

ESPI Current Report

Number: 38/2019
Date: 21 August 2019
Company: XTPL S.A., a joint stock company with its registered office in Wrocław

Topic: Decision to change the commercialization model in one of the application fields

Legal basis: Article 17(1) MAR – inside information

Contents of the Report: The Management Board of XTPL S.A. (the “**Issuer**” or the “**Company**”) hereby advises that on 21 August 2019 it decided to start preparations for commercialization the Company's technology in the area of flat-panel displays (“**FPD**”), so it can be used for open defect repair (“**ODR**”), in the model of licensing the use of the Issuer's technology.

Based on preliminary talks with a group of potential clients interested in implementation of the technology, the Management Board has positively assessed licensing as a way of commercializing the Issuer's technology for open defect repair. According to the Management Board, the advantages of this model include *inter alia*:

- favorable relationship between the expected cost to the potential effects in the form of scalable revenues;
- shorter time needed to introduce the open defect repair technology in the FPD sector;
- preferences of most clients who have declared their interest in purchasing the solution offered by the Company.

The licensing model will allow the licensee’s potential to be for conducting effective tests of the solution in several cycles under near-production and strictly production conditions. This model provides for the licensee to ensure building a logistics chain, developing distribution channels and creating as well as financing an area directly responsible for customer service (including for individual implementations and after-sales support).

In the opinion of the Issuer's Management Board, licensing the technology increases the chances of its effective implementation in a particular sector, achieving recurring revenues from that market and an opportunity to focus on developing a technology for use in new application fields.

The preparation for commercialization in the licencing model will primarily include activities aimed at securing extra protection of intellectual property, industrial property and the technological know-how that will be covered by the licence. At the same time, the Company will hold further talks and negotiations with entities interested in acquiring the license.

In addition, the Management Board announces that it has decided to start an additional cycle of R&D work designed to develop the XTPL technology in the ODR segment to confirm fulfillment of the initial requirements for new generation displays to be put in production in the coming years. The Management Board estimates that this work may take up to several months and if successful it may contribute to a growth in revenues from the said licenses, as an increase in XTPL's technological readiness will increase the solution's value for the potential partner and at the same time extends by several years the expected economic life of the licences for the licensees.

In the opinion of the Issuer's Management Board, adoption the new commercialization model for the Company's technology in the FPD sector for ODR application constitutes a significant change in relation to the commercialization model being developed and communicated to the market so far. This in its own right is a material piece of information about the Issuer, which will probably be taken into account by stock investors in their investment decisions, and in particular it will be a factor affecting assessment of the Company's revenue generation potential and time frames. For this reason, in the opinion of the Management Board, this information meets the criteria of inside information within the meaning of Article 7(1) MAR.

Signatures of the Company's representatives:

Maciej Adamczyk
MANAGEMENT BOARD MEMBER