one series U share allocated to each bond, and the conversion price will be equal to the nominal value of one bond. The bondholder has the right to demand conversion of the Bonds into the series U shares no earlier than 1 (one) month before the redemption date and no later than 11 (eleven) working days before the redemption date. The Issuer is not entitled to redeem all or a part of the bonds before the redemption date. The bonds will not be listed on a regulated market or in an alternative trading system.

2.5.9 Presenting XTPL at international investor events

The global coronavirus pandemic has caused many events to be canceled, moved or held remotely. Despite the outbreak, in the third quarter of 2020, the Company actively participated in investor events that took place in the virtual space.

At the beginning of September (1–3 September 2020), the Company's Management Board took part in the Equity Forum Fall Conference. During the three-day event, the Management Board held numerous meetings with international investors, analysts and journalists.

Another online event was the WSE Innovation Day conference, i.e. a meeting of investors with innovative companies listed on the Warsaw Stock Exchange. The conference was held on 22–23 September 2020.

Regular communication with investors is important for the Issuer. For this reason, after publishing the financial results for the first half of the year, the Company organized two earnings calls. The first meeting was held on 28 September 2020 in Polish. Next, an English session took place on 29 September 2020.

During all meetings, the Company presented the most important information about its activity, progress in commercialization, technological achievements, financial results and plans for the future. The new reality brings many challenges, but XTPL endeavors to adapt its activities to the new, remote model.

2.5.10 Investment funds managed by Rockbridge TFI S.A. among significant shareholders of XTPL

On 31 August 2020 (ESPI Current Report No. 35/2020), the Issuer received a notification pursuant to Article 69 of the Act on Public Offering from Rockbridge TFI S.A., stating that the funds managed by Rockbridge TFI S.A. have more than 5% of the Issuer's share capital.

2.5.11 MainFirst Bank AG recommends "BUY" with regard to XTPL and values the Company at a PLN 210 price target

On 3 September 2020, the Issuer released an article advising that German MainFirst Bank AG from the Stifel Group maintained its "BUY" recommendation for XTPL at a PLN 210 price target. XTPL is the first Polish company covered by MainFirst. In addition, MainFirst recognized that the first tangible results in the commercialization process of XTPL are already visible.

2.6 Events occurring after the balance sheet date

2.6.1 Purchase of shares in TPL

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.

2.6.2 Andrzej Domański appointed to the Supervisory Board

On 5 November 2020, XTPL shareholders appointed Andrzej Domański to the Supervisory Board. Andrzej Domański was recommended as the Deputy Chairman of the Supervisory Board by a significant shareholder – Rockbridge TFI. The Supervisory Board member has many years of managerial experience, and holds the CFA designation.

2.6.3 Lease-purchase agreement for the "XTPL Delta Printing System"

On 24 November 2020, the Company signed an agreement with the Institute for Large Area Microelectronics (IGM) in Stuttgart for a long-term lease of the "XTPL Delta Printing System" printer with a purchase option. This event is a milestone in the Company's history, a transition to the

commercialization phase of the unique UPD technology. In the coming months, XTPL plans to sign several similar agreements, with updates on progress to be communicated on an ongoing basis. The maximum contract value is EUR 190 thousand, or about PLN 880 thousand.

2.7 Factors which may affect the results in the subsequent quarters

In connection with the commenced sales of conductive nanoinks, and the XTPL Delta Printing System printers, the Company expects to receive further orders from new clients. The results of using nanoink in other deposition methods may contribute to increasing interest in the product among other users of similar devices. Gradual delivery of further orders for the “XTPL Delta Printing System” printer will contribute to the popularization of the XTPL’s proprietary solution among specialists in the printed electronics industry. The related revenues will be additionally boosted by the sale of consumables for printers. Despite the COVID-19 pandemic, the contract for the “XTPL Delta Printing System” printer has been recently finalized with the first client, and further talks are being continued. Although some potential clients have limited access to laboratories, this does stand in the way to the decision to purchase new equipment for conducting innovative research.

In the following quarters, the ongoing work and talks with representatives of sectors such as displays and smart glass are expected to continue, ultimately resulting in the signing of license and partnership agreements (e.g. joint venture) for the development and commercialization of the UPD technology for use on production lines.

2.7.1 Impact of the COVID-19 pandemic on Company’s operations

It has been more than six months since the coronavirus outbreak began. At that time, XTPL employees had to come to terms with the new reality, while maintaining work continuity. The Company is well prepared for remote work. The XTPL team members are provided with laptops and company phones with internet access. They can use the GSuite apps to smoothly continue work from home. The previously implemented teamwork tools are also used to ensure work efficiency during these unprecedented circumstances. Technological work is continued at the Company’s headquarters while maintaining all sanitary requirements announced by state institutions.

All contacts and business meetings with partners are held in the form of teleconferences. The planned actions (e.g. shipping the ink to buyers, and preparation and dispatch of samples under the technology evaluation agreements) are continued and are on track. At the same time, the technology and business departments are intensively working on acquiring new customers.

To sum up, so far the cooperation within the Company and with external partners has been running without any major disruptions. It should be noted that the XTPL business model is not based on operations in the sectors most exposed to the adverse impact of the epidemic and the global crisis. The Company is monitoring the situation on an ongoing basis, remaining in constant contact with its partners.

An outbreak of COVID-19 among XTPL employees remains the most serious risk. In this case, due to the specific nature of the operations of the Company’s technological departments, it will be necessary to suspend any work that cannot be performed remotely. Consequently, the Company’s Management Board selected employees presence at the Company’s headquarters is necessary for the performance of laboratory tasks, while the rest were assigned to work from home. Additionally, the Company has divided its staff into two teams that do not have direct contact with each other until further notice. This is designed to limit the potential spread of infection. The Company also maintains the

virus testing procedure for each employee returning from business or leisure travel. Until the result is obtained, each tested employee must work from home.

2.8 Description of operations and basic products

During the Reporting Period, the Company continued work on commercializing its technology demonstrator using the UPD technology – the XTPL Delta Printing System – to conduct R&D activities and prototyping, as well as to carry out small-scale production. The Company signed the first commercialization agreement for the lease of this device with the Institute for Large Area Microelectronics (IGM) in Stuttgart. Currently, tens of discussions are being held with other potential buyers of the technology demonstrator.

Nanoink, another product offered on commercial terms, is one the key elements of the XTPL technology, protected by international patent applications. Currently, further deliveries are being made to representatives of the display industry as well as to leading research institutes in Europe. The sale of nanoink confirms the partners' significant interest in the Company's technology, unlocking further commercial opportunities.

