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STANDALONE QUARTERLY REPORT
FOR I QUARTER 2018

XTPL S.A.

SPÓŁKA NOTOWANA NA NEW/ CONNECT

Wrocław, 15.05.2018 r.

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1. Basic information about the Company

1.1. Corporate information:

Business name:	XTPL Spółka Akcyjna [joint-stock company]
Registered office:	Wrocław
Address:	Stabłowicka 147, 54-066 Wrocław, Poland
KRS [National Court Register Number]	0000619674
Telephone No.:	+48 71 707 22 04
Website:	www.xt-pl.com
E-mail:	investors@xt-pl.com

The Management Board:

Filip Granek – President of the Management Board;
Maciej Adamczyk – Member of the Management Board

The Supervisory Board:

Wiesław Rozłucki - Member of the Supervisory Board (until 17 April 2018), Chairman of the Supervisory Board from 10 May 2018
Konrad Pankiewicz – Member of the Supervisory Board, Chairman of the Supervisory Board until 10 May 2018
Bartosz Wojciechowski – Member of the Supervisory Board, Vice-Chairman from 10 May 2018
Agnieszka Młodzińska-Granek – Member of the Supervisory Board
Sebastian Młodziński – Member of the Supervisory Board
Piotr Janczewski – Member of the Supervisory Board (until 16 April 2018)

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 1 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 (as of 14 September 2017) 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, Journal of laws of 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. XTPL's interdisciplinary team is developing a globally innovative technology (protected by an international patent application) that enables ultra-precise printing of nanomaterials. The XTPL 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 make laboratory printers for use in 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. elimination of the need to use rare earth elements in the manufacturing process),
- very high optical transparency combined with high energy efficiency (extremely low surface resistance), and
- flexibility and resistance to bending (an essential characteristic, given the current trends in 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 electronics circuits, for use, for instance, in 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 electromagnetic 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 the XTPL 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+ Wroclaw Research Centre. Currently the XTPL team comprises scientists and process engineers with interdisciplinary expertise in chemistry, physics, electronics, mechanics, numerical simulations (including 9 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

- **Intensification of business development activities**

During Q1 2018, the Issuer's business development department focused mainly on three key areas: attracting clients interested in purchasing laboratory printers; approaching potential partners interested in joint development of XTPL technology under JDAs (joint development) or JV (joint venture) agreements, and verification of another application field for the developed technology – the area of anti-counterfeiting solutions. In regard to the laboratory printer segment, XTPL entered into close to 20 active discussions with potential clients, including one of the world's top manufacturers of consumer electronics (based in the USA), a large American chemical company, a large Far-Eastern glass manufacturing company and two foreign academic centers. The Company also received 9 enquiries from potential clients regarding the price and technical specification of the equipment, and signed a letter of intent with a client interested in conducting beta tests of the lab printer.

In regard to JDA and JV agreements, Q1 of 2018 saw the continuation of negotiations on the particulars of cooperation between our business development team and one of the potential partners interested in the joint development and sale of the open-defect repair technology for use in LCD and OLED displays. As a result, the Company obtained technical specifications identifying the initial requirements of potential customers from the South-East Asia region. In Q1 and the coming quarters, the Issuer's application laboratory will work on meeting the technological requirements set out in the specifications. The implementation of this step will enable moving to the next phase of talks. In the period covered by the report the Issuer has identified a new potential application field for the technology – ultra-precise printing of transistors with high switching frequencies. An enquiry regarding such an application came from a technological institute based in Western Europe. Further discussions in this regard will be held in the near future. At the same time, research will be undertaken to determine whether or not XTPL's technology can be applied here.

In Q1 2018 XTPL began to examine the feasibility of a new application field for the developed technology – namely, anti-counterfeiting solutions. As part of these efforts, a proof of concept was created and presented to one of the most modern companies in Europe operating in the security printing industry. The Issuer's business development team is preparing for more such meetings in Poland and across the European Union. The aim of the meetings is to obtain an initial assessment of the commercialsation potential of XTPL technology in this industry.
The creation and financing of the business development department is one of the objectives of the offering of series M shares.

- **Convocation of the Extraordinary General Meeting of Shareholders of the Company on 16 April 2018**

On 20 April 2018 the Management Board of XTPL announced the convocation of the Extraordinary General Meeting of Shareholders of the Company on 16 April 2018 (current EBI report 7/2018). As per the agenda, the General Meeting adopted resolutions on seeking admission and introduction of the Company's shares to the regulated marked operated by Giełda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange], the preparation of financial statements in accordance with the International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) from 2018 onwards, and changes in the composition of the Supervisory Board. All of the resolutions were adopted unanimously. As a result of the decisions taken during the General Meeting and to fill the vacancy left after the resignation of Mr Piotr Janczewski, the Supervisory Board of the Company appointed a new member, Wiesław Rozłucki – the former president and co-founder of the Warsaw Stock Exchange.

