



XLI TECHNOLOGIES, INC.

OTC:**XLIT**

BY **CHARLES MOSKOWITZ**, EDITOR



ILLUMINATING THE PATH TO MARKET DOMINANCE WITH **PRINTED NANOTECHNOLOGY LIGHT**

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STOCK INFORMATION

PRICE TARGET: \$7.43

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|-----------------------------|-------------|
| INDUSTRY | LIGHTING |
| STOCK SYMBOL | XLIT |
| SHARES OUTSTANDING | 105,500,000 |
| RECENT PRICE (JAN. 7, 2015) | \$ 0.76 |
| FISCAL YEAR END | May 31st |

ANALYST'S RATING: **STRONG BUY**

Refer to public SEC Filings and Financial Statements for full disclosure at www.sec.gov

OVERVIEW

We see the phrase “disruptive technology” thrown around by marketers and product promoters so often that it has almost lost its meaning. But then we find a company like **XLI Technologies, Inc. (OTC: XLIT)** and we have to think about it more deeply. The term disruptive technology was coined by Harvard Business School professor Clayton M. Christensen in his 1997 best-seller, *The Innovator's Dilemma*. A truly “disruptive” technology is one that can displace an established technology—like the PC displaced the typewriter or digital cameras displaced film. Some products are so innovative that they create a new sector in the economy—think of the mobile phone, for example. Often these disruptive technologies are so new that it takes time for the majority of consumers to recognize and adopt them.

But **XLIT** has acquired the US and Canadian rights to sell a product that is so smart, flexible, and useful that its inherent value—and disruptive potential—was clear to us immediately. We believe it will be a game changer in a number of applications, even beyond those the company identifies as early adopter industries.

So what is this product? Printed light—and it is exactly what its name describes: a sheet that creates its own light using a nanotechnology-based coating. This coating is printed on sheets as thin as paper and actually produces the light. Manufactured by a private New Jersey-based company called Triton Solar, LLC, **XLIT** brands the product under the name Printed LightSheets. We think printed light technology **XLIT** brings to market could displace LEDs in an astounding array of uses. We'll get into the details of the product and how it works later in this report, but first let's take a look at the company itself.

XLI Technologies, Inc. was established in 2015 with one purpose: to market and distribute Printed LightSheets. Bosch International, LLC—which became a wholly-owned subsidiary of **XLIT** on October 20, 2015—holds the exclusive rights to distribute Printed LightSheets to the US and Canadian entertainment and automotive sector. This sector includes movie and television studios, movie theaters, production and distribution companies, talent and management agencies, marketing and PR firms, and outdoor media in North America—a multi-billion dollar market.

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Product: Printed LightSheets

Printed LightSheets are a uniquely durable, versatile and eco-friendly product. To make them, a 100% nanotechnology-based specialty coating is printed on a thin sheet. This coating is the source of high quality light that uses less than one watt of electricity per foot.

BENEFITS OF PRINTED LIGHTSHEETS:

- A paper-thin sheet that generates clean and pure light—without getting hot
- Highly efficient—uses just 0.0625 watts of electricity per foot to generate 100% coverage of 800 lumens per foot—roughly that of a 60 watt bulb
- Environmentally friendly—no volatile organic compounds (VOCs)
- Waterproof, and can be bent, cut, folded, or hole-punched
- Temperature tolerance from 200 degrees to -15 degrees Fahrenheit
- Can be manufactured as small as 1 square inch or as large as 800 feet by 800 feet
- Can remain on continuously for 10 years

Printed LightSheets are versatile. They can do things that LEDs or incandescent lights cannot. They can be printed and cut to nearly any size. They are also virtually indestructible. They can be bent, folded and even smashed without altering or affecting the quality and output of light—try that with an LED. Moreover, they have a range of temperature tolerance from 200 to -15 degrees F, and can stay on continuously for 10 years. They do all this with no bulbs, fuses, glass, or conductive metal.

