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**MANAGEMENT BOARD'S REPORT
ON THE ACTIVITIES OF XTPL S.A. AND XTPL GROUP
FOR THE FIRST HALF OF 2020**

XTPL S.A.

Wrocław, 25 September 2020

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

We are pleased to share the Half-Yearly Report summarizing the most important operational aspects and events in the first half of 2020.

New challenges lie ahead for us, but it is worth taking a look at our achievements over the past six months. We have gone through an intensive period of work on developing technologies and proprietary products. During this time, we kept a relentless focus on our plan that resulted in the first commercial contracts for the sale of nanoink. The transactions are testament to the partners' interest in the XTPL technology and the Company's potential. We are proud that the breakthrough nanoink formulations allow XTPL to achieve such excellent results in terms of printing precision. At the same time, we continue to work with industrial partners and academic research and development centers to commercialize our printing technology. With further technology development, we were able to demonstrate the capabilities of ultra-precise printing on clients' complex substrates, including substrates with a large component of 3D structures. This unique achievement opens the door to further discussions with our partners. We are currently in talks with partners interested in purchasing the XTPL technology demonstrator, and expect the first formal orders to be received this year.



XTPL is a technology company for which development and protection of the patent family is of utmost importance, as it is on secured, unique intellectual property that international technology companies build their value and strong business position in the commercialization process. The XTPL's R&D team is working hard on IP development as part of the Company's unique nanoprinting technology.

In H1 2020, the Company filed six patent applications. After the Balance Sheet Date, we filed one more application. The Company's patent portfolio now includes 17 international applications. For deep-tech companies such as XTPL, intellectual property is a product and a competitive advantage, while the size of the patent cloud has a major impact on their value. For this reason, we attach great importance to expanding the cloud.

The first half of 2020 was also a period of intensive work of the Management Board on acquiring finance by issuing shares and convertible bonds. XTPL obtained PLN 9.25 million as a result of the issue of shares, and PLN 3.6 million from the issue of convertible bonds. In total, after the completed financial round, the Company raised PLN 12.85 million. As a result, XTPL has secured funds for continuation of the technology commercialization process and for further strengthening of the Company's intellectual property protection until the beginning of 2022.

We are aware that the second half of the year poses challenges for the global economy due to the pandemic, which requires us to adapt to the new conditions. We can do it thanks to our strong team and great motivation to commercialize our technology on a global scale. While working on its success, XTPL is constantly looking to the future, anticipating trends in the application fields in which it commercializes its technology. This will allow the Company to build its long-term value for many years to come. We are convinced that the enthusiasm and commitment of our team as well as the steady progress in commercialization of the technology will help us in efficient delivery of our goals.

We would like to thank you for your trust, and encourage you to read the additional information contained in this report.

Yours sincerely,

Filip Granek, PhD

Handwritten signature of Filip Granek, PhD in blue ink.

Jacek Olszański

Handwritten signature of Jacek Olszański in blue ink.

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

As at 30 June 2020 (“Balance Sheet Date”), the share capital of XTPL S.A. amounted to PLN 190,422.20 and consisted of 1,904,222 shares with a nominal value of PLN 0.10 each.

This document (“Report”) contains the Report of the Management Board of XTPL S.A. on the activities of XTPL Group (“Group”, “XTPL Group”) and on the activities of XTPL S.A. for the first half of 2020 (“Management Report”). The standalone and consolidated financial statements of XTPL S.A. and the Group are contained in separate documents.

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

Unless indicated otherwise, the source of data in the Report is XTPL S.A. The Report publication date (“Report Date”) is 25 September 2020. As at the Report Date, the share capital of XTPL S.A. amounts to PLN 202,922.20 and consists of 2,029,222 shares with a nominal value of PLN 0.10 each (“Shares”).

The consolidated financial statements mean the consolidated financial statements (including the Company and the Subsidiary) for the period from 1 January to 30 June 2020 prepared in accordance with the International Financial Reporting Standards approved for application in the EU. The standalone financial statements mean the financial statements of the Parent for the period from 1 January to 30 June 2020 (“Reporting Period”) prepared in accordance with the International Financial Reporting Standards approved for application in the EU.

Due to the fact that the activities of XTPL S.A. have a dominant impact on the Group’s operations, the information presented in the Management Report relates to both to XTPL S.A. and XTPL Group, unless indicated otherwise.

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

This English language report has been prepared by XTPL S.A. (“Company”) for the convenience of English speaking readers. Despite the attentive translation, there may be some discrepancies, omissions or approximations. On the assumption of any differences between the Polish and English versions, the Polish version is prevail. XTPL and its representatives and employees decline any responsibility in this regard.

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Financial highlights

1 Financial highlights

1.1 Selected standalone figures

Figures in PLN thousand	1 January – 30 June 2020		1 January – 30 June 2019	
	PLN	EUR	PLN	EUR
Net revenue from sales	936	211	1,592	371
Profit (loss) on sales	-990	-223	-2,965	-691
Profit (loss) before tax	-5,631	-1,268	-15,894	-3,707
Profit (loss) after tax	-5,631	-1,268	-15,914	-3,711
Depreciation/amortization	257	58	286	67
Net cash flows from operating activities	-3,061	-689	-3,835	-894
Net cash flows from investing activities	-311	-70	-1,596	-372
Net cash flows from financing activities	9,249	2,082	796	186
Figures in PLN thousand	30 June 2020		31 December 2019	
Owner's equity	12,485	2796	6,892	1,618
Short-term liabilities	1,658	371	1,900	446
Long-term liabilities	-	-	-	-
Cash and cash equivalents	10,031	2,246	4,153	972
Short-term receivables	703	157	936	220
Long-term receivables	249	56	291	68

exchange rates used in the financial statements	2020 – January – June		2019 – January – June	
	EUR	USD	EUR	USD
for balance sheet items	4.4660	3.9806	4,25,85	3.7977
for profit or loss and cash flow items	4.4413	4.0214	4.2880	3.7936

1.2 Selected consolidated figures

Figures in PLN thousand	1 January – 30 June 2020		1 January – 30 June 2019	
	PLN	EUR	PLN	EUR
Net revenue from sales	936	211	1,592	371
Profit (loss) on sales	-990	-223	-2,965	-691
Profit (loss) before tax	-5,471	-1,232	-16,960	-3,955
Profit (loss) after tax	-5,472	-1,232	-16,582	-3,867
Depreciation/amortization	257	58	286	67
Net cash flows from operating activities	-3,406	-767	-5,326	-1,242
Net cash flows from investing activities	54	12	-52	-12
Net cash flows from financing activities	9,249	2,082	796	186
Figures in PLN thousand	30 June 2020		31 December 2019	
Owner's equity	12,569	2,814	6,907	1,622
Short-term liabilities	1,665	373	1,931	453
Long-term liabilities	-	-	-	-
Cash and cash equivalents	10,103	2,262	4,206	988
Short-term receivables	703	157	935	220
Long-term receivables	230	52	272	64

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Management Report

2 Management Report

DEFINITIONS:

Ω (ohm) means a unit of electrical resistance

Ω / □ means resistance per square, or surface resistance

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

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

Adhesion means the tendency of different materials to stick together

Particle agglomeration means joining fine particles into larger parts

AMOLED (active-matrix organic light-emitting diode) means OLED diode with an active matrix

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

Deposition means depositing a material locally

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

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

FPD (Flat-Panel Display) means a flat display

IP (Intellectual Property) means intellectual and industrial property

Conductance means electrical conductivity, which is the inverse of resistance

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

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

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

NDA (Non-Disclosure Agreement) means a confidentiality agreement

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

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

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

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

Proof of concept means one of the first phases of cooperation involving the implementation of a client's idea to prove that it is fit for purpose

R&D means Research and Development

Resistance means electrical resistance

SEM means scanning electron microscope

TEA means a Technology Evaluation Agreement

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

During the Reporting Period, cooperation was established with a new entity, one of the leaders in the consumer electronics industry. The cooperation relates to repairing open defects (ODR) in one of the elements of displays used in mobile devices. The UPD technology developed by XTPL meets all the basic requirements of the client, and next steps in the cooperation process will involve further evaluation of the technology and its implementation.

