
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934**

August 2022

Commission File Number: 001-39466

XPENG INC.

No. 8 Songgang Road, Changxing Street
Cencun, Tianhe District, Guangzhou
Guangdong 510640
People's Republic of China
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

XPENG INC.

By: /s/ Xiaopeng He
Name: Xiaopeng He
Title: Chairman and Chief Executive Officer

Date: August 25, 2022

XPeng Reports Second Quarter 2022 Unaudited Financial Results

- Quarterly total revenues reached RMB7,436.3 million, a 97.7% increase year-over-year
- Quarterly vehicle deliveries reached 34,422, a 98% increase year-over-year
- Quarterly gross margin was 10.9%, a decrease of 100 basis points year-over-year

GUANGZHOU, China, — (BUSINESS WIRE) — XPeng Inc. (“XPeng” or the “Company”, NYSE: XPEV and HKEX: 9868), a leading Chinese smart electric vehicle (“Smart EV”) company, today announced its unaudited financial results for the three months ended June 30, 2022.

Operational and Financial Highlights for the Three Months Ended June 30, 2022

	2022Q2	2022Q1	2021Q4	2021Q3	2021Q2	2021Q1
Total deliveries	34,422	34,561	41,751	25,666	17,398	13,340
P7 deliveries	15,983	19,427	21,342	19,731	11,522	7,974
P5 deliveries	12,848	10,486	7,621	244	—	—

- **Total deliveries of vehicles** were 34,422 in the second quarter of 2022, representing an increase of 98% from 17,398 in the corresponding period of 2021.
- **Deliveries of the P7 smart sports sedan** were 15,983 in the second quarter of 2022, representing an increase of 39% from 11,522 in the corresponding period of 2021.
- **Deliveries of the P5 smart family sedan** were 12,848 in the second quarter of 2022, among which, over 50% can support XPILOT 3.0 or XPILOT 3.5.
- **XPeng’s physical sales network** continued expansion with a total of 388 stores, covering 142 cities as of June 30, 2022.
- **XPeng self-operated charging station network** further expanded to 977 stations, including 793 XPeng self-operated supercharging stations and 184 destination charging stations as of June 30, 2022.
- **Total revenues** were RMB7,436.3 million (US\$1,110.2 million) for the second quarter of 2022, representing an increase of 97.7% from the same period of 2021, and comparable to the level of the first quarter of 2022.
- **Revenues from vehicle sales** were RMB6,938.5 million (US\$1,035.9 million) for the second quarter of 2022, representing an increase of 93.6% from the same period of 2021.
- **Gross margin** was 10.9% for the second quarter of 2022, compared with 11.9% for the same period of 2021 and 12.2% for the first quarter of 2022.
- **Vehicle margin**, which is gross profit of vehicle sales as a percentage of vehicle sales revenue, was 9.1% for the second quarter of 2022, compared with 11.0% for the same period of 2021 and 10.4% for the first quarter of 2022.
- **Net loss** was RMB2,700.9 million (US\$403.2 million) for the second quarter of 2022, compared with RMB1,194.6 million for the same period of 2021 and RMB1,700.8 million for the first quarter of 2022. Excluding share-based compensation expenses, **non-GAAP net loss** was RMB2,464.4 million (US\$367.9 million) in the second quarter of 2022, compared with RMB1,096.4 million for the same period of 2021 and RMB1,528.2 million for the first quarter of 2022.

- **Net loss attributable to ordinary shareholders of XPeng** was RMB2,700.9 million (US\$403.2 million) for the second quarter of 2022, compared with RMB1,194.6 million for the same period of 2021 and RMB1,700.8 million in the first quarter of 2022. Excluding share-based compensation expenses, **non-GAAP net loss attributable to ordinary shareholders of XPeng** was RMB2,464.4 million (US\$367.9 million) for the second quarter of 2022, compared with RMB1,096.4 million for the same period of 2021 and RMB1,528.2 million for the first quarter of 2022.
- **Basic and diluted net loss per American depositary share (ADS)** were both RMB3.16 (US\$0.47) for the second quarter of 2022. **Non-GAAP basic and diluted net loss per ADS** were both RMB2.88 (US\$0.43) for the second quarter of 2022. Each ADS represents two Class A ordinary shares.
- **Cash and cash equivalents, restricted cash, short-term deposits, short-term investments and long-term deposits** were RMB41,339.3 million (US\$6,171.8 million) as of June 30, 2022, compared with RMB43,543.9 million as of December 31, 2021 and RMB41,714.0 million as of March 31, 2022.

Key Financial Results

(in RMB millions, except for percentage)

	For the Three Months Ended			% Change ⁱ	
	June 30, 2021	March 31, 2022	June 30, 2022	YoY	QoQ
Vehicle sales	3,584.4	6,998.8	6,938.5	93.6%	-0.9%
Vehicle margin	11.0%	10.4%	9.1%	-190bp	-130bp
Total revenues	3,761.3	7,454.9	7,436.3	97.7%	-0.2%
Gross profit	448.6	910.7	809.4	80.4%	-11.1%
Gross margin	11.9%	12.2%	10.9%	-100bp	-130bp
Net loss	1,194.6	1,700.8	2,700.9	126.1%	58.8%
Non-GAAP net loss	1,096.4	1,528.2	2,464.4	124.8%	61.3%
Net loss attributable to ordinary shareholders	1,194.6	1,700.8	2,700.9	126.1%	58.8%
Non-GAAP net loss attributable to ordinary shareholders	1,096.4	1,528.2	2,464.4	124.8%	61.3%

ⁱ Except for vehicle margin and gross margin, where absolute changes instead of percentage are presented

Management Commentary

“Our deliveries sustained robust growth momentum in the second quarter despite unprecedented circumstances brought by the resurgence of COVID-19 in certain areas of China,” said Mr. He Xiaopeng, Chairman and CEO of XPeng. “We are on track for the official launch of our flagship G9 SUV in September 2022. The G9 is expected to become the industry’s new benchmark for comfort, luxury and advanced technologies in the medium- to large-size SUV segment. With the G9, we have taken both electrification and smart technologies to new heights. These new technologies will be integrated into our future models and alongside our extraordinary product design we will set the bar for an unparalleled driving experience.”

“We are accelerating the pace of new product launches to round out our offering with vehicles priced between RMB150,000 to RMB500,000. In 2023, we plan to roll out two new competitive models that will further propel rapid sales volume growth,” Mr. He concluded.

“Our solid financial results for the second quarter of 2022 reflect our ability to meet strong market demand despite supply chain challenges and cost inflation,” said Dr. Hongdi Brian Gu, Honorary Vice Chairman and President of XPeng. “We expect our investments in R&D to bear fruit in the upcoming quarters with the roll-out of multiple new products, which will unleash new growth potential and reinforce our leading position in the smart electric vehicle industry.”

Recent Developments

Deliveries in July 2022

- Total deliveries reached 11,524 vehicles in July 2022, representing a 43% increase year-over-year. The deliveries consisted of 6,397 P7 smart sports sedans, 3,608 P5 smart family sedans and 1,519 G3 and G3i compact smart SUVs.
- As of July 31, 2022, year-to-date total deliveries reached 80,507, representing a 108% increase year-over-year.

Unaudited Financial Results for the Three Months Ended June 30, 2022

Total revenues were RMB7,436.3 million (US\$1,110.2 million) for the second quarter of 2022, representing an increase of 97.7% from RMB3,761.3 million for the same period of 2021 and a decrease of 0.2% from RMB7,454.9 million for the first quarter of 2022.

Revenues from vehicle sales were RMB6,938.5 million (US\$1,035.9 million) for the second quarter of 2022, representing an increase of 93.6% from RMB3,584.4 million for the same period of 2021 and a decrease of 0.9% from RMB6,998.8 million for the first quarter of 2022. The year-over-year increase was mainly attributable to higher vehicle deliveries, especially for the P7 and P5. Vehicle sales revenue remained stable compared with the first quarter of 2022.

Revenues from services and others were RMB497.8 million (US\$74.3 million) for the second quarter of 2022, representing an increase of 181.4% from RMB176.9 million for the same period of 2021 and an increase of 9.1% from RMB456.1 million for the first quarter of 2022. The year-over-year and the quarter-over-quarter increases were mainly attributable to more service, parts and accessory sales in line with higher accumulated vehicle sales.

Cost of sales was RMB6,627.0 million (US\$989.4 million) for the second quarter of 2022, representing an increase of 100.0% from RMB3,312.7 million for the same period of 2021 and an increase of 1.3% from RMB6,544.2 million for the first quarter of 2022. The year-over-year increase was mainly in line with vehicle deliveries as described above, while the quarter-over-quarter change was primarily attributable to the increase in raw material and battery cost.

Gross margin was 10.9% for the second quarter of 2022, compared with 11.9% and 12.2% for the second quarter of 2021 and the first quarter of 2022, respectively.