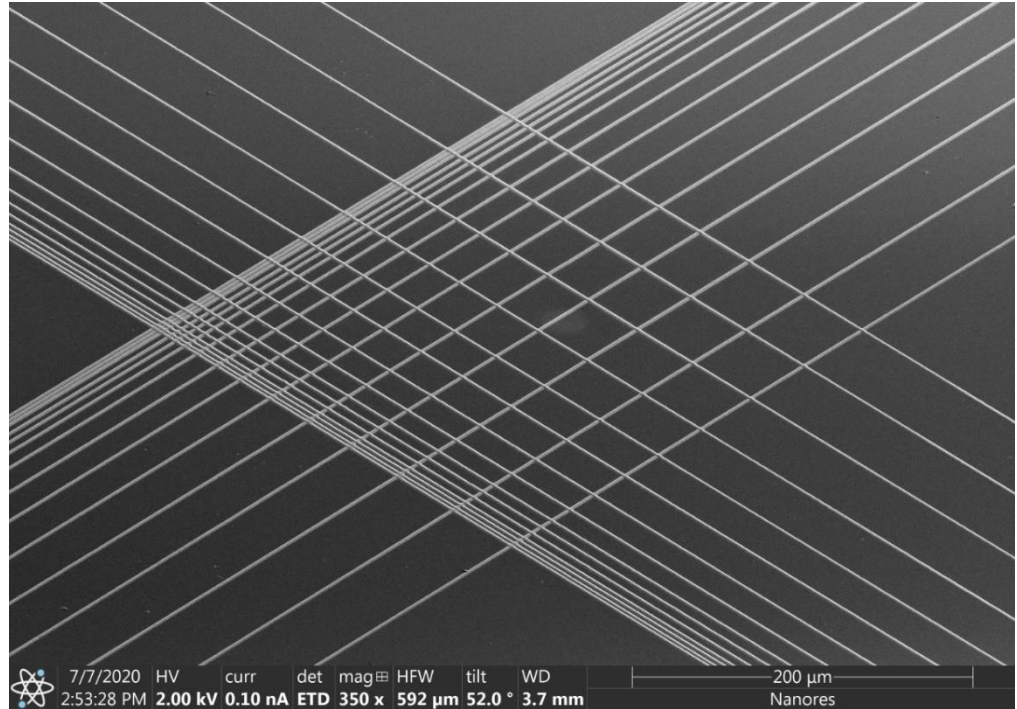
The Company adapts the conductive ink to the requirements of particular technologies. One of the key requirements is the acceptable ink viscosity range. The product offered attracted interest due to its unique parameters, as well as its top quality and repeatability.

With the small size of silver nanoparticles, in the range of 35 to 50 nm, their high stability and high electrical conductivity after the sintering process, the product is attractive for the ongoing development projects in the field of printed electronics.

The Company continues to focus on commercialization of its technology in several application fields. The first one is displays – here XTPL in the first place intends to offer the open defect repair technology for repairing conductive structures whose defects are responsible for dead pixels occurring in displays, particularly in high-resolution matrices, already at the production stage. Next, the Company plans to provide this industry with solutions that will help achieve a significant increase in the resolution of a new class of displays, even on flexible substrates.

Another application field in which the Company's technology has been proven as unique is FHE (Flexible Hybrid Electronics). This new, rapidly developing area of the electronic market introduces the use of "rigid" electronic components on flexible substrates. However, the integrated circuits used cannot be electrically connected to the flexible substrate by means of the common Wire Bonding method as this connection would be too susceptible to mechanical damage. With XTPL's technology this solution can be replaced in the products from the FHE area. Given the ability to print a fine conductive path, less than 2 μm wide, the resistance to multiple bending will be maintained in addition to ensuring further miniaturization of the "packaging" of the integrated circuit.

Yet another potential application field for XTPL is the market of smart glass – glass that changes its transparency in response to electric voltage. For this sector XTPL intends to develop a solution that will significantly shorten the time of conversion from transparent to non-transparent glass, which will significantly improve the usability of such products, and may also usher the industry into new, not yet supported market segments.



In the long run, XTPL intends to develop its solution for subsequent market segments. The Company's technology may be implemented in the semiconductor industry as a sought-after alternative for photolithography and, for example, facilitate the fabrication of innovative anti-counterfeiting solutions, advanced PCBs, functional and effective biosensors and high-performance photovoltaic panels.

2.9 Business model

XTPL is a supplier of advanced UPD technology. It develops and commercializes the technology in a way adapted to a specific application field, and will rely primarily on the selected model:

LICENSING

The Company develops a technological solution relevant to a particular application field, which is licensed to a partner who on its basis builds devices that allow the technology to be used in industry. In this case, the Company generates revenue from license fees related to the sale of devices equipped with the developed technology.

STRATEGIC PARTNERSHIP

The Company develops a technological solution relevant to a particular application field; the solution is then commercialized in cooperation with a strategic partner under a joint venture agreement. In this case, commercialization tasks are divided between the partners in accordance with their competencies and potential. The Company participates in profits achieved through the joint venture.

In addition, XTPL began direct sale of proprietary products developed on the Company's premises:

CONDUCTIVE INK

In recent years, the Company has developed a unique formulation of conductive ink with a view to achieving the best printing parameters using the UPD technology. Starting from the first half of 2020, when the ink based on silver nanoparticles reached its full commercial maturity, XTPL began offering this material also to the clients using other additive methods in their work. As well as introducing a new source of income, the launch of sales of this product will ensure better market exploration, and will introduce the Company to new application areas that are attractive for its proprietary technology.

UPD TECHNOLOGY DEMONSTRATOR

At the beginning of the year, the Company began the process of developing a UPD technology demonstrator for use in prototyping, R&D, and small-scale production. Currently, the first order for the "XTPL Delta Printing System" printer is being implemented, and tens of talks with potential new users are under way. It should be emphasized that the entities interested in our "XTPL Delta Printing System" include both academic establishments, research institutes, and R&D centers of large technological corporations. Due to the specific nature of financing many research centers with which talks are now being held, the Company plans to sell more devices in the coming quarters once the centers have received financing from a previously established budget or a research grant.

The choice of the optimal business model depends on the specific application field where the Company offers its solution.

2.10 Target markets

XTPL intends to commercialize its technology in many segments of the broadly understood printed electronics market. According to IDTechEx, the value of the global market of printed, flexible and organic electronics was USD 37.1 billion in 2019. In 2030, the market is forecast to grow to USD 74 billion, with a CAGR at 6.5% in 2018–2029.

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

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

Defects in conductive structures (broken metallic connections) are a serious challenge for manufacturers from many industries. The defects are one of the reasons for dead pixels particularly occurring in high resolution matrices. The technologies for repairing these structure available in the market today have serious limitations, are complicated and costly.

The XTPL nanoprinting technology will enable open defect repair already at the production stage, reducing costs, ensuring precision and speed that none of the existing methods can offer.

FHE

FHE (flexible hybrid electronics) is another new market that is in the focus of the Company's attention. Companies such as Boeing, Lockheed Martin, Applied Materials and research centers including Dutch Holst Centre, Belgian IMEC and German Fraunhofer have already confirmed their activities in that field. In the United States, Next Flex was formed, an institution bringing together 90 representatives of the industry and 28 representatives of research universities. This is the largest agency investing in the FHE sector. According to an analysis by Mordor Intelligence, the FHE market in 2019 was valued at USD 95 million, but in 2025 it may reach USD 235 million. According to IDTechEx, FHE is expected to become so "ubiquitous" in 2030, with a value of even USD 3 billion.

Smart glass sector

Smart glass is designed in such a way as to change transparency in response to electrical voltage. The technology developed by the XTPL allows ultra-thin structures (invisible to the human eye) with high conductivity parameters to be precisely printed on glass. The main benefit expected after potential implementation of the XTPL technology in the production process for this sector is faster conversion of glass from transparent to non-transparent and vice versa, which will significantly improve the usability of this type of products, and will open the door for manufacturers from this sector to new, previously not supported market segments (e.g. automotive).

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

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

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

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

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

As regards financial reporting, the Company uses IASs/ IFRSs. The Company's financial year is from 1 January to 31 December.

Management Board

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

- Filip Granek, PhD, CEO
- Jacek Olszański, Management Board Member.