In addition, the Company successfully completed the first evaluation tests connected with the agreement signed with Suzhou Cowin Laser Technology Co. Ltd. on 28 February 2020. Currently, further advanced work is underway on technology evaluation and so are talks regarding the transition to the next stages of commercialization of XTPL's open defect repair technology.

Similarly, the first stages of the technology evaluation process for Hefei BOE Joint Technology Co. Ltd. related to the production of a new generation of displays have been completed. Further cooperation steps, including further advanced evaluation work, will be determined once the ongoing talks and negotiations are completed.

Due to a change in the business strategy of HPK Inc., the cooperation in the area of open defect repair in displays has been put on hold. At the same time, XTPL is continuing business talks and cooperation with entities operating in the area of open defect repair in the modern display industry, including directly with one of the main customers of HPK Inc., a global manufacturer of displays.

XTPL also started cooperation with another entity from the semiconductor industry. It concerns the deposition of a certain class of electronic connections in integrated circuits. The Company's current readiness to start activities in this area has been confirmed by the completed initial Proof of Concept phase.

The Company continues its activities related to the sale of silver conductive inks with unique physicochemical properties. The offered products met with interest from the scientific community working on the use of additive technologies for 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 applications.

XTPL is in talks with several strategic partners in the area of a UPD technology demonstrator – a device designed for laboratory use and rapid prototyping. The purpose of the cooperation is to increase the product readiness of the device as that will enable research by leading research centers and R&D departments using the key functionalities of the UPD technology. The output of the cooperation – scientific articles in industry press – will have a significant impact on increasing interest in the UPD technology in the electronics industry. The UPD technology demonstrator is also much wanted by firms interested in the potential implementation of the XTPL technology for mass production. The commercial provision of the technology demonstrator to clients is therefore one of the stages of the complex process aimed at selling XTPL technology licenses for industrial applications.

2.2 Intellectual and industrial property

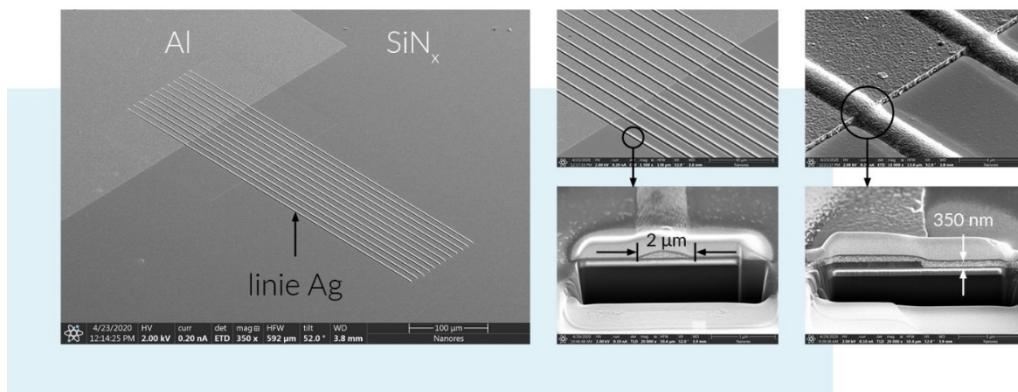
In the period from January to June 2020, the Company filed another six patent applications with the United States Patent and Trademark Office, covering further layers of intellectual property protection in the field of precise printing. The first two patent applications relate to the method and apparatus 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 electronic 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. After the Balance Sheet Date, in August 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 registered 17 patent applications, including 6 submitted in H1 2020, and one after the Balance Sheet Date. As at the Report Date, the Company had one patent granted.

2.3 Progress in research and development

During the first half of 2020, 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 agglomeration (the sticking of nanoparticles) during the printing process. At the same time, due to the high concentration, the printed lines have a very high aspect-ratio, i.e. the height-to-width ratio after the printing head has deposited a single layer of ink, i.e. after a single "pass". This is a distinguishing feature of the Company's technology as in order to obtain a similar result by competitive methods it would be necessary to deposit conductive material multiple times at the same point with multiple "passes", thus extending process duration.

Przewodzące linie srebrne wydrukowane tuszem i drukarką XTPL

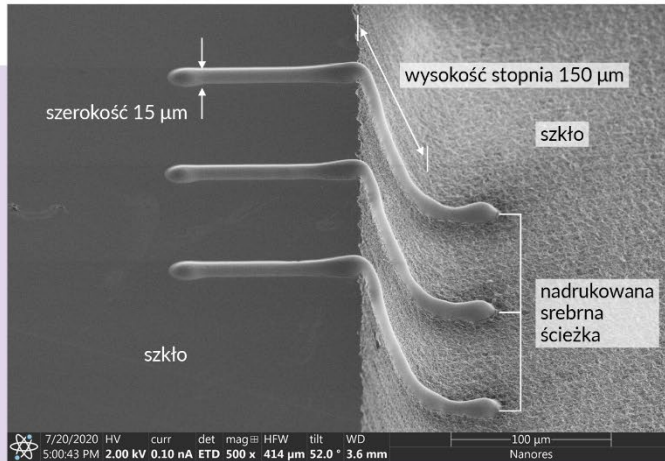


A very important advantage of using concentrated ink is the ability to print on non-flat substrates with complex topography. It allows the continuity of the structure to be maintained even if it was printed, for example, on a "step", when the substrate is not homogeneous and its layers are at different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

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

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 in substrate topography, up to 150 micrometers in height. Already today, this capability opens up new talks with potential clients.

POKRYCIE WYSOKICH STOPNI



ZDOLNOŚĆ DO:

pokrycia złożonych topografii podłoży (nawet do 150 μm wysokości) za pomocą pojedynczej ciągłej srebrnej ścieżki przewodzącej o szerokości 15 μm

APLIKACJE:

elastyczna mikroelektronika
hybrydowa, wyświetlacze mikroledowe,
zaawansowane systemy obudów układów
scalonych, mikroelektronika drukowana 3d

For the Company, this opens further application areas related to advanced electronic circuits or integrated circuits. The potential for the development of the UPD technology in these markets is consistent 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 a greater integration of individual electronic circuits into one integrated circuit. The Company's assumption of the uniqueness of the described solution related to the precise deposition of high-concentration material was confirmed by several new technological and business contacts started with entities operating in these markets, as well as the cooperation with the renowned international research institute Fraunhofer ISE (Institute for Solar Energy Systems).

2.4 Other events

2.4.1 **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.

2.4.2 **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.

2.4.3 **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.

2.4.4 **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).