Vehicle margin was 9.1% for the second quarter of 2022, compared with 11.0% for the same period of 2021 and 10.4% for the first quarter of 2022. The quarter-over-quarter decrease was mainly attributable to battery cost increase, offset partially by revenue increase as a result of selling price adjustment.

Research and development expenses were RMB1,265.0 million (US\$188.9 million) for the second quarter of 2022, representing an increase of 46.5% from RMB863.5 million for the same period of 2021 and an increase of 3.6% from RMB1,221.3 million for the first quarter of 2022. The year-over-year and the quarter-over-quarter increases were mainly due to (i) the increase in employee compensation as a result of expanded research and development staff, and (ii) higher expenses relating to the development of new vehicles models to support future growth.

Selling, general and administrative expenses were RMB1,664.5 million (US\$248.5 million) for the second quarter of 2022, representing an increase of 61.5% from RMB1,030.8 million for the same period of 2021 and comparable to the level of the first quarter of 2022. The year-over-year increase was mainly due to the expansion of our sales network and associated personnel cost, and commission for franchised store sales.

Loss from operations was RMB2,090.8 million (US\$312.1 million) for the second quarter of 2022, compared with RMB1,443.2 million for the same period of 2021 and RMB1,920.5 million for the first quarter of 2022. The higher quarter-over-quarter loss was mainly attributable to lower gross profit and higher operating expenses mentioned above.

Non-GAAP loss from operations, which excludes share-based compensation expenses, was RMB1,854.3 million (US\$276.8 million) for the second quarter of 2022, compared with RMB1,345.0 million for the same period of 2021 and RMB1,747.9 million for the first quarter of 2022.

Exchange loss from foreign currency transactions was RMB938.3 million (US\$140.1 million) for the second quarter of 2022, primarily resulting from the revaluation impact of Renminbi-dominated assets held in U.S. functional currency subsidiaries and depreciation of Renminbi against U.S. dollars in the second quarter of 2022.

Net loss was RMB2,700.9 million (US\$403.2 million) for the second quarter of 2022, compared with RMB1,194.6 million for the same period of 2021 and RMB1,700.8 million for the first quarter of 2022.

Non-GAAP net loss, which excludes share-based compensation expenses, was RMB2,464.4 million (US\$367.9 million) for the second quarter of 2022, compared with RMB1,096.4 million for the same period of 2021 and RMB1,528.2 million for the first quarter of 2022.

Net loss attributable to ordinary shareholders of XPeng was RMB2,700.9 million (US\$403.2 million) for the second quarter of 2022, compared with RMB1,194.6 million for the same period of 2021 and RMB1,700.8 million for the first quarter of 2022.

Non-GAAP net loss attributable to ordinary shareholders of XPeng, which excludes share-based compensation expenses, was RMB2,464.4 million (US\$367.9 million) for the second quarter of 2022, compared with RMB1,096.4 million for the same period of 2021 and RMB1,528.2 million for the first quarter of 2022.

Basic and diluted net loss per ADS attributable to ordinary shareholders of XPeng were both RMB3.16 (US\$0.47) for the second quarter of 2022, compared with RMB1.50 for the second quarter of 2021 and RMB2.00 for the first quarter of 2022.

Non-GAAP basic and diluted net loss per ADS attributable to ordinary shareholders of XPeng were both RMB2.88 (US\$0.43) for the second quarter of 2022, compared with RMB1.38 for the second quarter of 2021 and RMB1.80 for the first quarter of 2022.

Balance Sheets

As of June 30, 2022, the Company had cash and cash equivalents, restricted cash, short-term deposits, short-term investments and long-term deposits of RMB41,339.3 million (US\$6,171.8 million), compared with RMB43,543.9 million as of December 31, 2021 and RMB41,714.0 million as of March 31, 2022.

Business Outlook

For the third quarter of 2022, the Company expects:

- **Deliveries of vehicles** to be between 29,000 and 31,000, representing a year-over-year increase of approximately 13.0% to 20.8%.
- **Total revenues** to be between RMB6.8 billion and RMB7.2 billion, representing a year-over-year increase of approximately 18.9% to 25.9%.

The above outlook is based on the current market conditions and reflects the Company's preliminary estimates of market and operating conditions, and customer demand, which are all subject to change.

Conference Call

The Company's management will host an earnings conference call at 8:00 AM U.S. Eastern Time on August 23, 2022 (8:00 PM Beijing/Hong Kong time on August 23, 2022.)

For participants who wish to join the call by phone, please access the link provided below to complete the pre-registration process and dial in 5 minutes prior to the scheduled call start time. Upon registration, each participant will receive dial-in details to join the conference call.

Event Title XPeng Inc. Second Quarter 2022 Earnings Conference Call
Pre-registration link: <https://s1.c-conf.com/diamondpass/10023834-ne2m8a.html>

Additionally, a live and archived webcast of the conference call will be available on the Company's investor relations website at <http://ir.xiaopeng.com>.

A replay of the conference call will be accessible approximately two hours after the conclusion of the call until August 30, 2022, by dialing the following telephone numbers:

United States: +1-855-883-1031
International: +61-7-3107-6325
Hong Kong, China: 800-930-639
Mainland China: 400-120-9216
Replay Access Code: 10023834

About XPeng

XPeng is a leading Chinese Smart EV company that designs, develops, manufactures, and markets Smart EVs that appeal to the large and growing base of technology-savvy middle-class consumers in China. Its mission is to drive Smart EV transformation with technology and data, shaping the mobility experience of the future. In order to optimize its customers' mobility experience, XPeng develops in-house its full-stack advanced driver-assistance system technology and in-car intelligent operating system, as well as core vehicle systems including powertrain and the electrical/ electronic architecture. XPeng is headquartered in Guangzhou, China, with main offices in Beijing, Shanghai, Silicon Valley, San Diego and Amsterdam. The Company's Smart EVs are mainly manufactured at its plant in Zhaoqing, Guangdong province. For more information, please visit <https://heypeng.com/>.

Use of Non-GAAP Financial Measures

The Company uses non-GAAP measures, such as non-GAAP loss from operations, non-GAAP net loss, non-GAAP net loss attributable to ordinary shareholders, non-GAAP basic loss per weighted average number of ordinary shares and non-GAAP basic loss per ADS, in evaluating its operating results and for financial and operational decision-making purposes. By excluding the impact of share-based compensation expenses, the Company believes that the non-GAAP financial measures help identify underlying trends in its business and enhance the overall understanding of the Company's past performance and future prospects. The Company also believes that the non-GAAP financial measures allow for greater visibility with respect to key metrics used by the Company's management in its financial and operational decision-making. The non-GAAP financial measures are not presented in accordance with U.S. GAAP and may be different from non-GAAP methods of accounting and reporting used by other companies. The non-GAAP financial measures have limitations as analytical tools and when assessing the Company's operating performance, investors should not consider them in isolation, or as a substitute for net loss or other consolidated statements of comprehensive loss data prepared in accordance with U.S. GAAP. The Company encourages investors and others to review its financial information in its entirety and not rely on a single financial measure. The Company mitigates these limitations by reconciling the non-GAAP financial measures to the most comparable U.S. GAAP performance measures, all of which should be considered when evaluating the Company's performance.

For more information on the non-GAAP financial measures, please see the table captioned "Unaudited Reconciliations of GAAP and non-GAAP Results" set forth in this announcement.

Exchange Rate Information

This announcement contains translations of certain RMB amounts into U.S. dollars at a specified rate solely for the convenience of the reader. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB are made at a rate of RMB6.6981 to US\$1.00, the exchange rate on June 30, 2022, set forth in the H.10 statistical release of the Federal Reserve Board. The Company makes no representation that the RMB or U.S. dollars amounts referred could be converted into U.S. dollars or RMB, as the case may be, at any particular rate or at all.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Statements that are not historical facts, including statements about XPeng’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: XPeng’s goal and strategies; XPeng’s expansion plans; XPeng’s future business development, financial condition and results of operations; the trends in, and size of, China’s EV market; XPeng’s expectations regarding demand for, and market acceptance of, its products and services; XPeng’s expectations regarding its relationships with customers, suppliers, third-party service providers, strategic partners and other stakeholders; general economic and business conditions; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in XPeng’s filings with the United States Securities and Exchange Commission. All information provided in this announcement is as of the date of this announcement, and XPeng does not undertake any obligation to update any forward- looking statement, except as required under applicable law.

