

Proposal by the Management Board of XTPL S.A. on covering of the loss for the financial year of 2019 and presentation of a recommendation to the Annual General Meeting of Shareholders of XTPL S.A.

1. Pursuant to Article 395 § 2(2) of the Commercial Companies Code, the Management Board of XTPL S.A. requests the Annual General Meeting of Shareholders of XTPL S.A. that the net loss of PLN 24,678 thousand (twenty four million six hundred and seventy eight thousand PLN) be covered as follows:
 - a. The amount of PLN 13,026 thousand (thirteen million twenty six thousand PLN) to be covered from the reserve capital of XTPL S.A.
 - b. The amount of PLN 11,652 thousand (eleven million six hundred and fifty two thousand PLN) to be covered from the supplementary capital of XTPL S.A.
2. The Management Board of XTPL S.A. recommends that the Annual General Meeting of Shareholders of XTPL S.A. adopt a resolution whereby the net loss for the financial year of 2019 will be covered as follows:
 - a. The amount of PLN 13,026 thousand (thirteen million twenty six thousand PLN) to be covered from the reserve capital of XTPL S.A.
 - b. The amount of PLN 11,652 thousand (eleven million six hundred and fifty two thousand PLN) to be covered from the supplementary capital of XTPL S.A.
3. Bearing in mind that the sum of the supplementary and reserve capital as at 31 December 2019 amounts to PLN 31,752 thousand and exceeds the net loss for 2019, there is no need to adopt a resolution on the continued existence of the Company.

Rationale for the proposal:

- I. *Pursuant to Article 395 § 2(2) of the Commercial Companies Code, it is the General Meeting that decides about the covering of the loss. According to Article 396 § 1 of the Commercial Companies Code, supplementary capital is created to cover potential losses. The decision to use the supplementary capital for this purpose is taken by the General Meeting pursuant to Article 396 § 5 of the Commercial Companies Code.*
- II. *The financial statements prepared as at 31 December 2019 do not show any loss which would exceed the total amount of the supplementary capital and the reserve capital or a third of the share capital (the net loss for the financial year amounted to PLN 24,678 thousand, and as at 31 December 2019, the combined supplementary capital and reserve capital amounted to PLN 31,752 thousand, so there is no need for a resolution on the continued existence of XTPL S.A., in accordance with Article 397 of the Commercial Companies Code.*
- III. *In view of the above, the covering of the loss for the financial year of 2019 from the reserve capital and the supplementary capital of XTPL S.A. is deemed justified.*

(Filip Granek)
Wrocław, 18 May 2020