- **Establishment of the marketing and public relations department**

Beginning January 2018, the Company established a marketing and public relations department. The main responsibilities of the newly established department include developing and implementing a relevant action plan for the commercialisation of the Issuer's breakthrough technology within selected market segments. The department's focus encompasses the strengthening of XTPL's company image, promoting the Company's revolutionary solutions in the field of nanoprinting, the potential innovative uses of the technology within specific application fields, and building strategic relations between the company and its customers. At the current stage of the Company's development, the marketing and public relations team provides extensive support of the business development activities aimed at securing the sales of laboratory printers and nanoinks, while at the same time attracting partners – potential customers – interested in concluding joint development agreements (JDAs) to further develop the technology. The establishment of the marketing and public relations department marks the fulfilment of another objective of the issue of series M shares.

- **The Company received invitations to (and attended) multiple trade fairs and conferences**

In Q1 2018 XTPL received an invitation to IDTechEx Show Connecting Emerging Technologies With Global Brands, which was held on 11-12 April 2018 in Berlin. IDTechEx showcases the newest emerging technolgoies as one of the top industry events in the world. During the event, the President of the Management Board – Dr Filip Granek – showcased the Company's breakthrough technology as part of his talk. Also in April 2018 the European Commission invited XTPL to participate in the Hannover Messe 2018 industrial fair. XTPL was thus one of the companies selected from among the beneficiaries of the SME grant instrument under the Horizon 2020 programme. The company will take part in the Brokerage and Networking events. The Hannover fair is the world's largest and most important industry event.

Furthermore, in the period covered by the report XTPL has been invited to present its breakthrough technology as part of the Innovation Showcase at the TechConnect World Innovation Conference – an event held on 13-16 May 2018 in Anaheim, California (USA). The event includes a global conference and a trade fair, bringing together representatives of market segments such as printed and flexible electronics, nanoelectronics, biosensors and photovoltaics. XTPL will present its technology in the innovation showcase. Another event, the World Congress of Biosensors, will be held in Miami, Florida (USA) the following month (12-15 June). Having received an invitation in Q1 2018, the Company's representatives will showcase its innovative nanoprinting solution in a special section for emerging technologies. The World Congress of Biosensors is particularly important from a business point of view, as it represents an opportunity to acquire considerable knowledge and establish contacts crucial for potential development of the next application area for XTPL's technology. Financing of participation in industry fairs and conferences is one of the objectives of the offering of series M shares.

3. Quarterly condensed financial statements

3.1. Selected items of the financial statements

In 1000 PLN	Q1	
Item	2017	2018
Net revenues from sales	442,59	779,65
Profit (loss) on sales	-733,93	-865,99
Profit (loss) on operating activities [EBIT]	-733,93	-862,78
EBITDA	-621,82	-746,72
Gross profit (loss)	-736,53	-841,47
Net profit (loss)	-736,53	-841,47
Depreciation and amortisation	112,10	116,06
Net cash flows from operating activities	-660,31	-851,20
Net cash flows from investing activities	-124,65	-623,20
Net cash flows from financial activities	9,57	-6,67
Shareholders' equity	1 031,56	6 374,53
Current liabilities	720,98	881,79
Non-current liabilities	43,78	19,41
Cash and cash equivalents	645,56	4 718,09
Current receivables	164,22	309,95
Non-current receivables	14,15	11,26

3.2. Profit and loss

In 1000 PLN	Q1	
Item	2017	2018
A. Net revenues from sales and equivalent, including:	442,59	779,65
- from subsidiaries and affiliates	0,00	0,00
I. Net revenues from sales of products (including grants)	442,59	779,65
B. Core operating expenses	1 176,51	1 645,63
I. Depreciation and amortisation	112,10	116,06
II. Materials and energy	40,05	116,45
III. Outsourcing	422,15	653,74
IV. Taxes and charges, including:	2,97	16,21
- excise tax	0,00	0,00
V. Remuneration	473,21	566,51
VI. Social security and other benefits, including:	96,20	123,30
- pension benefits	75,23	55,29
VII. Other expenses by type	29,83	53,36
VIII. Value of goods and materials sold	0,00	0,00
C. Profit (loss) on sales (A-B)	-733,92	-865,98
D. Other operating revenues	0,00	3,24
I. Profit from outflow of non-financial assets	0,00	3,09
IV. Other operating revenues	0,00	0,15
E. Other operating expenses	0,00	0,03
III. Other operating expenses	0,00	0,03
F. Profit (loss) on operating activities (C+D-E)	-733,92	-862,77
G. Financial income	0,00	24,88
I. Dividend and share in profits, including:	0,00	0,00

II. Interest, including:	0,00	24,88
- from subsidiaries and affiliates	0,00	0,00
H. Finance costs	2,61	3,58
I. Interest, including:	0,64	0,51
IV. Other	1,97	3,07
I. Gross profit (loss) (F+G-H)	-736,53	-841,47
J. Income tax	0,00	0,00
K. Other statutory reductions in profit (increase in loss)	0,00	0,00
L. Net profit (loss) (I-J-K)	-736,53	-841,47

