

X T P L

shaping global nanofuture



STANDALONE QUARTERLY REPORT FOR IV QUARTER 2017

XTPL S.A.

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1. Basic information about the Company

1.1. Corporate information:

Business name:	XTPL SPÓŁKA AKCYJNA [JOINT STOCK COMPANY]
Registered seat:	Wrocław
Address:	Stabłowicka 147, 54-066 Wrocław
KRS NO. [BUS. ENTITY REG. NO.]	0000619674
Telephone number:	+48 71 707 22 04
Website:	www.xt-pl.com
E-mail address	investors@xt-pl.com

The Management Board:

Filip Granek – President of the Management Board;

Sebastian Młodziński – Member of the Management Board (until 30th November 2017);

Maciej Adamczyk – Member of the Management Board (from 1st December 2017)

The Supervisory Board:

Konrad Pankiewicz – Chairman of the Supervisory Board

Agnieszka Młodzińska-Granek – Member of the Supervisory Board

Maja Młodzińska – Member of the Supervisory Board (until 30th November 2017)

Maja Młodzińska – Member of the Supervisory Board (from 1st December 2017)

Bartosz Wojciechowski – Member of the Supervisory Board

Piotr Janczewski – Member of the Supervisory Board

XTPL S.A. was formed through the conversion of a limited liability company under the name of XTPL Sp. z o.o., pursuant to the resolution of the Extraordinary General Meeting of Shareholders of the transformed company dated 25 April 2016, Rep. A No. 604/2016 and was established for an indefinite period. The conversion was registered on 1st June 2016 at the District Court for Wrocław Fabryczna in Wrocław, 8th Commercial Division of the National Court Register.

The Company has the status of a public company, whose shares are listed in the alternative trading system on the NewConnect market run by the Warsaw Stock Exchange [Giełda Papierów Wartościowych w Warszawie S.A.].

In terms of financial reporting, the Company applies accounting standards resulting from the provisions of the accounting act of 29 September 1994 (consolidated text of Journal of laws from 2013, item 330, as amended). The Company's financial year lasts from 1 January to 31 December.

1.2. Business profile of the Issuer:

The Issuer operates in the nanotechnology market segment. Our interdisciplinary team is developing a globally innovative technology (protected by an international patent application) that enables ultraprecise printing of nanomaterials. XTPL's solution has all the hallmarks of a so-called 'disruptive technology' and will be consistently developed as part of the advanced research works focused on defining new innovative uses within specific application areas.

The Company is commercialising its solution in stages: it aims to provide nano-printing equipment, nanoink and print heads to its customers, including printed electronics manufacturers.

XTPL's initial objective is to design laboratory printers for use in research and development works of R&D departments of potential business clients, with additional plans for the development of an industrial printer in the next stage. In both cases, XTPL's objective is to provide the customer with both the equipment and a unique nanoink, designed for a specific application.



The solution developed by XTPL will, for example:

- facilitate the production of a new generation of **Transparent Conductive Films (TCF)** that are widely used in the different subsets of manufacturing industry, such as the production of displays, monitors, and touch screens. This list also includes the production of photovoltaic cells characterized by:

- considerably lower per-unit cost (due to e.g. eliminating the need to use rare earth elements in the manufacturing process)
- very high optical transparency combined with high energy efficiency (extremely low surface resistance),
- flexibility and resistance to bending (an essential characteristic, given the current trends within the electronics industry).

- open up revolutionary applications in the field of **Open-Defect Repair**, i.e. the repair of broken metallic connectors in thin film electronic circuits, for use in (among others) LCD and OLED displays, PCBs, integrated circuits, and silicon solar cells, as the ever-increasing miniaturization and complexity of electronic structures in these products leads to:

- increased unit costs of production, making repair of severed lines financially feasible,
- reduced width of the printed conductive lines with concurrent reduction of the distances between the lines,
- increased length of the printed conductive lines, necessitating the reduction of mechanical, thermal and electro-magnetic stress during production and repair.

As such, the demand is there for a new technology that could be used to repair damaged conductive structures while meeting the requirements above. Present solutions to these problems are relatively expensive, require very toxic substances and have low efficiency (at least by industrial standards), whereas our technology addresses all three of the weaknesses that limit the currently used methods.

