Talex S.A.
Annual Report 2020

June 2020

Company Information

Company Name :	TALEX Spółka Akcyjna
Registered Office :	61 – 619 Poznań, ul Karpia 27D
Phone Number :	(061) 8 275 500
Fax :	(061) 8 275 599
Taxpayer Registration Number :	782 – 00 – 21 - 045
Company Registration Number:	004772751
PKD :	5184

Branches

Currently, the Company has thirteen branches:

- Talex Białystok, ul. Ogrodowa 31;
- Talex Bielsko-Biała, ul. I Dywizji Pancernej 45;
- Talex Bydgoszcz, ul. Fordońska 393;
- Talex Gdynia, ul. Chwarznieńska 170b;
- Talex Katowice, ul. Aleja Walentego Roździeńskiego 91;
- Talex Kraków, ul. Zbożowa 2;
- Talex Lublin, ul. Jana Sawy 2;
- Talex Łódź, ul. Piotrowska 276;
- Talex Olsztyn, ul. Jagiellończyka 23;
- Talex Rzeszów, ul. Powstań Listopadowych 3;
- Talex Szczecin, ul. Pomorska 53;
- Talex Warszawa, ul. Olbrachta 94;
- Talex Wrocław, ul. Bierutowska 57/59;
- Talex Zielona Góra, ul. Szczekocińska 27.

Field of activity

The joint-stock company TALEX S.A. (previously the limited liability company TALEX Sp. z o.o.) has been a provider of technologically advanced IT services for small and medium-size businesses since 1990.

The Company's activity focuses on three main areas: integration of ICT systems, IT outsourcing and software development.

The integration of ICT systems includes a large number of services. The Company tries to provide its clients with a full range of services, starting with preliminary analyses and expert consultation, project design and management services, development and introduction of integration procedures, system configuration and tuning, ending with the organisation of staff training programs, whose focus are the products and services offered by the Company. Such an extensive offer guarantees the integrity of the customers' IT systems as well as high quality, reliability and adherence to the basic security standards.

The platforms covered by the integration services offered are Intel/RISC, UNIX, i5/OS, Windows and Linux. The services include, among other things, consolidation and visualisation, high-availability solutions (clusters), backup and recovery services (recovery centers, data replication, disk arrays etc.) as well as information security solutions, such as preventing unauthorised intrusions into ICT networks or developing private virtual networks. The Company also provides network integration services, including DWDM, IP telephony, structural cabling, network monitoring etc.

The outsourcing offer focuses on two main areas – Data Center services and services guaranteeing continuity of business processes. Talex S.A. provides its customers with the access to its own Data Center. This may happen in a number of ways: the customers may use only the space of the Data Center or use the full service, which includes offering space, hiring equipment, configuring applications as well as administering and monitoring. At the customer’s request, applications can be monitored 24/7. In case of equipment or software failures, the Company’s experts offer remote or onsite support. The qualifications of the engineers are confirmed with certificates from the leading equipment and software manufacturers.

A special outsourcing service offered by the Company are rollouts – mass upgrades of ICT infrastructure for large customers, especially those with branches across the whole country. Talex S.A. has specialised in such activities, having performed many rollouts, for example, in three leading Polish banks.

The software production services include custom-made software, developing modules extending the existing applications, tuning the applications to the specific needs of customers or developing codes used in integration processes. The Company uses modern technologies with the use of artificial intelligence, producing web based responsive and progressive applications. We use development environments based on programming languages such as JavaScript, Java Python, C# with the use of relational and non-relational databases, developer platforms such as Spring, Node.js, Angular, Vue.js, Django, .NET, as well as application servers like WebSphere, JBoss, WebLogic, and Apache Tomcat.

Software produced by the Company is used in financial institutions, state-owned enterprises as well as large industrial companies.

TALEX S.A. is a partner of many leading hardware and software manufacturers. The Company’s employees have attended training courses and passed exams, as a result of which they obtained certificates confirming their qualifications in the field of the newest technologies.
Procedures of all the activities of the Company are compliant with the quality management system, defined by the ISO 9001:2000 standard. Given its specific business profile and the importance of its customers, the Company also obtained the ISO 27001:2005 certificate, which confirms that the procedures followed by the Company guarantee full security of information and customers’ data, as well as ISO 20000:2011 certificate, which confirms that the management of IT services, in particular the provision of IT services in the installation, relocation, expansion, change, and removal of hardware and software, and the break and fix of hardware and software for business partners of the Company, is in compliance with international standards.