Nanotechnology makes this product very eco-friendly and delivers a range of functional benefits and advantages. The design and operational characteristics make Printed LightSheets ideal in a virtually unlimited set of applications. James Schramm, Chairman and CEO of XLI Technologies, explained in a recent release, “This super thin design produces a clean and pure light source that can be shaped, cut, bent, and folded into almost any shape or size you can imagine and still only uses a trickle of electricity... Printed LightSheets are also tough as nails, smash proof, and work perfectly in both extreme hot and cold conditions. This makes them the clear choice for so many demanding, creative, and unique lighting applications.”¹ Mr. Scramm knows what he is talking about—especially with regard to the unique and demanding light requirements of television and motion picture production and distribution. Since 2010, he has been involved in the production of over 300 commercials and the theatrical release of more than 50 feature films. Given the CEO’s prior industry experience, it’s no surprise that **XLIT**’s first market penetration efforts and successful sales agreement focused on the entertainment sector.

The company offers Printed LightSheets in a set of standard sizes—all of which are immediately useable by the entertainment sector. Custom size Printed LightSheets are available in almost any configuration, from a 1-inch by 1-inch display to an 800-foot by 800-foot sheet that could wrap whole buildings.

UNDERSTANDING NANOTECHNOLOGY

Nanotechnology makes Printed LightSheets possible, but what exactly is it? Nanotechnology refers to science, engineering, and technology conducted at the nanoscale, which is about 1 to 100 nanometers. That sounds like a wide scale, but when you consider that a nanometer is one billionth of a meter, you start to understand just how tiny that scale is. In one inch, there are 25,400,000 nanometers. Working on the nanoscale means working on the atomic and molecular level. According to the US government's National Nanotechnology Initiative (NNI):

- ❖ A sheet of paper is about 100,000 nanometers thick.
- ❖ A strand of human DNA is 2.5 nanometers in diameter.
- ❖ A human hair is approximately 80,000- 100,000 nanometers wide.
- ❖ On a comparative scale, if the diameter of a marble was one nanometer, then diameter of the Earth would be about one meter.
- ❖ One nanometer is about as long as your fingernail grows in one second.²

Scientists had theorized an ability to work in the nanoscale as early as the 1950s, but it was not until 1981 that a microscope powerful enough to see individual atoms was developed.

As a field, nanotechnology is expected to bring about some amazing breakthroughs in chemistry, biology, physics, materials science, and engineering. Again, according to the NNI,

Today's scientists and engineers are finding a wide variety of ways to deliberately make materials at the nanoscale to take advantage of their enhanced properties such as higher strength, lighter weight, increased control of light spectrum, and greater chemical reactivity than their larger-scale counterparts.³

This is exactly what **XLIT's** Printed LightSheets do for lighting. Printed LightSheets are a highly efficient, 100% environmentally friendly light source.

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XLIT'S MARKET PENETRATION STRATEGY

In-theater movie promotion

XLIT is led by a CEO who knows the entertainment business—and he knows that one of the most promising segments for quick and significant adoption is within movie theaters themselves. Anyone who has ever been inside a cinema knows the importance of the movie poster. The motion picture industry has relied on posters to create buzz around their films since the first days of the industry.⁴ In fact, movie posters are considered an art form themselves, and are actively collected and traded. According to the Guardian, an original poster from the Fritz Lang classic, *Metropolis*, is expected to bring \$850,000 at auction.⁵

The competition to gain the attention of the movie-going public is fierce. All of the major studios spend between \$300 and \$500 million on marketing each year.⁶ In fact, the average cost to market a major studio motion picture is \$45 million.⁷

LESS THAN A MONTH AFTER COMPLETING THE PURCHASE OF BOSCH INTERNATIONAL, **XLIT** ANNOUNCED ITS FIRST MAJOR AGREEMENT WITH LUXURY MOVIE THEATRE OPERATOR **EMAGINE ENTERTAINMENT.**

Compared to the cost of buying television, radio and print ads, you might think movie posters are unimportant. Nothing could be further from the truth. Consider where the posters are: in the lobbies and hallways of the theaters themselves, where they will be seen by people who are already paying to see a film. It's a captive audience of actual buyers. The Motion Picture Association of America (MPAA) Theatrical Market Statistics Report (2014) underscores why posters remain pivotal:

More than two-thirds of the U.S./Canada population (68%) – or 227.8 million people – went to the movies at least once in 2013, consistent with prior years... In 2013, frequent moviegoers represented 11% of the population and 50% of all movie tickets.⁸

In 2014, there were more than 5,800 cinemas in the United States.⁹ Together, those 5,800 cinemas offer nearly 40,000 screens. Each movie—and especially the almost 700 per year released by major studios—are heavily promoted not only in broadcast and online media, but also at each of those cinemas. If every movie had just 4 posters for each cinema, the numbers get very big, very fast—on the order of 16 million units. The real number is presumably much, much higher.

Now consider the advantages of a movie poster on a LightSheet. In addition to improving the visual impact of traditional poster presentations, Printed LightSheets open new and creative options for advertising space in areas where traditional print-based advertising was previously ineffective. In order to be seen, a paper movie poster has to be placed where there is substantial ambient or direct lighting. Not so with a LightSheet promotion. Because they generate their own light, Printed LightSheets can be seen anywhere. Suddenly, anywhere there is available space can become an opportunity to increase ticket sales. And don't just think in terms of walls. Printed LightSheets can be wrapped around objects, suspended, used on floors and ceilings, and just about anywhere else.

There is yet another fact about movie-goers that suggests LightSheet-based promotions will attract their attention in a big way. The 2014 MPAA report also found that people who like movies are also attracted to technology:

Frequent moviegoers tend to own more technology products than the general population. Nearly three-quarters of all frequent moviegoers (74%) own at least four different types of technology products, compared to 51% of the total adult population.¹⁰

Less than a month after completing the purchase of Bosch International, **XLIT** announced its first major agreement with luxury movie theatre operator Emagine Entertainment. From the release: "We are very pleased that Emagine, who made history by being the very first movie theater chain to be 100% digital, will now make history again as the very first theater chain to utilize Printed LightSheets, nanotechnology printed lights. Emagine has been consistently rated as the 'Best Movie Theatres in Michigan' and one of America's most state-of-the-art movie theaters. They selected Printed LightSheets to enhance their customers' top tier and exciting movie going experience." The company operates 8 theatres, featuring 80 screens.



We expect fast, fast growth for **XLIT** in this area.

Motion picture production lighting

Production lighting is an art and a science. Lighting is also a key element in modern filmmaking—so much so that lighting design is a critical component in the Best Cinematography Oscar presented each year at the Academy Awards. It makes sense. Films are stories told with light. Not only does lighting set the tone and mood for a scene—it can make or break the way an actor looks on screen. LED lighting is an important category of production lighting,¹¹ but one with disadvantages compared to Printed LightSheets.

Because LightSheet lighting is lightweight, easily transportable, shapeable for use in nearly any physical position, and nearly impossible to break, it can stand up to the rigors of use on sets and on location with ease. Further, because they contain their own power source, there is no need for cabling or storing and recharging heavy battery packs—which is the case with LED lighting.

XLIT has a motion picture division focused exclusively on products for movie studios, production and distribution companies, advertising, and talent and management agencies. The technology has already proven itself on blockbuster motion pictures.

The company's leadership has deep connections to the motion picture production industry stretching back to 1995. **XLIT** stands an excellent chance of becoming a replacement technology for LED lighting in countless movie industry applications.



Automotive industry

In addition to the entertainment sector, **XLIT** is having success in the automotive industry—specifically in the customization segment. The extreme flexibility of the product has captured the imagination of West Coast Customs—one of the most recognized brands in the world of automotive customization. West Coast Customs is both a high-end customizer of cars and trucks, and a national television reality show. On December 1, 2015, the company announced a sponsorship agreement under which West Coast Customs will market and promote Printed LightSheets in the automotive aftermarket throughout North America.