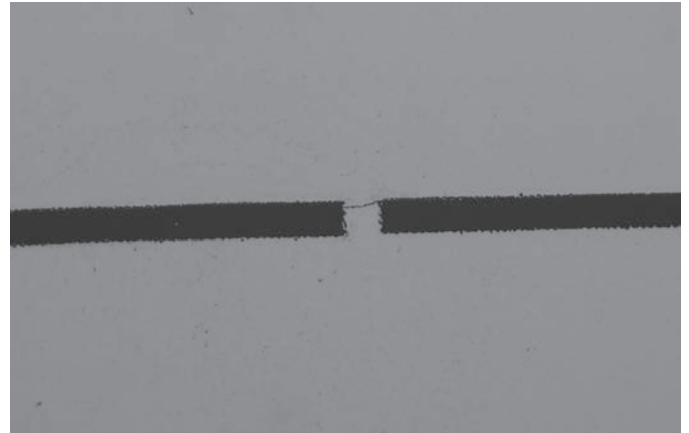
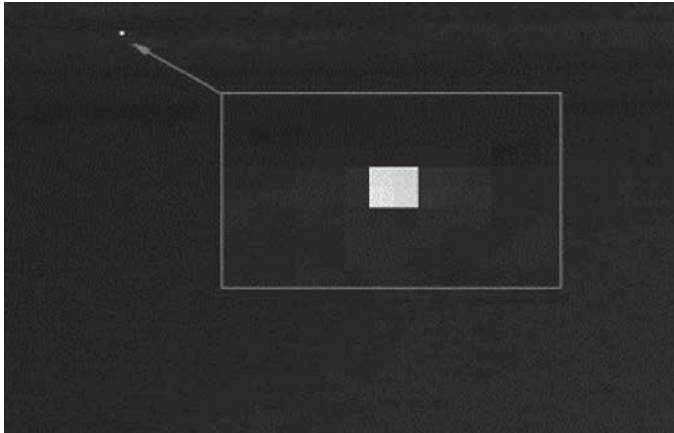
While developing applications in the TCF and Open-Defect Repair sectors, and due to the platform-like nature of the technology, the Company is looking for new opportunities to apply it in other areas and sectors, such as:

- production of biosensors,
- anti-counterfeiting solutions.

The Company's registered office and research laboratories are located at the EIT+ Wrocław Research Centre. The XTPL team comprises scientists and process engineers with interdisciplinary expertise in chemistry, physics, electronics, materials engineering and numerical simulations (including nine PhDs). The XTPL team also includes strategic management and commercialisation specialists with experience and successes in the fields of product development, marketing, and the capital market. One of the Issuer's chief strengths are the many professionals under its employ, who possess know-how accumulated on international markets and who have worked for global corporations and research institutes over the course of their careers.

2. The most important factors and events, which impact the achieved results

- Decision concerning the development of a new area of application for XTPL technologies



During the relevant reporting period, the Issuer's technology team has successfully completed the first stage of R&D works in the area of open-defects repair (i.e. the repair of metallic connections damaged in production and used in thin film electronic circuits). After successfully meeting (in laboratory conditions) the technical parameters of the specification provided by one of our partners, the Company has decided to explore a new application area, a market segment valued globally at USD 4.5bn with a compound annual growth rate of 7.5%. When compared against the technologies currently used for repairing broken metallic connectors in thin-layer electronic systems, the Issuer's technology shows faster deposition of metallic material and lower complexity of the repair process. The former translates into shorter duration of the repair process for a given open defect, while the latter will translate into the improved capacity to print over lengths longer than 100 micrometres (an advantage over FIB) and on print paths narrower than one micrometre (an advantage over LCVD), as well as lower printing costs. The development of this new application area for the Issuer's technology fulfils its objective to explore new areas of use for its technology (i.e. the precise printing of nanomaterials), as communicated via the Information Document. The commencement of R&D works in the area of open-defect repair (repair of metallic connections damaged in production and used in thin film electronic circuits) was made possible by the establishment of an application laboratory, the expansion and maintenance of which was covered by funds acquired from the public subscription of series M shares. The decision concerning the development of a new area of application for its technology was communicated by the Issuer through the report ESPI 6/2017.

- Decision concerning the change of trading venue



On 12 December 2017, the Management Board of XTPL S.A. adopted a resolution on the launch of works aimed at the change of the listing market of the Company shares from the over the counter (OTC) NewConnect market to the regulated market of Giełda Papierów Wartościowych w Warszawie S.A. [GPW, Warsaw Stock Exchange], which the Issuer communicated through the EBI Current Report ESPI 8/2017. The single European passport obtained upon transition to the regulated market will allow the Issuer to pursue the dual listing of the its shares on the regulated Open Market (Freiverkehr) operated by Deutsche Börse AG, one of the largest stock exchanges in the world. The Company is planning to extend its efforts to commercialise its solution to the international level in 2018. The dual listing will bring XTPL closer to investors from Western Europe, which is a key market in this strategy.

- The establishment of the business development department



During the reporting period the Issuer established a business development department. This marked the fulfilment of another objective of the issue of series M shares. The business development department is responsible for commercialisation of the developed technology (including contacts with potential customers and partners) and identifying new areas of application. The key short-term and medium-term objectives set by the Management Board in this regard are: the sale of laboratory printers to potential clients who meet the criteria of the commercialisation model and the search for new partners for the joint development of the technology for specific application areas – the latter includes in particular partnerships formed under joint development agreements (JDAs) that would require the future recipient of the solution to co-finance the R&D works.

