



INDIVIDUAL QUARTERLY REPORT

For II quarter 2017

XTPL S.A.

Wrocław, 12 September 2017

List of contents

1. BASIC INFORMATION REGARDING THE COMPANY	2
2. QUARTERLY CONDENSED FINANCIAL STATEMENTS	4
2.1. Selected items of the financial statements.	4
2.2. Profit and loss account	5
2.3. Balance sheet.....	6
2.4. Cash flow statement.....	9
2.5. Statement of changes in equity.....	11
3. INFORMATION ON STANDARDS ADOPTED WHEN PREPARING THE REPORT, INCLUDING INFORMATION ON AMENDMENTS TO APPLIED ACCOUNTING STANDARDS (POLICY)	13
4. BRIEF CHARACTERISTICS OF MATERIAL SUCCESSES OR FAILURES OF THE ISSUER IN THE REPORTED PERIOD, INCLUDING DESCRIPTION OF KEY EVENTS AND FACTORS, IN PARTICULAR THOSE OF UNTYPICAL NATURE THAT HAVE IMPACT ON THE RESULTS.	14
5. POSITION OF THE MANAGEMENT BOARD AS REGARDS THE POSSIBILITY TO REALIZE THE PUBLISHED PERFORMANCE FORECASTS FOR A GIVEN YEAR IN THE LIGHT OF PERFORMANCE RESULTS PRESENTED IN THE QUARTERLY REPORT.....	18
6. IN THE CASE THE ISSUER'S INFORMATION DOCUMENT INCLUDED INFORMATION SAID IN ART. 10.13 A) OF APPENDIX NO. 1 TO THE REGULATIONS OF ALTERNATIVE TRADING SYSTEM – DESCRIPTION OF THE STATUS OF REALIZATION OF ACTIONS AND INVESTMENTS OF THE ISSUER, AND THE SCHEDULE OF THEIR REALIZATION.....	18
7. IF IN THE REPORTED PERIOD THE ISSUER UNDERTOOK, IN THE AREA OF DEVELOPMENT OF THE CONDUCTED BUSINESS, INITIATIVES AIMING AT IMPLEMENTATION OF INNOVATIVE SOLUTIONS IN THE ENTERPRISE – INFORMATION ON THAT ACTIVITY.	19
8. DESCRIPTION OF ORGANIZATION OF THE CAPITAL GROUP, INCLUDING SPECIFICATION OF ENTITIES SUBJECT TO CONSOLIDATION.	19
9. IN THE CASE THE ISSUER CONSTITUTES A CAPITAL GROUP AND DOES NOT PREPARE CONSOLIDATED FINANCIAL STATEMENTS – SPECIFICATION OF REASONS FOR NOT PREPARING SUCH STATEMENTS.....	20
10. INFORMATION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY, WITH SPECIFICATION OF SHAREHOLDERS HOLDING, AS OF THE DATE OF THE REPORT, AT LEAST 5% OF VOTING POWER AT THE COMPANY'S GENERAL MEETING.....	20
11. INFORMATION ON THE NUMBER OF PERSONS EMPLOYED BY THE ISSUER, IN FTEs	20

1. BASIC INFORMATION REGARDING THE COMPANY

XTPL SPÓŁKA AKCYJNA

ul. Stabłowicka 147, 54-066 Wrocław
KRS number: 0000619674
Statistical Number Regon: 361898062
Tax number NIP: 9512394886
Website: www.xt-pl.com

The company XTPL S.A. was established as a result of a transformation of a limited liability company named XTPL Sp. z o.o. based on the resolution of the Extraordinary General Meeting of the transformed company of 25 April 20016, Repertory A No. 604/2016 and was established for unspecified period. The transformation was registered by the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Department of the National Court Register on 1 June 2016.

Management Board:

- Filip Granek – President of the Management Board
- Sebastian Młodziński – Member of the Management Board

Supervisory Board

- Konrad Pankiewicz – Chairman of the Supervisory Board
- Agnieszka Młodzińska - Granek - Member of the Supervisory Board
- Maja Młodzińska - Member of the Supervisory Board
- Bartosz Wojciechowski – Member of the Supervisory Board
- Piotr Janczewski – Member of the Supervisory Board

Profile of the Issuer's business:

The Issuer is an innovative technological company, commercializing research and development works (R&D) aiming at developing a breakthrough technology of ultraprecise printing of a wide range of nanomaterials.

The solution developed by XTPL will allow for, among others, production of a new generation of TCF (Transparent Conductive Films), used mainly in the industry of manufacturers of displays, monitors, touchscreens, as well as in the industry of manufacturers of photovoltaic panels, whose characteristics is as follows:

- Lower unit cost (due to among others no need to use rare earths),
- Very high optical transparency while preserving high energy efficiency (very low surface resistance) and

- Flexible layers, resistant to bending (important from the point of view of development trends in the electronics market).

Thanks to the achieved parameters of the implemented solutions, the XTPL technology is considered as disruptive technology. The method of the XTPL printing may be seen as a factor influencing functioning of key business entities of the above said markets.

At the same time, due to the platform nature of the developed technology, the Company seeks possible usages also in other areas, such as:

- Repair of damaged metallic conductive connectors (displays, printed circuits, photovoltaic panels);
- Manufacturing of biosensors;
- Technology of anti-counterfeit protection.

The registered seat of the company and research laboratories are located in the area of the Campus Prace of Wrocław Research Centre EIT+ (since September 2016). The XTPL team includes scientists and technologists of interdisciplinary experience in the areas of: chemistry, physics, electronics, material engineering and numeric simulations, as well as specialists in the scope of strategic management and commercialization of technology.

