

## QUARTERLY REPORT Q2 2017



Wroclaw, 08/11/2017

## THE MANAGEMENT BOARD'S LETTER

Dear Shareholders,

The second quarter of 2017 abounded in events that were directly connected with the strategy of the Company, which makes it even more pleasurable for us to present you with the summary of this period.

The information presented below constitutes a tangible examples of milestones we have achieved, allowing external observers to assess the progress of a high-tech company development on the basis of publicly available data. We hope that provided parameters will give a more complete overview of PiLab and will allow investors better assessment of data published in the future in the context of executing Company strategy.

### Intellectual Property

A critical value for companies that are developing in a business model of a technology vendor is securing Intellectual Property rights to the technology and protection of the company's know-how. The fact that PiLab has obtained a patent in the European Patent Office (report ESPI 03/2017) is an evidence of innovation as an intrinsic feature of PiLab's solutions and, additionally, confirms the validity of decisions made in 2013 with reference to building a portfolio of IP rights. In 2016, having the technology architecture analyzed and its key aspects verified by a team of analytics sector experts and lawyers from Wilson Sonsini Goodrich & Rosati law firm, we have updated the patent strategy. The current approach assumes, first, patenting the technology in the USA, and, second, extending the protection into the areas under the European Patent Office jurisdiction by taking advantage of a so-called patent highway. At the moment, there are three patent applications submitted to the European Patent Office and five submitted to United States Patent and Trademark Office and next ones are being prepared. Information about patents obtained on any side of the ocean will mark progress in the realization of our strategy and contribute to building the Company value.

A different, yet not less important element of the protection of our assets, is securing the information technology infrastructure of the company: maintaining a range of security policies, ensuring business continuity, implementing numerous compliance procedures. When carrying out advanced analytical projects for public institutions and financial corporations, the Company is obliged to provide a high level of safety, which is regularly verified by its business partners with positive outcome.

### DataWalk system business value

For a high-tech product vendor at an early stage of development, verification and analysis of a business value generated by its technology should be a top priority. An identified uniqueness is often described by means of technical parameters and benchmarks<sup>1</sup> whose compilation requires a lot of research and, impressive though the results may be, they are not critical and compelling for non-technical business customers. Therefore, before launching an expensive process of scaling into global markets, a company such as PiLab has to prove value in the local market first and, then, in the most advanced and competitive market for similar solutions.

Information referring to the value of the DataWalk system are not only published case studies worked out with customers or system application examples (e.g.: <https://pilab.pl/materialy-informacyjne/>). A

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<sup>1</sup> The example of a benchmark prepared for DataWalk system: <https://pilab.pl/wp-content/uploads/2016/05/DataWalk-Performance-2016-05-25.pdf>.

technology company has to present also external evidence that confirms a business value, such as first, strategic references in a given sector or results from cooperation with customers. Therefore, such events as awarding TUIR Warta, Talanx Group the prize for the best technological implementation in the insurance sector in Poland prove a significant business value generated by the DataWalk system<sup>2</sup>. Further information from this area, such as references from new customers, case-studies or awarded distinctions will account for measurable parameters of the strategy execution, confirming increase of the Company's value.

## Sales

The first references for particular solutions in a given sector can be perceived as the opening of a new enterprise IT market, referring to the technology adoption curve and the length of a sales cycle described in the IVQ 2016 report. There are still several milestones of that kind ahead of us to be achieved, among others, the first production implementation of the system for new applications in the insurance sector. These new use-cases seem much more promising in terms of generating value, comparing to the current DataWalk applications in the anti-fraud area. Realization of new projects in another business and geographical areas will provide confirmation of an increasing sales traction.