On 27 February 2020, Maciej Adamczyk resigned from the Management Board effective from 27 February 2020.

On 30 June 2020, the XTPL Supervisory Board appointed the Management Board of a new term. In addition to Filip Granek, who was entrusted with the function of Management Board President (CEO), the Supervisory Board appointed Jacek Olszański to the role of Management Board Member.

Supervisory Board

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

- Wiesław Rozłucki, PhD – Chairman of the Supervisory Board – an independent SB member
- Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board
- Beata Turlejska – SB member
- Prof. Herbert Wirth – an independent SB member
- Piotr Lembas – an independent SB member

On 9 January 2020, Sebastian Młodziński resigned from the Supervisory Board, and the Extraordinary General Meeting appointed Prof. Herbert Wirth to serve as a member of the Supervisory Board.

On 30 June 2020, the Annual General Meeting was held. Among other things, it appointed the Supervisory Board for a new term. Beata Turlejska became a new member of the Supervisory Board. She is a Managing Partner of the Leonarto Fund and is responsible for managing the fund's investment portfolio (the fund invests in technology companies).

On 5 November 2020, Andrzej Domański was appointed to the Supervisory Board by the Extraordinary General Meeting. Andrzej Domański holds the CFA designation and has many years of managerial experience.

As at the Report Date, the Supervisory Board performed its duties in the following composition:

- Wiesław Rozłucki, PhD – Chairman of the Supervisory Board – an independent SB member
- Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board
- Andrzej Domański – Deputy Chairman of the Supervisory Board, an independent SB member
- Beata Turlejska – SB member
- Prof. Herbert Wirth – an independent SB member
- Piotr Lembas – an independent SB member

Audit Committee

As at the Balance Sheet Date, the Audit Committee performed its duties in the following composition:

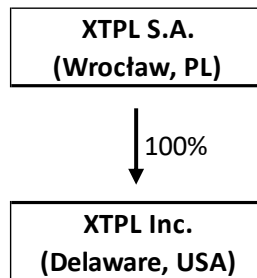
- Wiesław Rozłucki – Chairman of the Audit Committee – independent AC member
- Herbert Wirth – independent AC member
- Piotr Lembas – independent AC member

On 25 November 2020, Andrzej Domański was appointed to the Audit Committee.

2.12 XTPL Group

2.12.1 Group structure

Structure of XTPL Group as at the Balance Sheet Date:



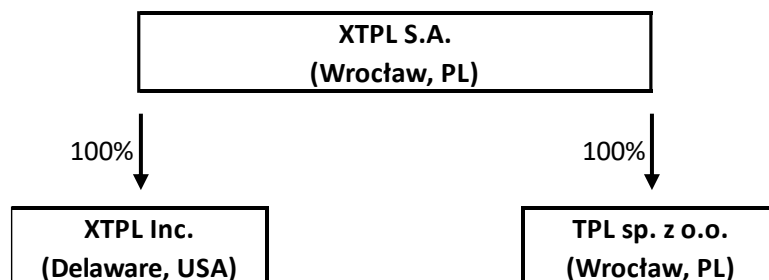
The corporate group XTPL S.A. was established on 31 January 2019.

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:



2.12.2 Branches

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

2.12.3 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.

2.12.4 Proceedings before courts and other bodies

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

2.12.5 Guarantees given

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

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

In the Reporting Period, in the standalone and consolidated statement of comprehensive income the Company recognized the cost the incentive scheme for employees and collaborators based on the Parent Company's shares. The date of recognition of costs was the moment when the persons covered by the scheme were offered the purchase of the shares. The cost of the scheme (fair value of the shares issued) was estimated at PLN 1,974 thousand and was fully taken to the profit or loss of the current period. Recognition of the scheme's costs of PLN 1,974 thousand has no impact on the Group's assets or financial position, or its ability to service its obligations. The scheme's costs are a non-cash in nature, and reflect the value of shares transferred (net of their purchase price paid by scheme participants). This transaction did not cause any changes in the measurement of assets, the level of equity or the company's ability to generate revenues in the future. The shares transferred also did not cause additional dilution of the existing stock as they had been issued in the first half of 2017 (and were intended for the incentive scheme).

The table below presents the Group's result with and without the effect of the incentive scheme valuation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	WITHOUT THE INCENTIVE SCHEME	WITH THE INCENTIVE SCHEME
	PLN`000	PLN`000
Continued operations		
Sales	2,101	2,101
Revenue from research and development services	21	21
Revenue from the sale of products	23	23

Revenue from grants	2,057	2,057
Cost of sales	2,129	2,525
Research and development expenses	2,129	2,525
Cost of finished goods sold	-	-
Gross profit (loss)	-28	-424
General and administrative expenses	4,621	6,199
Other operating income	185	185
Other operating costs	9	9
Operating profit (loss)	-4,473	-6,447
Financial revenues	40	40
Financial expenses	17	17
Profit/ loss before tax	-4,450	-6,424
Income tax	4	4
Net profit (loss) on continued operations	-4,454	-6,428

2.12.7 Achievement of financial forecasts

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

2.12.8 Explanation of seasonality or business cycles

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

2.12.9 Acquisition of own shares

Not applicable. None in the Reporting Period.

2.12.10 Other information

As at 30 September 2020, the Company had 25 employees and permanent collaborators.

Shareholding structure

3 Shareholding structure

3.1 Significant packets of shares

As at the Report Date, the shareholding structure was as follows (shareholders holding at least 5% of the total number of votes at the General Meeting):

Ref.	Shareholder	Number of shares held	% of all shares	Number of votes	% of all votes
1.	Filip Granek, PhD	315,998	15.57%	315,998	15.57%
2.	Sebastian Młodziński	285,696	14.08%	285,696	14.08%
3.	Leonarto VC spółka z ograniczoną odpowiedzialnością sp.k.	202,894	9.99%	202,894	9.99%
4.	ACATIS Investment Kapitalverwaltungsgesellschaft mbH on behalf of ACATIS Datini Valueflex Fonds	195,663	9.64%	195,663	9.64%
5.	Heidelberger Beteiligungsholding AG**	190,571	9.39%	190,571	9.39%
6.	Funds managed by Rockbridge TFI S.A.	116,660	5.75%	116,660	5.75%
7.	TPL Sp. z o.o.*	85,162	4.20%	85,162	4.20%
8.	Deutsche Balaton AG**	48,006	2.37%	48,006	2.37%
9.	Others	588,572	29.00%	588,572	29.00%
	TOTAL	2,029,222	100.00%	2,029,222	100.00%

* TPL Sp. z o.o. holds series L and series P shares issued for the purpose of an employee share scheme. The sole shareholder of TPL sp. z o.o. is the Issuer.

** Entities from the same corporate group, jointly hold 238,577 shares of XTPL S.A. constituting 11.76% of the share capital of XTPL S.A.

Since 25 September 2020 (publication date of the semi-annual report for the first half of 2020) there have been no changes relating to significant shareholdings, except for a change in the shareholding by TPL sp. z o.o. (the entity administering the incentive scheme for the Issuer's employees and collaborators).

The number of the Issuer's shares held by TPL sp. z o.o. as at 25 September (publication date of the semi-annual report for the first half of 2020): 87,730

The number of the Issuer's shares held by TPL sp. z o.o. as at the Report Date. 85,162.

The difference in the ownership of the Issuer's shares by TPL sp. z o.o. results from implementation of the incentive scheme for the Issuer's employees and collaborators.