3.3. Assets

ASSETS	31.03.2017	31.03.2018
A. FIXED ASSETS	1 063,96	2 075,54
I. Intangible assets	695,57	1 240,25
1. Cost of completed development works	0,00	0,00
2. Goodwill	0,00	0,00
3. Other intangible assets	695,57	1 240,25
4. Prepaid intangible assets	0,00	0,00
II. Tangible fixed assets	354,24	646,54
1. Fixed assets	296,58	604,10
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 equipment	104,56	413,38
d) vehicles	68,80	43,28
e) other fixed assets	123,22	147,44
2. Fixed assets under construction	57,66	42,44
3. Prepaid fixed assets under construction	0,00	0,00

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III. Non-current receivables	14,15	11,26
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	11,26
IV. Long-term investments	0,00	142,86
1. Real property	0,00	0,00
2. Intangible assets	0,00	0,00
3. Non-current financial assets	0,00	142,86
a) in subsidiaries and affiliates	0,00	142,86
- loan receivables	0,00	142,86
b) in other entities, in which the entity holds a share in the capital	0,00	0,00
c) in other entities	0,00	0,00
4. Other long-term investments	0,00	0,00
V. Long-term prepaid expenses and deferred income	0,00	34,63
1. Assets resulting from deferred income tax	0,00	34,63
2. Other prepaid expenses and deferred income	0,00	0,00
B. CURRENT ASSETS	849,09	5 200,20
I. Inventories	0,00	87,67
1. Materials	0,00	0,00
2. Semi-finished goods and work in progress	0,00	0,00
3. Finished goods	0,00	0,00
4. Goods	0,00	0,00
5. Prepaid inventories and services	0,00	87,67
II. Current receivables	164,22	309,95
1. Receivables from subsidiaries and affiliates	0,00	0,00
2. Receivables from other entities, in which the entity holds a share in the capital	0,00	0,00

3. Receivables from other entities	164,22	309,95
a) for inventories and services due within:	0,00	0,30
- up to 12 months	0,00	0,30
- over 12 months	0,00	0,00
b) taxes, grants, customs duties, social and health insurance, and other benefits payable	144,24	270,45
c) other	19,97	39,20
d) disputed receivables	0,00	0,00
III. Short-term investments	645,55	4 780,23
1. Current financial assets	645,55	4 780,23
a) in subsidiaries and affiliates	0,00	62,14
- loan receivables	0,00	62,14
b) in other entities	0,00	0,00
c) cash and cash equivalents	645,55	4 718,09
- cash on hand and in bank	645,55	155,25
- other cash	0,00	4 562,84
2. Other short-term investments	0,00	0,00
IV. Short-term prepaid expenses and deferred income	39,32	22,35
C. Called up share capital	0,00	0,00
D. Treasury shares	0,00	0,00
TOTAL ASSETS	**1 913,05**	**7 275,74**

3.4. Liabilities

LIABILITIES	31.03.2017	31.03.2018
A. Shareholders' equity	1 031,55	6 374,54
I. Share capital	154,02	169,52
II. Reserve capital, including:	4 309,94	11 392,60
- excess in value of sales (issue value) over face value of shares	4 309,94	11 392,60
III. Revaluation reserve, including:	0,00	0,00
IV. Other reserve capital, including:	0,00	0,00
V. Profit (loss) brought forward	-2 695,88	-4 346,11
VI. Net profit (loss)	-736,53	-841,47
VII. Write-offs from net profit during the financial year (negative value)	0,00	0,00
B. Liabilities and provisions for liabilities	**881,50**	**901,20**
I. Provisions for liabilities	0,00	0,00
II. Non-current liabilities	43,78	19,41
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	43,78	19,41
a) loans payable	0,00	0,00
b) liabilities resulting from issue of debt securities	0,00	0,00
c) other financial liabilities	43,78	19,41
d) notes payable	0,00	0,00
e) other	0,00	0,00
III. Current liabilities	720,98	881,79
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	720,98	881,79
a) loans payable	368,05	0,00

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b) liabilities resulting from issue of debt securities	0,00	0,00
c) other financial liabilities	25,02	24,66
d) for inventories and services due within:	129,69	321,83
- up to 12 months	129,69	321,83
e) prepaid inventories	0,00	0,00
f) notes payable	0,00	0,00
g) taxes, customs duties, social insurance and other benefits payable	80,21	236,94
h) remuneration payable	115,71	166,49
i) other	2,30	131,87
4. Special funds	0,00	0,00
IV. Prepaid expenses and deferred income	116,74	0,00
1. Negative goodwill	0,00	0,00
2. Other prepaid expenses and deferred income	116,74	0,00
- long-term	0,00	0,00
- short-term	116,74	0,00
TOTAL LIABILITIES	**1 913,05**	**7 275,74**