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XPENG INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	December 31, 2021 (audited) RMB	June 30, 2022 (unaudited) RMB	June 30, 2022 (unaudited) US\$
ASSETS			
Current assets			
Cash and cash equivalents	11,024,906	9,012,419	1,345,519
Restricted cash	609,975	295,151	44,065
Short-term deposits	25,858,007	20,852,332	3,113,171
Short-term investments	2,833,763	2,449,613	365,718
Accounts and notes receivable, net	2,673,494	3,386,604	505,607
Current portion of installment payment receivables, net	887,202	1,142,991	170,644
Inventory	2,661,921	4,239,617	632,958
Amounts due from related parties	32,785	168,590	25,170
Prepayments and other current assets	2,248,683	2,149,493	320,910
Total current assets	48,830,736	43,696,810	6,523,762
Non-current assets			
Long-term deposits	3,217,266	8,729,823	1,303,328
Property, plant and equipment, net	5,424,776	7,314,973	1,092,097
Right-of-use assets, net	1,561,175	1,953,697	291,679
Intangible assets, net	878,724	862,953	128,835
Land use rights, net	595,471	2,357,934	352,030
Installment payment receivables, net	1,863,492	2,132,932	318,438
Long-term investments	1,549,176	2,007,630	299,731
Other non-current assets	1,730,486	224,484	33,515
Total non-current assets	16,820,566	25,584,426	3,819,653
Total assets	65,651,302	69,281,236	10,343,415

XPENG INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(CONTINUED)

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	December 31, 2021 (audited) RMB	June 30, 2022 (unaudited) RMB	June 30, 2022 (unaudited) US\$
LIABILITIES			
Current liabilities			
Short-term borrowings	—	500,000	74,648
Accounts and notes payable	12,362,186	15,491,283	2,312,788
Amounts due to related parties	24,919	—	—
Current portion of lease liabilities	373,488	461,310	68,872
Current portion of deferred revenue	418,227	363,375	54,250
Current portion of long-term borrowings	—	296,681	44,293
Accruals and other liabilities	4,811,107	4,990,794	745,106
Income taxes payable	22,737	37,661	5,623
Total current liabilities	<u>18,012,664</u>	<u>22,141,104</u>	<u>3,305,580</u>
Non-current liabilities			
Long-term borrowings	1,675,106	2,610,246	389,699
Lease liabilities	1,189,754	1,495,316	223,245
Deferred revenue	479,061	648,124	96,762
Other non-current liabilities	2,148,139	2,408,020	359,508
Total non-current liabilities	<u>5,492,060</u>	<u>7,161,706</u>	<u>1,069,214</u>
Total liabilities	<u>23,504,724</u>	<u>29,302,810</u>	<u>4,374,794</u>
SHAREHOLDERS' EQUITY			
Class A Ordinary shares	87	87	13
Class B Ordinary shares	25	25	4
Additional paid-in capital	59,980,534	60,389,542	9,015,921
Statutory reserves	6,047	6,047	903
Accumulated deficit	(16,191,566)	(20,593,215)	(3,074,487)
Accumulated other comprehensive (loss) income	(1,648,549)	175,940	26,267
Total shareholders' equity	<u>42,146,578</u>	<u>39,978,426</u>	<u>5,968,621</u>
Total liabilities and shareholders' equity	<u>65,651,302</u>	<u>69,281,236</u>	<u>10,343,415</u>

XPENG INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	June 30, 2021 RMB	Three Months End March 31, 2022 RMB	June 30, 2022 RMB	June 30, 2022 US\$
Revenues				
Vehicle sales	3,584,364	6,998,815	6,938,497	1,035,890
Services and others	176,915	456,123	497,848	74,327
Total revenues	<u>3,761,279</u>	<u>7,454,938</u>	<u>7,436,345</u>	<u>1,110,217</u>
Cost of sales				
Vehicle sales	(3,191,489)	(6,271,499)	(6,309,727)	(942,017)
Services and others	(121,210)	(272,710)	(317,258)	(47,365)
Total cost of sales	<u>(3,312,699)</u>	<u>(6,544,209)</u>	<u>(6,626,985)</u>	<u>(989,382)</u>
Gross profit	<u>448,580</u>	<u>910,729</u>	<u>809,360</u>	<u>120,835</u>
Operating expenses				
Research and development expenses	(863,524)	(1,221,278)	(1,264,959)	(188,853)
Selling, general and administrative expenses	(1,030,767)	(1,641,575)	(1,664,513)	(248,505)
Total operating expenses	<u>(1,894,291)</u>	<u>(2,862,853)</u>	<u>(2,929,472)</u>	<u>(437,358)</u>
Other income, net	2,546	31,659	29,328	4,379
Loss from operations	<u>(1,443,165)</u>	<u>(1,920,465)</u>	<u>(2,090,784)</u>	<u>(312,144)</u>
Interest income	150,029	227,944	267,506	39,938
Interest expenses	(24,006)	(19,834)	(22,311)	(3,331)
Fair value gain (loss) on derivative assets or derivative liabilities	77,790	(18,249)	84,211	12,572
Fair value (loss) gain on long-term investments	—	(17,249)	15,869	2,369
Exchange gain (loss) from foreign currency transactions	44,810	46,405	(938,327)	(140,089)
Other non-operating (loss) income, net	(27)	3,105	(1,948)	(291)
Loss before income tax expenses and share of results of equity method investees	<u>(1,194,569)</u>	<u>(1,698,343)</u>	<u>(2,685,784)</u>	<u>(400,976)</u>
Income tax expenses	—	(2,424)	(11,735)	(1,752)
Share of results of equity method investees	—	—	(3,363)	(502)
Net loss	<u>(1,194,569)</u>	<u>(1,700,767)</u>	<u>(2,700,882)</u>	<u>(403,230)</u>
Net loss attributable to ordinary shareholders of XPeng Inc.	<u>(1,194,569)</u>	<u>(1,700,767)</u>	<u>(2,700,882)</u>	<u>(403,230)</u>

XPENG INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (CONTINUED)

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	June 30, 2021 RMB	March 31, 2022 RMB	Three Months End June 30, 2022 RMB	June 30, 2022 US\$
Net loss	(1,194,569)	(1,700,767)	(2,700,882)	(403,230)
Other comprehensive loss				
Foreign currency translation adjustment, net of nil tax	(424,123)	(98,312)	1,922,801	287,067
Total comprehensive loss attributable to XPeng Inc.	<u>(1,618,692)</u>	<u>(1,799,079)</u>	<u>(778,081)</u>	<u>(116,163)</u>
Comprehensive loss attributable to ordinary shareholders of XPeng Inc.	<u>(1,618,692)</u>	<u>(1,799,079)</u>	<u>(778,081)</u>	<u>(116,163)</u>
Weighted average number of ordinary shares used in computing net loss per ordinary share				
Basic and diluted	1,592,387,877	1,702,708,311	1,708,557,461	1,708,557,461
Net loss per share attributable to ordinary shareholders				
Basic and diluted	(0.75)	(1.00)	(1.58)	(0.24)
Weighted average number of ADS used in computing net loss per share				
Basic and diluted	796,193,938	851,354,156	854,278,731	854,278,731
Net loss per ADS attributable to ordinary shareholders				
Basic and diluted	(1.50)	(2.00)	(3.16)	(0.47)

XPENG INC.

UNAUDITED RECONCILIATIONS OF GAAP AND NON-GAAP RESULTS
 (All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	June 30, 2021 RMB	March 31, 2022 RMB	Three Months End June 30, 2022 RMB	June 30, 2022 US\$
Loss from operations	(1,443,165)	(1,920,465)	(2,090,784)	(312,144)
Share-based compensation expenses	98,153	172,539	236,469	35,304
Non-GAAP loss from operations	(1,345,012)	(1,747,926)	(1,854,315)	(276,840)
Net loss	(1,194,569)	(1,700,767)	(2,700,882)	(403,230)
Share-based compensation expenses	98,153	172,539	236,469	35,304
Non-GAAP net loss	(1,096,416)	(1,528,228)	(2,464,413)	(367,926)
Net loss attributable to ordinary shareholders	(1,194,569)	(1,700,767)	(2,700,882)	(403,230)
Share-based compensation expenses	98,153	172,539	236,469	35,304
Non-GAAP net loss attributable to ordinary shareholders of XPeng Inc.	(1,096,416)	(1,528,228)	(2,464,413)	(367,926)
Weighted average number of ordinary shares used in calculating Non-GAAP net loss per share				
Basic and diluted	1,592,387,877	1,702,708,311	1,708,557,461	1,708,557,461
Non-GAAP net loss per ordinary share				
Basic and diluted	(0.69)	(0.90)	(1.44)	(0.22)
Weighted average number of ADS used in calculating Non-GAAP net loss per share				
Basic and diluted	796,193,938	851,354,156	854,278,731	854,278,731
Non-GAAP net loss per ADS				
Basic and diluted	(1.38)	(1.80)	(2.88)	(0.43)

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XPeng Inc.