- The approval of an incentive programme based on the Company's shares



On 14 November 2017 the Supervisory Board of the Issuer contingently approved the Terms and Conditions of the XTPL S.A. Incentive Programme for the Members of the Board of Management, employees and partners of the Company. The conditional nature of the resolution of the Supervisory Board lay in the necessity of its approval by the General Meeting of Shareholders. In the resolution No. 04/11/2017 the Extraordinary General Meeting of the Issuer's Shareholders convened on 29 November 2017 decided to introduce the Incentive Programme to be carried out in the years 2018-2021. The aim of the Programme is to motivate its potential beneficiaries to actions which will guarantee a long-term increase in the Company value and stability in the key staff of the Company. The Issuer communicated the resolutions adopted during the aforementioned Extraordinary Meeting of the Shareholders and the Terms and Conditions of the Incentive Programme through the EBI Current Report 13/2017.

- Conclusion of another co-financing agreement



On 13 December 2017 the Company concluded a grant agreement for development of laboratory printer demonstration prototypes as part of the Regional Operational Program for the Lower Silesian Voivodship for the years 2014-2020. The aim of the co-financed works is the commercialisation of lab printers, a process that includes the development of commercial demonstration prototypes of lab printers and compatible nanoink formulas. The project also provides for internal and external printer testing. The completion of the planned efforts will be another crucial step towards commercialisation and marketing of the ground-breaking ultra-thin conductive line technology for use in printed electronics. The co-financing will total PLN 2 457 548.44, whereas the total value of the project is PLN 4 508 627.22. The Issuer communicated the conclusion of the agreement through the EBI Current Report 9/2017.

- Participation in the Printed Electronics USA trade fair as part of the IDTechEx Show!



On 15 and 16 November 2017 the Issuer participated in the Printed Electronics USA fair, held as part of the IDTechEx Show! event in Santa Clara (California, USA). The technology of printing ultraprecise electrically conductive lines presented by the Issuer during the event attracted strong interest. The participation in the event resulted in a significant number of new contacts – potential buyers interested in lab printers presented by the Company as well as partners in future shared development agreements. During the Printed Electronics USA trade fair, the Company was represented by the newly established business development department. Participation in the fair constituted one of the issue objectives and was financed from funds obtained through the issue of series M shares.

- **Presidential award at Kongres 590 (Startup_PL category)**

On 16 November 2017 at Kongres 590 President Andrzej Duda awarded the Issuer with the Economic Award of the President of the Republic of Poland. The award is presented to companies which significantly contribute to Poland's economic development and towards a positive image of Poland worldwide. The distinction was granted in a special Startup_PL category dedicated to companies which have been present in the market for less than 5 years and have created innovations in products or technologies.



3. Quarterly condensed financial statements

3.1. Selected items of the financial statement.

<i>In 1000 PLN</i>	1 October – 31 December 2016	1 October – 31 December 2017	1 January – 31 December 2016	1 January – 31 December 2017
Net sales	38,58	893,02	38,58	2 205,90
Profit (loss) on sales	-980,79	-958,24	-2 283,15	-3 838,24
Profit (loss) on operating activities [EBIT]	-979,72	-959,17	-2 282,08	-3 839,17
EBITDA	-875,35	-849,67	-1 986,44	-3 369,29
Gross profit (loss)	-985,90	-937,90	-2 288,97	-3 850,62
Net profit (loss)	-985,90	-937,90	-2 288,97	-3 850,62
Depreciation and amortisation	104,37	109,50	295,63	469,88
Net cash flows from operating activities	-939,59	-857,59	-1 885,75	-3 671,00
Net cash flows from investing activities	-184,80	-119,09	-231,99	-581,52
Net cash flows from financial activities	146,46	-196,47	3 386,42	9 041,82
Shareholders' equity	1 754,08	7 292,80	1 754,08	7 292,80
Current liabilities	749,02	739,13	749,02	739,13
Long-term liabilities	0,00	25,22	0,00	25,22
Cash and cash equivalents	1 420,94	6 210,25	1 420,94	6 210,25
Current receivables	133,68	270,82	133,68	270,82
Long-term receivables	14,15	20,67	14,15	20,67

3.2. Profit and loss account

<i>In 1000 PLN</i>	1 October – 31 December 2016	1 October – 31 December 2017	1 January – 31 December 2016	1 January – 31 December 2017
A. Net revenues from sales and equivalent, including:	38,58	893,02	38,58	2 205,90
- from subsidiaries and affiliates	0,00	0,00	0,00	0,00
I. Net sales of merchandise (including co-financing)	0,00	624,44	0,00	1 774,34
II. Change in the balance of products (increase – positive value, decrease – negative value)	38,58	268,58	38,58	431,56
III. Manufacturing cost of products for internal pur- poses	0,00	0,00	0,00	0,00
IV. Net sales of goods and materials	0,00	0,00	0,00	0,00
B. Operating expenses	1 019,37	1 851,26	2 321,73	6 044,14
I. Depreciation and amortisation	104,37	109,50	295,63	469,88
II. Consumption of materials and energy	52,06	123,39	71,14	312,18
III. Outsourcing	371,74	648,44	928,80	2 239,52
IV. Taxes and levies, including:	5,66	-3,92	13,05	47,37
- excise tax	0,00	0,00	0,00	0,00
V. Salaries and wages	444,75	738,45	827,32	2 291,50
VI. Social security payments and other benefits, includ- ing:	83,89	127,63	155,00	394,61
- pension benefits	59,12	102,18	114,64	316,44
VII. Other expenses by type	-43,10	107,77	30,79	289,08
VIII. Value of goods and materials sold	0,00	0,00	0,00	0,00
C. Profit (loss) on sales (A-B)	-980,79	-958,24	-2 283,15	-3 838,24
D. Other operating income	1,09	0,00	1,20	0,01
I. Profit from outflow of non-financial assets	0,00	0,00	0,00	0,00