2. QUARTERLY CONDENSED FINANCIAL STATEMENTS

2.1. Selected items of the financial statements.

Items	Q2 2017	Q2 2016
	PLN	PLN
Net revenues net from sales	505 850.93	0.00
Profit (loss) from sales	-740 346.67	-294 224.25
Profit (loss) from operating activity [EBIT]	-740 348.33	-294 225.85
EBITDA	-647 936.78	-237 603.29
Profit (loss) gross	-743 906.98	-294 225.85
Profit (loss) net	-743 906.98	-294 225.85
Amortization / Depreciation	92 411.55	56 622.56
Net cash flows from operating activity	-930 776.81	-189 569.88
Net cash flows from investment activity	-146 372.88	0.00
Net cash flows from financial activity	991 459.07	195 000.00
Equity	287 650.98	663 199.47
Short-term liabilities	1 756 275.25	317 534.88
Long-term liabilities	37 710.51	0.00
Cash and other cash assets	559 867.96	27 752.57
Short-term receivables	285 351.69	48 831.17
Long-term receivables	17 434.33	5 000.00

Items	Cumulatively 01.01-30.06.2017	Cumulatively 01.01-30.06.2016
Net revenues net from sales	948 440.19	0.00
Profit (loss) from sales	-1 474 273.64	-484 890.55
Profit (loss) from operating activity [EBIT]	-1 474 275.27	-484 892.78
EBITDA	-1 269 760.50	-371 647.67
Profit (loss) gross	-1 480 435.56	-484 892.78
Profit (loss) net	-1 480 435.56	-484 892.78
Amortization / Depreciation	204 514.77	113 245.11
Net cash flows from operating activity	-1 590 687.95	-319 510.09
Net cash flows from investment activity	-339 821.80	0.00
Net cash flows from financial activity	1 069 432.86	195 000.00

2.2. Profit and loss account

Items	Q2 2017	Cumulatively 01.01 -30.06.2017	Q2 2016	Cumulatively 01.01 -30.06.2016
A. Net revenues net from sales and equivalent, including:	505 850.93	948 440.19	0.00	0.00
- from affiliates	0.00	0.00	0.00	0.00
I. Net revenues net from sales of products (including subsidies)	505 850.93	948 440.19	0.00	0.00
II. Change in stock of products (increase – positive value, decrease – negative value)	0.00	0.00	0.00	0.00
III. Manufacturing cost of products for internal purposes	0.00	0.00	0.00	0.00
IV. Net revenues net from sales of goods and materials	0.00	0.00	0.00	0.00
B. Cost of operating activity	1 246 197.60	2 422 713.83	294 224.25	484 890.55
I. Amortization / Depreciation	92 411.55	204 514.77	56 622.56	113 245.11
II. Consumption of materials and power	82 306.76	122 355.84	2 772.75	9 721.24
III. Outsourcing	421 812.78	843 962.68	63 883.50	96 568.48
IV. Taxes and levies, including:	25 811.08	28 784.47	4 005.50	4 801.70
- excise tax	0.00	0.00	0.00	0.00
V. Salaries	501 582.06	974 796.94	90 257.88	169 268.01
VI. Social security payments and other benefits, including:	83 515.49	179 713.52	17 211.82	31 328.68
- pension benefits	62 656.02	136 877.97	13 447.59	24 277.10
VII. Other costs by nature	38 757.88	68 585.61	59 470.24	59 957.33
VIII. Value of sold goods and materials	0.00	0.00	0.00	0.00
C. Profit (loss) from sales (A-B)	-740 346.67	-1 474 273.64	-294 224.25	-484 890.55
D. Other operating revenues	1.13	2.18	0.80	1.28
I. Profit from outflow of non-financial assets	0.00	0.00	0.00	0.00
II. Subsidies	0.00	0.00	0.00	0.00
III. Revaluation of non-financial assets	0.00	0.00	0.00	0.00
IV. Other operating revenues	1.13	2.18	0.80	1.28
E. Other operating expenses	2.79	3.81	2.40	3.51
I. Loss from outflow of non-financial assets	0.00	0.00	0.00	0.00
II. Revaluation of non-financial assets	0.00	0.00	0.00	0.00
III. Other operating expenses	2.79	3.81	2.40	3.51
F. Profit (loss) from operating activity (C+D-E)	-740 348.33	-1 474 275.27	-294 225.85	-484 892.78
G. Net financial revenues	-2.87	0.00	0.00	0.00
I. Dividends and profit share, including:	0.00	0.00	0.00	0.00
a) from affiliates, including:	0.00	0.00	0.00	0.00
- in which the entity holds a share in the capital	0.00	0.00	0.00	0.00
b) from other entities, including:	0.00	0.00	0.00	0.00
- in which the entity holds a share in the capital	0.00	0.00	0.00	0.00
II. Interests, including:	0.00	0.00	0.00	0.00
- from affiliates	0.00	0.00	0.00	0.00
III. Profit from outflow of financial assets, including:	0.00	0.00	0.00	0.00
- in affiliates	0.00	0.00	0.00	0.00
IV. Revaluation of non-financial assets	0.00	0.00	0.00	0.00
V. Other	-2.87	0.00	0.00	0.00
H. Financial costs	3 555.78	6 160.29	0.00	0.00
I. Interests, including:	596.52	1 231.80	0.00	0.00
- for affiliates	0.00	0.00	0.00	0.00
II. Loss from outflow of financial assets, including:	0.00	0.00	0.00	0.00
- in affiliates	0.00	0.00	0.00	0.00
III. Revaluation of non-financial assets	0.00	0.00	0.00	0.00
IV. Other	2 959.26	4 928.49	0.00	0.00
I. Profit (loss) gross (F+G-H)	-743 906.98	-1 480 435.56	-294 225.85	-484 892.78
J. Income tax	0.00	0.00	0.00	0.00
K. Other mandatory profit reductions (loss increases)	0.00	0.00	0.00	0.00
L. Profit (loss) net (I-J-K)	-743 906.98	-1 480 435.56	-294 225.85	-484 892.78