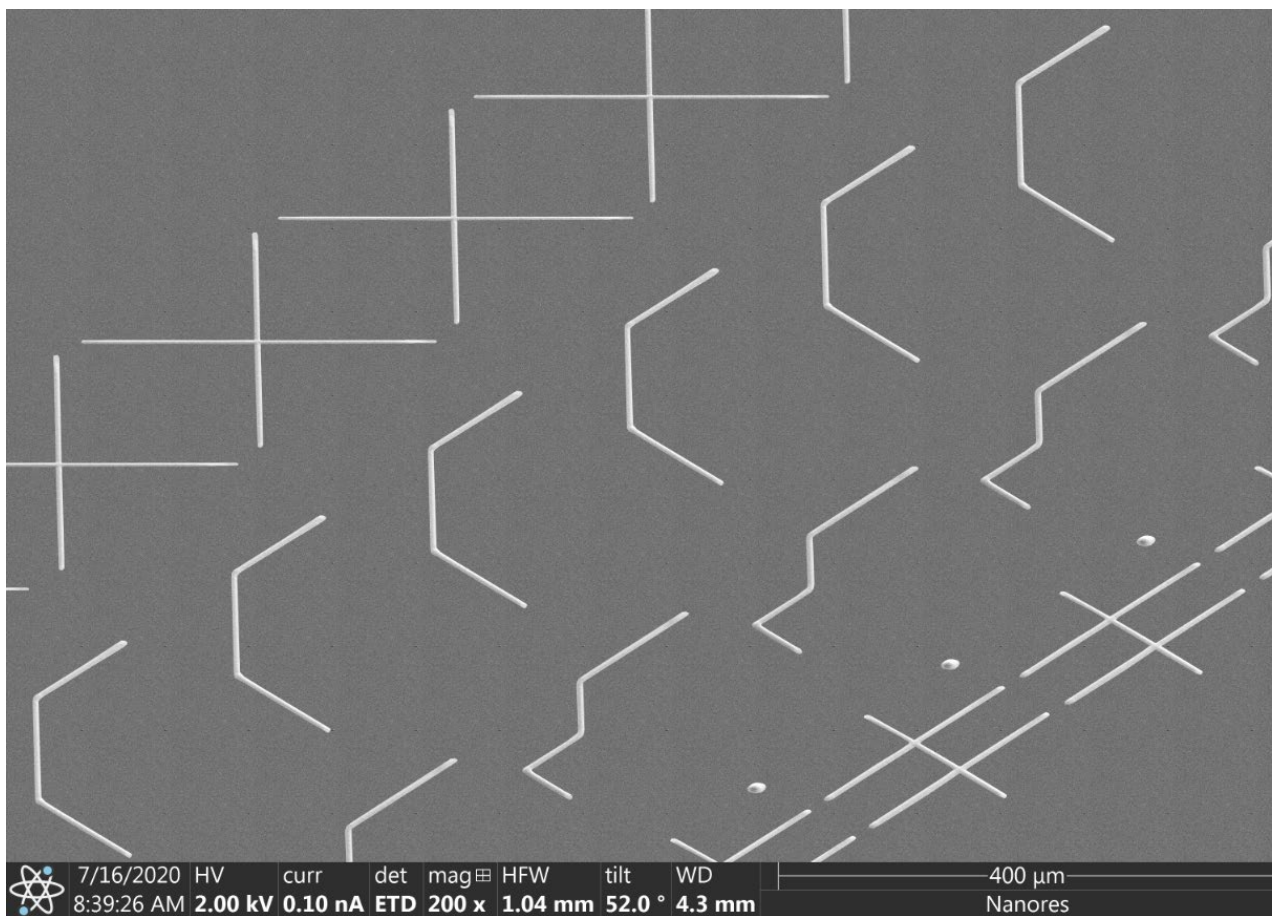
2.4.5 **Dual listing on the Frankfurt Stock Exchange**

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.

2.4.6 New patent applications

The Company is gradually increasing its competitive edge by filing further patent applications. During the Reporting Period, six patent applications (described in item 2.2) were filed. In August 2020, another patent application was filed 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 “steps”.



2.4.7 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 dispensing.

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 will be tested for application in the photovoltaic industry for the purpose of metallization in the process of fabricating photovoltaic solar cells

2.4.8 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 can pass through various materials of the substrate, which means that regardless of the material used, the line should maintain the same geometrical dimensions.

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

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

2.4.9 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.

2.4.10 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 No. 15/2020 and 23/2020 .

2.4.11 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).

2.4.12 Jacek Olszański appointed to the Management Board

On 30 June 2020, the Supervisory Board of XTPL 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.

2.4.13 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.

2.4.14 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 and logistic restrictions, the Company decided to postpone our 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 the event, XTPL was again represented by Piotr Kowalczewski with a presentation "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.

In the near future, the Company plans to participate in further industry events. On 6 October, the Metallization & Interconnection Workshop is take place, where XTPL will showcase 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 will be represented by Filip Granek, Management Board President.

The results achieved by the XTPL R&D team, based on which the Company expressed its willingness to participate in the International Display Workshops, were approved by the organizers of the event. In consequence, the Issuer will be able to make 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's Technology Director. This 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 focusing on such topics as micro-light-emitting diodes (uLED), quantum dot displays and thin film transistors (TFT), as well as electromechanical microsystems (MEMS) for applications in modern displays. Given that range of subjects, the event 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 display technology in its broad sense.

2.4.15 Presenting XTPL at international investor events

Despite the limitations related to the coronavirus pandemic, the Company actively participates in investor events. Taking into account the fact that most of the events were canceled or postponed, the XTPL Management Board focused on communication with investors using videoconferences.

After the publication of Q1 2020 results, two earnings release calls took place: on 3 June in English, and on 4 June in Polish. The conferences were divided into two parts: presentation about the Company based on the Q1 results presentation, and a Q&A session. Both events were popular with investors who actively asked questions.

Another event that was entirely held online was the Polish Capital Market Days conference on 22 June 2020. The conference included a series of online meetings (webinars) with representatives of companies operating in industries such as gaming, IT and new technologies. The event was addressed to foreign and Polish investors as well as to representatives of investment funds, VC, PE and brokerage houses.

In the first half of 2020, the Company took part in another videoconference for investors: WSE Innovation Day held on 23 June 2020. During the meeting, the Company presented key information about its activities to a wide group of investors.

After the balance sheet date, XTPL took part in the Equity Forum Fall Conference, one of the largest capital market conferences in Germany, which was an opportunity to engage in dialogue on market developments, innovations and future trends.

Another online meeting was the next edition of the WSE Innovation Day conference held on 22 September 2020, where investors had the opportunity to meet innovative companies listed on Warsaw Stock Exchange, including XTPL.

The Company is trying to adapt to the new reality, and is planning to organize further online events for investors. Those efforts were appreciated by the Association of Stock Exchange Issuers, which awarded the Company with the Issuer's Golden Website title in the "Best IR Service" category, in the "small companies" segment. Permanent and transparent contacts with investors are important for the Company, which is why after the publication of the H1 2020 report the XTPL Management Board plans to arrange video conferences in Polish on 28 September 2020 and in English on 29 September 2020.

2.5 Events occurring after the balance sheet date

2.5.1 Issue of shares and convertible bonds

On 30 July 2020, (ESPI Current Report No. 29/2020) XTPL announced the issue of series A registered bonds.

In conjunction with Resolution No. 04/06/2020 of the Extraordinary General Meeting of XTPL S.A. of 8 June 2020 on the issue of bonds convertible into series U shares, and a conditional share capital increase by issuing series U shares, depriving shareholders of all their preemptive rights to the convertible bonds and series U shares, 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.