3.2 Shares held by members of management and supervisory bodies

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

Ref.	Name	Role	Shares held as at 25 September 2020	Shares held as at the Report Date
1.	Filip Granek, PhD	CEO	315,998	315,998
2.	Jacek Olszański	Management Board Member	1,250	1,250
3.	Wiesław Rozłucki	Chairman of the Supervisory Board	-	-
4.	Bartosz Wojciechowski	Deputy Chairman of the Supervisory Board	500	500
5.	Herbert Wirth	Supervisory Board Member	-	-
7.	Piotr Lembas	Supervisory Board Member	-	-
8.	Beata Turlejska	Supervisory Board Member	-	-
9.	Andrzej Domański *	Deputy Chairman of the Supervisory Board	X	-

* Supervisory Board member since 5 November 2020.

Since 25 September 2020 (publication date of the annual report for 2019) there have been no changes relating to significant shareholdings by Management Board or Supervisory Board members.

Condensed unconsolidated financial statements

4 Condensed unconsolidated financial statements

4.1 Condensed unconsolidated statement of financial position

ASSETS	NOTE	30.09.2020 PLN'000	31.12.2019 PLN'000
Non-current assets		3,471	3,658
Property, plant and equipment		399	646
Intangible fixed assets	1	2,786	2,721
Long-term receivables	6	286	272
Current assets		13,424	5,134
Trade receivables		-	1
Other receivables		588	935
Cash and cash equivalents		12,781	4,206
Other assets		55	58
Total assets		16,895	8,792

EQUITY AND LIABILITIES	NOTE	30.09.2020 PLN'000	31.12.2019 PLN'000
Total equity		11,620	6,892
Share capital		203	190
Supplementary capital		16,311	18,726
Reserve capital		1,974	12,150
Retained profit (loss carried forward)		-424	-372
Profit (loss) after tax		-6,444	-23,797
Non-current liabilities		3,612	-
Long-term financial liabilities		3,612	-
Short term liabilities		1,663	1,900
Trade liabilities		782	1,048
Short-term financial liabilities		-	1
Other liabilities	8	881	882
Total equity and liabilities		16,895	8,792

4.2 Condensed standalone statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME	NOTE	1.01.2020 –	1.01.2019 –
		30.09.2020	30.09.2019
		PLN'000	PLN'000
Continued operations			
Sales	12	2,101	1,593
Revenue from research and development		21	-
Revenue from the sale of products		23	-
Revenue from grants	13	2,057	1,593
Cost of sales		2,525	6,069
Research and development expenses	14	2,525	6,069
Gross profit (loss)		-424	-4,476
General and administrative expenses	14	5,802	13,960
Other operating income		185	4
Other operating costs		9	179
Operating profit (loss)		-6,050	-18,611
Financial revenues		196	202
Financial expenses		590	58
Profit/ loss before tax		-6,444	-18,467
Income tax		-	34
Net profit (loss) on continued operations		-6,444	-18,501
Discontinued operations		-	-
Net profit (loss) on discontinued operations		-	-
Net profit (loss) on continued and discontinued operations		-6,444	-18,501
Other comprehensive income		-	-
Total comprehensive income		-6,444	-18,501
Net profit (loss) per share (in PLN)			
On continued operations			
Ordinary		-3.18	-9.72
Diluted		-3.18	-9.72
On continued and discontinued operations			
Ordinary		-3.18	-9.72
Diluted		-3.18	-9.72
number of shares		2,029,222	1,904,222

4.3 Condensed unconsolidated statement of changes in equity

STATEMENT OF CHANGES					
IN EQUITY PLN'000	Share capital	Supplementary capital	Reserve capital	Retained profit (loss carried forward)	Total
As at 1 January 2020	190	18,726	13,026	-25,050	6,892
Comprehensive income:	-	-	-	-6,496	-6,496
Profit (loss) after tax	-	-	-	-6,444	-6,444
Other comprehensive income	-	-	-	-52	-52
Transactions with owners:	13	-2,415	-11,052	24,678	11,224
Issue of shares	13	9,237	-	-	9,250
Incentive scheme	-	-	1,974	-	1,974
Distribution of profit	-	-11,652	-13,026	24,678	-
As at 30 September 2020	203	16,311	1,974	-6,868	11,620
As at 1 January 2019	178	16,340	-	-7,581	8,937
Comprehensive income:	-	-	-	-18,501	-18,501
Profit (loss) after tax	-	-	-	-18,501	-18,501
Other comprehensive income	-	-	-	-	-
Transactions with owners:	12	2,386	11,587	7,209	21,194
Issue of shares	12	9,595	-	-	9,607
Incentive scheme	-	-	11,587	-	11,587
Distribution of profit	-	-7,209	-	7,209	-
As at 30 September 2019	190	18,726	11,587	-18,873	11,630

4.4 Condensed unconsolidated statement of cash flows

STATEMENT OF CASH FLOWS	1.01.2020	1.01.2019
	–	–
	30.09.2020	30.09.2019
	PLN'000	PLN'000
Cash flows from operating activities		
Profit (loss) before tax	-6,444	-18,467
Total adjustments:	2,727	11,699
Depreciation/amortization	337	438
FX gains (losses)	-33	-78
Interest and profit distributions (dividends)	-172	-120
Profit (loss) on investing activities	572	-
Change in the balance of provisions	-4	56
Change in the balance of receivables	346	-356
Change in short-term liabilities, except bank and other loans	-231	184
Change in prepayments/accruals	-10	-12
Other adjustments	1,922	11,587
Total cash flows from operating activities	-3,717	-6,768
Cash flows from investing activities		
Inflows	57	36
Disposal of tangible and intangible assets	2	-
Repayment of long-term loans	50	-
Interest on financial assets	5	36
Outflows	575	2,108
Acquisition of tangible and intangible fixed assets	155	297
Acquisition of financial assets	419	1,811
Total cash flows from investing activities	-518	-2,072
Cash flows from financing activities		
Inflows	12,862	11,107
Contributions to capital	9,250	9,607
Bank and other loans	-	1,500
Other financial inflows	3,612	-
Outflows	1	1,536
Repayment of bank and other loans	-	1,500
Finance lease payments	1	18
Interest	-	18
Total cash flows from financing activities	12,861	9,571
Total cash flows from investing activities	8,626	731
Change in cash and cash equivalents:	8,627	729
– change in cash due to FX differences	-1	2
Cash and cash equivalents at the beginning of the period	4,154	5,536
Cash and cash equivalents at the end of the period, including:	12,780	6,267
– restricted cash	-	-

4.5 Notes

Note 1 Intangible fixed assets

OTHER INTANGIBLE ASSETS	PLN'000	31.03.2020	31.12.2019
Acquired concessions, patents, licenses and similar rights		11	23
Intellectual property rights		-	108
In-process development expenditure		2,775	2,590
Total		2,786	2,721

All intangible assets are the property of the Company; none of these assets are used based on any rental, lease or a similar contract. The intangible assets are not used as collateral.

As at 30 September 2020, the Company did not have any agreements whereby it would be required to purchase any intangible assets.

Note 2. Significant acquisitions of tangible assets

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
XTPL printers		-	273
Computer sets		11	13
Office equipment		-	64
Anti-vibration system and laminar chamber		-	140
Total significant acquisitions		11	490

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.

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 2020 is low, and for this reason decided to create an impairment allowance for the loan value, i.e. PLN 573 thousand.