The majority of sales activities that begun after obtaining first references in Poland and the first international project implemented within the customer's capital group (report ESPI 5/2017) are among the activities which will yield revenues in the next quarters. Nonetheless, we are working with a view to close new sales this year and, thus, increase so-called install base – each production system implementation is not only a source of revenue from maintenance in subsequent years (license support fee in the customer's environment) but also, more importantly, constitutes a sales effect of a snowball in the market. A substantially increased commercial activity resulted in extending a sales and marketing team in the second quarter: two talents who joined us have years of international experience in sales and implementation of the most advanced enterprise-class, analytical systems.

It is worth mentioning here that the growing popularity of the DataWalk system together with business results it delivers, enable a review of a price model with an enhanced correlation between the price of the product and its value to customers.

To sum up, PiLab's sales effectiveness is not only evaluated on the basis of pure financial data comparing half-year or one-year periods and their sales increase dynamics. What indicates revenue dynamics increase in the future is, most importantly at this stage, the first references and the pace in which the install base is increased, with DataWalk as a core part of the customer's IT infrastructure.

## Activities in the USA

A high-tech company operating in vendor model in the enterprise sector is not able to build a global product organically on the basis of revenue from its home market because of expenses incurred initially due to technology development and, later, the costs of scaling sales in long sales cycles. Before the level of revenue would allow investment in exploration of foreign markets, market niches could be taken by better funded although not necessarily more technologically advanced competitors (mainly from the USA). That is why the first successful undertakings in the USA, a home market for most high-tech subjects in our business model and sector, will be critical in terms of positioning DataWalk among technologies which aspire to become global leaders.

The first step to achieve results in the USA, as announced before, was the implementation of advanced pilot projects, so-called customer evals, following the example of non-commercial technology tests

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<sup>2</sup> FutureTech Awards: <http://media.warta.pl/pr/356330/warta-doceniona-za-wdrozenie-platformy-datawalk?rss=true>

realized in 2014-2015 in Poland, and then, pilot projects like a trial implementation of DataWalk in TUIR Warta, Talanx Group in June 2016. Announced in the ESPI 8/2017 report, the first project of this kind in an organization from the Fortune 100 list initiates this process in the US, and the next similar projects may lead to obtaining first commercial references on that market.

Another aspect that can be used to measure progress in our Company development is building exposure to American market in the area of human resources dedicated to business development. The caliber and position of people attracted by a young, originating from Poland, technological company trying to gain a foothold outside its home market, will provide shareholders with another verification of our value.

## Corporate matters

In the recent period, the Company has held a periodical quarterly meeting with institutional investors as well as an Internet chat with individual investors of which record is available in the SII service<sup>3</sup>.

Moreover, there has been a change in the composition of the Supervisory Board of PiLab (EBI 10/2017), two new members have been appointed: Ireneusz Wąsowicz and Rafał Wasilewski. In addition, a dominant shareholder of PiLab S.A., FGP Venture Sp. z o.o. (controlled by the Management Board of PiLab S.A.) has taken on a lockup obligation and, thus, once again confirmed a long-term character of key relations between the Company and its shareholders.

Thank you for putting trust in us. We invite you to take part in quarterly summaries organized for our investors.

Yours faithfully,



Paweł Wieczyński  
CEO

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<sup>3</sup> The record of the chat with individual investors: <http://www.sii.org.pl/11596/aktualnosci/czat-inwestorski/czat-inwestorski-pilab-podsumowanie-wydarzen-w-polsce-w-i-kw-2017-roku-prezentacja-dzialan-w-usa-omowienie-perspektyw-na-20172018.html>.

## 1. BASIC INFORMATION

Company Name:	PiLab SA
Company Address:	ul. Rzeźnicza 32-33, 50-130 Wrocław
Phone:	+48 71 707 21 74
Fax:	+48 71 707 22 73
E-mail:	<a href="mailto:biuro@pilab.pl">biuro@pilab.pl</a>
www:	<a href="http://www.pilab.pl">www.pilab.pl</a>