2.5.2 Development and commercialization of the XTPL UPD technology demonstrator

In Q2 and after Q2, intensive activities were undertaken related to the development of the XTPL technology demonstrator (R&D printer). At the same time, work is being carried out on the sale of the technology demonstrator. When this type of printing system is delivered to leading scientific institutes, it will boost the popularity of the innovative method developed by XTPL, which is ultimately to expand the target application fields and lead to the introduction of the UPD technology in the industry. Currently, more than ten discussions are being held with potential buyers of the laboratory device, including one at a very high level of advancement. XTPL expects to start executing the first orders by the end of this year.

2.5.3 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 usher it 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.

2.5.4 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.

2.5.5 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 Factors which may affect the results in the subsequent quarters

In connection with the commenced sales of conductive nanoinks, the Company expects to receive orders from new clients. The results of using the product in other deposition methods may contribute to increasing interest in the product among other users of similar devices. The global crisis associated with the COVID-19 pandemic has also limited access to laboratories at research institutes and at universities of current and potential clients. Especially in the case of the Company's partners, certain pandemic-related restrictions are observed in the case of U.S.-based partners. The current situation might reduce the demand for this type of consumables and delay the receipt of results that could otherwise be used to generate further sales. On the other hand, potential clients are willing to engage in dialogue with the Company with a view to preparing and planning new developments and innovative products of the next generation.

The Company is developing a plan to launch the UPD technology demonstrator in the following quarters in the form of a laboratory printing device dedicated to academic and corporate R&D departments. Therefore, the Company expects to see an increase in revenues coming not only from the device itself, but also from consumables such as the dedicated conductive nanoink or the replaceable nozzles and cartridges developed by the Company. The marketing of the demonstrator of the technology provided by XTPL is expected to stimulate interest in the entire printed electronics market, unlocking the potential for strategic partnerships in new application areas.

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

It has been about 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 the standards announced by state institutions. Some technology staff are involved in the development of new grant and patent applications, and therefore also partly work from home. Furthermore, the Company's Management Board implemented a virus testing procedure for each employee returning from business or leisure travel. Until the result is obtained, each tested employee must work from home.

In response to the increased risk in global markets caused by the pandemic, the Company's Management Board took measures to reduce operating costs. As a result, the average monthly value of expenses in the first half of 2020 was PLN 682 thousand compared to PLN 897 thousand in the same period last year.

All contacts and business meetings with partners are held in the form of teleconferences. The previously planned activities are being continued and proceed as planned. 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.

2.7 Description of operations and basic products

In March 2020, the Company finalized its first sales transaction for its nanoink based on silver nanoparticles. Nanoink is one of the key elements of the XTPL technology, protected by international patent applications. The first deliveries have been made to the partners operating in the display sector, i.e. the first application field commercialized by XTPL. The transaction confirmed the partners' significant interest in the Company's technology and unlocked further commercial opportunities.

The Company adapts the conductive ink to the requirements of individual deposition methods. One of the key requirements is the acceptable ink viscosity range acceptable for a particular technology. 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 conductivity after the sintering process, the product is attractive for the ongoing development projects in the field of printed electronics.

Late in Q1/ early in Q2 2020, sales to science centers began. The Company directly contacted the authors of scientific articles in the areas which might show considerable interest in the conductive ink. As a result of these activities, several discussions began that led to further orders. In the second quarter of 2020, the website xtpl.com/pl/nanotusze/ was launched, presenting the offer of conductive inks adapted to the selected printing methods. Currently, work is underway with leading research centers in Europe to adapt the product to other types of printing devices in order to expand the offer, and guarantee the highest quality and competitive parameters of the product.

During the Reporting Period, the Company also began advanced work on creating a technology demonstrator using the UPD technology to conduct research and development and prototyping, as well as to carry out small-scale production. In the following quarters, the product is to reach commercial maturity, with the first sales of the device to take place. At the same time, as a result of the established business partner relations, the Company has drawn up a preliminary list of the first buyers of the product, whose feedback on use of the final product will help in its improvement.

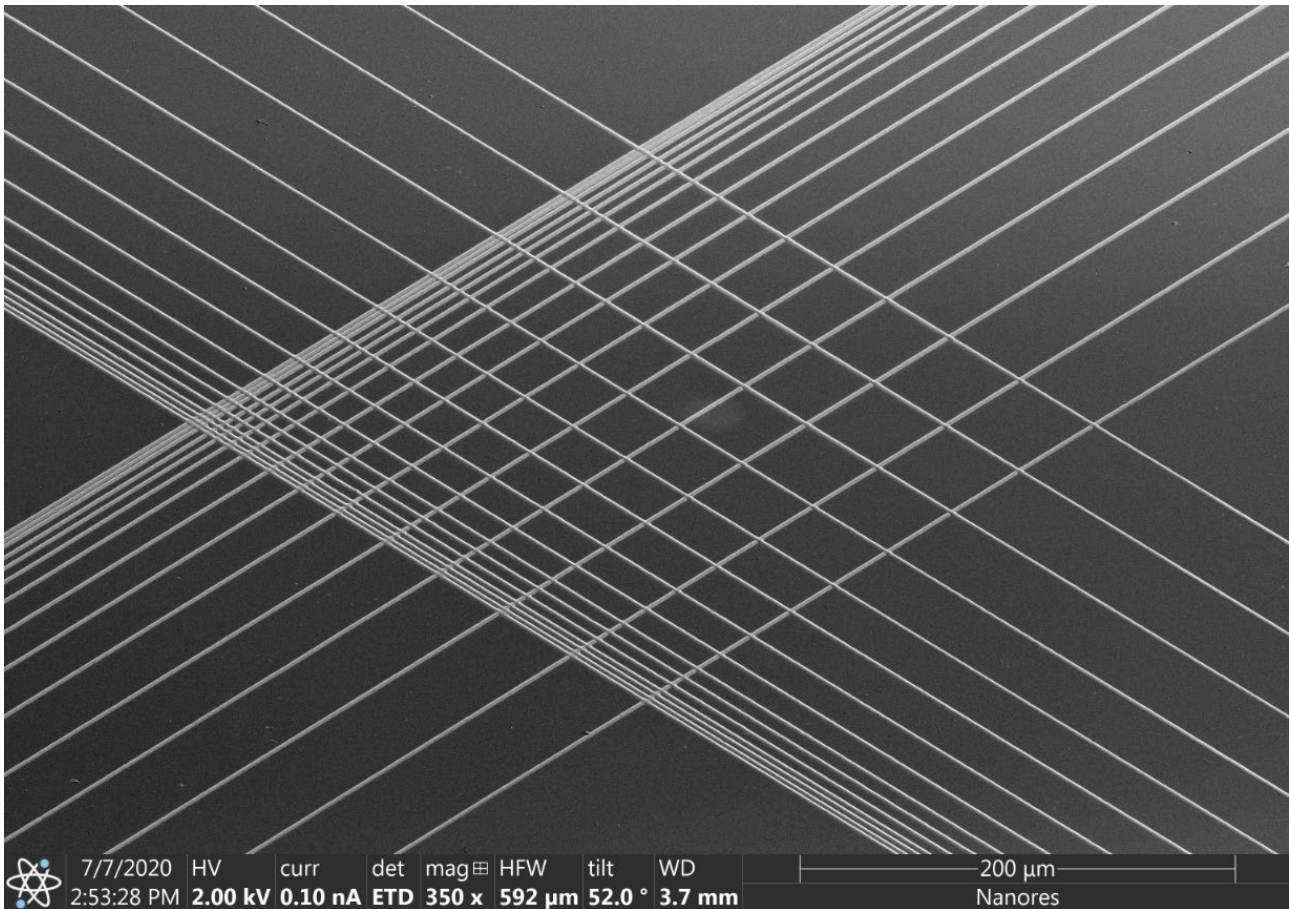
The Company continues to focus on commercialization of its technology in several application fields. The first one is displays – here XTPL in the first place intends to offer the open defect repair technology for repairing conductive structures whose defects are responsible for dead pixels occurring 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.