The CEO of West Coast Customs, Ryan Friedlinghaus, said, “We are confident that in the hands of our creative design teams, Printed LightSheets can become the next big thing in automotive customization.”¹²

Friedlinghaus seems to be exactly right in his “next big thing” comment. Just 10 days after announcing the West Coast Customs deal, **XLIT** announced another astounding opportunity in automotive. This time it was with InmartGroup, Ltd., a major Detroit-area marketing company. InmartGroup is working with General Motors Company to build buzz and excitement around the newly redesigned Chevrolet Camaro. In early December, **XLIT** provided InmartGroup with Printed LightSheets designed to meet the hood specifications of the 2016 Camaro concept car. The company anticipates Printed LightSheets will be used on 2016 Chevrolet Camaro concept car, which will travel the car show circuit and create huge exposure for **XLIT**.¹³

The automotive applications of Printed LightSheets are mind-boggling. Options run the gamut in exterior lighting surfaces, with car hood wraps, quarter-panel lighting and windows that make an indelible impression. In the interior, applications include illuminated headliners, seats, floor mats, displays and interior door panels.

The potential in this market is also immense. By 2016, the North American automotive aftermarket is projected to reach \$85 billion in revenue.¹⁴



FUTURE GROWTH OPPORTUNITIES

As with many early stage companies, adequate funding will be a key component of success for **XLIT**. Here too, **XLIT** is showing it has traction in the funding community. On December 4, 2015, the company announced both its relationship with Carter Terry & Company, a full-service investment banking firm based in Atlanta, Georgia, and the first funding agreement closed by them. **XLIT** will receive \$250,000 under the agreement. According to the release: the company “anticipates closing additional funding agreements with other accredited investors identified by Carter Terry in the near future.”¹⁵ Clearly, the dollars are flowing, and flowing quickly toward **XLIT**.

Perhaps the most exciting opportunities facing **XLIT** haven’t even surfaced yet. This product is so flexible, it can be applied anywhere, whether for illuminating the environment, marketing and promotions, or creating atmosphere or convenience. From the size of a postage stamp to a stadium roof, Printed LightSheets can go anywhere. Cities could use them to light park benches. Floors and walls can become light sources.

Whether as a light source or to draw attention to any form of printed matter—from signs and billboards to lighting the interior of airplanes—Printed LightSheets’ nanotechnology could become the new standard.

LEADERSHIP

James Schramm, CEO

Mr. Schramm has been involved in the entertainment industry since 1995, when he founded two companies: The Legal Helpline (“TLH”), a legal TV commercial service company, and Summit Entertainment Inc. (“SEI”), a production and commercial distribution company. TLH had a presence in every state as well as 31 foreign countries. SEI achieved rapid growth by expanding into special commercial production and distribution/exploitation for specific markets, and using different marketing techniques to achieve increased awareness. Though he sold TLH and SEI in 2002, Mr. Schramm continued to be involved with both companies, helping them maintain their standing in the marketplace and gain increased exposure.

In 2003, Mr. Schramm founded Romar Entertainment Inc., a theatrical distribution and multimedia company. Within two years, Mr. Schramm released 20 feature films to the market place – turning Romar into a multimillion-dollar business. Romar has grown to be a very successful independent theatrical distribution and multimedia company.. With a strategic partnership, Romar expanded its presence to over 200 media executives and offices located in 21 states and nine foreign countries.

In 2007, Mr. Schramm created 41 Inc. (“41”). 41 is a service company that distributes motion pictures in a client’s name. 41 released everything from independent to major studio feature films, ranging between one screen to 3,000 screens. This was a fantastic concept: delivering a theatrical release under the radar to the public, using only the client name as the distributor.

As CEO of **XLIT**, Mr. Schramm has the connections, relationships, credibility and expertise necessary to create another successful venture.

CONCLUSION

It is easy to spot a winner after the fact; the trick is to find a winner before the rest of the market does, and we think **XLIT** is that kind of opportunity.

It seems clear that **XLIT** is positioned to do what very few companies have done: successfully brand and introduce a truly disruptive technology to a ready market. We recommend getting in on **XLIT** early, before the crowd.

The benefits of the product itself are clear. We like the intensity of focus on the entertainment industry, where the CEO has strong existing relationships, and we also like the early success in movie theater marketing. Now, with national television exposure, we expect great things sooner rather than later.

XLIT is a company on the move, and we think it is moving up, up, up.

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