Note 6. Long-term receivables

Long-term receivables	PLN'000	30 September 2020	31 December 2019
Loans granted		234	239
Security deposits		33	33
Shares		19	19
Total long-term receivables		286	291

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

In the reporting period no write-down for inventories was created or reversed.

Note 8. Change in the balance of provisions

CHANGE IN THE BALANCE OF PROVISIONS	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 31.12.2019
Balance at the beginning of the period		302	292
increased/ created		566	956
utilisation		63	374
release		508	572
Balance at the end of the period		297	302

In the reporting period, no provisions for restructuring costs were released.

Note 9. 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 10. Fair value of the individual classes financial assets and liabilities

PLN'000	Category as per IFRS 9	Book value		Fair value	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
Financial assets					
Loans granted	WwgZK	234	239	234	239
Trade receivables	WwgZK	-	1	-	1
Other receivables	WwgZK	588	935	588	935
Cash and cash equivalents	WwWGpWF	12,781	4,153	12,781	4,153

Total		13,603	5,328	13,603	5,328
Financial liabilities					
Interest bearing bank and other loans	PZFWgZK	-	-	-	-
Finance lease liabilities	PZFWgZK	-	1	-	1
Bond liabilities	PZFWgZK	3,612	-	3,612	-
Trade liabilities	PZFWgZK	782	1,018	782	1,018
Other liabilities	PZFWgZK	880	881	880	881
Total		5,274	1,900	5,274	1,900

Abbreviations used:

WwgZK – Measured at amortized cost

PZFWgZK – Other liabilities measured at amortised cost

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

Fair value of financial instruments that the Company held as at 30 September 2020 and 31 December 2019 was not materially different from the values presented in the financial statements. This is because:

- 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.

As at 30 September 2020, the Company did not have any financial instruments measured at fair value.

Note 11. Explanations to the statement of cash flows

Presented below are explanations to selected items of the statement of cash flows.

Reconciliation of the profit-before-tax disclosed in the statement of cash flows

	01.01.2020	01.01.2019
	PLN'000	
	30.09.2020	30.09.2019
PBT presented in the statement of comprehensive income	-6,444	-19,004
PBT presented in the statement of cash flows	-6,444	-19,004
INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS		
	01.01.2020	01.01.2019
	30.09.2020	30.09.2019
Realized interest on financing activities	-5	18
Realized interest on investing activities	-	-36
Unrealized interest on financing activities	-167	-102
Total interest and dividends:	-172	-120

	01.01.2020	01.01.2019
CHANGE IN THE BALANCE OF RECEIVABLES	-	-
	30.09.2020	30.09.2019
Change in the balance of trade receivables	-	7
Other receivables	347	-363
Total change in the balance of receivables	347	-356
CHANGE IN THE BALANCE OF LIABILITIES	-	-
	30.09.2020	30.09.2019
Change in the balance of trade liabilities	-234	14
Other liabilities	3	170
Total change in the balance of liabilities:	-231	184
Cash and cash equivalents at the end of the period	-	-
	30.09.2020	30.09.2019
Statement of cash flows	12,780	6,266
Statement of financial position	12,781	6,325

The amount presented in the 2019 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 (PLN 1,974 thousand).

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

Note 12. Net revenue from sales

NET REVENUE FROM SALES	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
Revenue from research and development services		21	-
Revenue from the sale of products		23	-
Revenue from grants		2,057	1,593
Total net revenue from sales		2,101	1,593

Note 13. Grants

Inflows from grants	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
– to operations		2,057	1,593
– to assets		-	-
Total inflows from grants		2,057	1,593

Note 14. Operating costs

OPERATING COSTS	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
Depreciation/ amortization, including		378	479
– depreciation of tangible assets		258	304
– amortization of intangible assets		120	176
Use of raw materials and consumables		563	800
External services		2,443	2,662
Cost of employee benefits		4,828	15,549
Taxes and charges		46	120
Other costs by type		109	460
Value of goods and materials sold		-	-
Total costs by type, including:		8,367	20,070
Items reported as research and development costs		2,525	6,069
Items reported as cost of finished goods sold			
Items reported as general and administrative expenses		5,802	13,960
Change in finished goods			
Cost of producing services for internal needs of the entity		40	41

Recognition of costs related to the valuation of the incentive scheme in the total amount of PLN 1,974 thousand (PLN 395 thousand recognized in the cost of research & development, and PLN 1,579 thousand in general and administrative expenses) has no impact on the Company's assets or financial position, or its ability to service its obligations. The scheme's costs are a non-cash in nature, and reflect the value of shares transferred (net of their purchase price paid by scheme participants). This transaction did not cause any changes in the measurement of assets, the level of equity or the Company's ability to generate revenues in the future. The shares transferred also did not cause additional dilution of the existing stock as they had been issued in the first half of 2017 (and were intended for the incentive scheme).

Note 15. Related party transactions

01.01.2020 - 30.09.2020	PLN'000	to associates	to joint ventures	to key management personnel*	to other related entities **
Purchase of services		-	-	-	26
Loans granted		419	-	-	-
Financial expenses – interest on loans		156	-	-	17

01.01.2019 - 30.09.2019	PLN'000	to associates	to joint ventures	to key management personnel*	to other related entities **
Purchase of services		-	-	-	-

				14
Loans granted	1,792	-	-	-
Financial expenses – interest on loans	-	-	-	88

* 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

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.

In the Reporting Period, the Company created an impairment allowance for a loan 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 16. Deferred tax

Deferred tax liability caused by positive temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income	Statement of financial position as at
	30.09.2020	30.09.2019	01.01.2020 - 30.09.2020	31.12.2019
PLN'000				
In respect of:				
Interest on loans and deposits	32	46	-14	24
Total deferred tax liability	32	46	-14	24
Set-off with deferred tax assets	-32	-46	14	-24
Net deferred tax liability	-	-	-	-

Deferred income tax assets due to negative temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income	Statement of financial position as at
	30.09.2020	30.09.2019	01.01.2020 - 30.09.2020	31.12.2019
PLN'000				
Due to differences between the tax value and the carrying amount:				
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	-	33	-14	14
Accruals for unused annual leaves	26	33	16	10
Provision for the cost external services	6	14	6	-
Total deferred tax assets	32	80	8	24
Set-off with a deferred tax liability	32	46	8	24
Net deferred tax assets	-	34	-	-

Note 17. 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 Company's exposure to risk and the rules for managing these threats the Company can run its operations more effectively.

Financial risk management includes the processes of identification, assessment, measurement and management of this risk. The main financial risks to which the Company is exposed include:

Market risks:

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

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

MARKET RISK

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

- limit the volatility of pre-tax profit/loss
- increase the probability of achievement of the budget plan
- maintain the Company in good financial condition
- support the strategic decision-making process in the area of investment activity taking into account the sources of investment financing; all market risk management objectives should be considered jointly, and their achievement is primarily dependent on the Company's internal situation and market conditions.

PRICE RISK

In the period from January to September 2020, 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. The Company used no loans in the period from January to September 2020.

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 finance leases.

The Company is exposed to financing risk due to the possibility that in the future it will not receive sufficient cash to fund commercialisation 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 18. 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 19. Information about changes in the economic position and operating conditions which might have a material impact on the fair value of the Company's financial assets and liabilities, whether those assets and liabilities are recognized at fair value or at adjusted purchase price (amortized cost)

In the period from 1 January 2020 to 30 September 2020, 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 20. 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. All the Company's contingent liabilities originated before 31 December 2018.