II. Co-financing	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 income	1,09	0,00	1,20	0,01
E. Other operating expenses	0,02	0,93	0,13	0,94
I. Profit on sale of non-financial fixed 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	0,02	0,93	0,13	0,94
F. Profit (loss) on operating activities (C+D-E)	-979,72	-959,17	-2 282,08	-3 839,17
G. Financial income	0,00	24,07	0,00	35,73
I. Dividend and share in profits, including:	0,00	0,00	0,00	0,00
II. Interest, including:	0,00	24,07	0,00	35,73
- from subsidiaries and affiliates	0,00	0,00	0,00	0,00
H. Financial costs	6,18	2,80	6,89	47,18
I. Interest, including:	5,28	0,52	5,28	36,28
- for subsidiaries and 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 subsidiaries and 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	0,90	2,28	1,61	10,90
I. Gross profit (loss) (F+G-H)	-985,90	-937,90	-2 288,97	-3 850,62
J. Income tax	0,00	0,00	0,00	0,00
K. Other statutory reductions in profit (increase in loss)	0,00	0,00	0,00	0,00
L Net profit (loss) (I-J-K)	-985,90	-937,90	-2 288,97	-3 850,62

3.3. Assets

In 1000 PLN	31.12.2016	31.12.2017
A. FIXED ASSETS	960,36	1 136,50
I. Intangible assets	749,08	543,32
1. Cost of completed development works	0,00	0,00
2. Goodwill	0,00	0,00
3. Other intangible assets	749,08	543,32
4. Prepaid intangible assets	0,00	0,00
II. Tangible fixed assets	197,13	572,51
1. Fixed assets	156,09	571,95
a) land (including usufructuary rights to land)	0,00	0,00
b) buildings, premises and civil engineering structures	0,00	0,00
c) plant and machinery	28,68	377,76
d) vehicles	0,00	50,24
e) other fixed assets	127,41	143,95
2. Fixed assets under construction	41,04	0,56
3. Prepaid fixed assets under construction	0,00	0,00
III. Long-term receivables	14,15	20,67
1. From subsidiaries and affiliates	0,00	0,00
2. From other entities, in which the entity holds a share in the capital	0,00	0,00
3. From other entities	14,15	20,67
IV. Long-term investments	0	0
V. Long-term prepayments and accruals	0	0
B. CURRENT ASSETS	1 656,10	6 920,65
I. Inventories	95,99	8,02
1. Materials	0,00	0,00

2. Semi-finished goods and work in progress	0,00	0,00
3. Finished goods	91,06	0,00
4. Merchandise	0,00	0,00
5. Prepaid inventories and services	4,93	8,02
II. Current receivables	133,68	270,82
1. Receivables from subsidiaries and affiliates	0	0
2. Receivables from other entities, in which the entity holds a share in the capital	0	0
3. Receivables from other entities	133,68	270,82
a) for inventories and services due within:	0	0
b) taxes, co-financing, customs duties, social and health insurance, and other benefits payable	119,70	263,24
c) other	13,98	7,58
d) disputed receivables	0,00	0,00
III. Short-term investments.	1 420,94	6 210,25
1. Short-term financial assets	1 420,94	6 210,25
a) in subsidiaries and affiliates	0	0
b) in other entities	0	0
c) cash and cash equivalents	1 420,94	6 210,25
- cash at hand and in bank	1 420,94	6 210,25
- other cash	0	0
- other cash equivalents	0	0
2. Other short-term investments	0	0
IV. Short-term prepayments and accruals	5,49	431,56
C. Called up share capital	0	0
D. Treasury stock	0	0
TOTAL ASSETS	2 616,46	8 057,15

3.4. Liabilities

<i>In 1000 PLN</i>	31.12.2016	31.12.2017
A. Shareholders' equity	1 754,08	7 292,79
I. Share capital	140,02	169,52
II. Supplementary capital, including:	4 309,94	13 669,77
- excess in value of sales (issue value) over face value of shares	4 309,94	13 669,77
III. Capital from revaluations, including:	0,00	0,00
- due to revaluation of fair value	0,00	0,00
IV. Other reserve capital, including:	0,00	0,00
V. Profit (loss) brought forward	-406,91	-2 695,88
VI. Net profit (loss)	-2 288,97	-3 850,62
VII. Write-offs from net profit during the financial year (negative value)	0,00	0,00
B. Liabilities and provisions for liabilities	862,38	764,36
I. Provisions for liabilities	0,00	0,00
II. Long-term liabilities	0,00	25,22
1. Liabilities to subsidiaries and affiliates	0,00	0,00
2. Liabilities to other entities, in which the entity holds a share in the capital	0,00	0,00
3. Liabilities to other entities	0,00	25,22
a) loans payable	0,00	0,00
b) liabilities resulting from issue of debt securities	0,00	0,00
c) other financial obligations	0,00	25,22
d) notes payable	0,00	0,00
e) other	0,00	0,00