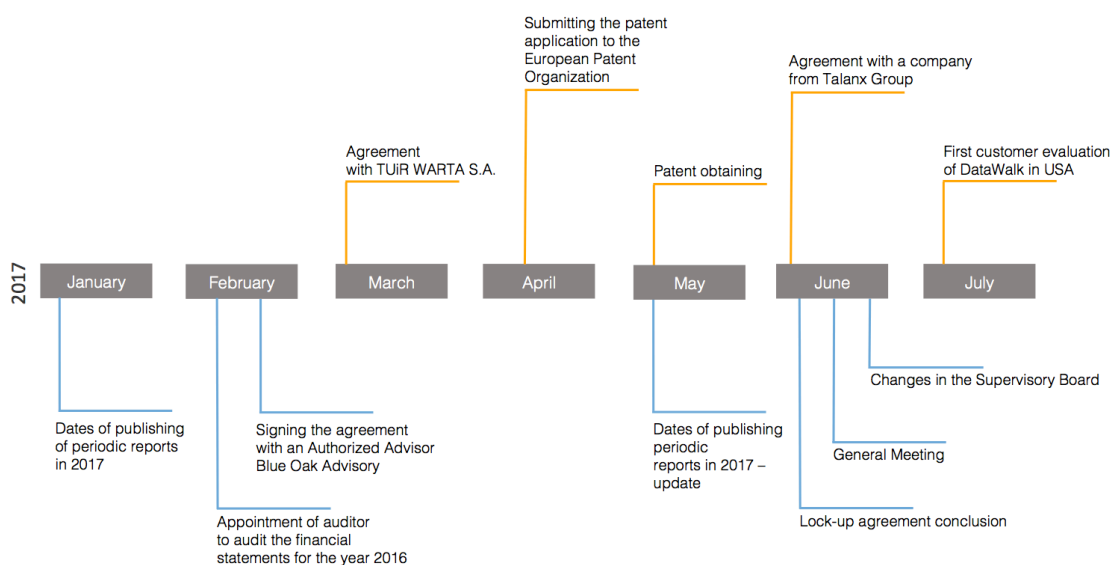
Source: Company

### DataWalk Inc. (US Subsidiary)

Company Name:	DataWalk Inc.
Company Address:	1209 Orange Street, Wilmington, Delaware 19801
E-mail:	<a href="mailto:info@datawalk.com">info@datawalk.com</a>
www:	<a href="http://www.datawalk.com">www.datawalk.com</a>

Source: Company

## 2. TIMELINE



Source: Company

### 3. FINANCIAL DATA - CONSOLIDATED.

#### Balance Sheet with comparative results - consolidated<sup>4</sup>

	ASSETS	IIQ 2017 PLN	IIQ 2017 EUR	IIQ 2016 PLN	IIQ 2016 EUR
A	Fixed Assets	2 238 427,56	529 617,31	1 295 599,45	292 757,76
I.	Intangible assets	1 943 565,26	459 852,19	1 116 553,64	252 300,00
II.	Tangible fixed assets	224 862,30	53 202,96	179 045,81	40 457,76
III.	Long-term receivables	70 000,00	16 562,17	-	-
IV.	Long-term investments	-	-	-	-
V.	Long-term prepayments	-	-	-	-
B	Current Assets	10 639 893,84	2 517 424,31	19 563 177,11	4 420 557,48
I.	Inventory	-	-	-	-
II.	Short-term receivables	1 684 616,69	398 584,33	2 314 592,52	523 012,66
III.	Short-term investments	8 818 878,27	2 086 567,67	17 234 566,06	3 894 377,15
IV.	Short-term prepayments	136 398,88	32 272,30	14 018,53	3 167,67
C	Called up share capital (negative value)	-	-	-	-
D	Own shares (negative value)	-	-	-	-
	<b>TOTAL ASSETS</b>	<b>12 878 321,40</b>	<b>3 047 041,62</b>	<b>20 858 776,56</b>	<b>4 713 315,23</b>