小鹏汽车有限公司*

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
(Stock code: 9868)

Interim Results Announcement for the Six Months Ended June 30, 2022

XPeng Inc. (“**XPeng**” or the “**Company**,” Hong Kong stock code: 9868 and NYSE symbol: XPEV), a leading Chinese smart electric vehicle (“**Smart EV**”) company, today announced the unaudited financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2022 (the “**Reporting Period**”).

OPERATIONAL AND FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

- **Total deliveries of vehicles** were 68,983 in the six months ended June 30, 2022, representing an increase of 124% from 30,738 in the six months ended June 30, 2021.
- **Deliveries of the P7 smart sports sedan** were 35,410 in the six months ended June 30, 2022, representing an increase of 82% from 19,496 in the six months ended June 30, 2021.
- **Deliveries of the P5 smart family sedan** were 23,334 in the six months ended June 30, 2022, among which, over 50% can support XPILOT 3.0 or XPILOT 3.5.
- **XPeng’s physical sales network** continued expansion with a total of 388 stores, covering 142 cities as of June 30, 2022.
- **XPeng self-operated charging station network** further expanded to 977 stations, including 793 XPeng self-operated supercharging stations and 184 destination charging stations as of June 30, 2022.
- **Total revenues** were RMB14,891.3 million for the six months ended June 30, 2022, representing an increase of 121.9% from RMB6,712.2 million for the six months ended June 30, 2021.
- **Revenues from vehicle sales** were RMB13,937.3 million for the six months ended June 30, 2022, representing an increase of 118.0% from RMB6,394.7 million for the six months ended June 30, 2021.

* For identification purpose only

- **Gross margin** was 11.6% for the six months ended June 30, 2022, compared with 11.6% for the six months ended June 30, 2021.
- **Vehicle margin**, which is gross profit of vehicle sales as a percentage of revenues from vehicle sales, was 9.7% for the six months ended June 30, 2022, compared with 10.6% for the six months ended June 30, 2021.
- **Net loss** was RMB4,401.6 million for the six months ended June 30, 2022, compared with RMB1,981.1 million for the six months ended June 30, 2021. Excluding share-based compensation expenses, **non-GAAP net loss** was RMB3,992.6 million for the six months ended June 30, 2022, compared with RMB1,792.7 million for the six months ended June 30, 2021.
- **Net loss attributable to ordinary shareholders of XPeng** was RMB4,401.6 million for the six months ended June 30, 2022, compared with RMB1,981.1 million for the six months ended June 30, 2021. Excluding share-based compensation expenses, **non-GAAP net loss attributable to ordinary shareholders of XPeng** was RMB3,992.6 million for the six months ended June 30, 2022, compared with RMB1,792.7 million for the six months ended June 30, 2021.
- **Basic and diluted net loss per American depositary share (ADS)** were both RMB5.16 and **basic and diluted net loss per ordinary share** were both RMB2.58 for the six months ended June 30, 2022. Each ADS represents two Class A ordinary shares.
- **Non-GAAP basic and diluted net loss per ADS** were both RMB4.68 and **non-GAAP basic and diluted net loss per ordinary share** were both RMB2.34 for the six months ended June 30, 2022.
- **Cash and cash equivalents, restricted cash, short-term deposits, short-term investments and long-term deposits** were RMB41,339.3 million as of June 30, 2022, compared with RMB43,543.9 million as of December 31, 2021.

MANAGEMENT QUOTES

“Our deliveries sustained robust growth momentum in the second quarter despite unprecedented circumstances brought by the resurgence of COVID-19 in certain areas of China,” said Mr. He Xiaopeng, Chairman and CEO of XPeng. “We are on track for the official launch of our flagship G9 SUV in September 2022. The G9 is expected to become the industry’s new benchmark for comfort, luxury and advanced technologies in the medium- to large-size SUV segment. With the G9, we have taken both electrification and smart technologies to new heights. These new technologies will be integrated into our future models and alongside our extraordinary product design we will set the bar for an unparalleled driving experience.”

“We are accelerating the pace of new product launches to round out our offering with vehicles priced between RMB150,000 to RMB500,000. In 2023, we plan to roll out two new competitive models that will further propel rapid sales volume growth,” Mr. He concluded.

“Our solid financial results for the second quarter of 2022 reflect our ability to meet strong market demand despite supply chain challenges and cost inflation,” said Dr. Hongdi Brian Gu, Honorary Vice Chairman and President of XPeng. “We expect our investments in R&D to bear fruit in the upcoming quarters with the roll-out of multiple new products, which will unleash new growth potential and reinforce our leading position in the smart electric vehicle industry.”

RECENT DEVELOPMENTS

Deliveries in July 2022

- Total deliveries reached 11,524 vehicles in July 2022, representing a 43% increase year-over-year. The deliveries consisted of 6,397 P7 smart sports sedans, 3,608 P5 smart family sedans and 1,519 G3 and G3i compact smart SUVs.
- As of July 31, 2022, year-to-date total deliveries reached 80,507, representing a 108% increase year-over-year.

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

Total revenues were RMB14,891.3 million for the six months ended June 30, 2022, representing an increase of 121.9% from RMB6,712.2 million for the six months ended June 30, 2021.

Revenues from vehicle sales were RMB13,937.3 million for the six months ended June 30, 2022, representing an increase of 118.0% from RMB6,394.7 million for the six months ended June 30, 2021. The year-over-year increase was mainly attributable to higher vehicle deliveries, especially for the P7 and P5.

Revenues from services and others were RMB954.0 million for the six months ended June 30, 2022, representing an increase of 200.5% from RMB317.5 million for the six months ended June 30, 2021. The increase was mainly attributed to more service, parts and accessory sales in line with higher accumulated vehicle sales.

Cost of sales was RMB13,171.2 million for the six months ended June 30, 2022, representing an increase of 122.0% from RMB5,933.8 million for the six months ended June 30, 2021. The increase was mainly due to the higher vehicle deliveries as described above.

Gross margin was 11.6% for the six months ended June 30, 2022, equivalent to the level of the same period of 2021.

Vehicle margin was 9.7% for the six months ended June 30, 2022, compared with 10.6% for the six months ended June 30, 2021.

Research and development expenses were RMB2,486.2 million for the six months ended June 30, 2022, representing an increase of 77.8% from RMB1,398.6 million for the six months ended June 30, 2021. The increase was mainly due to (i) the increase in employee compensation and share-based compensation as a result of expanded research and development staff, and (ii) higher expenses relating to the development of new vehicles models to support future growth.

Selling, general and administrative expenses were RMB3,306.1 million for the six months ended June 30, 2022, representing an increase of 88.7% from RMB1,751.6 million for the six months ended June 30, 2021. The increase was mainly due to (i) higher marketing, promotional and advertising expenses to support vehicle sales, and (ii) the expansion of the Company's sales network and associated personnel cost, and commission to the franchised stores.

Loss from operations was RMB4,011.2 million for the six months ended June 30, 2022, compared with RMB2,347.1 million for the six months ended June 30, 2021.

Non-GAAP loss from operations, which excludes share-based compensation expenses, was RMB3,602.2 million for the six months ended June 30, 2022, compared with RMB2,158.7 million for the six months ended June 30, 2021.

Exchange loss from foreign currency transactions was RMB891.9 million for the six months ended June 30, 2022, primarily resulting from the revaluation impact of Renminbi-dominated assets held in U.S. functional currency subsidiaries and depreciation of Renminbi against U.S. dollars in the second quarter of 2022.

Net loss was RMB4,401.6 million for the six months ended June 30, 2022, compared with RMB1,981.1 million for the six months ended June 30, 2021.

Non-GAAP net loss, which excludes share-based compensation expenses, was RMB3,992.6 million for the six months ended June 30, 2022, compared with RMB1,792.7 million for the six months ended June 30, 2021.

Net loss attributable to ordinary shareholders of XPeng was RMB4,401.6 million for the six months ended June 30, 2022, compared with RMB1,981.1 million for the six months ended June 30, 2021.

Non-GAAP net loss attributable to ordinary shareholders of XPeng, which excludes share-based compensation expenses, was RMB3,992.6 million for the six months ended June 30, 2022, compared with RMB1,792.7 million for the six months ended June 30, 2021.

Basic and diluted net loss per ADS attributable to ordinary shareholders of XPeng were both RMB5.16 for the six months ended June 30, 2022, compared with RMB2.49 for the six months ended June 30, 2021.

Non-GAAP basic and diluted net loss per ADS attributable to ordinary shareholders of XPeng were both RMB4.68 for the six months ended June 30, 2022, compared with RMB2.26 for the six months ended June 30, 2021.

Balance Sheets

As of June 30, 2022, the Group had cash and cash equivalents, restricted cash, short-term deposits, short-term investments and long-term deposits of RMB41,339.3 million, compared with RMB43,543.9 million as of December 31, 2021.