III. Current liabilities	749,03	739,14
1. Liabilities to subsidiaries and affiliates	0	0
2. Liabilities to other entities, in which the entity holds a share in the capital	0	0
3. Liabilities to other entities	749,03	739,14
a) loans payable	350,23	10,90
b) liabilities resulting from issue of debt securities	0,00	0,00
c) other financial obligations	0,00	25,02
d) for inventories and services due within:	184,76	296,05
- up to 12 months	184,76	296,05
- over 12 months	0,00	0,00
e) prepaid inventories	0,00	0,00
f) notes payable	0,00	0,00
g) taxes, customs duties, social insurance and other benefits payable	77,00	244,68
h) salaries and wages payable	104,88	160,45
i) other	32,16	2,04
4. Special funds	0	0
IV. Accruals and deferred income	113,35	0
2. Other accruals	113,35	0
- long-term	0,00	0
- short-term	113,35	0
TOTAL LIABILITIES	2 616,46	8 057,15

3.5. Cash flow statement

<i>In 1000 PLN</i>	1 October – 31 December 2016	1 October – 31 December 2017	1 January – 31 December 2016	1 January – 31 December 2017
A. Cash flows from operating activities				
I. Net profit (loss)	-985,90	-937,90	-2 288,97	-3 850,62
II. Total adjustments	46,32	80,31	403,22	179,62
1. Depreciation and amortisation	104,37	109,50	295,63	469,88
2. Profit (loss) due to exchange differences	0,00	0,00	0,00	0,00
3. Dividend and share in profits	0,00	0,53	0,00	36,17
4. Profit (loss) on operating activities	0,00	-24,07	0,00	-35,73
5. Change in provisions	0,00	0,00	0,00	0,00
6. Change in inventory	-80,86	35,09	-94,93	87,98
7. Change in receivables	66,02	30,00	-106,02	-143,66
8. Change in short-term liabilities excluding loans	0,36	197,84	352,61	304,41
9. Change in prepayments and accruals	-4,99	-268,58	-5,49	-539,43
10. Other adjustments	-38,58	0,00	-38,58	0,00
III. Net cash flows from operating activities (I + II)	-939,58	-857,59	-1 885,75	-3 671,00
B. Cash flows from investing activities				
I. Inflows	0,00	24,07	0,00	35,73
1. Disposal of intangible and tangible fixed assets	0,00	0,00	0,00	0,00
2. Disposal of investments in real property and in intangible assets	0,00	0,00	0,00	0,00
3. From financial assets, including:	0,00	24,07	0,00	35,73
a) in subsidiaries and affiliates	0,00	0,00	0,00	0,00

b) in other entities	0,00	24,07	0,00	35,73
- sales of financial assets	0,00	0,00	0,00	0,00
- dividend and share in profits	0,00	0,00	0,00	0,00
- repayment of granted long-term loans	0,00	0,00	0,00	0,00
- interest	0,00	24,07	0,00	35,73
- other inflows from financial assets	0,00	0,00	0,00	0,00
4. Other inflows from investing activities	0,00	0,00	0,00	0,00
II. Outflows	184,81	143,16	231,99	617,24
1. Purchase of intangible assets and tangible fixed assets	184,81	143,16	231,99	617,24
2. Investments in real property and intangible assets	0,00	0,00	0,00	0,00
3. For financial assets, including:	0,00	0,00	0,00	0,00
4. Other outflows from investing activities	0,00	0,00	0,00	0,00
III. Net cash flows from investing activities (I-II)	-184,81	-119,09	-231,99	-581,51
C. Cash flows from financing activities				
I. Inflows	146,46	-186,72	3 386,42	10 724,08
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0,00	-186,72	2 894,96	9 389,33
2. Loans payable	5,22	0,00	350,22	1 265,95
3. Issuance of debt securities	0,00	0,00	0,00	0,00
4. Other inflows from financial activities	141,24	0,00	141,24	68,80
II. Outflows	0,00	9,75	0,00	1 682,26
1. Purchase of own shares	0,00	0,00	0,00	0,00
2. Dividend and other payments to shareholders	0,00	0,00	0,00	0,00
3. Profit distribution liabilities other than profit distribution payments to shareholders	0,00	0,00	0,00	0,00

