

Dear Shareholders

Introduction

The past year was both for the Company, as well as for the entire IT industry and global economy a period of particular challenges. The global coronavirus Covid-19 pandemic forced all market participants to make significant changes in the way of conducting business. The scale of the phenomenon and its completely new and to a large extent unknown nature forced market participants to take adequate reactions, often in a very short period of time. The introduction of regulations of law and their frequent changes were the circumstances that also significantly affected the conduct of business.

The Management Board of Talex, guided by the Company's interest and taking into consideration the needs of the customers, took a number of decisions allowing for the possibly undisturbed provision of services. We paid particular attention to maintaining sanitary regimes limiting the possibility of infecting our employees and the employees our customers. Uninterrupted continuity of services was also possible thanks to our developed over the past years policy of mobility of operations.

Despite objective difficulties and numerous, often difficult to foresee events, the Company achieved good financial results in the last year. In 2020 the Company generated sales revenues of PLN 96,961 thousand with a net profit of PLN 3,622 thousand (net profit achieved in 2019 was PLN 2,404 thousand). It is worth noting that the revenues from sales were higher by approximately 9% than the revenues in the previous year. Also, gross profit on sales was higher than in 2019 and amounted to PLN 21,399 thousand. Revenues from the sale of products decreased by 2.5% compared to 2019, whereas the sale of goods and materials increased by approximately 36%.

The Company's Management Board, analyzing the economic environment, looks to the current as well as the following years with hope. Analysts forecast that in 2021 good results can be expected especially by IT service providers, whose revenues should grow by 5.5%. Better forecasts are also presented to providers of Data Center solutions (6.2% growth). Gartner experts estimate that in 2021 the global IT market will be worth USD 3.83 billion in 2021 and will be 4.3% higher than in 2020.

The consistently pursued strategy of the Company assumes that a significant portion of its business is based on a constant, long-term, and comprehensive provision of IT services for large organizations. We strive to constantly increase the number of key customers and generate a part of our revenue from cooperation with several smaller contractors, thus avoiding the risks associated with sole dependence on large clients. In the last year Talex concluded a number of further significant agreements. The Company managed to gain new clients and sign another long-term contracts with its business partners, including agreements on the further consolidation of services and the maintenance of the clients' IT environments.

For many years both Polish and international IT companies such as Hewlett Packard, IBM, Dell Computer, Lenovo, Microsoft, and others have been our main suppliers. We have signed partnership agreements with leading global software and hardware manufacturers. Our engineers, by taking part in specialist training and courses and passing qualification exams, gain knowledge and skills that results in outstanding relations with the clients. The number of certificates earned by our employees is constantly expanding.

Continuous attention paid to infrastructure development allows us to offer our clients the most advanced services. This applies particularly to outsourcing services provided in our Data Processing Center (Data Center). Our competence in the delivery of outsourcing services based on international standards and evidenced by certificates of our engineers, as well as the resources and respective infrastructure, make it an attractive offer for the key customers from the financial and industry sectors.

In the subsequent years we plan to further develop our services and resources based on the infrastructure of Data Center in order to strengthen the Company's position in the IT outsourcing services. Indeed, in line with trends of the IT market, traditional IT technologies will begin to lose their importance, and such solutions as Cloud Computing, IaaS, SaaS or mobile solutions will become dominant.

The Company further recognizes the prospects related to increased demand for IT security solutions. More companies will appear in the circle of interest of cybercriminals, and particular caution should be exercised by suppliers and recipients of cloud solutions. In connection with the emerging new types of threats, the Company has established the Cyber Security Department, not only to support the protection of its own resources, but above all to provide services in this area to external entities.

In order to provide the highest quality of service, the Company maintains a certificate confirming that the IT services we provide are managed according to ISO 20000-1:2005 standard. The scope of our maintenance services and support is constantly expanded. Moreover, in the previous year the Company successfully passed the process of re-certification with reference to the extended catalogue of services confirming the compliance with the requirements of the valid version of the ISO 20000:2011 standard. Moreover, the Company continues to maintain and develop the Integrated Management System of Information Quality and Security, based on the ISO 9001:2015 and ISO 27000:2017 standards. Also, last year our Company obtained as the only company in Poland a certificate confirming the compliance with the requirements of the EN 50600 standard for both of our Data Centers.

Factors affecting the results of the Company over the next year include mainly the fulfilment of the agreements concluded with the regular, long-term clients of the Company, in particular with clients from the banking and financial sector, such as Santander Bank Polska SA, Credit Agricole Bank Polska SA and PKO Bank Polski SA, as well as with clients from other sectors, such as Grupa Allegro Sp. z o. o., Eurocash S.A. and Volkswagen Group Polska Sp. z o. o.

In the forthcoming period, the Company plans to consequently continue its activities with the focus on outsourcing of IT services and integration services in the field of information technology and software production. Treating outsourcing as one of the strategic directions of development, the Company has consequently developed the necessary skills and technical infrastructure for several years. Similar to the previous years, we will struggle to increase our competence and reinforce its professional position in IT industry.

The Management Board of the Company pays particular attention to the sanitary and epidemiological situation related to the coronavirus COVID-19 pandemic, both in Poland and abroad. The Company does not preclude the possibility that pandemic may significantly affect the overall market situation. The Company's ongoing and undisturbed operation is possible, inter alia, through the provision of means of communication for remote work, without prejudice to safety standards. Moreover, the Company's activities, with special regard to services, are carried out using fully redundant, two independent Data Centers located in Poznan and Wroclaw. However, due to the atypical situation related to the COVID-19 pandemic and a very wide geographical area affected, it is

currently difficult to predict how this situation will affect the economic condition and future business decisions of the Company's customers and the market. Still, with regard to the functioning of the Company itself, it should be emphasized that a significant part of its revenues comes from long-term IT outsourcing contracts, which significantly affects the stability of the Company's operations.

Detailed information on the Company's operations is provided in the financial report for 2020, the study of which I strongly recommend.

I would like to thank all Shareholders for your trust. I would also like to assure you that we continually make every effort to strengthen the position of the Company in the market. We hope that our efforts will translate into further development of the Company, leading to new contracts and excellent performance in the present year.

April 2021

Janusz Gocałek

President of the Management Board

TALEX S.A.