	LIABILITIES	IIQ 2017 PLN	IIQ 2017 EUR	IIQ 2016 PLN	IIQ 2016 EUR
A	Equity	11 881 423,72	2 811 173,24	20 058 399,36	4 532 459,46
I.	Share capital	300 550,00	71 110,85	300 550,00	67 913,23
II.	Supplementary capital	32 988 203,98	7 805 087,89	32 988 203,98	7 454 119,08
III.	Revaluation reserve	(5 824,52)	(1 378,10)	-	-
IV.	Other reserve capitals	-	-	-	-
V.	Previous years' profit (loss)	(17 100 245,97)	(4 045 959,06)	(9 538 930,94)	(2 155 447,05)
VI.	Net profit (loss)	(4 301 259,77)	(1 017 688,34)	(3 691 423,68)	(834 125,79)
VII.	Write-off on net profit during the financial year (negative value)	-	-	-	-
B	Liabilities and Provisions For Liabilities	996 897,68	235 868,37	800 377,20	180 855,77
I.	Provisions for liabilities	87 746,16	20 760,95	-	-
II.	Long-term liabilities	57 552,41	13 617,04	20 479,78	4 627,68
III.	Short-term liabilities	813 873,61	192 564,44	779 897,42	176 228,09
IV.	Accruals & Deferred Income	37 725,50	8 925,94	-	-
	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>12 878 321,40</b>	<b>3 047 041,62</b>	<b>20 858 776,56</b>	<b>4 713 315,23</b>

Source: Company

<sup>4</sup> During the period from 1 April to 30 June 2016, PiLab SA did not form the Capital Group, therefore the data for that period are the Issuer's separate statements.

Profit and loss account with comparative results - consolidated<sup>5</sup>

PROFIT AND LOSS ACCOUNT		IIQ 2017	IIQ 2017	IIQ 2016	I-IIQ 2016
		PLN	EUR	PLN	EUR
<b>A</b>	<b>Revenues from sales</b>	<b>530 128,30</b>	<b>125 718,15</b>	<b>22 942,70</b>	<b>5 247,04</b>
I.	Sales of products and services	530 128,30	125 718,15	22 942,70	5 247,04
II.	Change in work in progress	-	-	-	-
III.	Intercompany sales	-	-	-	-
IV.	Sales of goods and materials	-	-	-	-
<b>B</b>	<b>Operating costs</b>	<b>2 620 499,94</b>	<b>621 442,79</b>	<b>2 574 487,13</b>	<b>588 790,65</b>
I.	Depreciation	50 934,81	12 079,02	47 594,76	10 885,02
II.	Materials & energy	23 510,49	5 575,43	78 061,68	17 852,87
III.	Cost of services	1 435 175,43	340 347,05	1 721 517,18	393 714,62
IV.	Taxes and fees	37 178,22	8 816,69	2 436,01	557,12
V.	Salaries	721 326,82	171 060,24	552 052,47	126 255,57
VI.	Benefits	200 452,83	47 536,72	89 509,69	20 471,06
VII.	Other costs	151 921,34	36 027,64	83 315,34	19 054,39
VIII.	Cost of goods and materials sold	-	-	-	-
<b>C</b>	<b>Profit/Loss on sales (A-B)</b>	<b>(2 090 371,64)</b>	<b>(495 724,63)</b>	<b>(2 551 544,43)</b>	<b>(583 543,61)</b>
<b>D</b>	<b>Other operating incomes</b>	<b>22 886,77</b>	<b>5 427,52</b>	<b>0,29</b>	<b>0,07</b>
I.	Profit on sale of fixed assets	-	-	-	-
II.	Subsides	-	-	-	-
III.	Actualization of fixed assets	-	-	-	-
IV.	Other operating incomes	22 886,77	5 427,52	0,29	0,07
<b>E</b>	<b>Other operating costs</b>	<b>39 021,01</b>	<b>9 253,70</b>	<b>9 655,37</b>	<b>2 208,20</b>
I.	Loss on sale of fixed assets	-	-	-	-
II.	Actualization of fixed assets	-	-	-	-
III.	Other operating costs	39 021,01	9 253,70	9 655,37	2 208,20
<b>F</b>	<b>Profit/Loss on activity (C +D- E)</b>	<b>(2 106 505,88)</b>	<b>(499 550,82)</b>	<b>(2 561 199,51)</b>	<b>(585 751,75)</b>
<b>G</b>	<b>Financial incomes</b>	<b>50 610,07</b>	<b>12 002,01</b>	<b>113 661,90</b>	<b>25 994,72</b>
I.	Dividends	-	-	-	-
II.	Interest incomes	22 540,30	5 345,36	97 292,55	22 251,01
III.	Profit on sold investments	-	-	-	-
IV.	Actualization of investments	28 069,77	6 656,65	16 369,35	3 743,70
V.	Other	-	-	-	-
<b>H</b>	<b>Financial costs</b>	<b>97 331,02</b>	<b>23 081,73</b>	<b>49 414,69</b>	<b>11 301,24</b>
I.	Interest expenses	1 770,78	419,93	21 912,42	5 011,42
II.	Loss on sold investments	-	-	-	-