4. Repayment of loans and advances	0,00	3,05	0,00	1 605,27
5. Redemption of debt securities	0,00	0,00	0,00	0,00
6. Payment of other financial liabilities	0,00	0,00	0,00	0,00
7. Payment of liabilities arising from financial leases	0,00	6,17	0,00	40,82
8. Interest	0,00	0,53	0,00	36,17
9. Other outflows from financial activities	0,00	0,00	0,00	0,00
III. Net cash flows from financial activities (I-II)	146,46	-196,47	3 386,42	9 041,82
D. Total net cash flows (A.III±B.III±C.III)	-977,93	-1 173,15	1 268,68	4 789,31
E. Balance sheet change in cash, including	-977,93	-1 173,15	1 268,68	4 789,31
change in cash due to exchange differences	0,00	0,00	0,00	0,00
F. Cash opening balance	2 398,88	7 383,41	152,26	1 420,94
G. Closing balance of cash (F±D), including	1 420,94	6 210,25	1 420,94	6 210,25
- of limited disposability	0,00	0,00	0,00	0,00

3.6. Statement of changes in equity

<i>In 1000 PLN</i>	1 October – 31 December 2016	1 October – 31 December 2017	1 January – 31 December 2016	1 January – 31 December 2017
I. Opening balance of equity (OBE)	1 148,09	287,65	1 148,09	1 754,08
- changes in accounting rules (policies)	0,00	0,00	0,00	0,00
- adjustments of errors	0,00	0,00	0,00	0,00
I.a. Opening balance of equity (OBE), adjusted	1 148,09	287,65	1 148,09	1 754,08
1. Opening balance of share capital	100,00	154,02	100,00	140,02
1.1. Changes in share capital	40,02	15,50	40,02	29,50
a) increase due to:	40,02	15,50	40,02	29,50
- issuance of shares	40,02	15,50	40,02	29,50
b) decrease due to:	0,00	0,00	0,00	0,00
- redemption of shares	0,00	0,00	0,00	0,00
1.2. Closing balance of share capital	140,02	169,52	140,02	169,52
2. Opening balance of supplementary capital	1 455,00	13 856,50	1 455,00	4 309,94
2.1 Changes in supplementary capital	2 854,94	-186,72	2 854,94	9 359,83
a) increase due to:	2 854,94	-186,72	2 854,94	9 359,83
- issue of shares above face value	2 854,94	-186,72	2 854,94	9 359,83
b) decrease due to:	0	0	0	0
2.2 Closing balance of supplementary capital	4 309,94	13 669,77	4 309,94	13 669,77
3. Opening balance of revaluation reserve -changes in accounting rules (policies)	0	0	0	0
3.1. Changes in revaluation reserve	0	0	0	0
3.2 Closing balance of revaluation reserve	0	0	0	0