2.8 Business model

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

LICENSING

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

STRATEGIC PARTNERSHIP

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

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. In the following quarters, demonstration devices are to be supplied to trusted business partners for product evaluation and further improvement to reach commercial maturity. Cooperation in this area will be based on a mutual exchange of experiences and knowledge, while the device will be delivered on commercial terms.

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

2.9 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 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 FHE. 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, the FHE technology 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.

2.10 Description of key threats and risks until the end of the financial year

The current COVID-19 pandemic is the main threat to the ongoing and potential new commercialization processes. The entities the Company is talking to operate under exceptional protocols, which may have a negative impact on the speed of their decisions. In extreme situations, potential clients and partners might need to restructure, reorient their development strategies, and reduce their R&D operations and employment. As a result, XTPL might have to suspend or discontinue the projects in which it is involved.

In the following months of 2020, there is also a risk of suspending the international transport of materials. In consequence, the delivery of structural elements for the devices developed and manufactured by the Company might be suspended, with limited access to the chemical compounds and raw materials necessary for the production of the conductive ink. On the other hand, the materialization of that risk may make it difficult or impossible for the Company to send samples, conductive nanoink or devices to its clients.

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. In view of the above, the Company's Management Board has implemented a virus testing procedure for every employee returning from a business or leisure trip. Until the result is obtained, each tested employee must work from home.

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 Parent Company has the status of a public company. Since 20 February 2019, its shares have been listed on the regulated (parallel) market operated by the Warsaw Stock Exchange. For financial reporting, the Group 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), Jacek Olszański was appointed to the role of Management Board Member.

Supervisory Board

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

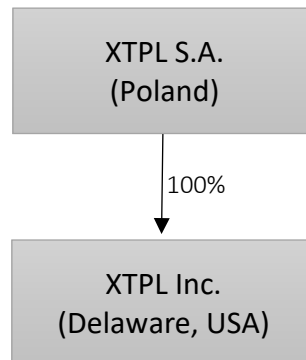
- Wiesław Rozłucki, PhD – Chairman of the Supervisory Board – an independent SB member
- Bartosz Wojciechowski, PhD – Deputy Chairman of the Supervisory Board
- Beata Turlejska
- Prof. Herbert Wirth – an independent SB member
- Piotr Lembas – an independent SB member

On 9 January 2020, Sebastian Młodziński resigned from the Supervisory Board, and the Issuer's 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).

2.12 XTPL Group

2.12.1 Group structure

Structure of XTPL Group as at the Balance Sheet Date and the Report 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.

No changes occurred in the Group's organization since the previous financial report.

2.12.2 **Agreements that in the future might affect the proportion of shareholdings**

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

In addition, under the incentive scheme, its beneficiaries may be allocated series L and series P shares of XTPL. ESPI Current Report No. 20/2019 of 24 April 2019 and previous periodic reports contain details on resolutions concerning establishment of the incentive scheme and the issue of shares and warrants.

Until the Report Date, in 2020 the Eligible Persons acquired a total of 32,458 series L shares under the incentive scheme.

For 2019, the Supervisory Board granted the CEO Filip Granek the right to acquire 1,000 series L shares, while for 2019 the Company's Management Board granted the Company's employees and collaborators the right to acquire 36,900 series L shares – including the right to acquire 1,250 series L shares granted to the current Management Board member Jacek Olszański.

The series L shares purchase transactions will not affect the dilution of the existing shareholders as the settlement was made on the basis of series L shares, which were issued (and intended only for the incentive scheme) in the first half of 2017 – still before XTPL S.A. debuted on the Stock Exchange.

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

In the Reporting Period, in the standalone and consolidated statement of comprehensive income the Company recognized the cost the incentive scheme for employees and collaborators based on the Parent Company's shares. The date of recognition of costs was the moment when the persons covered by the scheme were offered the purchase of the shares. The cost of the scheme (fair value of the shares issued) was estimated at PLN 1,974 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	936	936
Revenue from research and development services	20	20
Revenue from the sale of products	23	23
Revenue from grants	893	893
Cost of sales	1,530	1,926
Research and development expenses	1,530	1,926
Cost of finished goods sold	-	-
Gross profit (loss)	-594	-990
General and administrative expenses	3,126	4,704
Other operating income	136	136
Other operating costs	14	14
Operating profit (loss)	-3,598	-5,572
Financial revenues	104	104
Financial expenses	3	3
Profit/ loss before tax	-3,497	-5,471
Income tax	1	1
Net profit (loss) on continued operations	-3,498	-5,472

2.12.4 Branches

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

2.12.5 Non-arms length transactions with related entities

Not applicable. As part of the group, no transaction was made with any related party on non-commercial terms.

2.12.6 Proceedings before courts and other bodies

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

2.12.7 Guarantees given

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

2.12.8 Achievement of financial forecasts

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

2.12.9 Explanation of seasonality or business cycles

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

2.12.10 Acquisition of own shares

Not applicable. None in the Reporting Period.

2.12.11 Financial instruments

Not applicable. Neither the Parent Company nor its Subsidiary use financial instruments in relation to the price risk, credit risk, risk of material disruption of cash flows or financial liquidity risk.

2.12.12 Other information

As at 30 June 2020, the employment was 20 people. The number of permanent collaborators is: 6.

2.13 Basic threats and risks

2.13.1 Risk factors and threats related to the Company's business environment

2.13.1.1 Macroeconomic risk

The Company's and the Group's activity depends on the macroeconomic situation in the markets in which the Company plans to start the sale of its products and services, primarily in the United States, Asia and Western Europe. Profitability of the Company's operations will depend, inter alia, on the economic growth, consumption and investment level (particularly in the electronics sector), fiscal and monetary policy, inflation, and especially the level of expenditures on consumer electronics in those countries. All these factors may have an impact on the Company's and the Group's financial results, and thus may also affect implementation of the Company's development strategy.

2.13.1.2 Currency risk

Due to the fact that the Company's and the Group's clients will be international entities, most of the Company's revenues related to the commercialization of technology will be settled in foreign currencies (mainly the euro and the US dollar). At the same time, as the Company is based in Poland, most of its ongoing expenses will be settled in the Polish zloty. As a result, in the future the Company may be exposed to a significant FX risk. Volatility of exchange rates may primarily cause changes in the value of the Company's revenues and receivables after their conversion into PLN.

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

2.13.1.3 New technology risk

The market in which the Company and the Group operate is characterized by rapid development of technologies. For this reason, the development of the Company's and the Group's operations entails constant tracking and analysis of new market trends and identification of emerging potential competitors and technological solutions they implement.