<sup>5</sup> During the period from 1 April to 30 June 2016, PiLab SA did not form the Capital Group, therefore the data for that period are the Issuer's separate statements.

III.	Actualization of investments	15 012,50	3 560,16	-	-
IV.	Other	80 547,74	19 101,63	27 502,27	6 289,83
I	Gross Profit/Loss (F+G-H)	(2 153 226,83)	(510 630,53)	(2 496 952,30)	(571 058,27)
J	Income tax	(8 264,00)	(1 959,78)	10 701,00	2 447,34
K	Other statutory appropriations of the profit	-	-	-	-
L	Net Profit/Loss (I-J-K)	(2 144 962,83)	(508 670,75)	(2 507 653,30)	(573 505,61)

Source: Company

#### Cash flow with comparative results - consolidated<sup>6</sup>

		IIQ 2017	IIQ 2017	IIQ 2016	IIQ 2016
		PLN	EUR	PLN	EUR
A. Cash flows from operating activities					
I.	Net profit (loss)	(2 144 962,83)	(508 670,75)	(2 507 653,30)	(573 505,61)
II.	Total adjustments	69 272,05	16 427,63	338 641,68	77 448,07
III.	Net cash flows from operating activities (I +/- II)	(2 075 690,78)	(492 243,12)	(2 169 011,62)	(496 057,55)
B. Cash flows from investment activities					
I.	Inflows	60 104,04	14 253,47	-	-
II.	Outflows	8 390,00	1 989,66	557 790,23	127 567,81
III.	Net cash flows from investment activities (I-II)	51 714,04	12 263,81	(557 790,23)	(127 567,81)
C. Cash flows from financial activities					
I.	Inflows	-	-	2 544,82	582,01
II.	Outflows	29 453,25	6 984,74	14 942,12	3 417,29
III.	Net cash flows from financial activities (I-II)	(29 453,25)	(6 984,74)	(12 397,30)	(2 835,29)
D.	Total net cash flows (A.III. +/- B.III +/- C.III)	(2 053 429,99)	(486 964,05)	(2 739 199,15)	(626 460,64)
E.	Balance sheet change in cash, including:	(2 053 429,99)	(486 964,05)	(2 739 199,15)	(626 460,64)
F.	Cash opening balance	8 219 367,99	1 949 195,60	17 393 127,57	3 977 845,07
G.	Closing balance of cash (F+/-D), including:	6 165 938,00	1 462 231,55	14 653 928,42	3 351 384,43

Source: Company

#### Statement of changes in share equity (funds) with comparative results - consolidated<sup>7</sup>

Statement of changes in share equity (funds)		IIQ 2017	IIQ 2017	IIQ 2016	I-IIQ 2016
		PLN	EUR	PLN	EUR
I.	Opening balance of equity	14 071 290,31	3 336 959,38	22 509 986,22	5 148 081,47
I.a.	Opening balance of equity after adjustments	14 071 290,31	3 336 959,38	22 509 986,22	5 148 081,47
II.	Closing balance of equity	11 881 423,72	2 817 639,85	20 058 399,36	4 587 398,37

<sup>6</sup> During the period from 1 April to 30 June 2016, PiLab SA did not form the Capital Group, therefore the data for that period are the Issuer's separate statements.