2.3. Balance sheet

ASSETS	As of 30.06.2017	As of 30.06.2016
A. FIXED ASSETS	1 121 211.55	901 610.21
I. Intangible assets	653 243.22	856 089.73
1. R&D expenses	0.00	0.00
2. Goodwill	0.00	0.00
3. Other intangible assets	653 243.22	856 089.73
4. Advances for intangible assets	0.00	0.00
II. Tangible fixed assets	450 534.00	40 520.48
1. Tangible fixed assets	434 544.67	40 520.48
a) land (including right to perpetual usufruct)	0.00	0.00
b) buildings, premises, civil and water engineering structures	0.00	0.00
c) technical equipment and machines	257 982.42	0.00
d) vehicles	62 728.18	0.00
e) other tangible fixed assets	113 834.07	40 520.48
2. Tangible fixed assets under construction	15 989.33	0.00
3. Advances for tangible fixed assets under construction	0.00	0.00
III. Long-term receivables	17 434.33	5 000.00
1. from affiliates	0.00	0.00
2. From other entities, in which the entity holds a share in the capital	0.00	0.00
2. From other entities	17 434.33	5 000.00
IV. Long-term investments	0.00	0.00
V. Long-term prepayments	0.00	0.00
1. Deferred tax assets	0.00	0.00
2. Other prepayments	0.00	0.00
B. CURRENT ASSETS	1 007 387.31	79 124.14
I. Inventories	13 235.61	1 060.40
1. Materials	13 235.61	0.00
2. Semi-finished products and work in progress	0.00	0.00
3. Finished products	0.00	0.00
4. Goods	0.00	0.00
5. Advances for deliveries	0.00	1 060.40
II. Short-term receivables	285 351.69	48 831.17
1. Receivables from affiliates	0.00	0.00
a) trade receivables, maturing:	0.00	0.00
- up to 12 months	0.00	0.00
- above 12 months	0.00	0.00
b) other	0.00	0.00
2. Receivables from other entities, in which the entity holds a share in the capital	0.00	0.00
a) trade receivables, maturing:	0.00	0.00
- up to 12 months	0.00	0.00
- above 12 months	0.00	0.00
b) other	0.00	0.00
3. Receivables from other entities	285 351.69	48 831.17
a) trade receivables, maturing:	0.00	123.00
- up to 12 months	0.00	0.00
- above 12 months	0.00	0.00
b) receivables from tax, subsidy, customs, social and health security and		
b) receivables from tax, subsidy, customs, social and health security and other benefits	255 464.19	48 708.17
c) other	29 887.50	0.00
d) claimed at court	0.00	0.00
III. Short-term investments.	559 867.96	27 752.57
IV. Short-term financial assets	559 867.96	27 752.57
a) in affiliates	0.00	0.00
- shares	0.00	0.00

- other securities	0.00	0.00
- granted loans	0.00	0.00
- other short-term financial assets	0.00	0.00
b) in other entities	0.00	0.00
- shares	0.00	0.00
- other securities	0.00	0.00
- granted loans	0.00	0.00
- other short-term financial assets	0.00	0.00
c) cash and other cash assets	559 867,96	27 752.57
- cash at hand and in accounts	559 867,96	27 752.57
- other cash	0.00	0.00
- other cash assets	0.00	0.00
Other short-term investments	0.00	0.00
IV. Short-term prepayments	148 932,05	1 480.00
C. Called up share capital	0.00	0.00
D. Own shares	0.00	0.00
TOTAL ASSETS	2 128 598,86	980 734.35

LIABILITIES AND EQUITY	As of 30.06.2017	As of 30.06.2016
A. Equity	287 650.98	663 199.47
I. Share capital	154 022.00	100 000.00
II. Supplementary capital, including:	4 309 943.64	1 455 000.00
- excess in value of sales (issue value) over face value of shares	4 309 943.64	1 455 000.00
III. Revaluation reserve, including:	0.00	0.00
- due to revaluation of fair value	0.00	0.00
IV. Other reserve capitals, including:	0.00	0.00
- established in line with the company's articles of association	0.00	0.00
- for own shares	0.00	0.00
V. Profit (loss) from previous years	-2 695 879.10	-406 907.75
VI. Profit (loss) net	-1 480 435.56	-484 892.78
VII. Write-off on net profit during the financial year (negative value)	0.00	0.00
B. Liabilities and provisions for liabilities	1 840 947.88	317 534.88
I. Provisions for liabilities	0.00	0.00
1. Provision for deferred income tax	0.00	0.00
2. Provision for pension and similar benefits	0.00	0.00
- long-term	0.00	0.00
- short-term	0.00	0.00
3. Other provisions	0.00	0.00
- long-term	0.00	0.00
- short-term	0.00	0.00
II. Long-term liabilities	37 710.51	0.00
1. Towards affiliates	0.00	0.00
2. Towards other entities, in which the entity holds a share in the capital	0.00	0.00
3. Towards other entities	37 710.51	0.00
a) loans and advances	0.00	0.00
b) from issue of securities	0.00	0.00
c) other financial liabilities	37 710.51	0.00
d) promissory notes payable	0.00	0.00
e) other	0.00	0.00