There is a risk that if the current market trends change, the Company and the Group will be forced to look for new applications for its technology outside of what it previously saw at its core business or to incur expenditures to make its existing solutions more competitive. Likewise, the Company and the Group cannot rule out that in the future a new technology will be developed which will make the solutions offered by the Company and the Group unattractive for potential clients.

Materialization of this risk will mean additional costs, which will adversely affect profitability of the Company's and the Group's operations. In addition, the need to perform additional work may delay the moment of commercialization of the Company's and the Group's product.

2.13.1.4 Competitive risk

The Company and the Group operate in a very attractive market of modern technologies characterized by a steadily growing demand. In this market, there is a number of players whose experience and capital resources are higher than those of the Company. As the market is changing fast, there is a risk of a new entity emerging whose offer will be more innovative than the Company's and the Group's offer. A competitive edge may be obtained by implementing innovative, unique solutions that are attractive for prospective clients in utility and economic terms.

At present, the Company is not aware of any solutions that would technically offer better parameters for the ultra-precise printing of nanomaterials. However, it cannot be ruled out that a new entity or a solution will emerge that will surpass the Company's technology in some or all key parameters. There is also a risk that the Company and the Group will be unable to respond quickly or effectively to the changing market environment, and consequently the solutions offered by the Company and the Group will be considered less competitive. Materialization of this risk may have a negative impact on the sale of the Company's and the Group's products and services and, in consequence, on its trading performance.

2.13.1.5 Risk related to the development of the SARS-CoV-2 pandemic

Due to the early stage of the Company's development (the beginning of commercialization), the current situation related to the coronavirus threat fundamentally does not affect the Issuer's operational activity. Office workers perform their duties remotely (they are provided with a company phone with Internet access and a laptop). Technology staff work in compliance with all the standards announced by state authorities. Some technology staff are involved in the development of new grant applications, and therefore also partly work from home. As a rule, all meetings take place using video- or teleconferencing. The previously planned activities (e.g. shipment of the nanoink to counterparties) run smoothly.

2.13.2 Risk factors related to the Company's and the Group's operations

2.13.2.1 Risk associated with the process of implementing technology in the commercialization phase

The Company's and the Group's business model provides for a gradual introduction of the technology of printing ultra-thin conductive lines for various applications in printed electronics into the commercialization phase. Commercialization will cover printing devices and nanoinks. The target business model is that the Company and the Group will commercialize their technological solutions through licensing or will manage the whole value chain, i.e. manufacture, product marketing, distribution and provision of specialized services tailored to the client's needs. The choice of the commercialization model will depend on the specific nature of the particular application field and the Issuer's assessment regarding effectiveness of each of the possible commercialization methods in that field.

The Company has analyzed its potential market, relying both on market reports from independent consulting companies and on consultations with industry experts. The conclusions from this analysis confirms a demand for such solutions, especially in the context of the increasing miniaturization of electronic devices and consumer expectations regarding new functional features (e.g. flexible personal electronics).

The potential profitability of various market segments was estimated based on the cost calculations carried out by the Issuer (both the unit cost of a product, achievable revenue from licensing and the expected commercialization cost) and comparing them with the prices of the solutions which are the market standard today. As a result, the Issuer's Management Board has assessed that the application fields selected for commercialization in the first place, are justified both in terms of their relevant market potential and achievable profit margins, leading to an expected return on the investment into the project. Based on these analyzes, the Management Board believes that the projects implemented and the Company's and the Group's development plan are a guarantee of profitability of their operations.

However, there is a risk that introduction of devices into individual markets will not be in line with the current expectations due to, for example, a lack of or insufficient demand in target countries, misidentification of potential clients' needs, misidentification of legal conditions, incomplete adaptation of the Company's products to the requirements of foreign markets, an ineffective promotional campaign or an unexpected emergence of a competitor. Occurrence of the above events may stifle the Company's and the Group's growth dynamics, adversely impacting their operations and financial position.

2.13.2.2 Risk of failure to achieve revenues

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

2.13.2.3 Risk of low product quality

The Company's and the Group's business model providing for a gradual introduction of the technology of printing ultra-thin conductive lines for various applications in printed electronics into the commercialization phase gives rise to a risk of defects, insufficient product quality or unsatisfactory performance of the technology at the initial phase of its commercialization. It is possible that during the first stage of commercialization, unforeseen defects and problems will emerge. Such situations may result in a negative first reception of the Company's and the Group's products and, consequently might dampen interest in and demand for the product. As a result, at the initial commercialization phase the Company and the Group might not receive revenues in the expected amount.

2.13.2.4 Risk related to the business development model and the failure deliver the Company's and the Group's strategy

The ultimate goal of the business model is commercialization of the Company's ultra-precise technology of printing a wide range of nanomaterials. Due to the early stage of its development, the Company does not operate a replicable business model yet. Nevertheless, the Company has created a development strategy based on which it intends to put on the market licenses or products it has manufactured and use them to commercialize its technology.

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

Due to a number of factors, the Company is unable to guarantee in full that its business development model will work. The Company's future in the broadly understood printed electronics market depends on its ability to create and implement a successful long-term development strategy and to continue to develop its technology. The risk of making bad decisions resulting from improper assessment of the situation or the Company's inability to adapt to changing market conditions, incorrect strategic assumptions, including in relation to the developed technology and the adopted commercialization plan and the degree of demand from potential clients, may mean that the business development model will not be effective and the future financial results might be lower than currently expected.

2.13.2.5 Risk related to the difficulty with acquiring experienced and specialized employees

The high level of technological advancement of the Company's research leads to a constant increase in the requirements regarding skills and experience of employees. Next to technology, the engineering and scientific staff is the Company's most valuable asset. The pace and quality of the Company's R&D is directly related to the skills of specialists who form the R&D team. The Company employs engineers from the fields of chemistry, physics, electronics, mechanics, material engineering, programming and numerical simulations. Nearly in all these fields, the number of specialists available for hiring is not high. As regards acquisition of the best specialists, the Company competes with firms both in Poland and abroad.

As the Company expands the size of its operations, this factor may be of particular importance in the future as it might limit the development potential. Difficulties in sourcing employees may delay work or force the Company to abandon certain projects.

2.13.2.6 Risk of losing key team members

The Company's activity is based on a narrow team of people with relevant know-how who pool competencies in engineering and technical, financial management and strategic management of the Company. For this reason, losing key people may adversely affect the Company's further business, its financial, property and economic condition as well as its development prospects as it may impair the Company's potential to sell its products, develop its technology, win new contracts and properly manage already existing contracts.

Most of the Company's personnel are people employed in operational roles. They do tasks which require expertise, skill and education. The Company is exposed to the risk of losing some of its operational staff,

which might weaken the organizational foundations of the Company's business. These situations might result in the Company's stability being undermined and force it to raise remuneration levels in order to retain employees. As a result, it may affect the Company's operating costs.

2.13.2.7 Risk of dependence on future counterparties

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

2.13.2.8 Risk of potential disclosure of confidential information on technology

Implementation of the Company's strategy depends, inter alia, on the fact that the holders of confidential information, particularly that concerning development and technological processes related to the ultra-precise printing technology. There is a risk that sensitive information will be divulged by persons connected with the Company, which may result in the information being used by competitors, despite the intellectual property protection measures used by the Company.

The indicated risk factor may have a negative impact on the Company's business, financial position, development prospects, results and share price.

2.13.2.9 Risk of intellectual property infringement

The Company operates in an area where regulations concerning industrial and intellectual property rights and their protection are of significant importance. At present, there are no proceedings under way regarding infringement of any industrial or intellectual property rights in which the Company would be involved.