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3.5. Statement of cash flows

In 1000 PLN	Q1	
	2017	2018
A. Cash flows from operating activities		
I. Net profit (loss)	-736,53	-841,47
II. Total adjustments	76,23	-9,71
1. Depreciation and amortisation	112,10	116,06
2. Foreign exchange gains (losses)	0,00	0,00
3. Interest and share in profits (dividends)	0,00	-24,37
4. Profit (loss) on operating activities	0,00	-3,09
5. Change in provisions	0,00	0,00
6. Change in inventory	95,99	-87,67
7. Change in receivables	-30,54	-26,47
8. Change in short-term liabilities excluding loans	-70,89	36,36
9. Change in prepaid expenses and deferred income	-30,43	-20,53
10. Other adjustments	0,00	0,00
III. Net cash flows from operating activities (I + II)	-660,30	-851,18
B. Cash flows from investing activities		
I. Inflows	91,06	34,06
1. Disposal of intangible assets and tangible fixed assets	91,06	3,09
2. Disposal of investments in immovable property and intangible assets	0,00	0,00
3. From financial assets, including:	0,00	30,97
a) in subsidiaries and affiliates	0,00	0,00
b) in other entities	0,00	30,97
- interest	0,00	30,97
- other inflows from financial assets	0,00	0,00
4. Other investment inflows	0,00	0,00

Sąd Rejonowy dla Wrocławia Fabrycznej we Wrocławiu. VI Wydział Gospodarczy Krajowego Rejestru Sądowego. Wysokość kapitału: 169 522,00 PLN wpłacony w całości.
KRS: 0000619674 NIP: 9512394886 REGON: 36189062

II. Outflows	215,71	657,27
1. Purchase of intangible assets and tangible fixed assets	215,71	457,27
2. Investments in real property and intangible assets	0,00	0,00
3. For financial assets, including:	0,00	142,86
b) in other entities	0,00	142,86
- non-current loan receivables	0,00	142,86
4. Other outflows from investing activities	0,00	57,14
III. Net cash flows from investing activities (I-II)	-124,65	-623,21
C. Cash flows from financing activities		
I. Inflows	31,83	0,00
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	14,00	0,00
2. Loans payable	17,83	0,00
II. Outflows	22,26	6,68
1. Purchase of own shares	0,00	0,00
2. Dividend and other payments to shareholders	0,00	0,00
3. Profit distribution liabilities other than profit distribution payments to shareholders	0,00	0,00
4. Repayment of loans	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	22,26	6,17
8. Interest	0,00	0,51
9. Other outflows from financial activities	0,00	0,00
III. Net cash flows from financial activities (I-II)	9,57	-6,68
D. Total net cash flows (A.III±B.III±C.III)	-775,38	-1 481,07
E. Balance sheet change in cash, including	-775,38	-1 481,07
change in cash due to foreign exchange differences	0,00	0,00
F. Opening balance of cash	1 420,94	6 188,99
G. Closing balance of cash (F±D), including	645,56	4 707,92
- of limited disposability	0,00	0,00

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3.6. Statement of changes in equity

In 1000 PLN	Q1	
	2017	2018
I. Opening balance of equity (OB)	1 754,08	11 155,21
- changes in accounting rules (policies)	0,00	0,00
- error corrections	0,00	0,00
I.a. Opening balance of equity (OB), adjusted	1 754,08	11 155,21
1. Opening balance of share capital	140,02	169,52
1.1. Changes in share capital	14,00	0,00
a) increase due to:	14,00	0,00
- issuance of shares	14,00	0,00
1.2. Closing balance of share capital	154,02	169,52
2. Opening balance of supplementary capital	4 309,94	11 392,60
2.1. Changes in reserve capital	0,00	0,00
2.2. Closing balance of reserve capital	4 309,94	11 392,60
3. Opening balance of revaluation reserve	0,00	0,00
3.1. Changes in revaluation reserve	0,00	0,00
3.2. Closing balance of revaluation reserve	0,00	0,00
4. Opening balance of other reserve capital	0,00	0,00
4.1. Changes of other reserve capital	0,00	0,00
4.2 Closing balance of other reserve capital	0,00	0,00
5. Opening balance of profit (loss) brought forward	-2 695,88	-406,91
5.1. Opening balance of profit brought forward	0,00	0,00
5.2. Opening balance of profit brought forward, adjusted	0,00	0,00
5.3. Closing balance of profit brought forward	0,00	0,00

5.4. Opening balance of loss brought forward	2 695,88	406,91
- changes in accounting rules (policies)	0,00	0,00
- error corrections	0,00	0,00
5.5. Opening balance of loss brought forward, adjusted	2 695,88	406,91
a) increase due to:	0,00	3 939,21
- loss brought forward for covering	0,00	0,00
b) decrease due to:	0,00	0,00
- profit distribution	0,00	0,00
5.6 Closing balance of loss brought forward	2 695,88	4 346,12
5.7 Closing balance of profit (loss) brought forward	-2 695,88	-4 346,12
6. Net profit (loss)	-736,53	-841,47
a) net profit	0,00	0,00
b) net loss	-736,53	-841,47
c) write-offs on profit	0,00	0,00
II. Closing balance of equity (CB)	1 031,56	6 374,53
III. Equity, including proposed profit distribution (loss coverage)	1 031,56	6 374,53

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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.