<sup>7</sup> During the period from 1 April to 30 June 2016, PiLab SA did not form the Capital Group, therefore the data for that period are the Issuer's separate statements.



III.	Equity including proposed profit distribution (loss coverage)	11 881 423,72	2 817 639,85	20 058 399,36	4 587 398,37
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Source: Company

#### 4. FINANCIAL DATA – SEPARATE.

##### Balance Sheet with comparative results

	ASSETS	IIQ 2017 PLN	IIQ 2017 EUR	IIQ 2016 PLN	IIQ 2016 EUR
<b>A</b>	<b>Fixed Assets</b>	<b>2 628 345,88</b>	<b>621 872,92</b>	<b>1 295 599,45</b>	<b>292 757,76</b>
I.	Intangible assets	1 943 565,26	459 852,19	1 116 553,64	252 300,00
II.	Tangible fixed assets	224 862,30	53 202,96	179 045,81	40 457,76
III.	Long-term receivables	70 000,00	16 562,17	-	-
IV.	Long-term investments	389 918,32	92 255,61	-	-
V.	Long-term prepayments	-	-	-	-
<b>B</b>	<b>Current Assets</b>	<b>10 278 059,87</b>	<b>2 431 813,53</b>	<b>19 563 177,11</b>	<b>4 420 557,48</b>
I.	Inventory	-	-	-	-
II.	Short-term receivables	1 684 616,69	398 584,33	2 314 592,52	523 012,66
III.	Short-term investments	8 457 044,30	2 000 956,89	17 234 566,06	3 894 377,15
IV.	Short-term prepayments	136 398,88	32 272,30	14 018,53	3 167,67
<b>C</b>	<b>Called up share capital (negative value)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D</b>	<b>Own shares (negative value)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL ASSETS</b>	<b>12 906 405,75</b>	<b>3 053 686,44</b>	<b>20 858 776,56</b>	<b>4 713 315,23</b>

	LIABILITIES	IIQ 2017 PLN	IIQ 2017 EUR	IIQ 2016 PLN	IIQ 2016 EUR
<b>A</b>	<b>Equity</b>	<b>11 806 967,42</b>	<b>2 793 556,71</b>	<b>20 058 399,36</b>	<b>4 532 459,46</b>
I.	Share capital	300 550,00	71 110,85	300 550,00	67 913,23
II.	Supplementary capital	32 988 203,98	7 805 087,89	32 988 203,98	7 454 119,08
III.	Revaluation reserve	-	-	-	-
IV.	Other reserve capitals	-	-	-	-
V.	Previous years' profit (loss)	(17 131 464,34)	(4 053 345,40)	(9 538 930,94)	(2 155 447,05)
VI.	Net profit (loss)	(4 350 322,22)	(1 029 296,63)	(3 691 423,68)	(834 125,79)
VII.	Write-off on net profit during the financial year (negative value)	-	-	-	-
<b>B</b>	<b>Liabilities and Provisions For Liabilities</b>	<b>1 099 438,33</b>	<b>260 129,74</b>	<b>800 377,20</b>	<b>180 855,77</b>
I.	Provisions for liabilities	87 746,16	20 760,95	-	-
II.	Long-term liabilities	57 552,41	13 617,04	20 479,78	4 627,68
III.	Short-term liabilities	916 414,26	216 825,80	779 897,42	176 228,09
IV.	Accruals & Deferred Income	37 725,50	8 925,94	-	-
	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>12 906 405,75</b>	<b>3 053 686,44</b>	<b>20 858 776,56</b>	<b>4 713 315,23</b>