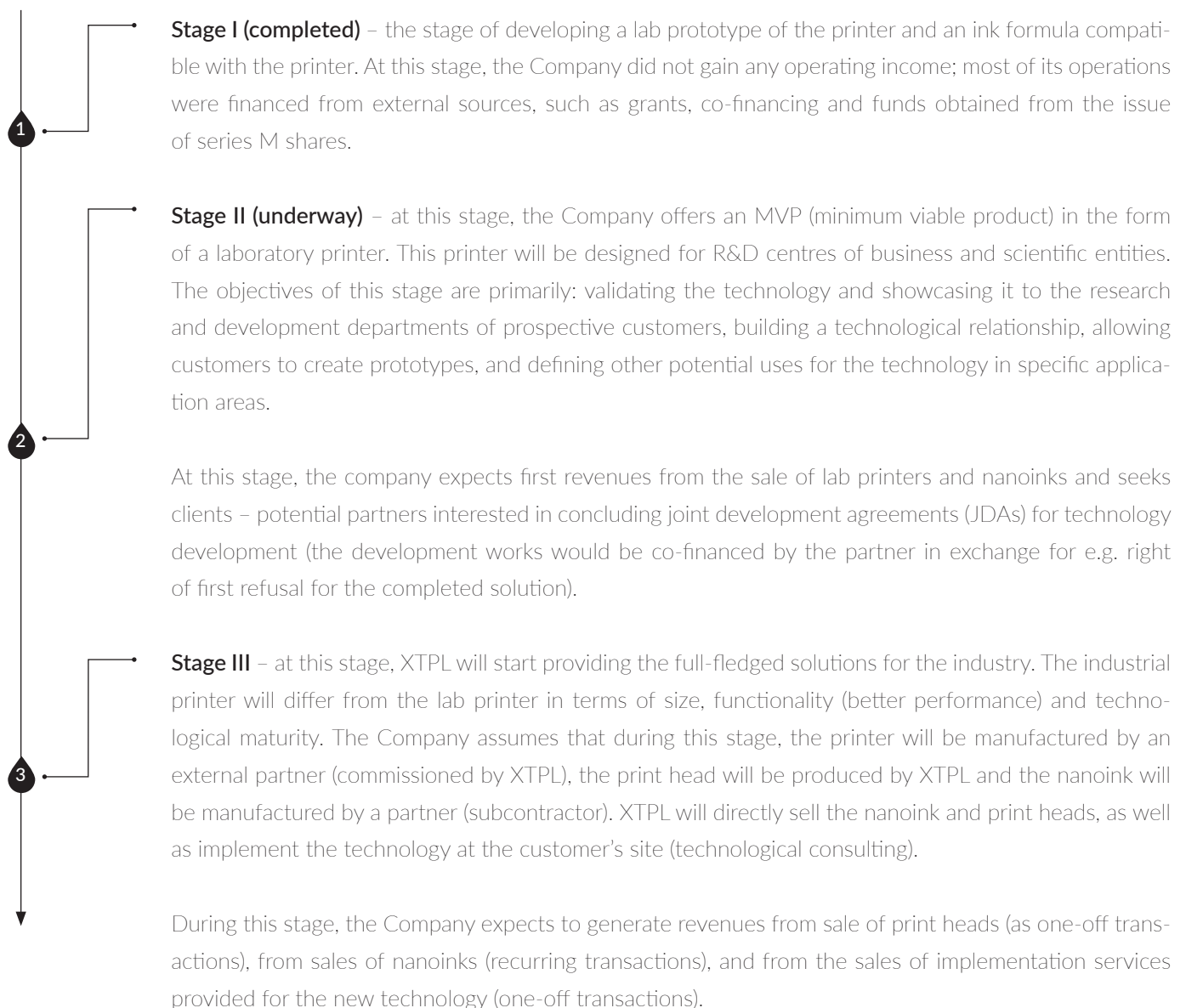
4. Opening balance of other reserve capital	0	0	0	0
4.1. Changes of other reserve capital	0	0	0	0
4.2. Closing balance of other reserve capital	0	0	0	0
5. Opening balance of profit (loss) brought forward	-406,91	-2 695,88	-406,91	-2 695,88
5.1. Opening balance of profit brought forward	0	0	0	0
5.2 Opening balance of profit brought forward, adjusted	0	0	0	0
5.3 Closing balance of profit brought forward	0	0	0	0
5.4 Opening balance of loss brought forward	2 695,88	2 695,88	2 695,88	2 695,88
- changes in accounting rules (policies)	0	0	0	0
- adjustments of errors	0	0	0	0
5.5 Opening balance of loss brought forward, adjusted	406,91	2 695,88	406,91	2 695,88
a) increase due to:	1 303,07	2 912,71	0,00	0,00
- loss for 6 months	1 303,07	2 912,71	0	0
b) decrease due to:	0	0	0	0
- profit distribution	0	0	0	0
5.6 Closing balance of loss brought forward	1 709,98	5 608,59	406,91	2 695,88
5.7 Closing balance of profit (loss) brought forward	-1 709,98	-5 608,59	-406,91	-2 695,88
6. Net profit (loss)	-985,90	-937,90	-2 288,97	-3 850,62
a) net profit	0	0	0	0
b) net loss	-985,90	-937,90	-2 288,97	-3 850,62
c) write-offs on profit	0	0	0	0
II. Closing balance of equity (CBO)	1 754,08	7 292,80	1 754,08	7 292,80
III. Equity, including proposed profit distribution (loss coverage)	1 754,08	7 292,80	1 754,08	7 292,80

4. The position of the Management Board on the probability of achievement of the published forecasts of results for the year in the light of the results presented in the quarterly report.

Not applicable. The Issuer did not disclose performance forecasts.

5. If the information document of the Issuer contained the information referred to in § 10(13a) of Exhibit 1 to the Alternative Trading System Rules – a description of the status of implementation of activities and investments of the issuer and the timetable of their implementation

COMMERCIALISATION *The process of launching the full commercialisation of XTPL solutions consists of three stages.*



6. The most important strategic actions planned by the Issuer in regard to the commercialisation of the technology:

- implementation of the business development strategy and the marketing and communication strategy for 2018, which include the Company's expansion on the international markets;
- production and sales of laboratory printers;
- expansion of the patent family related to XTPL's technology;
- establishment of R&D partnerships (JDA or JV based) with potential business clients and research institutes active in the selected application segments;
- expansion of the activity of the application laboratory (including research of new applications);
- design and creation of a prototype of a printing head for industrial applications;
- procurement of additional co-financing for the technology commercialisation stage.

7. Information on initiatives aimed at the implementation of innovative solutions to develop business activity

The main area of the Company's activity is developing and commercialising its innovative technology of ultraprecise printing of a wide range of nanomaterials.

The R&D works performed by the Issuer during the reporting period included:

- internal tests ("alpha testing") of a laboratory printer capable of very precise printing of various nanomaterials, with continuous modifications of the test versions,
- continued works aimed at applying the developed technology to transparent conductive films (TCFs) for use in displays and solar cells,
- completion of the first stage of works intended to explore the potential of the technology developed by the Issuer in the new application field – open-defect repair in thin-film electronics: an initial version of the nanoink formula was developed and tested, the initial objectives for the open-defect repair technology were fully tested, and the first proof of concept of the printing device was finished (the PoC device can successfully create demonstration repair connections in laboratory conditions);
- preliminary concept work intended to explore new areas of use for the technology.