BUSINESS OUTLOOK

For the third quarter of 2022, the Company expects:

- **Deliveries of vehicles** to be between 29,000 and 31,000, representing a year-over-year increase of approximately 13.0% to 20.8%.
- **Total revenues** to be between RMB6.8 billion and RMB7.2 billion, representing a year-over-year increase of approximately 18.9% to 25.9%.

The above outlook is based on the current market conditions and reflects the Company's preliminary estimates of market and operating conditions, and customer demand, which are all subject to change.

MANAGEMENT DISCUSSION AND ANALYSIS

1 Liquidity and capital resources

The Group has been incurring losses from operations since inception. The Group incurred net losses of RMB4,401.6 million and RMB1,981.1 million for the six months ended June 30, 2022 and 2021, respectively. Accumulated deficit amounted to RMB20,593.2 million as of June 30, 2022. Net cash used in operating activities was approximately RMB2,286.3 million and RMB2,562.5 million for the six months ended June 30, 2022 and 2021, respectively.

The Group's liquidity is based on its ability to enhance its operating cash flow position, obtain capital financing from equity interest investors and borrow funds to fund its general operations, research and development activities and capital expenditures. The Group's ability to continue as a going concern is dependent on management's ability to execute its business plan successfully, which includes increasing market acceptance of the Group's products to boost its sales volume to achieve economies of scale while applying more effective marketing strategies and cost control measures to better manage operating cash flow position and obtaining funds from outside sources of financing to generate positive financing cash flows. With the completion of its initial public offering and follow-on offering on New York Stock Exchange in August and December 2020, the Group received the net proceeds, after deducting the underwriting discounts and commissions, fees and offering expenses, of RMB11,409.2 million and RMB15,980.2 million, respectively. In July 2021, with the completion of its global offering, including the Hong Kong Public Offering and the International Offering, on Hong Kong Stock Exchange, the Group further received net proceeds, after deducting the underwriting discounts and commissions, of HKD15,823.3 million.

As of June 30, 2022, the balance of cash and cash equivalents, restricted cash, excluding RMB1.4 million (December 31, 2021: RMB9.9 million) restricted as to withdrawal or use for legal disputes, short-term deposits, short-term investments and long-term deposits was approximately RMB41,337.9 million (December 31, 2021: RMB43,534.0 million).

2 Interest-bearing bank and other borrowings

In May 2017, Zhaoqing Xiaopeng Automobile Co., Ltd.* (肇慶小鵬汽車有限公司) obtained a facility, specified for financing the expenditures of the construction of Zhaoqing manufacturing plant, of up to RMB1,600.0 million from Zhaoqing High-tech Zone Construction Investment Development Co., Ltd. (“**Zhaoqing High-tech Zone**”). In December 2020, RMB800.0 million out of the RMB1,600.0 million borrowings from Zhaoqing High-tech Zone was repaid and concurrently a borrowing equivalently amounting to RMB800.0 million was obtained from a bank in the PRC, with a maturity date from December 18, 2020 to December 17, 2028. As of June 30, 2022, the effective interest rate of the RMB800.0 million loans from Zhaoqing High-tech Zone and the RMB800.0 million bank loans is 4.90% and 4.98% per annum, respectively. As of June 30, 2022, the principal amount of RMB700.0 million loans due to Zhaoqing High-tech Zone and RMB12.0 million of the bank loans was repaid in advance. As a result, the balance of the loans due to Zhaoqing High-tech Zone amounted to RMB100.0 million and the bank loans amounted to RMB788.0 million as of June 30, 2022.

In July 2021, Guangzhou Xiaopeng New Energy Automobile Co., Ltd.* (廣州小鵬新能源汽車有限公司) obtained a facility, specified for financing the expenditures of the construction of Guangzhou manufacturing plant, of up to RMB1,120.0 million from a bank in the PRC. As of June 30, 2022, RMB 567.8 million had been drawn from the bank with an effective interest rate of 5.39% per annum. For the six months ended June 30, 2022, the Group recognized the subsidies to reduce the interest expenses capitalized in the construction costs of Guangzhou manufacturing plant, upon the acceptance of subsidy application by the local government, if any.

In September 2021, Xiaopeng Automobile Central China (Wuhan) Co., Ltd.* (小鵬汽車華中(武漢)有限公司) obtained a facility, specified for financing the expenditures of the construction of Wuhan manufacturing plant, of up to RMB3,000.0 million from a syndicate of banks in the PRC. As of June 30, 2022, RMB1,055.7 million had been drawn from the banks with an effective interest rate of 4.64% per annum. For the six months ended June 30, 2022, the Group recognized the subsidies to reduce the interest expenses capitalized in the construction costs of Wuhan manufacturing plant, upon the acceptance of subsidy application by the local government, if any.

In February 2022, Guangzhou Xiaopeng Automobile Finance Leasing Co. LTD.* (廣州小鵬汽車融資租賃有限公司) completed the launch of asset-backed securitization (“**ABS**”) by issuing senior debt securities to investors, which are collateralized by installment payment receivables. The proceeds from the issuance of senior debt securities amounting to RMB655.0 million were reported as securitization debt. The securities were repaid as collections on the underlying collateralized assets occur and the amounts were included in “Current portion of long-term borrowings” or “Long-term borrowings” according to the contractual maturities of the debt securities. As of June 30, 2022, the balance of current and non-current portion of ABS were RMB296.7 million and RMB98.7 million, respectively.

In June 2022, Zhaoqing Xiaopeng Automobile New Energy Co., Ltd.* (肇慶小鵬新能源汽車有限公司) obtained a facility, specified for financing the expenditures on purchase of raw materials, of up to RMB500.0 million from a bank in the PRC. As of June 30, 2022, RMB500.0 million had been drawn from the bank with an effective interest rate of 3.10% per annum.

As of June 30, 2022, all of the bank loans and other borrowings of the Group were denominated in RMB and were at fixed or floating interest rate, and the Group had not been in violation of any of the covenants pursuant to the applicable agreement(s) entered with the lenders.

3 Pledge of assets

As of June 30, 2022, the Group pledged restricted deposits of RMB295.2 million (December 31, 2021: RMB610.0 million) for the issuance of letter of guarantee, bank notes, forward exchange contracts and legal disputes. Certain manufacturing buildings of Guangzhou and Zhaoqing plants, and the land use right of Wuhan plant were secured for the long-term bank loan with a total appraised value of RMB986.8 million (December 31, 2021: RMB986.8 million).

4 Gearing ratio

Gearing ratio equals total debt divided by total equity as of the end of the period. Total debt is defined to include short-term borrowings, current portion of long-term borrowings and long-term borrowings which are all interest-bearing borrowings. As of June 30, 2022, the gearing ratio of the Group is 8.5% (December 31, 2021: 4.0%).

5 Material investments

For the six months ended June 30, 2022, the Group did not have any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of June 30, 2022). As of June 30, 2022, the Group did not have other plans for material investments and capital assets.

6 Capital commitments and capital expenditure

As of June 30, 2022, the Group had capital commitments amounting to RMB2,115.6 million for the acquisition of property, plant and equipment, which was primarily for Guangzhou, Zhaoqing and Wuhan plants, and RMB671.2 million for other investments.

7 Contingent liabilities

As of June 30, 2022, the Group did not have any material contingent liabilities.

8 Material acquisitions and disposals

For the six months ended June 30, 2022, the Group did not have any material acquisitions and disposals.

9 Risk management

Foreign Exchange Risk

The Group uses Renminbi as its reporting currency. Most of the Group's revenues and expenses are denominated in Renminbi, while the Group also has certain portion of cash denominated in the U.S. dollar from its financing activities. The functional currency of the Company and subsidiaries in the United States and Hong Kong is the U.S. dollar. The functional currency of subsidiaries in the PRC, the variable interest entity ("VIE") and the VIE's subsidiaries is the Renminbi. The Group's exposure to U.S. dollars exchanges rate fluctuation mainly arises from the Renminbi-denominated cash and cash equivalents and other receivables held by the Group and its subsidiaries whose functional currency is U.S. dollars. The Group enters into hedging transactions in an effort to reduce its exposure to foreign currency exchange risk. During the six months ended June 30, 2022, the Group entered into foreign exchange forward contracts, which were not qualified for hedge accounting. As of June 30, 2022, the Group did not hold any foreign exchange forward contracts for hedging purposes.

To the extent that the Group needs to convert U.S. dollars into Renminbi for its operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount that the Group receives from the conversion. Conversely, if the Group decides to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on its Class A ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to the Group.

Interest Rate Risk

The Group's interest rate risk arises from investments and borrowings. Investments in both fixed rate and floating rate interest-earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Borrowings in both fixed rate and floating rate carry a degree of interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk, while borrowings issued at floating rates expose the Group to cash flow interest rate risk.

The Group had not used any financial instrument to hedge its exposure to interest rate risk.