Source: Company

## Profit and loss account with comparative results

PROFIT AND LOSS ACCOUNT		IIQ 2017	IIQ 2017	IIQ 2016	I-IIQ 2016
		PLN	EUR	PLN	EUR
<b>A</b>	<b>Revenues from sales</b>	<b>530 128,30</b>	<b>125 718,15</b>	<b>22 942,70</b>	<b>5 247,04</b>
I.	Sales of products and services	530 128,30	125 718,15	22 942,70	5 247,04
II.	Change in work in progress	-	-	-	-
III.	Intercompany sales	-	-	-	-
IV.	Sales of goods and materials	-	-	-	-
<b>B</b>	<b>Operating costs</b>	<b>2 641 693,07</b>	<b>626 468,67</b>	<b>2 574 487,13</b>	<b>588 790,65</b>
I.	Depreciation	50 934,81	12 079,02	47 594,76	10 885,02
II.	Materials & energy	23 476,41	5 567,35	78 061,68	17 852,87
III.	Cost of services	1 813 799,18	430 136,40	1 721 517,18	393 714,62
IV.	Taxes and fees	23 750,81	5 632,43	2 436,01	557,12
V.	Salaries	489 797,63	116 153,87	552 052,47	126 255,57
VI.	Benefits	133 496,01	31 658,13	89 509,69	20 471,06
VII.	Other costs	106 438,22	25 241,47	83 315,34	19 054,39
VIII.	Cost of goods and materials sold	-	-	-	-
<b>C</b>	<b>Profit/Loss on sales (A-B)</b>	<b>(2 111 564,77)</b>	<b>(500 750,51)</b>	<b>(2 551 544,43)</b>	<b>(583 543,61)</b>
<b>D</b>	<b>Other operating incomes</b>	<b>22 886,77</b>	<b>5 427,52</b>	<b>0,29</b>	<b>0,07</b>
I.	Profit on sale of fixed assets	-	-	-	-
II.	Subsides	-	-	-	-
III.	Actualization of fixed assets	-	-	-	-
IV.	Other operating incomes	22 886,77	5 427,52	0,29	0,07
<b>E</b>	<b>Other operating costs</b>	<b>39 021,01</b>	<b>9 253,70</b>	<b>9 655,37</b>	<b>2 208,20</b>
I.	Loss on sale of fixed assets	-	-	-	-
II.	Actualization of fixed assets	-	-	-	-
III.	Other operating costs	39 021,01	9 253,70	9 655,37	2 208,20
<b>F</b>	<b>Profit/Loss on activity (C+D-E)</b>	<b>(2 127 699,01)</b>	<b>(504 576,70)</b>	<b>(2 561 199,51)</b>	<b>(585 751,75)</b>
<b>G</b>	<b>Financial incomes</b>	<b>50 610,07</b>	<b>12 002,01</b>	<b>113 661,90</b>	<b>25 994,72</b>
I.	Dividends	-	-	-	-
II.	Interest incomes	22 540,30	5 345,36	97 292,55	22 251,01
III.	Profit on sold investments	-	-	-	-
IV.	Actualization of investments	28 069,77	6 656,65	16 369,35	3 743,70
V.	Other	-	-	-	-
<b>H</b>	<b>Financial costs</b>	<b>97 331,02</b>	<b>23 081,73</b>	<b>49 414,69</b>	<b>11 301,24</b>
I.	Interest expenses	1 770,78	419,93	21 912,42	5 011,42
II.	Loss on sold investments	-	-	-	-
III.	Actualization of investments	15 012,50	3 560,16	-	-
IV.	Other	80 547,74	19 101,63	27 502,27	6 289,83

I	Gross Profit/Loss (F+G-H)	(2 174 419,96)	(515 656,41)	(2 496 952,30)	(571 058,27)
J	Income tax	(8 264,00)	(1 959,78)	10 701,00	2 447,34
K	Other statutory appropriations of the profit	-	-	-	-
L	Net Profit/Loss (I-J-K)	(2 166 155,96)	(513 696,63)	(2 507 653,30)	(573 505,61)