8. Information on the rules applied to the preparation of the report, including information on changes to the applied accounting rules (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 Q4 2017 and, for comparison purposes, for Q4 2016, has been drawn up under the assumption that XTPL S.A. will continue its operations in the foreseeable future.

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

The accounting rules (policy) applied by the Issuer, including methods of valuation of assets/liabilities (including depreciation and amortization), measurement of the financial result, and the method of preparing the financial statements within the options provided for by the Act:

- Assets and liabilities are calculated in accordance with the overarching accounting rules specified in the Accounting Act.
- For the purposes of recognition of particular assets and liabilities in the books, the company has adopted the following arrangements:
 - Intangible assets as at the date of commissioning are measured at the purchase price. As at the balance sheet date they are calculated at the purchase price net amortization and impairment loss provisions.

Intangible assets:

- of the value of PLN 700 or less are charged as costs in the month of commissioning,
- of the value from PLN 700 to 3500 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. Those periods are (by category):
 - for software and copyright licenses – 24 months
 - for cost of completed development works – 12 months,
 - for other intangible assets – 60 months.
- Fixed assets at the day of commissioning are valued as at the balance sheet date at the purchase price net amortization and impairment loss provisions.

Fixed assets:

- of the value of PLN 350 or less are charged as costs in the month of commissioning,
- of the value from PLN 350 to 3500 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 at the date of this report the Company has one lease contract. The operating lease contract is classified for tax purposes as operating lease, and for balance sheet purposes as financial lease. The Company applies a simplified declining depreciation method (sum of year digits/SOYD) to assets used under the lease contract.
- Fixed assets under construction include fixed assets undergoing construction/assembly or pre-existing fixed assets being upgraded/improved. They are valued at the total overall cost directly related to their acquisition or production less impairment write-offs.
- Long-term and short-term receivables were valued at the amount payable, subject to the conservative valuation principle. There were no write-offs for receivables.
- Cash was recorded in the nominal value.
- Accruals and deferred income relate to the costs for future periods to be settled within 12 months from the balance sheet date. The prepayments include:
 - cost of insurance,
 - cost of development works.

The cost of R&D works, to the extent not regulated by the Accounting Act, is recognised by the Company according to the regulations included in the International Accounting Standard No. 38 “Intangible assets” (IAS 38)

- research expenditures – no regulations – IAS standards for costs of the financial period are applied,
 - development expenditures – recognised as cost prepayments and accruals,
 - development works are recognized as intangible assets after completion and determination of a positive result,
 - own development works are valued on the balance sheet as per manufacturing cost net amortization and impairment loss provisions.
- Equity is measured at face value by type and in accordance with the rules specified in the Company's Articles of Association. The supplementary capital recorded in the financial statements is calculated from the surplus of issue value over nominal value of shares.
 - Liabilities as of the balance sheet date were recorded at amount due.
 - There were no accruals and deferred income in Q4. Revenues on account of received co-financing for R&D works are recognised in item A.I of the profit and loss account.

- Recognition of revenues and costs.
 - revenues – pursuant to Art. 4 (1b) of the Accounting Act, the Company claims an exemption from the provisions of the Act for the purpose of reliable and clear presentation. The Company records the received co-financing for research and development purposes under revenues from operating activity, and not under other operating revenues pursuant to Art. 3 (1) point 32 letter h),
 - costs – costs are recognized by the company by type in accounts of team 4 and, concurrently, by cost centres in accounts of team 5. Costs in the profit and loss account are recognized in the periods they concern.
- The Company uses the simplified rules of valuation introduced by the Act of 23 July 2015 amending the Accounting Act, i.e. applying Art. 37 (10) and the Accounting Act as the basis of derogation from deferred tax determination.
- The Entity's profit and loss account is calculated by type.

9. Description of the organisation of the group indicating consolidated entities.

Not applicable. As at the date of the report the Issuer does not have any subsidiaries, and thus does not form a group of companies.

10. If the issuer forms a group of companies and does not prepare consolidated financial statements – reasons why such statements are not prepared.

Not applicable. As at the date of the report the Issuer does not have any subsidiaries, and thus does not form a group of companies.

11. Information on the Issuer's shareholding structure, including specification of shareholders holding at least 5% of votes at the general meeting, as at the date of the report.

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

Item	Shareholder	Number of shares	% share	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.	Heidelberger Beteiligungsholding AG	102 000	6,02%	102 000	6,02%
7.	Universal-Investment GmbH (on behalf of Acatis Investment GMBH)	94 000	5,55%	94 000	5,55%
8.	Other	355 119	20,95%	355 119	20,95%
TOTAL		1 695 220	100%	1 695 220	100%

* A special purpose vehicle which acquired all of the L series shares issued exclusively for an incentive program. *34% of shares in 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.

12. Information on the number of persons employed by the Issuer, in FTEs

The Company employs 28 people - FTEs under employment contracts (as at 31.12.2017).

For and on behalf of the Management Board:

Filip Granek
President of the Management Board

Maciej Adamczyk
Member of the Management Board