ESPI Report

Number:	6/2017
Date prepared:	23 November 2017
Company:	XTPL S.A.
Topic:	**Making a decision on developing a new application area of XTPL’s technology**
Legal basis:	Article 17 section 1 of the Market Abuse Regulation (MAR) – confidential information

Content of the Report:

The Management Board of XTPL S.A. with its seat in Wrocław (hereinafter: “Company”, “Issuer”) hereby informs that due to the achievement of the technical parameters specified in the specification provided by one of the potential clients, the Company has made a decision on developing a new application area of XTPL’s technology, i.e. the repair of broken metallic connectors, the so-called open-defect repair in thin-layer electronic systems. The size of the world market for this type of solutions is estimated at approx. 4,5 billion USD.

When implementing the strategy for "the development of operations of the application laboratory and establishment of more application laboratories (including research of new applications)”, the Issuer conducted research and development works in this potential application area. The Issuer informed about the commencement and continuation of research in the Periodic Report for Q3 2017 and in the Monthly Report for October 2017 respectively. Today, however, the Issuer’s team have confirmed the achievement, under laboratory conditions, of all the technical and technological parameters from the preliminary specification provided by one of the potential clients. The achievement of the aforesaid parameters confirms the possibility of applying the Issuer’s technology in this application area and broadening the market. Additionally, the obtained results indicate the significant advantage of the Issuer’s technology over technologies that are currently used for repairing broken precise metallic connectors. This allows the Issuer to initiate discussions with potential clients concerning further development and commercialisation of the solution for industrial purposes.

Against the background of the currently used technologies for repairing broken metallic connectors, the so-called “open-defect repair” in thin-layer electronic systems (i.e. Focused Ion Beam/FIB and Laser Chemical Vapour Deposition/LCVD), XTPL’s technology is characterised by: higher deposition speed of metallic material, which translates into shorter duration of the process of a particular open-defect repair, lower complexity level of both apparatus and repair process, which will translate into lower costs of a single repair and real advantage in terms of the possibility to perform printing on lengths significantly longer than 100 micrometres (advantage over the FIB technology) and with the application of a print path width of less than one micrometre (advantage over the LCVD technology).

The size of the market for repair of broken metallic connectors is estimated at 4,5 billion USD with a CAGR of approx. 7,5%. The end clients of this type of solutions are above all: manufacturers of TFT/LCD display matrices, silicon solar cells, integrated circuits and PCBs, in particular PCBs characterised by the high level of density and miniaturisation of electrical connections. In all these cases, the technological solution developed by the Issuer could be applied to eliminate defects occurring as early as at the production stage.

The Issuer implements the commercialisation project of its technology in the area of manufacturing new-generation TCFs, where displays and photovoltaic panels (described in details in the Information Document) are one of the most significant application areas. The realization and implementation of both projects, in the opinion of the Issuer’s Management Board, will increase the attractiveness of the entire offer for both sectors of potential clients and will further allow for the optimisation of distribution channels and reduction of costs of reaching the client.

The development of the application area of “repair of broken metallic connectors” will be executed as part of the objective of the following issues: “financing the operations of application laboratories” and ”expansion of application laboratories”. The Issuer will also undertake actions to obtain co-financing as part of the projects financed from the EU funds.

The information is published due to the fact that the achievement of the assumed technological parameters in the new application area of “repair of broken metallic connectors” will allow for the commencement of further works towards industrial implementation, which may have significant impact on the Company’s perspectives and revenues. The above described market segment was not included in the detailed description of the Issuer’s business model published in the Information Document but only listed as one of the potential applications of the Issuer’s technology subject to further verification.

Signatures of the persons representing the Company:

Filip Granek – President of the Management Board