III. Short-term liabilities	1 756 275.25	317 534,88
1. Liabilities towards affiliates	0.00	0.00
a) trade receivables maturing:	0.00	0.00
- up to 12 months	0.00	0.00
- above 12 months	0.00	0.00
b) other	0.00	0.00
2. Towards other entities, in which the entity holds a share in the capital	0.00	0.00
a) trade receivables maturing:	0.00	0.00
- up to 12 months	0.00	0.00
- above 12 months	0.00	0.00
b) other	0.00	0.00
3. Liabilities towards other entities	1 756 275.25	317 534.88
a) loans and advances	1 366 167.17	195 000.00
b) from issue of securities	0.00	0.00
c) other financial liabilities	25 017.67	0.00
d) trade receivables maturing:	89 350.51	69 840.03
- up to 12 months	89 350.51	69 840.03
- above 12 months	0.00	0.00
e) received advances for deliveries	0.00	0.00
f) promissory notes payable	0.00	0.00
g) tax, customs, insurance and other liabilities	159 045.56	28 501.42
h) salaries	115 673.68	22 783.08
and) other	1 020.66	1 410.35
4. Special funds	0.00	0.00
IV. Accruals	46 962.12	0.00
1. Negative goodwill	0.00	0.00
2. Other accruals	46 962.12	0.00
- long-term	0.00	0.00
- short-term	116 741.23	0.00
TOTAL LIABILITIES	2 128 598.86	980 734.35

2.4. Cash flow statement

	Q2 2017	Q2 2016
A. Cash flows from operating activity		
I. Profit (loss) net	-743 906.98	-294 225.85
II. Total adjustments	-186 869.83	104 655.97
1. Amortization / Depreciation	92 411.55	56 622.56
2. Exchange gains (losses)	0.00	0.00
3. Interests and profit share (dividends)	591.42	0.00
4. Profit (loss) from investment activity	0.00	0.00
5. Change in provisions	0.00	0.00
6. Change in inventory	-13 235.61	0.00
7. Change in receivables	-124 417.27	-11 991.81
8. Change in short-term liabilities excluding credits and loans	37 176.07	60 025.22
9. Change in prepayments and accruals	-179 395.99	0.00
10. Other adjustments		
III. Net cash flows from operating activity (I + II)	-930 776.81	-189 569.88
B. Cash flows from investment activity		
I. Inflows	0.00	0.00
1. Disposal of intangible and tangible fixed assets	0.00	0.00
2. Disposal of investments in real property and in intangible assets	0.00	0.00
3. From financial assets, including:	0.00	0.00
a) in affiliates	0.00	0.00
b) in other entities	0.00	0.00
- sales of financial assets	0.00	0.00
- dividends and profit share	0.00	0.00
- repayment of granted long-term loans	0.00	0.00
- interests	0.00	0.00
- other inflows from financial assets	0.00	0.00
4. Other inflows from investment activities	0.00	0.00
II. Outflows	146 372.88	0.00
1. Purchase of intangible assets and tangible fixed assets	146 372.88	0.00
2. Investments in real property and intangible assets	0.00	0.00
3. For financial assets, including:	0.00	0.00
a) in affiliates	0.00	0.00
b) in other entities	0.00	0.00
- purchase of financial assets	0.00	0.00
- granted long-term loans	0.00	0.00
4. Other investment expenses	0.00	0.00
III. Net cash flows from investment activity (I-II)	-146 372.88	0.00
C. Cash flows from financial activity		
I. Inflows	998 120.90	195 000.00
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0.00	0.00
2. Loans and advances	998 120.90	195 000.00
3. Issuance of debt securities	0.00	0.00
4. Other inflows from financial activities	0.00	0.00
II. Outflows	6 661.83	0.00
1. Purchase of own shares	0.00	0.00
2. Dividend and other payments to shareholders	0.00	0.00
3. Other than payment to shareholders, expenses due to profit share	0.00	0.00
4. Repayment of loans and advances	0.00	0.00
5. Redemption of debt securities	0.00	0.00

6. Payment of other financial liabilities	0.00	0.00
7. Payment of liabilities arising from financial leases	6 070.41	0.00
8. Interests	591.42	0.00
9. Other financial expenses	0.00	0.00
III. Net cash flows from financial activity (I-II)	991 459.07	195 000.00
D. Total net cash flows (A.III ± B.III ± C.III)	-85 690.62	5 430.12
E. Balance sheet change in cash, including	-85 690.62	5 430.12
change in cash due to exchange differences	0.00	0.00
F. Cash opening balance	645 558.58	22 322.45
G. Cash closing balance (F ± D), including	559 867.96	27 752.57
- of limited disposability	0.00	0.00

	Cumulatively 01.01- 30.06.2017	Cumulatively 01.01- 30.06.2016
A. Cash flows from operating activity		
I. Profit (loss) net	-1 480 435.56	-484 892.78
II. Total adjustments	-110 252.39	165 382.69
1. Amortization / Depreciation	204 514.77	113 245.11
2. Profits (losses) from exchange differences	0.00	0.00
3. Interests and profit share (dividends)	985.70	0.00
4. Profit (loss) from investment activity	0.00	0.00
5. Changes in provisions	0.00	0.00
6. Changes in inventories	82 757.46	0.00
7. Changes in receivables	-154 959.02	-22 720.50
8. Changes in short-term liabilities, excluding loans and advances	-33 712.52	76 338.08
9. Changes in prepayments	-209 838.78	-1 480.00
10. Other adjustments	0.00	0.00
III. Net cash flows from operating activity (I + II)	-1 590 687.95	-319 510.09
B. Cash flows from investment activity		
I. Inflows	0.00	0.00
1. Disposal of intangible and tangible fixed assets	0.00	0.00
2. Disposal of investments in real property and intangible assets	0.00	0.00
3. From financial assets, including:	0.00	0.00
a) in affiliates	0.00	0.00
b) in other entities	0.00	0.00
- sales of financial assets	0.00	0.00
- dividends and profit share	0.00	0.00
- repayment of granted long-term loans	0.00	0.00
- interests	0.00	0.00
- other inflows from financial assets	0.00	0.00
4. Other inflows from investment activities	0.00	0.00
II. Outflows	339 821.80	0.00
1. Purchase of intangible assets and tangible fixed assets	339 821.80	0.00
2. Investments in real property and intangible assets	0.00	0.00
3. To financial assets, including:	0.00	0.00
a) in affiliates	0.00	0.00
b) in other entities	0.00	0.00
- purchase of financial assets	0.00	0.00
- granted long-term loans	0.00	0.00
4. Other investment expenses	0.00	0.00
III. Net cash flows from investment activity (I-II)	-339 821.80	0.00
C. Cash flows from financial activity		
I. Inflows	1 098 747.29	195 000.00