10 Employees and remuneration policies

The following table sets forth the breakdown of the Group's employees by function as of June 30, 2022:

Function	Number of Employees
Research and development	5,554
Sales and marketing	5,679
Manufacturing	2,198
General and administration	60
Operation	464
Total	13,955

The Group primarily recruits the employees through recruitment agencies, on-campus job fairs, referrals, and online channels including the Company's corporate website and social networking platforms. The Group has adopted a training policy, pursuant to which technology, corporate culture, leadership and other trainings are regularly provided to the Group's employees by internal speakers and third-party consultants.

The Group offers its employees competitive compensation packages and a dynamic work environment that encourages initiative. The Group participates in various government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing funds. In addition, the Group purchased employer's liability insurance and additional commercial health insurance to increase insurance coverage of its employees.

OTHER INFORMATION

Purchase, sale and redemption of the Company's listed securities

On February 15, 2022, the Company issued 73,750 Class A ordinary shares to satisfy the RSUs pursuant to the 2019 Equity Incentive Plan.

On April 4, 2022, the Company issued 1,555,380 Class A ordinary shares to satisfy the RSUs pursuant to the 2019 Equity Incentive Plan.

On April 19, 2022, the Company issued 73,750 Class A ordinary shares to satisfy the RSUs pursuant to the 2019 Equity Incentive Plan.

On June 28, 2022, the Company issued 6,182,984 Class A ordinary shares to satisfy the RSUs pursuant to the 2019 Equity Incentive Plan.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Compliance with corporate governance code

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

Pursuant to code provision C.2.1 of part 2 of the CG Code as set out in Appendix 14 to the Listing Rules, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate role for chairman and chief executive officer and Mr. Xiaopeng He currently performs these two roles. The board of directors of the Company (the "Board") believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

Other than the above, during the Reporting Period, the Company has complied with all applicable principles and code provisions of the CG Code.

Compliance with code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiries to all of the directors of the Company, all of the directors of the Company confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period.

Important events after the Reporting Period

Save as disclosed in this announcement, no important events affecting the Group occurred since June 30, 2022 and up to the date of this announcement.

Review of interim unaudited condensed consolidated financial statements

The interim unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2022 have been reviewed by the auditor of the Company, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 — "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants for the Hong Kong filing. The interim unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2022 have also been reviewed by the audit committee of the Company.

Interim dividend

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

Publication of interim results and interim report

This announcement is published on the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.xiaopeng.com>. The 2022 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders and will be made available on the websites of the Company and the Hong Kong Stock Exchange.

Appreciation

The Group would like to express its appreciation to all the staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, which are the key factors for the Group to continue its success in future. Also, the Group wishes to extend its gratitude for the continued support from its shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to create more values for all its shareholders.

About XPeng

XPeng is a leading Chinese Smart EV company that designs, develops, manufactures, and markets Smart EVs that appeal to the large and growing base of technology-savvy middle-class consumers in China. Its mission is to drive Smart EV transformation with technology and data, shaping the mobility experience of the future. In order to optimize its customers' mobility experience, XPeng develops in-house its full-stack advanced driver-assistance system technology and in-car intelligent operating system, as well as core vehicle systems including powertrain and the electrical/electronic architecture. XPeng is headquartered in Guangzhou, China, with main offices in Beijing, Shanghai, Silicon Valley, San Diego and Amsterdam. The Company's Smart EVs are mainly manufactured at its plant in Zhaoqing, Guangdong province. For more information, please visit <https://heyxpeng.com/>.

Use of Non-GAAP Financial Measures

The Company uses non-GAAP measures, such as non-GAAP loss from operations, non-GAAP net loss, non-GAAP net loss attributable to ordinary shareholders, non-GAAP basic loss per weighted average number of ordinary shares and non-GAAP basic loss per ADS, in evaluating its operating results and for financial and operational decision-making purposes. By excluding the impact of share-based compensation expenses, the Company believes that the non-GAAP financial measures help identify underlying trends in its business and enhance the overall understanding of the Company's past performance and future prospects. The Company also believes that the non-GAAP financial measures allow for greater visibility with respect to key metrics used by the Company's management in its financial and operational decision-making. The non-GAAP financial measures are not presented in accordance with U.S. GAAP and may be different from non-GAAP methods of accounting and reporting used by other companies. The non-GAAP financial measures have limitations as analytical tools and when assessing the Company's operating performance, investors should not consider them in isolation, or as a substitute for net loss or other consolidated statements of comprehensive loss data prepared in accordance with U.S. GAAP. The Company encourages investors and others to review its financial information in its entirety and not rely on a single financial measure. The Company mitigates these limitations by reconciling the non-GAAP financial measures to the most comparable U.S. GAAP performance measures, all of which should be considered when evaluating the Company's performance.

For more information on the non-GAAP financial measures, please see the table captioned “Unaudited Interim Reconciliations of GAAP and non-GAAP Results” set forth in this announcement.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Statements that are not historical facts, including statements about XPeng’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: XPeng’s goal and strategies; XPeng’s expansion plans; XPeng’s future business development, financial condition and results of operations; the trends in, and size of, China’s EV market; XPeng’s expectations regarding demand for, and market acceptance of, its products and services; XPeng’s expectations regarding its relationships with customers, suppliers, third-party service providers, strategic partners and other stakeholders; general economic and business conditions; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in XPeng’s filings with the United States Securities and Exchange Commission. All information provided in this announcement is as of the date of this announcement, and XPeng does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

By order of the Board
XPeng Inc.
Xiaopeng He
Chairman

Hong Kong, Tuesday, August 23, 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Xiaopeng He and Mr. Heng Xia as executive directors, Mr. Yingjie Chen, Mr. Qin Liu, Mr. Ji-Xun Foo and Mr. Fei Yang as non-executive directors, and Mr. Donghao Yang, Ms. Fang Qu and Mr. HongJiang Zhang as independent non-executive directors.

XPENG INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	Note	For the Six Months Ended	
		2022 RMB	June 30, 2021 RMB
Revenues			
Vehicle sales	3	13,937,312	6,394,711
Services and others	3	953,971	317,494
Total revenues	3	<u>14,891,283</u>	<u>6,712,205</u>
Cost of sales			
Vehicle sales		(12,581,226)	(5,717,297)
Services and others		(589,968)	(216,487)
Total cost of sales		<u>(13,171,194)</u>	<u>(5,933,784)</u>
Gross profit		<u>1,720,089</u>	<u>778,421</u>
Operating expenses			
Research and development expenses		(2,486,237)	(1,398,638)
Selling, general and administrative expenses		(3,306,088)	(1,751,588)
Total operating expenses		<u>(5,792,325)</u>	<u>(3,150,226)</u>
Other income, net		60,987	24,707
Loss from operations		<u>(4,011,249)</u>	<u>(2,347,098)</u>
Interest income		495,450	285,131
Interest expenses		(42,145)	(25,148)
Fair value gain on derivative assets or derivative liabilities		65,962	75,982
Fair value loss on long-term investments		(1,380)	—
Exchange (loss) gain from foreign currency transactions		(891,922)	29,655
Other non-operating income, net		1,157	348
Loss before income tax expenses and share of results of equity method investees		<u>(4,384,127)</u>	<u>(1,981,130)</u>
Income tax expenses	4	(14,159)	—
Share of results of equity method investees		(3,363)	—
Net loss		<u>(4,401,649)</u>	<u>(1,981,130)</u>
Net loss attributable to ordinary shareholders of XPeng Inc.		<u>(4,401,649)</u>	<u>(1,981,130)</u>

XPENG INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS (CONTINUED)

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	<i>Note</i>	For the Six Months Ended June 30,	
		2022 <i>RMB</i>	2021 <i>RMB</i>
Net loss		(4,401,649)	(1,981,130)
Other comprehensive income (loss)			
Foreign currency translation adjustment, net of nil tax		1,824,489	(323,031)
Total comprehensive loss attributable to XPeng Inc.		(2,577,160)	(2,304,161)
Comprehensive loss attributable to ordinary shareholders of XPeng Inc.		(2,577,160)	(2,304,161)
Weighted average number of ordinary shares used in computing net loss per ordinary share			
Basic and diluted	5	1,705,649,044	1,589,568,703
Net loss per ordinary share attributable to ordinary shareholders			
Basic and diluted	5	(2.58)	(1.25)
Weighted average number of ADS used in computing net loss per share			
Basic and diluted		852,824,522	794,784,352
Net loss per ADS attributable to ordinary shareholders			
Basic and diluted		(5.16)	(2.49)