The Company intends to conduct its business in such a way as not to infringe any third party rights in this respect.

However, it can not be ruled out that third parties would bring claims against the Company regarding infringement of industrial and intellectual property rights by the Company. Even if unwarranted, such claims might adversely affect the schedule of the Company's strategy implementation, and the defense against such claims may involve significant costs, which may adversely impact the Company's financial results. In addition, during work on its own patent applications, the Company carefully reviews the available literature and patents known at present. However, there is a risk of infringement of intellectual property rights related to patents that have been submitted but not published yet.

Cooperation with external partners gives rise to similar risks. Formally unauthorized entities might attempt to use the intellectual property of XTPL by either violating or attempting to circumvent the patent application. The circumstances described above may have a material adverse effect on the Company's development prospects, results and financial position.

2.13.2.10 Risk of technology scaling

Due to the fact that the technology underlying the printing process developed by XTPL is based on highly innovative solutions, there is a risk that an increase in its use from laboratory to industrial scale might end up unsuccessfully.

This risk may materialize due to difficulties with obtaining technology parameters in industrial production that would be equally stable as those obtained in the laboratory. In addition, there is a risk that the technology developed may not be sufficiently effective for certain production processes in industry (e.g. due to a failure to achieve satisfactory production process efficiency).

2.13.2.11 Risk of a failure to reach the target clients and achieve sales plans

XTPL clients will include, in particular, large manufacturers of devices for the fabrication of electronics. They have long communication and decision-making channels. There is a risk that a proposition from XTPL, as a company with a short market history, will be assessed as not reliable enough. This may delay delivery of the Company's sales targets or indeed lead to a failure to acquire a targeted client.

2.13.2.12 Risk of emergence of a competitive technological solution

New technological solutions that are in competition against XTPL are constantly being developed in the global technology market. A comparison of the parameters of the currently available solutions with the parameters achieved in the XTPL technology shows, in the Company's opinion, that competitive technologies offer solutions with weaker parameters and oftentimes higher production costs compared with what is expected to be achieved by the industrial XTPL solution. The Company has undertaken measures designed to cover its technology with extensive patent protection.

As at the report date, the Company's competitive risk can be described as low, as the developed solutions are less effective than those on which the Company is working at present. However, it is not possible to rule out the possibility that a more technologically advanced or more cost-effective solution might emerge in the market. There is also a risk that competitors might significantly increase their expenditures to promote available solutions. These risks may materially affect the Company's development outlook.

2.13.2.13 Risk of loss of financial liquidity and access to financing

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

Firstly, there is a risk that the funds available to the Company now and in the future will not be sufficient to fully carry out activities aimed at preparing products for sales and commencing their commercialization,

which may cause delays in development work and thus have an adverse impact on the Company's performance.

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

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

2.13.2.14 Risk of not receiving grants and subsidies

Grants and subsidies are the second source (next to share issues) of financing the Company's research and development. There is a risk of not receiving adequate grants and subsidies, which may delay research and development.

In the past, the Company entered into a grant agreement with NCBR whereby NCBR is authorized to terminate the financing in the cases enumerated in the agreement, including when (i) the Issuer refuses to undergo or hinders inspections; (ii) the Issuer has made legal and organizational changes that jeopardize the performance of the agreement or fails to inform the NCBR of its intention to make such changes; (iii) the NCBR identifies gaps in the submitted documentation on the environmental impact of the project, and such gaps are not eliminated by a stated deadline; (iv) the beneficiary fails to comply with disclosure obligations during implementation and durability period of the project; (v) irregularities, listed directly in the agreement, occur in delivery of the project. Therefore, there is a risk that NCBR might claim reimbursement of the grant provided to the Company, in whole or in part, which may affect the financial position of the Company.

2.13.2.15 Risk of implementation of in-house technologies by the Company's potential clients

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

An important group of potential buyers of the technology developed by the Companies are global producers of electronic components (e.g. displays). There is a risk that these entities, which have significant technical and organizational resources, may develop their in-house nanoprinting solutions, and consequently will not be interested in the product offered by the Company.

2.13.2.16 Risk of unforeseen events

The Company is exposed to the risk of extraordinary events, such as technical failures (e.g. of electrical networks, either internal or external), natural disasters, acts of war, etc. These events might impair the effectiveness of or disrupt the Company's operations. In such circumstances, the Company may be exposed to unforeseen costs.

2.13.2.17 Human factor risk

In its production activity, the Company works with people employed under employment contracts and other civil law contracts. Actions performed by these persons as part of their work may lead to errors caused by

improper performance of their duties. Such actions may be intentional or unintentional and may lead to disruptions and delays in the commercialization process.

2.13.2.18 Risk of failure of the equipment used in the Company's operations

In its operations, the Company relies on properly working specialist equipment. There is a risk that in the event of a serious equipment failure which cannot be addressed immediately, the Company may be forced to temporarily suspend some or all of its activities until the failure is removed. Equipment failures may also lead to a loss of the data used for developing the Company's product. An interruption in business or loss of key data for a particular project may result in the Company being unable to perform its obligations under existing contracts or cause a loss of these contracts, which may adversely affect the Company's financial performance.

2.13.2.19 Risk of insufficient insurance coverage

The Company enters into insurance contracts in the course of its activity. However, it can not be ruled out that insurance risks will materialize in the Company's activity that will go beyond the scope of insurance coverage, or unforeseen events occur that are out of scope of the existing insurance policies. Such events may have an adverse impact on the Company's trading performance.

2.13.2.20 Risk of court and administrative proceedings

According to the available information, no court or administrative proceedings are pending against the Company that would have a significant impact on its operations. However, the Company's future sales activity will give rise to potential risks associated with possible customer claims in relation to the products sold. The Company also enters into commercial contracts with external entities whereby both parties are required to provide specified service/ consideration. This in turn gives rise to a risk of disputes and claims arising from such contracts. These disputes or claims may adversely affect the Company's reputation and, consequently, its financial results.

2.13.2.21 Risk of related-party transactions

The Company enters into transactions with its related parties. Where competent tax authorities question the methods of how the Company has determined market conditions for related-party transactions, this may have negative tax implications for the Company, potentially causing a material adverse effect on its business, financial position and results.

2.13.2.22 Risk of intellectual property rights and application patents

The Company's technology may be the basis for other entities to develop derivative or related technologies. There is a risk that such entities will decide to submit application patents based on the Company's technology. As a result, the Company, as the holder of the underlying patent, will have to cooperate with a third party, as the application patent holder, to ensure commercial implementation of a particular technology.

2.13.2.23 Risk related to commercialization agreements

Due to the specific nature of its operations, the Company may use various types of commercialization agreements (license agreements, JDAs, product sale agreements, joint venture agreements).

However, it is not possible to rule out the market risk related to a failure to find a partner interested in purchase of the Company's products or commercialization. Market risk is also affected by changes in potential clients' strategies, changes resulting from movements in market trends and inability to reach decision makers. In addition, account should be taken of the risk of default by a contractual partner or the risk of the Issuer's failure to abide by the terms of the contract due to materialization of any of the risks described above. Should any of these circumstances occur, this may adversely affect the Issuer's operations, financial results and/or development prospects.