1. Net inflows from issuance of shares and other capital instruments and from capital contributions	14 002.00	0.00
2. Loans and advances	1 015 946.70	195 000.00
3. Issuance of debt securities	0.00	0.00
4. Other inflows from financial activities	68 798.59	0.00
II. Outflows	29 314.43	0.00
1. Purchase of own shares	0.00	0.00
2. Dividend and other payments to shareholders	0.00	0.00
3. Other than payment to shareholders, expenses due to profit share	0.00	0.00
4. Repayment of loans and advances	0.00	0.00
5. Redemption of debt securities	0.00	0.00
6. Payment of other financial liabilities	0.00	0.00
7. Payment of liabilities arising from financial leases	28 328.73	0.00
8. Interests	985.70	0.00
9. Other financial expenses	0.00	0.00
III. Net cash flows from financial activity (I-II)	1 069 432.86	195 000.00
D. Total net cash flows (A.III ± B.III ± C.III)	-861 076.89	-124 510.09
E. Balance sheet change in cash, including	-861 076.89	-124 510.09
Change in cash due to exchange differences	0.00	0.00
F. Cash opening balance	1 420 944.85	152 262.66
G. Cash closing balance (F ± D), including	559 867.96	27 752.57
- of limited disposability	0.00	0.00

2.5. Statement of changes in equity

	Cumulatively 01.01 - 30.06.2017	Cumulatively 01.01 - 30.06.2016
I. Equity opening balance	1 754 084.54	1 148 092.25
- changes in accounting standards	0.00	0.00
- adjustments of errors	0.00	0.00
I.a. Equity opening balance (BO), adjusted	1 754 084.54	1 148 092.25
1. Share capital opening balance	140 020.00	100 000.00
1.1. Changes in share capital	14 002.00	0.00
a) increase from:	14 002.00	0.00
- issuance of shares	14 002.00	0.00
b) decrease due to:	0.00	0.00
- redemption of shares	0.00	0.00
1.2. Share capital closing balance	154 022.00	100 000.00
2. Supplementary capital opening balance	4 309 943.64	1 455 000.00
2.1. Changes in supplementary capital	0.00	0.00
a) increase from:	0.00	0.00
- issue of shares above face value	0.00	0.00
- profit distribution (statutory)	0.00	0.00
- profit distribution (above the statutory minimum value)	0.00	0.00
b) decrease due to:	0.00	0.00
- loss coverage	0.00	0.00
- cost of capital	0.00	0.00
2.2. Supplementary capital closing balance	4 309 943.64	1 455 000.00
3. Revaluation reserve opening balance – change of accounting standards	0.00	0.00
3.1. Changes in revaluation reserve	0.00	0.00
a) increase from:	0.00	0.00

- changes of assets held for sale	0.00	0.00
b) decrease due to:	0.00	0.00
- sales of fixed assets	0.00	0.00
3.2. Revaluation reserve closing balance	0.00	0.00
4. Other reserve capitals opening balance	0.00	0.00
4.1. Changes of other reserve capitals	0.00	0.00
a) increase from:	0.00	0.00
- additional contributions of shareholders	0.00	0.00
b) decrease due to:	0.00	0.00
- refund of additional contributions of shareholders	0.00	0.00
4.2. Other reserve capitals closing balance	0.00	0.00
5. Profit (loss) from previous years opening balance	-2 695 879.10	-406 907.75
5.1. Previous years profit opening balance	0.00	0.00
- changes in accounting standards	0.00	0.00
- adjustments of errors	0.00	0.00
5.2. Previous years profit opening balance, adjusted	0.00	0.00
a) increase from:	0.00	0.00
- distribution of profit from previous years	0.00	0.00
b) decrease due to:	0.00	0.00
- profit distribution	0.00	0.00
5.3. Previous years profit closing balance	0.00	0.00
5.4. Previous years loss opening balance	2 695 879.10	2 695 879.10
- changes in accounting standards	0.00	0.00
- adjustments of errors	0.00	0.00
5.5. Previous years loss opening balance, adjusted	2 695 879.10	406 907.75
a) increase from:	0.00	0.00
- loss carryforward to be covered	0.00	0.00
b) decrease due to:	0.00	0.00
- profit distribution	0.00	0.00
5.6. Previous years loss closing balance	2 695 879.10	406 907.75
5.7. Profit (loss) from previous years closing balance	-2 695 879.10	-406 907.75
6. Net result	-1 480 435.56	-484 892.78
a) net profit	0.00	0.00
b) net loss	-1 480 435.56	-484 892.78
c) write-offs on profit	0.00	0.00
II. Equity closing balance (BZ)	287 650.98	663 199.47
III. Equity, including proposed profit distribution (loss coverage)	287 650.98	663 199.47

3. INFORMATION ON STANDARDS ADOPTED WHEN PREPARING THE REPORT, INCLUDING INFORMATION ON AMENDMENTS TO APPLIED ACCOUNTING STANDARDS (POLICY)

The financial statements were prepared based on the accounting standards arising from the provisions of the accounting act of 29 September 1994.

This condensed financial statement for Q2 2017 and, for comparison purposes, for Q2 2016, was prepared on the going concern principle of the business of XTPL S.A. in a foreseeable future.

As of the date of this financial statement there are no circumstances that would indicate a risk to the business conducted by XTPL S.A.