No 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 Appendix [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.*

Stage I (completed) – the stage of developing a lab prototype of the printer and an ink formula compatible with the printer. At this stage, the Company did not gain any operating income; most of its operations were financed from external sources, such as grants, co-financing and funds obtained from the issue of series M shares.

Stage II (underway) – at this stage, the Company offers an MVP (minimum viable product) in the form of a laboratory printer.
This printer will be designed for R&D centres of business and scientific entities. The objectives of this stage are primarily: validating the technology and showcasing it to the research and development departments of prospective customers, building a technological relationship, allowing customers to create prototypes, and defining other potential uses for the technology in specific application areas.

At this stage, the company expects first revenues from the sale of lab printers and nanoinks and seeks clients – potential partners interested in concluding joint development agreements (JDAs) for technology development (the development works would be co-financed by the partner in exchange for e.g. right of first refusal for the completed solution).

Stage III – at this stage, XTPL will start providing the full-fledged solutions for the industry. The industrial printer will differ from the lab printer in terms of size, functionality (better efficiency) and degree of technological maturity. The Company assumes that during this stage, the printer will be manufactured by an external partner (commissioned by XTPL), the print head will be produced by XTPL and the nanoink will be manufactured by a partner (subcontractor). XTPL will directly sell the nanoink and print heads, as well as implement the technology at the customer's site (technological consulting).

During this stage, the Company expects to generate revenues from the sale of print heads (as one-off transactions), from the sale of nanoinks (repeat transactions), and from the sale of dedicated implementation services provided for the new technology (one-off transactions).

Sąd Rejonowy dla Wrocławia Fabrycznej we Wrocławiu. VI Wydział Gospodarczy Krajowego Rejestru Sądowego. Wysokość kapitału: 169 522,00 PLN wpłacony w całości.
KRS: 0000619674 NIP: 9512394886 REGON: 36189062

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

- performing internal and external tests of the beta version of the laboratory printer;
- 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 ultra-precise printing of nanomaterials.

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

- completing the design of the beta version of the laboratory printer, which, after internal tests, will be ready for testing at potential clients;
- continued (on schedule) works aimed at applying the developed technology to transparent conductive films (TCFs)
- for use in displays and solar cells,
- conducted preliminary research intended to verify if the developed technology can be used in the anti-counterfeiting segment (security printing), the research resulted in a proof of concept which will serve as the basis of further research and preliminary discussions with industry representatives;

8. Information on the rules applied to the preparation of the report, including information on changes to the applied accounting rules (policies).

These interim financial statements have been drawn up in accordance with the International Financial Reporting Standards (IRFS) endorsed by the European Union.

- **NEW AND AMENDED IFRS REGULATIONS**

Effective from 1 January 2017, the following standards apply to the Company:

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
  The amendments clarify issues concerning the creation of deductible temporary differences related to debt instrument measured at fair value, estimating probable future taxable profit, and assessing whether revenues will be available against which the deductible temporary differences can be utilised. The amendments apply retrospectively.
- Amendments to IAS 7 Disclosure Initiative
  The amendments require the entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. It is not required to provide comparative information for preceding periods.
- Amendments to IFRS 12 Disclosure of Interests in Other Entities, as part of the Amendments resulting from the IFRS 2014-2016 cycle of improvements
  The amendments clarify that the requirements in this standard apply to an entity's interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates, and unconsolidated structured entities that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The Company has decided against earlier application of any other standards, interpretations or amendments that have been issued, but have not become effective under European Union law.

- **NEW STANDARDS AND INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE**

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but are not yet effective:

- IFRS 9 Financial instruments (issued on 24 July 2014) – the standard applies for annual periods beginning on or after 1 January 2018,
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), including amendments to IFRS 15 Effective Date of IFRS 15 (issued on 11 September 2015) – the standard applies for annual periods beginning on or after 1 January 2018,