Source: Company

#### Cash flow with comparative results

		IIQ 2017	IIQ 2017	IIQ 2016	IIQ 2016
		PLN	EUR	PLN	EUR
<b>A. Cash flows from operating activities</b>					
I.	Net profit (loss)	(2 166 155,96)	(513 696,63)	(2 507 653,30)	(573 505,61)
II.	Total adjustments	46 475,99	11 021,63	338 641,68	77 448,07
III.	Net cash flows from operating activities (I +/- II)	(2 119 679,97)	(502 675,01)	(2 169 011,62)	(496 057,55)
<b>B. Cash flows from investment activities</b>					
I.	Inflows	60 104,04	14 253,47	-	-
II.	Outflows	8 390,00	1 989,66	557 790,23	127 567,81
III.	Net cash flows from investment activities (I-II)	51 714,04	12 263,81	(557 790,23)	(127 567,81)
<b>C. Cash flows from financial activities</b>					
I.	Inflows	-	-	2 544,82	582,01
II.	Outflows	29 453,25	6 984,74	14 942,12	3 417,29
III.	Net cash flows from financial activities (I-II)	(29 453,25)	(6 984,74)	(12 397,30)	(2 835,29)
D.	<b>Total net cash flows (A.III. +/- B.III +/- C.III)</b>	<b>(2 097 419,18)</b>	<b>(497 395,94)</b>	<b>(2 739 199,15)</b>	<b>(626 460,64)</b>
E.	Balance sheet change in cash, including:	(2 097 419,18)	(497 395,94)	(2 739 199,15)	(626 460,64)
F.	Cash opening balance	7 901 523,21	1 873 819,77	17 393 127,57	3 977 845,07
G.	Closing balance of cash (F+/-D), including:	5 804 104,03	1 376 423,84	14 653 928,42	3 351 384,43

Source: Company

#### Statement of changes in share equity (funds) with comparative results

		IIQ 2017	IIQ 2017	IIQ 2016	I-IIQ 2016
		PLN	EUR	PLN	EUR
I.	Opening balance of equity	14 003 652,58	3 320 919,32	22 509 986,22	5 148 081,47
I.a.	Opening balance of equity after adjustments	14 003 652,58	3 320 919,32	22 509 986,22	5 148 081,47
II.	Closing balance of equity	11 806 967,42	2 799 982,79	20 058 399,36	4 587 398,37
III.	Equity including proposed profit distribution (loss coverage)	11 806 967,42	2 799 982,79	20 058 399,36	4 587 398,37

Source: Company

## 5. THE MANAGEMENT BOARD'S COMMENTS ON FACTORS AND EVENTS THAT AFFECT THE ACHIEVED FINANCIAL RESULTS

Pilab is continuing execution of strategy aimed to develop a world-class, leading in vertical analytical niches product.

Developments in Poland, where Company already sells core product DataWalk, are showing increasing sales traction, mostly thanks to customers from insurance market. Thanks to amazing results that customers are able to achieve using DataWalk (return on investment counted in few months), Company was able to initiate cooperation with several new customers by proof-of-concept engagement.

In US DataWalk Inc. is finalizing market testing process and we have begun our first customer on-site evaluation, with a Fortune100 corporation in US. This marks an important milestone in execution of Company strategy.

During reported period spending has been controlled within projected budgets.

## 6. NOTES TO FINANCIAL DATA

The following exchange rates were applied:

EUR:				
from	to	for Balance Sheet	for profit and loss	for cash flow
01.04.2016	30.06.2016	4,4255	4,3725	4,3725
01.04.2017	30.06.2017	4,2265	4,2168	4,2168

Balance Sheet applicable exchange rate represents the exchange rate as of the last day of the month ending the relevant period. Profit and loss account and Cash flow exchange rate represents the average of exchange rates effective on the last day of each month within the relevant period.