The accounting standards applied by the Issuer, including methods of valuation of assets and liabilities (also amortization and depreciation), measurement of the financial result and the method of preparing the financial statements in the scope in which the act provides options for entities:

- Assets and liabilities are measured taking into account major accounting standards, as specified in the accounting act.
- For the purposes of recognition of particular assets and liabilities in the books, the company adopted the following arrangements:
 - Intangible assets as of the date of commissioning are measured at the purchase price. As of the balance sheet date they are measured at the purchase price net amortization and impairment loss provisions.
Intangible assets:
 - ✓ of the value up to PLN 700 are charged to expenses in the month of commissioning,
 - ✓ of the value between PLN 700 and PLN 3 500 are depreciated on a one-off basis in the month of commissioning.
 - ✓ Other intangible assets are depreciated with a straight-line method for the period of expected useful economic life.These periods are as follows for particular categories:
 - ✓ Software licences and copyright – 24 months
 - ✓ From costs of finished development works – 12 months,
 - ✓ From other intangible assets – 60 months.
 - Fixed assets as of the commissioning date are measured as of the balance sheet date at the price of purchase net depreciation and impairment loss provisions.
Fixed assets:
 - ✓ of the value of PLN 350 are charged as costs in the month of commissioning,
 - ✓ of the value from PLN 350 to 3,500 are depreciated on a one-off basis in the month of commissioning.
 - ✓ other fixed assets are depreciated according to rules determined for tax purposes.
 - Leasing – as of the date of the report the Company has one lease contract. The lease contract is classified for tax purposes as operating lease, and for balance sheet purposes as financial lease.

- Fixed assets under construction include fixed assets during their construction, assembly or improvement of an already existing fixed asset. They are measured in the amount of general costs directly related with their purchase or production, net impairment loss.
 - Long-term and short-term receivables were measured in the amount payable, preserving the prudent valuation principle. There were no write-offs for receivables.
 - Cash was measured in the face value.
 - Prepayments regard costs of future periods which will be settled within 12 months from the balance sheet date. The prepayments include:
 - ✓ Costs of insurance,
 - ✓ Costs of development works.
 - Equity is measured in the face value by type and rules specified in the Company's articles of association. Supplementary capital presented in the financial statements is established from the surplus of issue value over nominal value of shares.
 - Liabilities as of the balance sheet date were measured in the due amount.
 - Accrued revenues include revenues which will be settled within 12 months from the balance sheet date. The accruals regard settlement of the received subsidy for financing purchase of fixed assets and intangible assets. The subsidies, proportionally to write-offs, decrease the balance of accruals.
- Recognition of revenues and costs.
- Pursuant to Art. 4 clause 1b of the accounting act the Company applies an exemption from application of the provisions of the act for the purpose of reliable and clear presentation. The Company presents received subsidies for research and development purposes under revenues from operating activity, and not under other operating revenues pursuant to Art. 3 clause 1 point 32 letter h)
 - Costs – costs are recognized by the Company by nature in accounts of team 4 and at the same time by cost centres in accounts of team 5. Costs in the profit and loss account are recognized in the periods they concern.
- The Company applies simplified rules of valuation, introduced with the Act dated 23 July 2015 on update of the accounting act, i.e. with application of: Art. 37 clause 10 and the accounting act in the scope of resignation from determining deferred tax.
- The entity applies a comparative profit and loss account.

4. BRIEF CHARACTERISTICS OF MATERIAL SUCCESSES OR FAILURES OF THE ISSUER IN THE REPORTED PERIOD, INCLUDING DESCRIPTION OF KEY EVENTS AND FACTORS, IN PARTICULAR THOSE OF UNTYPICAL NATURE THAT HAVE IMPACT ON THE RESULTS.

- Taking the decision on issue of M series shares and listing on the NewConnect and conducting public offering of shares

On 20 April 2017 shareholders of the Issuer at the Extraordinary General Meeting decided among others to:

- Increase the share capital through issue of 155,000 of M series shares through public offering;
- Dematerialization of shares of all issues;
- Granting consent to listing shares of all issues in the alternative trading system (NewConnect)

M series bearer shares were issued based on the resolution No. 03/04/2017 of the Extraordinary General Meeting of the Issuer dated 20 April 2017, amended with resolution No. 18/06/2017 of the Ordinary General Meeting dated 30 June 2017.

M series shares were issued through unaddressed open subscription in line with Art. 431.2 point 3 of the Code of commercial companies and partnerships in the mode of a public offering, as defined in Art. 3 in relation with Art. 7 clause 9 and Art. 41 clause 1 of the Offering act, i.e. public offering of M series shares was conducted based on the information memorandum not subject to approval of the PFSA, and the assumed gross revenues of the Company in the territory of the European Union, calculated at their issue price as of the date of its determination, were below EUR 2,500,000.

The Information Memorandum said above was published in an electronic version on 2 June 2017 at the website of the Issuer (www.xt-pl.com) and the Offeror, i.e. Brokerage House BOŚ S.A. (www.bossa.pl).

On 4th July 2017 subscriptions for M series shares started. The issue price determined during Book Building was PLN 66.00. The tranche dedicated to institutional investors covered all of the 135 thousand of shares, and the tranche of individual investors (the remaining 20 thousand of shares). The demand was more than 13 times bigger than the available pool of shares (reduction rate 93%).

In the frame of the conducted public offering the Company obtained around PLN 10.2 million. The increase of capital through issue of M series shares was registered on 18 August 2017. More than half of the issue was taken by Acatis Investment GMBH - an investment fund with its seat in Frankfurt.

On 8 September 2017 the Management Board of the Stock Exchange in Warsaw (Giełda Papierów Wartościowych w Warszawie S.A.) adopted the Resolution No. 1031/2017 on listing 1,555,200 shares of the company XTPL S.A. which accounts for 91.74% of all shares of the company, in the Alternative Trading System in the NewConnect.