- IFRS 16 Leases (issued on 13 January 2016) – the standard applies for annual periods beginning on or after 1 January 2019,
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) – the amendments apply for annual periods beginning on or after 1 January 2018,
- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016) – the clarifications apply for annual periods beginning on or after 1 January 2018,
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016) – the amendments apply for annual periods beginning on or after 1 January 2018,
- Amendments to IAS 28 Investments in Associates and Joint Ventures, as part of the amendments resulting from the IFRS 2014-2016 cycle of improvements (issued on 8 December 2016) – the amendments apply for annual periods beginning on or after 1 January 2018,
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, as part of the amendments resulting from the IFRS 2014-2016 cycle of improvements (issued on 8 December 2016) – the amendments apply for annual periods beginning on or after 1 January 2018,
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016) – the interpretation applies for annual periods beginning on or after 1 January 2018,
- Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016) – the amendments apply for annual periods beginning on 1 January 2018,
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (issued on 12 October 2017) – the amendments apply for annual periods beginning on or after 1 January 2019,
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – not endorsed by the EU before these financial statements were authorised for issue – the standard applies for annual periods beginning on or after 1 January 2016,
- IFRS 17 Insurance Contracts (issued on 18 May 2017) – not endorsed by the EU before these financial statements were authorised for issue – the standard applies for annual periods beginning on or after 1 January 2021,
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) – not endorsed by the EU before these financial statements were authorised for issue – the standard applies for annual periods beginning on or after 1 January 2019,
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) – not endorsed by the EU before these financial statements were authorised for issue – the amendments apply for annual periods beginning on or after 1 January 2019,
- Amendments resulting from the IFRS 2015-2017 cycle of improvements (issued on 12 December 2017) – not endorsed by the EU before these financial statements were authorised for issue – the amendments apply for annual periods beginning on or after 1 January 2019,
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) – not endorsed by the EU before these financial statements were authorised for issue – the amendments apply for annual periods beginning on or after 1 January 2019,

CONSOLIDATED DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

• INTANGIBLE ASSETS

Intangible assets are recognised when they are likely to result in future economic benefits for the entity that can be attributed to these assets. Intangible assets are measured initially at cost. Investment properties are measured in accordance with the principles set out in the valuation of property, plant and equipment, i.e. at the purchase price or production cost less accumulated depreciation and impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation value of intangible assets is recognised in Profit or loss under "Depreciation and amortisation".

Intangible assets held by the Company with amortisation charges:

Computer software	2 to 5 years
Computer software licences	2 to 5 years
Completed development works	
During the use of the results of the works	
Intellectual property rights (know-how)	5 years

• FIXED ASSETS

Fixed assets are valued at cost plus any costs directly attributable to the acquisition and adaptation of the asset to a condition for use, or at production cost less accumulated depreciation and any accumulated impairment losses.

Costs incurred on an asset which is already in use, such as costs of repairs, overhauls or maintenance charges, operating fees, are recorded in the financial result for the period during which they were incurred. However, if it is possible to prove that these costs increased the expected future economic benefits on account of holding the fixed asset over the benefits expected originally, then they increase the initial value of the fixed asset (so-called improvement).

The gain or loss arising from the derecognition of an intangible asset (following its liquidation or sale) are recognised in the statement of financial position as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

For fixed assets financed by grants, an amount equal to the initial value of the fixed asset portion financed by grants is recorded in deferred income and recognised over time as a grant over the periods necessary to match them with the depreciation of the assets.

Fixed assets are amortised on a straight-line basis over their estimated useful lives, which are as follows:

Plant and equipment	4 to 15 years
Vehicles	3 to 10 years
Other fixed assets	Estimated on an individual basis

Estimates of useful lives and the depreciation method are reviewed at the end of each financial year in order to verify that the methods and periods of depreciation are consistent with the expected pattern of economic benefits generated over time from the asset.

- **FIXED ASSETS UNDER CONSTRUCTION**

Fixed assets under construction are carried at the total amount of costs directly related to their purchase or manufacture, including financial expenses (except for foreign exchange adjustments that are not an adjustment to interest costs), minus impairment charges. Fixed assets under construction are not depreciated until their construction is completed and the asset is commissioned.

- **FINANCIAL INSTRUMENTS**

The Company's financial instruments are classified into the following categories:
- loans and receivables,
- available-for-sale (AFS) financial assets,
- other financial liabilities.

Financial instruments are classified based on their characteristics and the purpose for which they were acquired. Classification is made upon initial recognition of the financial asset or liability.
Instruments with a maturity period of over 12 months from the end of the reporting period are classified as a non-current asset or non-current liability. Financial instruments with a maturity period of less than 12 months from the end of the reporting period is classified as a current asset or current liability.
The principles for the classification and valuation of financial instruments belonging to the above categories:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of classifying such receivables as a financial asset measured at fair value through profit or loss.
Loans and receivables are classified as current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables with maturities greater than 12 months after the end of the reporting period are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Available-for-sale (AFS) financial assets

Available-for-sale (AFS) financial assets are non-derivative financial assets that are either designated as "available-for-sale" or not classified under any of the other categories. This category primarily includes financial assets which do not have afixed maturity date and which do not meet the criteria for being categorised as financial asset measured at fair value through profit or loss, or financial assets acquired via the secondary market with fixed maturities which the Company has no intention or ability to hold to maturity.