Shareholding structure

3 Shareholding structure

3.1 Significant packets of shares

The shareholding structure as at 27 May 2020 (publication date of the Q1 2020 report) and as at the Balance Sheet Date was as follows (shareholders holding at least 5% of the total number of votes at the General Meeting):

Ref.	Shareholder	Number of shares held	% of all shares	Number of votes	% of all votes
1.	Filip Granek	310,592	16.31%	310,592	16.31%
2.	Sebastian Młodziński	299,852	15.75%	299,852	15.75%
3.	Leonarto VC spółka z ograniczoną odpowiedzialnością sp.k. (formerly Leonarto sp. z o.o.)*	229,015	12.03%	229,015	12.03%
4.	Heidelberger Beteiligungsholding AG	192,371	10.10%	192,371	10.10%
5.	TPL sp. z o.o.**	137,593	7.23%	137,593	7.23%
6.	ACATIS Investment Kapitalverwaltungsgesellschaft mbH on behalf of ACATIS Datini Valueflex Fonds	127,000	6.67%	127,000	6.67%
7.	Leonarto Funds SCSp*	69,000	3.62%	69,000	3.62%
8.	Konrad Pankiewicz*	2,943	0.15%	2,943	0.15%
9.	Others	535,856	28.14%	535,856	28.14%
	TOTAL	1,904,222	100.00%	1,904,222	100.00%

*Konrad Pankiewicz, former Member of the Supervisory Board of XTPL S.A. is the only shareholder of the general partner Leonarto VC spółka z ograniczoną odpowiedzialnością sp.k. and an entity controlled by Leonarto Funds SCSp (through Leonarto Management S.a.r.l). Together with the entities controlled by him, Konrad Pankiewicz holds 300,958 shares of XTPL S.A. constituting 15.80% of the share capital of XTPL S.A.

** TPL sp. z o.o. holds series L and P shares issued for the purpose of an employee share scheme. The shareholders of TPL sp. z o.o. are Filip Granek, the Company's CEO (34% of shares), Sebastian Młodziński, former member of the Company's Supervisory Board and a significant shareholder (33%) and Adriana Pankiewicz, wife of Konrad Pankiewicz, former member of the Company's Supervisory Board (33%).

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	10.00%	202,894	10.00%
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.*	87,730	4.32%	87,730	4.32%
8.	Deutsche Balaton AG**	48,006	2.37%	48,006	2.37%
9.	Others	586,004	28.85%	586,004	28.85%
	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 shareholders of TPL Sp. z o.o. are Filip Granek, the Issuer's CEO (34% of shares), Sebastian Młodziński, member of the Issuer's Supervisory Board (33%) and Adriana Pankiewicz, wife of Konrad Pankiewicz, former member of the Issuer's Supervisory Board (33%).

** 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.

On 17 June 2020 (ESPI Current Report No. 19/2020), the Issuer received a notification pursuant to Article 19 MAR from Management Board President, Filip Granek, according to which Filip Granek had acquired 5406 shares of the Issuer (as part of the issue of series T shares, which were registered by the registry court on 10 July 2020 (ESPI Current Report No. 25/2020)).

On 10 July 2020 (ESPI Current Report No. 25/2020), the registry court registered an increase in the share capital and the issue of series T shares (with a change in the share capital from PLN 190,422.20 to PLN 202,922.20).

On 10 July 2020 (ESPI Current Report No. 26/2020), the Issuer received a notification pursuant to Article 69 of the Act on Public Offering from the shareholders Heidelberger Beteiligungsholding AG and Deutsche Balaton AG, according to which Heidelberger Beteiligungsholding AG has less than 10% of the Issuer's shares, while Heidelberger Beteiligungsholding AG and Deutsche Balaton AG (entities from the same corporate group) jointly have 11.62% of the Issuer's shares. The notification was made in connection with registration of series T shares and the dilution.

On 13 July 2020 (ESPI Current Report No. 27/2020), the Issuer received a notification pursuant to Article 69 of the Act on Public Offering from the shareholder Sebastian Młodziński, according to which his shareholding is below 15% of the Issuer's share capital. The notification was made in connection with registration of series T shares and the dilution.

On 13 July 2020 (ESPI Current Report No. 28/2020), the Issuer received a notification pursuant to Article 69 of the Act on Public Offering from the shareholders Leonarto VC sp. z o.o. s.k. and Konrad Pankiewicz, according to which Leonarto VC sp. z o.o. s.k. holds less than 10% of the Issuer's shares. It was also stated that there are no subsidiaries of Konrad Pankiewicz (except for Leonarto VC sp. z o.o. s.k.) which would hold the Issuer's shares. The notification was made in connection with registration of series T shares and the dilution, and in relation to a transaction made in the regulated market.

On 7 August 2020 (ESPI Current Report No. 30/2020), the Issuer received a notification pursuant to Article 69 of the Act on Public Offering from a shareholder TPL sp. z o.o. (the entity administering the Issuer's incentive scheme, which holds series L and P shares intended for the scheme), according to which TPL sp.z o.o. holds less than 5% of the Issuer's shares. The notification was made in connection with share disposals made under the Issuer's incentive scheme to eligible persons.

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.

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 27 May 2020	Shares held as at the Report Date
1.	Filip Granek, PhD	CEO	310,592	315,998
2.	Jacek Olszański*	Management Board Member	 	1,250
3.	Wiesław Rozłucki	Chairman of the Supervisory Board	-	-
4.	Bartosz Wojciechowski	Deputy Chairman of the Supervisory Board	440	500
5.	Herbert Wirth	Supervisory Board Member	-	-
6.	Konrad Pankiewicz**	Supervisory Board Member	2,943	
7.	Piotr Lembas	Supervisory Board Member	-	-
8.	Beata Turlejska***	Supervisory Board Member	 	-

* Management Board Member since 30 June 2020

** Supervisory Board Member until 30 June 2020

*** Supervisory Board Member since 30 June 2020

Since 27 May 2020 (publication date of the Q1 2020 report) there have been changes relating to the shareholdings by Management Board and Supervisory Board members, as presented in the table above.

On 17 June 2020 (ESPI Current Report No. 19/2020), the Issuer received a notification pursuant to Article 19 MAR from Management Board President, Filip Granek, according to which Filip Granek had acquired 5406 shares of the Issuer (as part of the issue of series T shares, which were registered by the registry court on 10 July 2020 (ESPI Current Report No. 25/2020)).

Other

4 Management Board's statements

The Management Board of XTPL S.A. declares that to the best of its knowledge the interim condensed financial statements and the comparable data have been prepared in accordance with the applicable accounting policies and give a true, fair and clear view of the assets, financial position and profit or loss of XTPL Group. Moreover, the Management Board of XTPL S.A. declares that the management report of XTPL S.A. and XTPL Group gives a true view of development, achievements and the situation of XTPL S.A. and the Issuer's Group, including a description of key threats and risks.

Signatures of all Management Board members

Filip Granek
Prezes Zarządu

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

Jacek Olszański
Członek Zarządu

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

Wrocław, 25 September 2020

5 Management Board's statement on the statutory auditor

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

Signatures of all Management Board members

Filip Granek
Prezes Zarządu

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

Jacek Olszański
Członek Zarządu

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

Wrocław, 25 September 2020

6 Management Board's opinion

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

7 Approval for publication

The half-yearly report for the first half of 2020 ended on 30 June 2020 was approved for publication by the Management Board of the Parent Company on 25 September 2020.

Signatures of all Management Board members

Filip Granek
Prezes Zarządu



Jacek Olszański
Członek Zarządu



Wrocław, 25 September 2020