The change in the value of contingent liabilities in relation 31 December 2019 amounts to PLN 2,057 thousand. It is caused by the payment of the next two tranches of subsidies totalling PLN 2,057 thousand. 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.

	30.09.2020	31.12.2019
	PLN'000	PLN'000
CONTINGENT LIABILITIES		
Promissory notes	8,214	6,157
Total contingent liabilities	8,214	6,157

Note 21. Incentive scheme

In the Reporting Period, in the consolidated statement of comprehensive income the Company recognized the cost the incentive scheme for employees and collaborators based on the Parent Company's shares. The date of recognition of costs was the moment when the persons covered by the scheme were offered the purchase of the shares. The cost of the scheme (fair value of the shares issued) was estimated at PLN 1,974 thousand and was fully taken to the profit or loss of the current period.

Recognition of the scheme's costs of PLN 1,974 thousand has no impact on the Company's assets or financial position, or its ability to service its obligations. The scheme's costs are a non-cash in nature, and reflect the value of shares transferred (net of their purchase price paid by scheme participants). This transaction did not cause any changes in the measurement of assets, the level of equity or the company's ability to generate revenues in the future. The shares transferred also did not cause additional dilution of the existing stock as they had been issued in the first half of 2017 (and were intended for the incentive scheme).

Note 22. Information about seasonality of business and cycles

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

Note 23. 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 24. 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 25. 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 26. Operating segments

	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
SEGMENT	PLN'000	PLN'000

Nanoinks	23	-
Research and development services	21	-
TOTAL	44	-

Note 27. 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 28. Effect of application of new accounting standards and changes in accounting policy

Standards and interpretations awaiting approval by the EU:

IFRS 17 Insurance Contracts – applicable to the annual periods commencing on or after 1 January 2021. IFRS 17 has replaced IFRS 4 Insurance Contracts. IFRS 17 introduces uniform principles for recognizing and measuring insurance and reinsurance contracts at their present value.

Amendments to **IFRS 10** Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, with subsequent changes – the effective date not been announced by the IASB.

Amendment to **IFRS 1** – applicable to the annual periods commencing on or after 1 January 2022. The amendments affect the IAS 1 requirements relating to the presentation of liabilities.

According to preliminary estimates of the Management Board, the above standards, interpretations and amendments to standards will not have a significant impact on the Company's financial statements.

Note 29. 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 30. Correction of errors from previous periods

As at the Balance Sheet Date, no corrections were made on account of errors from previous periods.

Note 31. Date of approval of the financial statements for publication

This financial information for the period from 1 January 2020 to 30 September 2019 was approved for publication by the Company's Management Board on 26 November 2020.

Note 32. Events after the balance sheet date that have not been reflected in the interim financial statements

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.

On 24 November 2020, the Company signed an agreement with the Institute for Large Area Microelectronics (IGM) in Stuttgart for a long-term lease of the "XTPL Delta Printing System" printer with a purchase option. This event is a milestone in the Company's history, a transition to the commercialization phase of the unique UPD technology. In the coming months, XTPL plans to sign several similar agreements, with updates on progress to be communicated on an ongoing basis. The maximum contract value is EUR 190 thousand, or about PLN 880 thousand.

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shaping global nanofuture

Condensed consolidated financial statements

5 Condensed consolidated financial statements

5.1 Condensed consolidated statement of financial position

ASSETS	NOTE	30.09.2020 PLN'000	31.12.2019 PLN'000
Non-current assets		3,419	3,639
Property, plant and equipment		399	646
Intangible fixed assets	1	2,786	2,721
Long-term receivables	6	234	272
Current assets		13,492	5,199
Other receivables		588	935
Cash and cash equivalents		12,832	4,206
Other assets		72	58
Total assets		16,911	8,838

EQUITY AND LIABILITIES	NOTE	30.09.2020 PLN'000	31.12.2019 PLN'000
Total equity		11,626	6,907
Share capital		203	190
Supplementary capital		16,311	18,726
Reserve capital		1,098	12,150
FX differences arising on translation		2	10
Retained profit (loss carried forward)		440	-372
Profit (loss) after tax		-6,428	-23,797
Non-current liabilities		3,612	-
Long-term financial liabilities		3,612	-
Short term liabilities		1,673	1,931
Trade liabilities		792	1,048
Short-term financial liabilities		-	1
Other liabilities	8	881	882
Total equity and liabilities		16,911	8,838

5.2 Condensed consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	NOTE	1.01.2020 –	1.01.2019 –
		30.09.2020	30.09.2019
		PLN`000	PLN`000
Continued operations			
Sales	12	2,101	1,593
Revenue from research and development		21	-
Revenue from the sale of products		23	-
Revenue from grants	13	2,057	1,593
Cost of sales		2,525	6,069
Research and development expenses	14	2,525	6,069
Gross profit (loss)		-424	-4,476
General and administrative expenses	14	6,199	15,236
Other operating income		185	4
Other operating costs		9	179
Operating profit (loss)		-6,447	-19,888
Financial revenues		40	117
Financial expenses		17	58
Profit/ loss before tax		-6,424	-19,829
Income tax		4	38
Net profit (loss) on continued operations		-6,428	-19,866
Discontinued operations		-	-
Net profit (loss) on discontinued operations		-	-
Net profit (loss) on continued and discontinued operations		-6,428	-19,866
Profit (loss) of non-controlling interests		-	-401
Profit (loss) attributable to shareholders of the parent		-6,428	-19,465
Other comprehensive income		-	-
Items that can be transferred to profit or loss in subsequent reporting periods		-	-
FX differences arising on conversion of foreign affiliates		-	-
Items that will not be transferred to profit or loss in subsequent periods		-	-
Total comprehensive income		-6,428	-19,465
Total comprehensive income attributable to non-controlling shareholders		-	-401
Total comprehensive income attributable to the parent company		-6,428	-19,866
Net profit (loss) per share (in PLN)			
On continued operations			
Ordinary		-3.17	-10.22
Diluted		-3.17	-10.22
On continued and discontinued operations			
Ordinary		-3.17	-10.22
Diluted		-3.17	-10.22
number of shares		2,029,222	1,904,222

5.3 Condensed consolidated statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	Share capital	Supplementary capital	Reserve capital	FX differences arising on translation	Retained profit (loss carried forward)	Non-controlling interests	Total
PLN'000							
As at 1 January 2020	190	18,726	12,150	10	-24,169	-	6,907
Comprehensive income:	-	-	-	-8	-6,497	-	-6,505
Profit (loss) after tax	-	-	-	-	-6,428	-	-6,428
Other comprehensive income	-	-	-	-8	-69	-	-77
Transactions with owners:	13	-2,415	-11,052	-	24,678	-	11,224
Incentive scheme	-	-	1,974	-	-	-	1,974
Issue of shares	13	9,237	-	-	-	-	9,250
Distribution of profit	-	-11,652	-13,026	-	24,678	-	-
As at 30 September 2020	203	16,311	1,098	2	-5,988	-	11,626
As at 1 January 2019	178	16,340	-	-	-7,581	-	8,937
Comprehensive income:	-	-	-	-89	-19,466	-401	-19,956
Profit (loss) after tax	-	-	-	-89	-19,466	-401	-19,956
Other comprehensive income	-	-	-	-	-	-	10
Transactions with owners:	12	2,386	10,711	-	7,209	401	20,719
Issue of shares	12	9,595	-	-	-	-	9,607
Incentive scheme	-	-	11,587	-	-	-	11,587
Non-controlling interests arising after taking control of XTPL Inc.	-	-	-	-	-	-475	-475
Acquisition of shares of XTPL Inc. without changing the level of control	-	-	-876	-	-	876	-
Distribution of profit	-	-7,209	-	-	7,209	-	-
As at 30 September 2019	190	18,726	10,711	-89	-19,838	-	9,700