Available-for-sale (AFS) financial assets are included in non-current assets unless the Company intends to dispose of the investment within 12 months from the end of the reporting period.

Other financial liabilities

Financial liabilities included in this category are those that were not classified at their initial recognition as measured at fair value through profit or loss.

After initial recognition, the entity measures all financial liabilities, apart from those classified as measured at fair value through profit or loss, or at amortised cost, using the effective interest rate method.

Methods applied for determining fair value

Fair value is considered to be the purchase price of a financial instrument or, in case of financial liabilities, the sales price of an instrument, unless there are any indicators that the financial instrument was not purchased at fair value.

At the end of the reporting period, the fair value of financial instruments is established based on the current bid/ask prices, provided an active market exists for the instruments. If the market for a financial instrument is not active (and in relation to non-quoted securities), the Company establishes fair value using the appropriate valuation techniques. The valuation techniques include comparison with recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques/models which are commonly used by market participants, adjusted to the characteristics and parameters of the financial instrument being measured at fair value.

Impairment of financial assets

At the end of each reporting period an assessment is made whether there is objective evidence that a financial asset or group of financial assets is impaired. In particular, the Company deems the following to be significant objective indications (evidence): serious financial difficulties of the debtor, initiation of legal proceedings against the debtor, the disappearance of an active market for that financial asset because of financial difficulties, occurrence of a material adverse change in the economic, legal or market environment of the issuer of the financial instrument, sustained decline in the fair value of the financial instrument below the level of cost.

For equity instruments measured at fair value, classified as available-for-sale financial assets, the Company recognises an impairment loss if the decrease in the fair value of a equity financial instrument to less than the acquisition cost is maintained for a period of at least 12 months or when the fair value in relation to the acquisition cost of a capital financial instrument decreases by at least 20 per cent. If the Company identifies an impairment of available-for-sale financial assets, the cumulative loss recognised in other comprehensive income – measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and reclassified to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss and concerning equity instruments are reversed in correspondence with other comprehensive income. The reversal of an impairment of debt financial instruments is recognised in profit or loss if, in subsequent periods (after the impairment was recognised), the fair value of these financial instruments increased as a result of events occurring after the impairment recognition.

If there are any indications of impairment of unquoted equity instruments valued at the purchase price (where fair value cannot be reliably determined), the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted using the current market rate of return for similar financial assets. Such impairment losses are not reversed.
If there is evidence of potential impairment of loans and receivables or held-to-maturity investments carried at amortised cost, the impairment loss is measured as the difference between the carrying value of assets and the present value of estimated future cash flows discounted at the original effective interest rate for these assets (i.e. the effective interest rate computed at initial recognition of assets based on a fixed interest rate and the effective interest rate determined at the time of the last revaluation of assets based on a variable interest rate). An impairment loss is recognised in profit or loss.

- **LEASES**

A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership of assets. The subject of the finance lease is recognised in assets at the inception of the lease at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.
Where the substantial part of the risks and rewards incidental to ownership of an asset is retained by the lessor, a lease contract is classified as an operating lease. Operating lease payments are accounted for as an expense on a straight-line basis over the lease period.

- **FOREIGN CURRENCY TRANSACTIONS**

Items included in the financial statements are presented in Polish zlotys, which is the functional currency of the Company. At the moment of initial recognition, foreign currency transactions are translated into the functional currency:
- at the actual exchange rate applied, i.e. at the buy or sell exchange rate applied by the bank in which the transaction is made, in the case of the sale or purchase of currencies and the payment of receivables or liabilities, or at the exchange rate resulting from agreements concluded with the bank servicing the entity or agreed upon in negotiations,
- at the average exchange rate set for a given currency by the NBP [the National Bank of Poland], effective on the date of the transaction for other transactions. The exchange rate effective on the date of the transaction is the average NBP rate announced on the last working day proceeding the transaction day.

At the end of each reporting period:
- foreign currency monetary items are translated at the closing rate applicable on that date, i.e. at the average exchange rate set for a given currency by the NBP,
- non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate effective on the transaction date (i.e. the average exchange rate set for a given currency by the NBP), and
- non-monetary items measured at fair value in a foreign currency are translated using the exchange rate (i.e. the average exchange rate set for a given currency by the NBP) effective on the date when the fair value was determined.

Foreign exchange gains and losses resulting from:
- foreign currency transactions,
- the measurement and translation of foreign currency monetary assets and liabilities (other than derivatives),
  are recognised in profit or loss.

- **PREPAID EXPENSES AND DEFERRED INCOME**

The entity records prepaid expenses to observe the principle of matching costs and revenues. Prepayments are measured at acquisition price at the time of initial evaluation, whereas the acquisition price is adjusted at the balance sheet date for a portion of the cost or income attributable to previous periods.
The Company records deferred income if it relates to future reporting periods. Deferred income is recognized at face value.