XPENG INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	Note	As of June 30, 2022 RMB (Unaudited)	As of December 31, 2021 RMB (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		9,012,419	11,024,906
Restricted cash		295,151	609,975
Short-term deposits		20,852,332	25,858,007
Short-term investments		2,449,613	2,833,763
Accounts and notes receivable, net	6	3,386,604	2,673,494
Current portion of installment payment receivables, net		1,142,991	887,202
Inventory		4,239,617	2,661,921
Amounts due from related parties		168,590	32,785
Prepayments and other current assets		2,149,493	2,248,683
Total current assets		43,696,810	48,830,736
Non-current assets			
Long-term deposits		8,729,823	3,217,266
Property, plant and equipment, net		7,314,973	5,424,776
Right-of-use assets, net		1,953,697	1,561,175
Intangible assets, net		862,953	878,724
Land use rights, net		2,357,934	595,471
Installment payment receivables, net		2,132,932	1,863,492
Long-term investments		2,007,630	1,549,176
Other non-current assets		224,484	1,730,486
Total non-current assets		25,584,426	16,820,566
Total assets		69,281,236	65,651,302

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	Note	As of June 30, 2022 RMB (Unaudited)	As of December 31, 2021 RMB (Audited)
LIABILITIES			
Current liabilities			
Short-term borrowings		500,000	—
Accounts and notes payable	7	15,491,283	12,362,186
Amounts due to related parties		—	24,919
Current portion of lease liabilities		461,310	373,488
Current portion of deferred revenue		363,375	418,227
Current portion of long-term borrowings		296,681	—
Accruals and other liabilities		4,990,794	4,811,107
Income taxes payable		37,661	22,737
Total current liabilities		22,141,104	18,012,664
Non-current liabilities			
Long-term borrowings		2,610,246	1,675,106
Lease liabilities		1,495,316	1,189,754
Deferred revenue		648,124	479,061
Other non-current liabilities		2,408,020	2,148,139
Total non-current liabilities		7,161,706	5,492,060
Total liabilities		29,302,810	23,504,724

XPENG INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	<i>Note</i>	As of June 30, 2022 <i>RMB</i> (Unaudited)	As of December 31, 2021 <i>RMB</i> (Audited)
SHAREHOLDERS' EQUITY			
Class A Ordinary shares (US\$0.00001 par value; 9,250,000,000 and 9,250,000,000 shares authorized, 1,310,797,056 and 1,302,911,192 shares issued, 1,298,776,088 and 1,291,039,502 outstanding as of June 30, 2022 and December 31, 2021, respectively)		87	87
Class B Ordinary shares (US\$0.00001 par value, 750,000,000 and 750,000,000 shares authorized, 409,846,136 and 409,846,136 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively)		25	25
Additional paid-in capital		60,389,542	59,980,534
Statutory reserve		6,047	6,047
Accumulated deficit		(20,593,215)	(16,191,566)
Accumulated other comprehensive income (loss)		175,940	(1,648,549)
Total shareholders' equity		39,978,426	42,146,578
Total liabilities and shareholders' equity		69,281,236	65,651,302

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:

1. General Information

XPeng Inc. (“**XPeng**” or the “**Company**”) was incorporated under the laws of the Cayman Islands on December 27, 2018, as an exempted company with limited liability. The Company, its subsidiaries and consolidated variable interest entity (“**VIE**”) and VIE’s subsidiaries (“**VIEs**”, also refer to VIE and its subsidiaries as a whole, where appropriate) are collectively referred to as the “**Group**”.

The Group designs and develops smart electric vehicles. It delivered its first model of smart electric vehicles, G3, commercially in December 2018, and delivered its second model of smart electric vehicles, a four-door sports sedan, P7, since May 2020. The Group delivered the G3i, the new mid-cycle facelift version of the G3, since August 2021. The Group delivered its third model of smart electric vehicles, a family sedan featured with LiDAR, P5, since September 2021. The Group manufactures the G3i, the P5, and the P7 through its own plant in Zhaoqing. As of June 30, 2022, its primary operations are conducted in the People’s Republic of China (“**PRC**”).

The condensed consolidated financial statements comprise the condensed consolidated balance sheet as of June 30, 2022 and the condensed consolidated statement of comprehensive loss, the condensed consolidated statement of changes in shareholders’ equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information (collectively defined as the “**Interim Financial Statements**”).

2. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“**U.S. GAAP**”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted consistent with Article 10 of Regulation S-X. The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited financial statements and include all adjustments as necessary for the fair statement of the Group’s financial position as of June 30, 2022, results of operations and cash flows for the six months ended June 30, 2022 and 2021. The consolidated balance sheet as of December 31, 2021 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by U.S. GAAP. The unaudited condensed consolidated financial statements and related disclosures have been prepared with the presumption that users of the unaudited condensed consolidated financial statements have read or have access to the audited consolidated financial statements for the preceding fiscal years. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements and related footnotes for the year ended December 31, 2021. The accounting policies applied are consistent with those of the audited consolidated financial statements for the preceding fiscal year. Results for the six months ended June 30, 2022 are not necessarily indicative of the results expected for the full fiscal year or for any future period.

3. Revenues

Revenues by source consisted of the following:

	For the Six Months Ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Vehicle sales		
— At a point in time	13,937,312	6,394,711
Services and others		
— At a point in time	613,789	201,954
— Over time	340,182	115,540
Total	14,891,283	6,712,205

4. Taxation

Composition of income tax expenses for the periods presented are as follows:

	For the Six Months Ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current income tax expenses	14,159	—

5. Loss Per Share

Basic loss per share and diluted loss per share have been calculated in accordance with ASC 260 on computation of earnings per share for the six months ended June 30, 2022 and 2021 as follows:

	For the Six Months Ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Numerator:		
Net loss	(4,401,649)	(1,981,130)
Net loss attributable to ordinary shareholders of XPeng Inc.	(4,401,649)	(1,981,130)
Denominator:		
Weighted average number of ordinary shares outstanding-basic and diluted	1,705,649,044	1,589,568,703
Basic and diluted net loss per share attributable to ordinary shareholders of XPeng Inc.	(2.58)	(1.25)

For the six months ended June 30, 2022 and 2021, the Company had potential ordinary shares, including non-vested RSUs granted. As the Group incurred losses for the six months ended June 30, 2022 and 2021, these potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share of the Company. The weighted-average numbers of non-vested RSUs excluded from the calculation of diluted net loss per share of the Company were 41,089,760 as of June 30, 2022 and 47,316,892 as of June 30, 2021, respectively.

6. Accounts and Notes Receivable, net

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000
Accounts receivable, net	3,386,604	2,657,579
Notes receivable	—	15,915
Total	<u>3,386,604</u>	<u>2,673,494</u>

Accounts receivable consisted of the following:

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000
Accounts receivable, gross	3,405,938	2,669,206
Allowance for doubtful accounts	(19,334)	(11,627)
Accounts receivable, net	<u>3,386,604</u>	<u>2,657,579</u>

The accounts receivable mainly included the amounts of vehicle sales in relation to government subsidies to be collected from government on behalf of customers. Sales to individual customers were normally made with advances from customers. Sales to large-volume buyer were made on credit terms ranging from 30 to 60 days.

An aging analysis of accounts receivable based on the relevant invoice dates is as follows:

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000
0–3 months	416,888	678,850
3–6 months	419,551	420,907
6–12 months	1,042,929	528,566
Over 1 year	1,526,570	1,040,883
Accounts receivable, gross	<u>3,405,938</u>	<u>2,669,206</u>

7. Accounts and Notes Payable

Accounts and notes payable consists of the following:

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000
Accounts payable	9,131,697	7,374,571
Notes payable	6,359,586	4,987,615
Total	<u>15,491,283</u>	<u>12,362,186</u>

The Group normally receives credit terms of 0 days to 90 days from its suppliers. An aging analysis of accounts payable based on the relevant invoice dates is as follows:

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000
0-3 months	7,015,247	6,566,301
3-6 months	1,767,329	655,640
6-12 months	266,651	81,665
Over 1 year	82,470	70,965
Total	<u>9,131,697</u>	<u>7,374,571</u>

An aging analysis of notes payable based on the relevant issuance dates is as follows:

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000
0-3 months	3,137,923	2,527,938
3-6 months	3,168,937	2,414,955
6-12 months	52,726	44,722
Total	<u>6,359,586</u>	<u>4,987,615</u>

8. Dividends

Dividends are recognized when declared. No dividends was declared for the six months ended June 30, 2022 and 2021, respectively.

XPENG INC.