- Continuing the R&D works aiming at development of the XTPL SA technology and completion of works on the first prototype of a laboratory printer

In the reported period the Issuer successfully completed work on building a prototype of a laboratory printer. It is the first device in the world for cheap printing of ultrathin power conductive lines. With them one may print put lines of less than 150 nanometres.

The target production version will be provided upon a fee to, among others, engineers from R&D departments of external entities and research centres who will be able to use the XTPL technology in their R&D work and fast prototyping. Completion of work on the prototype of the printer allows to present the whole solution to potential clients (also at trade fair events), commencement of R&D work over various possible areas of application, as well as the possibility to commence internal tests and further optimization of the printing process (so called alpha-tests as a result of which the production version of the device will be produced).

The purpose of the planned provision of the printer to R&D centres is:

- Validation of the technology (presenting it to research and technological centres of potential clients and industry trendsetters), building relations at the technological level (necessary for further effective development of the technology)

- Allowing clients to prototype (application of the Issuer's prototype TCFs for newly developed products of clients)
- Obtaining first revenues – confirming possibility of commercialization of the technology
- Getting the feedback regarding potential other applications of the technology.

By providing the printer to business and scientific R&D entities the Issuer will get feedback allowing for identification, elimination of shortcomings in order to offer, at the next phase, a more developed, improved, a more perfect product, being the benchmark for the structure of an industrial printer. Moreover, clients may realize their own R&D projects using the provided technology which may result in possible cooperation with the Issuer also outside the main markets.



➤ Participation in the trade fair „Hannover Messe 2017” in Hanover

Upon invitation of the Minister of Development and Finance the Issuer, between 24 and 28 April 2017, took part in the largest industrial trade fair in the world where it presented its technology to attendees. The presentations were received with high interest both from the industry and business-supporting institutions (Polish and foreign).

➤ Participation in the trade fair IDTechEx Show Printed Electronics Europe in Berlin.

Trade fair IDTechEx Show, which took place on 10 and 11 May 2017 in Berlin, is one of the most important trade fair in printed electronics in the world. At that event the Issuer for the first time made a public presentation of the prototype of the XTPL laboratory printer. The complete set of XTPL technology included: nanotoner, printing head and the printer, being the platform allowing for application of the technology, among others in R&D works. The presentation was received with high interest of the printed electronics industry. Numerous acquaintances started at the fair will be a material base for works related with market development in the next periods.

➤ The Issuer's being granted the reward Technical Development Manufacturing Award at the trade fair IDTechEx Show

The XTPL laboratory printer presented at the trade fair IDTechEx Show Printed Electronics Europe was awarded a prestigious industry Technical Development Manufacturing Award. The jury granting this award included among others: Ashutosh Tomar, chief engineer for technological strategies in Jaguar Land Rover, and Professor Ulrich Moosheimer from the Applied Science University in Munich.

The award granted already in the first moment of public presentation of the prototype is a proof for large interest of the industry in the technology developed by the Issuer and shows that the market of printed electronics seeks technological solutions for ultraprecise printing of nanomaterials.

- Signing of the letter of intent with Wise Device Inc., a Canadian producer of solutions used by companies like Intel, Apple, Samsung and LG.

In June 2017 the Issuer started cooperation with a Canadian company r Wise Device Inc. (WDI), the world leader in development of automation for industrial microscopy. WDI is interested in using the XTPL technology in the process of repairing defects of display matrices occurred still in production processes. The plans for joint activities were included in the letter of intent. The goal of this cooperation is to develop specialized technologies and devices to be used in production of LCDs. The Issuer and WDI will put special emphasis on developing the method of repairing local defects in metallic connections in layers of TFT matrices, namely, key components of LCDs.

Wise Device Inc. designs and produces innovative solutions in the area of microscopy, including OEM components, as well as complete optomechatronic and optoelectronic subsystems. The WDI technology helps people and companies in many branches of the industry, including the area of natural science, biomedical imaging, production of machinery and electronics / production of semiconductors. Its solutions are currently used by companies such as Intel, Corning, Apple, Samsung and LG.

- Research on the possibility to apply the XTPL technology

A British research company - IDTechEx, upon order of the Issuer, performed a survey among research companies and centres operating in the area of printed electronics in the whole world regarding the XTPL technology. The results show a significant level of interest in the printed electronics industry:

- 78.9% of respondents see potential application for the technology of ultraprecise printing of nanomaterials (XTPL technology) in printed electronics;
- 57.6% of respondents declare their interest in using this technology in their organization;
- 38% of respondents declare the will to assess samples of the technology or a device allowing for its using for less than one year;
- 50.3% of respondents assess the technology as valuable or very valuable (grades 4 or 5 in the scale from 1 to 5);

The survey was conducted among 339 respondents from 310 research companies and centres operating in the branch of printed electronics in the whole world.

The results allow the Issuer to start very advanced activities related with market development of the business, aiming at commercialization of the technology also outside the TCF industry.

5. POSITION OF THE MANAGEMENT BOARD AS REGARDS THE POSSIBILITY TO REALIZE THE PUBLISHED PERFORMANCE FORECASTS FOR A GIVEN YEAR IN THE LIGHT OF PERFORMANCE RESULTS PRESENTED IN THE QUARTERLY REPORT.

The Issuer did not generally disclose performance forecasts.