- **SHARE CAPITAL**

The Company's equity includes the following:
- Share capital – recognised in the amount specified in the Company's Articles of Association and registered in the National Court Register,
- Reserve capital,
- Retained earnings.

- **PROVISIONS**

Provisions are recognised when the Entity has a valid obligation (legal or constructive) as a result of past events and it is certain or highly probable that the fulfilment of this obligation will cause an outflow of resources tantamount to economic losses, and when the amount of this obligation can be reliably estimated.

- **LOANS RECEIVED**

At initial recognition, bank loans and other loans are recognised at cost, corresponding to the value of received cash, and including the cost of obtaining the loan. All bank loans and other loans are then recognised at adjusted purchase price (amortised cost) calculated using the effective interest rate.

- **BORROWING COSTS**

Borrowing costs are accounted for as costs in profit or loss in the relevant period.
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, affect its initial value as an element of its cost. Such costs are capitalised when it is probable that they will result in future economic benefits to the entity, and the costs can be measured reliably.
Borrowing costs for loans which were drawn without a specified purpose, but which were allocated to finance the acquisition or production of a qualifying asset, affect the initial value of the qualifying asset by the amount of the capitalisation rate applied to the expenditures on that asset. The capitalisation rate is the weighted average of all borrowing costs of an entity that are outstanding during the given period, other than borrowings made specifically for the purpose of obtaining qualifying asset.
Exchange differences on borrowings drawn in a foreign currency (both specific and general) affect the initial value of the qualifying asset to the extent in which it represents an adjustment of interest costs. The amount of the exchange differences adjusting the interest cost is the difference between the cost of interest on similar financing which the entity would have drawn in its functional currency and the financing cost incurred in the foreign currency.

- **RECOGNITION OF REVENUES**

Revenues from sales of services (products)
When the outcome of a transaction for the sale of servcies can be estimated reliably, the revenue from the transaction is recognised based on the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably,
- it is probable that the entity will gain economic benefits from the transaction,
- the stage of completion of the transaction at the end of the reporting period can be measured reliably, and
- the costs connected with the transaction and the costs of completing the transaction can be measured reliably.

If the outcome of a transaction for the sale of services cannot be estimated reliably, revenue shall be recognised only up to the amount of the expenses recognised that are expected to be recoverable.

Revenue from the sale of goods and materials

The Company recognises revenues from the sale of goods and materials when the following conditions are met:

- the economic entity has transferred to the buyer the significant risks and rewards of ownership of the goods,
- the economic entity has ceased any continued involvement in the management of the goods sold to the extent usually associated with the inventory management function, and no longer exercises effective control over those items,
- the amount of revenue can be measured reliably,
- it is probable that the entity will gain economic benefits from the transaction,
- the costs incurred or to be incurred by the economic entity in connection with the transaction can be measured reliably.

Revenues are recognised at fair value.

Grants

Grants are recognised only if there is reasonable assurance that the entity will comply with the conditions of obtaining a grant, and that the grant will be received. Grants are recognised in the statement of comprehensive income as revenue in the period in which they become due. Wage support grants are presented as income in a separate item of the statement of comprehensive income. Grants do not reduce costs.

Interest

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Company reduces its carrying amount to the recoverable amount equal to the estimated future cash flows discounted at the original effective interest rate of the instrument. Subsequently, the discount amount is gradually settled in correspondence to interest income. Interest income on impaired loans granted are recognised using the effective interest method.

- **GRANTS**

Non-monetary grants are accounted for at their fair value.

Monetary government grants related to assets are presented in the statement of financial position by setting up the grant as deferred income.

Grants related to income are presented as proft or loss in the income statement, either separately or under the general heading of 'Other income'; alternatively, they are deducted in reporting the related expense.

Government grants are not recognised until there is reasonable assurance that the economic entity will comply with the conditions of obtaining a grant, and that the grant will be received.

Monetary government grants are recognised systematically as income over the periods necessary to match them with the related costs which they are intended to compensate.

They are not credited directly to equity.

A government grant that becomes receivable as compensation for expenses or losses already incurred, or receivable for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable, with disclosure.

Grants related to income are presented as income, separately from the related costs which the grants are intended to compensate. Grants are recognised as income regardless of whether they were received in the form of cash or as a decrease of liabilities.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, recognised and measured in accordance with IAS 39, i.e. as the difference between the loan's carrying amount measured in accordance with IAS 39 and the income received. Grants are recognised in accordance with IAS 20.

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	% 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.	Heidelberger Beteiligungsholding AG	102 000	6,02%	102 000	6,02%
7.	Universal-Investment GmbH *(for Acatis Investment GMBH)*	94 000	5,55%	94 000	5,55%
8.	Others	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 under employment contracts the equivalent of 29 FTEs (as at 31.03.2018).

For and on behalf of the Management Board:

Filip Granek
Chairman of the Management Board

Maciej Adamczyk
Member of the Management Board