UNAUDITED INTERIM RECONCILIATIONS OF GAAP AND NON-GAAP RESULTS

(All amounts in thousands, except for ADS/ordinary share and per ADS/ordinary share data)

	For the Six Months Ended June 30,	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Loss from operations	(4,011,249)	(2,347,098)
Share-based compensation expenses	409,008	188,429
Non-GAAP loss from operations	(3,602,241)	(2,158,669)
Net loss	(4,401,649)	(1,981,130)
Share-based compensation expenses	409,008	188,429
Non-GAAP net loss	(3,992,641)	(1,792,701)
Net loss attributable to ordinary shareholders	(4,401,649)	(1,981,130)
Share-based compensation expenses	409,008	188,429
Non-GAAP net loss attributable to ordinary shareholders of XPeng Inc.	(3,992,641)	(1,792,701)
Weighted average number of ordinary shares used in calculating Non-GAAP net loss per share		
Basic and diluted	1,705,649,044	1,589,568,703
Non-GAAP net loss per ordinary share		
Basic and diluted	(2.34)	(1.13)
Weighted average number of ADS used in calculating Non-GAAP net loss per share		
Basic and diluted	852,824,522	794,784,352
Non-GAAP net loss per ADS		
Basic and diluted	(4.68)	(2.26)

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XPeng Inc.

小鹏汽车有限公司*

*(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
(Stock Code: 9868)*

REVISION OF ANNUAL CAPS FOR RESEARCH AND DEVELOPMENT COLLABORATION AND REVISION OF PRICING POLICY FOR TECHNICAL CONSULTING SERVICES

A. BACKGROUND

XPeng Inc. (the “**Company**”) refers to the Hong Kong prospectus issued by the Company on June 25, 2021 (the “**Prospectus**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

Research and Development Collaboration

As disclosed in the Prospectus, the Group collaborates with the associates of Alibaba Group in the Group’s research and development activities by licensing and purchasing their software and information technique services, which primarily include cloud computing services and licensing of software, electronic navigation system and map data (the “**Research and Development Collaboration**”). The Company has originally set the annual caps to be paid by the Group to the associates of Alibaba Group as RMB114,010,000 and RMB193,695,000, respectively, for licensing and purchasing software and information technique services for the two years ending December 31, 2022 and December 31, 2023.

The Group separately negotiates with the associates of Alibaba Group for the terms and rates of the Research and Development Collaboration with reference to the prevailing market price of the type of technical service and licensing based on arm's length negotiation, and the Group would solicit quotations from independent third parties for similar technical service and licensing to assess the fairness of the price. With respect to cloud computing services, the price and amount are determined based on the actual usage of the services, the relevant unit service rate published by the associates of Alibaba Group on its official website from time to time with respect to different types of cloud computing services and respective discounts of over 25% over such unit service rate. With respect to licensing of electronic navigation system and map data, the Group is charged with scaled price based on its Smart EV production volume with respect to the map data and its updates and fixed price with respect to the technical support services. With respect to licensing of software, the Group is charged with fixed price, which is determined with reference to the price paid by independent third parties and the price of equivalent software possessed by independent third parties.

Technical Consulting Services

As of June 18, 2021, the Group has respectively entered into the technical consulting services framework agreements (the "**Technical Consulting Services Framework Agreements**") with Shenzhen Pengxing and Guangzhou Huitian, pursuant to which the Group provides technical consulting, technical training and technical services, as well as certain operational support services, including human resources management and services, to Shenzhen Pengxing and Guangzhou Huitian.

In accordance with the Technical Consulting Services Framework Agreements, the Group charges Shenzhen Pengxing and Guangzhou Huitian based on the actual expenses of the services the Group incurred and a markup rate of 15%. The actual expenses will be determined based on the salaries and human resource costs of the Group's personnel providing the services to Shenzhen Pengxing and Guangzhou Huitian and the actual amount of time they spend in the relevant projects.

The revised annual caps for the Research and Development Collaboration have been determined with reference to, among other things, (i) the fast-growing transaction amount for the year ended 31 December 2021 and the six months ended 30 June 2022; (ii) the increasing demand for cloud computing services as the Group's ADAS services and total number of Smart EVs sold continue to increase; (iii) the expected substantial increase in the Group's overall research and development expenses, reflecting increase in the Group's spending on the development of new EV models, Smart EV platform, autonomous driving system and other vehicle-related software; (iv) the growth of users of mobile application of the Company, which leads to more demand for cloud computing capacity; (v) the expected increase in sales volume of the Group's higher-end Smart EVs with XPILOT 3.0 and XPILOT 3.5, which will be equipped with the specific software licensed.

The remaining terms of the Research and Development Collaboration with the associates of Alibaba Group as disclosed in the Prospectus remain unchanged.

Alibaba Group is a leading market player in terms of cloud computing services, electronic navigation system and map data in China and also operates the largest e-commerce platform in China. As the Group's collaboration with the associates of Alibaba Group in research and development commenced back in 2017, the Company considers that the continuous collaboration will be beneficial to the Group in light of the quality, efficiency and convenience provided by the collaboration. The Company believes that the revised annual caps are in line with the Group's actual business needs.

C. REVISION OF PRICING POLICY FOR TECHNICAL CONSULTING SERVICES

Taking into account the significant value brought by the technical consulting services provided by the Group to Shenzhen Pengxing and Guangzhou Huitian and the progress made by Shenzhen Pengxing and Guangzhou Huitian in their development of the research projects, the Group, Shenzhen Pengxing and Guangzhou Huitian have agreed to increase the mark-up rate charged by the Group from 15% to 50%.

The remaining terms of and the annual caps under the Technical Consulting Services Framework Agreements as disclosed in the Prospectus remain unchanged.

D. LISTING RULES IMPLICATIONS

As at the date of this announcement, Alibaba Group holds approximately 11.2% of the outstanding and issued shares of the Company through its wholly owned subsidiaries and is a substantial shareholder and connected person of the Company. Therefore, the associates of Alibaba Group are also connected persons of the Company under Rule 14A.07(4) of the Listing Rules. Since each of the providers of the software and information technique services under the Research and Development Collaboration is an associate of Alibaba Group, the acceptance of such services will constitute continuing connected transactions of the Company.

Mr. Xiaopeng He owns the majority of the outstanding and issued shares of Shenzhen Pengxing and Guangzhou Huitian. Therefore, each of Shenzhen Pengxing and Guangzhou Huitian is an associate of Mr. Xiaopeng He and a connected person of the Company under Rule 14A.12(1)(c) of the Listing Rules. Accordingly, the provision of services by the Group to Shenzhen Pengxing and Guangzhou Huitian under the Technical Consulting Services Framework Agreements will constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of maximum annual cap (as revised) is more than 0.1% but less than 5%, the transactions under the Research and Development Collaboration are subject to reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of maximum annual cap is more than 0.1% but less than 5%, the transactions under the Technical Consulting Services Framework Agreements are subject to reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

E. DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that (i) the Research and Development Collaboration and its revised annual caps are fair and reasonable, and that the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the Technical Consulting Services Framework Agreements and its revised pricing policy are fair and reasonable, and that the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, as Mr. Yingjie Chen holds positions with Alibaba Group, he has abstained from voting on the relevant Board resolution approving the revised annual caps for the Research and Development Collaboration, and as Mr. Xiaopeng He owns the majority of the outstanding and issued shares of Shenzhen Pengxing and Guangzhou Huitian, he has abstained from voting on the relevant Board resolution approving the revised pricing policy under the Technical Consulting Services Framework Agreements.

Save for the above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has a material interest in the Research and Development Collaboration and the Technical Consulting Services Framework Agreements, and no other Director has abstained from voting on the relevant Board resolution approving the revised annual caps for Research and Development Collaboration and the revised pricing policy under the Technical Consulting Services Framework Agreements.

F. GENERAL INFORMATION OF THE PARTIES

Alibaba Group

Alibaba Group is a leading market player in terms of cloud computing services, electronic navigation system and map data in China and also operates the largest e-commerce platform in China. Alibaba Group is a company incorporated in the Cayman Islands, with its American depositary shares listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 9988).

The Company

The Company is one of the leading Smart EV companies that designs, develops, manufactures and markets Smart EV in China. The class A ordinary shares and the American depositary shares of the Company are listed on the Hong Kong Stock Exchange and the New York Stock Exchange, respectively.

Shenzhen Pengxing

Shenzhen Pengxing Smart Co., Ltd. (深圳鹏行智能有限公司) and Shenzhen Pengxing Smart Research Co., Ltd. (深圳鹏行智能研究有限公司) are companies incorporated in China with limited liability, which are primarily engaged in the research and development of robots with human-robot interaction function.

Guangzhou Huitian

Guangzhou Huitian is a company incorporated in China with limited liability, which is primarily engaged in the research and development of flying cars.

By order of the Board

XPeng Inc.

Xiaopeng He

Chairman

Hong Kong, Tuesday, August 23, 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Xiaopeng He and Mr. Heng Xia as executive directors, Mr. Yingjie Chen, Mr. Qin Liu, Mr. Ji-Xun Foo and Mr. Fei Yang as non-executive directors, and Mr. Donghao Yang, Ms. Fang Qu and Mr. HongJiang Zhang as independent non-executive directors.

* *For identification purpose only*