6. IN THE CASE THE ISSUER'S INFORMATION DOCUMENT INCLUDED INFORMATION SAID IN ART. 10.13 A) OF APPENDIX NO. 1 TO THE REGULATIONS OF ALTERNATIVE TRADING SYSTEM – DESCRIPTION OF THE STATUS OF REALIZATION OF ACTIONS AND INVESTMENTS OF THE ISSUER, AND THE SCHEDULE OF THEIR REALIZATION

The process of commercializing the XTPL technology and commencement of operating activity from the business side will be realized by the Issuer in three phases:

- **Phase 1** (current phase) – developing a prototype of the printer and a toner formula compatible with the printer. At this phase the Issuer does not generate revenues from operating activity, activity is financed in majority from external sources in a form of, among others, grants and subsidies and own funds, including funds from public offering of M series.
- **Phase 2** (Q4 2017 Q2 2019.) – Production and sales of laboratory printers (with nanotoner) dedicated for research and development centres, both industrial and scientific. The aim of this phase is to:
 - Validate the technology (presenting it to research and technological centres of potential clients and industry trendsetters), building relations at the technological level (necessary for further effective development of the technology)
 - Allow clients to prototype (prototype TFCs for new applications)
 - Obtaining first revenues – confirming possibility of commercialization of the technology

In this phase the Issuer assumes obtaining of first revenues, generated by sales and lease of laboratory printers and sales of nanotoners to those printers. It will be possible to obtain revenues after the end of the phase of the beta tests of the technological solution (the earliest after around 4-6 months from the beginning of this phase).

- **Phase 3** (from Q2 2019) – production and sales of industrial printers and nanotoners for a wide scope of application in production of a new generation of TFC. An industrial printer will be different from a laboratory printer not only in terms of size, functionality (higher efficiency), but also the degree of technological advancement (additional development works necessary to go from the technological level of a laboratory printer, based on information collected thanks to the MVP approach).

In this phase the Issuer assumes that the printer will be produced by an external partner (upon commission of XTPL), the printing head by XTPL, and the nanotoner by a subcontractor. XTPL will directly sell the nanotoner (produced based on production capacity of the partner) and printer heads, as well as the service of implementation of the technology for clients (technological consulting).

In this phase the Issuer assumes obtaining revenues, generated by sales of printing heads (one-off revenues), the nanotoner (recurrent sales) and implementation services dedicated to the new technology (one-off sales).

The most important strategic actions planned by the Issuer in the area of commercialization of technology:

- Preparing laboratory printers for serial production and sales (including beta tests with potential clients) 2017/2018
- Expansion of the patent family related with XTPL technology 2018
- Promoting the technologies at selected international fair trades 2017-2019
- Creating dedicated structures for market development and sales 2017/2018
- Starting cooperation in the scope of R&D with potential clients and research institutions in the area of printing electronics 2018
- Development of activity of the application laboratory and establishing next application laboratories (including research of new applications) 2017/2018
- Designing and building a prototype of printing heads for industrial applications 2018/2019
- Obtaining additional funding of a nature of a subsidy to support the phase of technology commercialization 2018

Main productive investments planned by the Issuer will be focused on:

- financing manufacturing of submicron laboratory printers by XTPL to let, around PLN 1,100 thousand (2018/2019)
- Purchasing and building equipment for application laboratories, around PLN 800 thousand (2017/2018)
- Building industrial prototypes of printing heads and a prototype of an industrial printer, around PLN 2,300 thousand (2018/2019)

7. IF IN THE REPORTED PERIOD THE ISSUER UNDERTOOK, IN THE AREA OF DEVELOPMENT OF THE CONDUCTED BUSINESS, INITIATIVES AIMING AT IMPLEMENTATION OF INNOVATIVE SOLUTIONS IN THE ENTERPRISE – INFORMATION ON THAT ACTIVITY.

The main area of the Issuer's activity is development and commercialization of innovative technology of ultraprecise printing of a wide range of nanomaterials. In the reported period the Issuer successfully completed work on a prototype of a submicron laboratory printer allowing for very precise printing of equal nanomaterials (mainly metallic, in particular nanoparticles of silver) and commenced researching on the possibility to use the developed technology in other areas than TCF (e.g. repair of broken metallic conductive connectors).

8. DESCRIPTION OF ORGANIZATION OF THE CAPITAL GROUP, INCLUDING SPECIFICATION OF ENTITIES SUBJECT TO CONSOLIDATION.

Not applicable. As of the date of the report the Issuer does not have subsidiaries, thus, does not constitute a capital group.

9. IN THE CASE THE ISSUER CONSTITUTES A CAPITAL GROUP AND DOES NOT PREPARE CONSOLIDATED FINANCIAL STATEMENTS – SPECIFICATION OF REASONS FOR NOT PREPARING SUCH STATEMENTS.

Not applicable. As of the date of the report the Issuer does not have subsidiaries, thus does not constitute a capital group.

10. INFORMATION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY, WITH SPECIFICATION OF SHAREHOLDERS HOLDING, AS OF THE DATE OF THE REPORT, AT LEAST 5% OF VOTING POWER AT THE COMPANY'S GENERAL MEETING.

List of shareholders holding a minimum of 5% of the share capital and votes at the General Meeting as of the date of this quarterly report.

No.	Shareholder	Number of held shares	% of shares	Number of votes	% of votes
1.	Filip Granek	303 000	17.87%	303 000	17.87%
2.	Sebastian Młodziński	300 000	17.70%	300 000	17.70%
3.	Leonarto Sp. z o.o.	298 000	17.58%	298 000	17.58%
4.	TPL Sp. z o.o.*	140 020	8.26%	140 020	8.26%
5.	Stefan Twardak	103 081	6.08%	103 081	6.08%
6.	Universal-Investment GmbH (on behalf of <i>Acatis Investment GMBH</i>)	94 000	5.55%	94 000	5.55%
7.	Other	457 119	26.97%	457 119	26.97%
TOTAL		1 695 220	100%	1 695 220	100%

*34% of shares in the company TPL Sp. z o.o. are held by Filip Granek, 33% are held by Sebastian Młodziński and 33% by Adriana Pankiewicz – wife of the President of the Management Board and the sole shareholder of Leonarto Sp. z o.o.

11. INFORMATION ON THE NUMBER OF PERSONS EMPLOYED BY THE ISSUER, IN FTEs

The company has 17.47 FTEs based on employment contracts (as of 30.06.2017).

On behalf of the Management Board:

Filip Granek – President of the Management Board