5.4 Condensed consolidated statement of cash flows

STATEMENT OF CASH FLOWS	1.03.2020	1.01.2019
	30.09.2020	30.09.2019
	PLN'000	PLN'000
Cash flows from operating activities		
Profit (loss) before tax	-6,424	-19,828
Total adjustments:	2,287	11,307
Depreciation/amortization	337	438
FX gains (losses)	-10	-89
Interest and profit distributions (dividends)	-16	-31
Profit (loss) on investing activities	-1	-
Change in the balance of provisions	-4	55
Change in the balance of inventories	-	-
Change in the balance of receivables	347	-336
Change in short-term liabilities, except bank and other loans	-252	211
Change in prepayments/accruals	-15	-32
Income tax paid	4	-
Other adjustments	1,905	11,111
Total cash flows from operating activities	-4,137	-8,522
Cash flows from investing activities		
Inflows	57	36
Disposal of tangible and intangible assets	2	-
Repayment of long-term loans	50	-
Interest on financial assets	5	36
Outflows	155	297
Acquisition of tangible and intangible fixed assets	155	297
Total cash flows from investing activities	-98	-267
Cash flows from financing activities		
Inflows	12,862	11,107
Contributions to capital	9,250	9,607
Bank and other loans	-	1,500
Other financial inflows	3,612	-
Outflows	1	1,536
Repayment of bank and other loans	-	1,500
Finance lease payments	1	18
Interest	-	18
Total cash flows from financing activities	12,861	9,571
Total cash flows from investing activities	8,626	789
Change in cash and cash equivalents:	8,626	787
– change in cash due to FX differences	-	2
Cash and cash equivalents at the beginning of the period	4,206	5,536
Cash and cash equivalents at the end of the period, including:	12,836	6,325
– restricted cash	-	-

5.5 Notes

Note 1 Intangible fixed assets

OTHER INTANGIBLE ASSETS	PLN'000	31.03.2020	31.12.2019
Acquired concessions, patents, licenses and similar rights		11	23
Intellectual property rights		-	108
In-process development expenditure		2,775	2,590
Total		2,786	2,721

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 September 2020, the Group did not have any agreements whereby it would be required to purchase any intangible assets.

Note 2. Significant acquisitions of tangible assets

SIGNIFICANT ACQUISITIONS OF TANGIBLE ASSETS	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
XTPL printers		-	273
Computer sets		11	13
Office equipment		-	64
Anti-vibration system and laminar chamber		-	140
Total significant acquisitions		11	490

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.

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	PLN'000	30 September 2020	31 December 2019
Loans granted		201	239
Security deposits		33	33
Shares		-	-
Total long-term receivables		234	272

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

In the reporting period no write-down for inventories was created or reversed.

Note 8. Change in the balance of provisions

CHANGE IN THE BALANCE OF PROVISIONS	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 31.12.2019
Balance at the beginning of the period		302	292
increased/ created		566	956
utilisation		63	374
release		508	572
Balance at the end of the period		297	302

In the reporting period, no provisions for restructuring costs were released.

Note 9. 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 10. Fair value of the individual classes financial assets and liabilities

PLN'000	Category as per IFRS 9	Book value		Fair value	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
Financial assets					
Loans granted	WwgZK	201	239	201	239
Trade receivables	WwgZK	-	-	-	-
Other receivables	WwgZK	588	935	588	935
Cash and cash equivalents	WwWGpWF	12,833	4,206	12,833	4,206
Total		13,622	5,380	13,622	5,380

Financial liabilities					
Interest bearing bank and other loans	PZFWgZK	-	-	-	-
Finance lease liabilities	PZFWgZK	-	1	-	1
Bond liabilities	PZFWgZK	3,612	-	3,612	-
Trade liabilities	PZFWgZK	793	1,048	793	1,048
Other liabilities	PZFWgZK	880	882	880	882
Total		5,258	1,931	5,258	1,931

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 September 2020 and 31 December 2019 was not materially different from the values presented in the financial statements. This is because:

- 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.

As at 30 September 2020, the Group did not have any financial instruments measured at fair value.

Note 11. Explanations to the statement of cash flows

Presented below are explanations to selected items of the statement of cash flows.

Reconciliation of the profit-before-tax disclosed in the statement of cash flows

	01.01.2020	01.01.2019
	PLN'000	
	30.09.2020	30.09.2019
PBT presented in the statement of comprehensive income	-6,424	-20,366
PBT presented in the statement of cash flows	-6,424	-20,366
INTEREST AND DIVIDENDS IN THE STATEMENT OF CASH FLOWS		
	01.01.2020	01.01.2019
	30.09.2020	30.09.2019
Realized interest on financing activities	-5	18
Realized interest on investing activities	-	-36
Unrealized interest on financing activities	-11	-13
Total interest and dividends:	-16	-31
CHANGE IN THE BALANCE OF RECEIVABLES		
	01.01.2020	01.01.2019
	-	-

	30.09.2020	30.09.2019
Change in the balance of trade receivables	-	7
Other receivables	347	-363
Total change in the balance of receivables	347	-356
	01.01.2020	01.01.2019
CHANGE IN THE BALANCE OF LIABILITIES	-	-
	30.09.2020	30.09.2019
Change in the balance of trade liabilities	-255	42
Other liabilities	3	169
Total change in the balance of liabilities:	-252	211
	01.01.2020	01.01.2019
Cash and cash equivalents at the end of the period	-	-
	30.09.2020	30.09.2019
Statement of cash flows	12,832	6,325
Statement of financial position	12,832	6,325

The amount presented in the 2019 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 (PLN 1,974 thousand).

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

Note 12. Net revenue from sales

NET REVENUE FROM SALES	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
Revenue from research and development services		21	-
Revenue from the sale of products		23	-
Revenue from grants		2,057	1,593
Total net revenue from sales		2,101	1,593

Note 13. Grants

	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
Inflows from grants			
– to operations		2,057	1,593
– to assets		-	-
Total inflows from grants		2,057	1,593

Note 14. Operating costs

OPERATING COSTS	PLN'000	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
Depreciation/ amortization, including		378	479
– depreciation of tangible assets		258	304
– amortization of intangible assets		120	176
Use of raw materials and consumables		563	800
External services		2,813	3,830
Cost of employee benefits		4,828	15,549
Taxes and charges		46	120
Other costs by type		136	568
Value of goods and materials sold		-	-
Total costs by type, including:		8,764	21,346
Items reported as research and development costs		2,525	6,069
Items reported as cost of finished goods sold			
Items reported as general and administrative expenses		6,199	15,236
Change in finished goods			
Cost of producing services for internal needs of the entity		40	41

Recognition of costs related to the valuation of the incentive scheme in the total amount of PLN 1,974 thousand (PLN 395 thousand recognized in the cost of research & development, and PLN 1,579 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 15. Related party transactions

01.01.2020 - 30.09.2020	PLN'000	to	to	to key	to other
		associates	joint ventures	management personnel*	related entities **
Purchase of services		-	-	-	26
Loans granted		-	-	-	-
Financial expenses – interest on loans		-	-	-	12

01.01.2019 - 30.09.2019	PLN'000	to	to	to key	to other
		associates	joint ventures	management personnel*	related entities **
Purchase of services		-	-	-	-

Loans granted	-	-	-	14
Financial expenses – interest on loans	-	-	-	15

* 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

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 September 2020, 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 16. Deferred tax

Deferred tax liability caused by positive temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income	Statement of financial position as at
	30.09.2020	30.09.2019	01.01.2020 - 30.09.2020	31.12.2019
PLN'000				
In respect of:				
Interest on loans and deposits	32	46	-14	24
Total deferred tax liability	32	46	-14	24
Set-off with deferred tax assets	-32	-46	14	-24
Net deferred tax liability	-	-	-	-

Deferred income tax assets due to negative temporary differences	Statement of financial position as at		Impact on the statement of comprehensive income	Statement of financial position as at
	30.09.2020	30.09.2019	01.01.2020 - 30.09.2020	31.12.2019
PLN'000				
Due to differences between the tax value and the carrying amount:				
Provisions for payroll and similar costs (including bonuses, jubilee awards, non-staff expenses)	-	33	-14	14
Accruals for unused annual leaves	26	33	16	10
Provision for the cost external services	6	14	6	-
Total deferred tax assets	32	80	8	24
Set-off with a deferred tax liability	32	46	8	24
Net deferred tax assets	-	34	-	-

Note 17. 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 Company's exposure to risk and the rules for managing these 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, organizational 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 September 2020, 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. The Group used no loans in the period from January to September 2020.

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 finance leases.

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 18. 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 19. 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 period from 1 January 2020 to 30 September 2020, 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 20. 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. All the Group's contingent liabilities originated before 31 December 2018.

The change in the value of contingent liabilities in relation 31 December 2019 amounts to PLN 2,057 thousand. It is caused by the payment of the next two tranches of subsidies totalling PLN 2,057 thousand. 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.

	30.09.2020	31.12.2019
	PLN'000	PLN'000
CONTINGENT LIABILITIES		
Promissory notes	8,214	6,157
Total contingent liabilities	8,214	6,157

Note 21. Incentive scheme

In the Reporting Period, in the consolidated statement of comprehensive income the Company recognized the cost the incentive scheme for employees and collaborators based on the Parent Company's shares. The date of recognition of costs was the moment when the persons covered by the scheme were offered the purchase of the shares. The cost of the scheme (fair value of the shares issued) was estimated at PLN 1,974 thousand and was fully taken to the profit or loss of the current period.

Recognition of the scheme's costs of PLN 1,974 thousand has no impact on the Group's assets or financial position, or its ability to service its obligations. The scheme's costs are a non-cash in nature, and reflect the value of shares transferred (net of their purchase price paid by scheme participants). This transaction did not cause any changes in the measurement of assets, the level of equity or the company's ability to generate revenues in the future. The shares transferred also did not cause additional dilution of the existing stock as they had been issued in the first half of 2017 (and were intended for the incentive scheme).

The table below presents the Group's result with and without the effect of the incentive scheme valuation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	WITHOUT THE INCENTIVE SCHEME	WITH THE INCENTIVE SCHEME
	PLN'000	PLN'000
Continued operations		
Sales	2,101	2,101
Revenue from research and development services	21	21
Revenue from the sale of products	23	23
Revenue from grants	2,057	2,057
Cost of sales	2,129	2,525
Research and development expenses	2,129	2,525
Cost of finished goods sold	-	-
Gross profit (loss)	-28	-424
General and administrative expenses	4,621	6,199
Other operating income	185	185
Other operating costs	9	9
Operating profit (loss)	-4,473	-6,447
Financial revenues	40	40
Financial expenses	17	17
Profit/ loss before tax	-4,450	-6,424
Income tax	4	4
Net profit (loss) on continued operations	-4,454	-6,428

Note 22. Information about seasonality of business and cycles

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

Note 23. 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 24. 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 25. 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 26. Operating segments

SEGMENT	01.01.2020 - 30.09.2020 PLN'000	01.01.2019 - 30.09.2019 PLN'000
Nanoinks	23	-
Research and development services	21	-
TOTAL	44	-

Note 27. 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.

In the reporting period there were no changes in the Group's composition.

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. Effect of application of new accounting standards and changes in accounting policy

Standards and interpretations awaiting approval by the EU:

IFRS 17 Insurance Contracts – applicable to the annual periods commencing on or after 1 January 2021. IFRS 17 has replaced IFRS 4 Insurance Contracts. IFRS 17 introduces uniform principles for recognizing and measuring insurance and reinsurance contracts at their present value.

Amendments to **IFRS 10** Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, with subsequent changes – the effective date not been announced by the IASB.

Amendment to **IFRS 1** – applicable to the annual periods commencing on or after 1 January 2022. The amendments affect the IAS 1 requirements relating to the presentation of liabilities.

According to preliminary estimates of the Parent's Management Board, the above standards, interpretations and amendments to standards will not have a significant impact on the Group's financial statements.

Note 30. 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 31. Correction of errors from previous periods

As at the Balance Sheet Date, no corrections were made on account of errors from previous periods.

Note 32. Date of approval of the financial statements for publication

This financial report for the period from 1 January 2020 to 30 September 2019 was approved for publication by the Parent Company's Management Board on 26 November 2020.

Note 33. Events after the balance sheet date that have not been reflected in the interim financial statements

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.

On 24 November 2020, the Company signed an agreement with the Institute for Large Area Microelectronics (IGM) in Stuttgart for a long-term lease of the "XTPL Delta Printing System" printer with a purchase option. This event is a milestone in the Company's history, a transition to the commercialization phase of the unique UPD technology. In the coming months, XTPL plans to sign several similar agreements, with updates on progress to be communicated on an ongoing basis. The maximum contract value is EUR 190 thousand, or about PLN 880 thousand.

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shaping global nanofuture

Additional information and approval for publication

6 Additional information

6.1 General information and basis of preparation

The financial statements of XTPL Group (standalone and consolidated financial statements) cover the period of nine months ended 30 September 2020, and the comparative data for the period of nine months ended 30 September 2019. 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.

Given the Company's market development stage (the Company yet does not yet generate significant revenues from the sale of products and services, and its activity is financed primarily from equity and subsidies), the ability to continue operations depends to a large extent on the ability to raise further financing to finance subsequent stages of commercialization of the technologies developed by the Company.

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 2019 as published on 23 April 2020, and the semi-annual report report for the first half of 2020 (published on 25 September 2020).

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.

6.2 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.

6.3 Exchange rates used in the financial statements

	2020 – January – September		2019 - January – September/ December 2019	
	EUR	USD	EUR	USD
exchange rates used in the financial statements				
for balance sheet items	4.5268	3.8658	4.2585	3.7977
for profit or loss and cash flow items	4.4420	3.9337	4.3086	3.8426

6.4 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 for 2019 published on 23 April 2020, and the semi-annual report for the first half of 2020 published on 25 September 2020.

7 Approval for publication

This quarterly report for the third quarter of 2020 ended on 30 September 2020 was approved for publication by the Issuer's Management Board on 26 November 2020.

Signatures of the Management Board:

Filip Granek
Prezes Zarządu



Jacek Olszański
Członek Zarządu



Person responsible for maintaining books of account

Chief Accountant
Katarzyna Kulik

Wrocław, 26 November 2020