IT market in Poland and prospects for the development of the Company

In 2020, the revenue dynamics on Polish IT market should reach 4.8%, which represents PLN 34.2 billion. The average growth rate of the IT market in Poland in the years 2019-2023 is expected to reach 3% annually, which means that technology users will increase their spending on IT solutions by PLN 8 billion in this period.

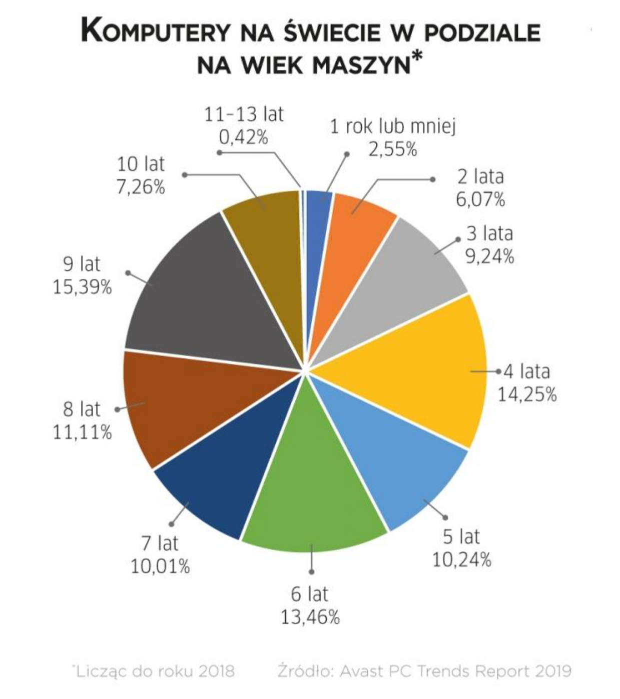
The entry into force of new regulations related to personal data protection – RODO brought great changes on the IT market in Poland. The process of preparing for these regulations was associated not only with further administrative obligations, but also expenditures on the creation of new jobs, training and implementation of new IT systems. Hence the constantly growing expenditure on software and services. Practically all companies and public institutions had to cope with the introduction of new regulations. It is estimated that the process of complete preparation and implementation of all procedures may have cost every enterprise a few or even several hundred thousand zlotys, and the expenses of all European companies in connection with RODO may have reached as much as 9 billion dollars.

In PMR's report entitled "IT market in Poland 2019. Market analysis and development forecasts for the years 2019-2023", RODO (45% of responses received) was most frequently mentioned as a factor contributing to the development of the domestic IT sector in the next two years. The survey, which was conducted in the second quarter of 2019 among the IT companies, showed that 36% declared that they generated significant revenues due to RODO and 18% expected additional turnover due to it.

IT companies are still expecting an improvement in the public sector, according to the PMR report, 45% of the largest IT companies in the industry expect it to happen this year, and 19% only in 2020, while 7% of those asked believe that the domestic public procurement market will not be better.

According to PMR analysts, the weakest forecasts concern the market of IT equipment as in the nearest future, apart from lower sales of computers and monitors in terms of volume on the domestic market, also a decline in sales on the market of printing equipment can also be expected. The decrease in sales of computer hardware is also affected by the extension, in relation to recent years, of the lifetime of computer equipment, in particular computers and laptops.

The average usage time for computer use in the world increased in 2019 to 6 years (according to Avast PC Trends Report 2020) - in 2017, it was 5.5 years. According to the analysis covering 163 million laptops and desktops (in homes and enterprises worldwide), equipment that is at least 4 years old dominates, while around 15% of the computers still in use are more than twice as old, i.e. 9 years old. In addition, most devices produced before 2015 have already updated their operating system to Windows 10, which limits the number of people interested in replacing their older hardware with a new one due to the end of support for Windows 7 at the beginning of 2020.



In IDC's opinion outsourcing services will have higher growth rates. The most dynamic growth will be noted in the services of infrastructure hosting and client application management, which can contribute to a wider use of cloud solutions. Analytical companies estimate that Polish market of cloud technologies will exceed the value of PLN 1 billion before the year 2020. However, according to Gartner, the global market of cloud services will still exceed USD 300 billion already in this year, and in 2020 it will reach USD 400 billion.

The data provided by the Central Statistical Office (GUS) show that only 10% of all Polish enterprises used cloud solutions in 2018. The potential of cloud computing solutions is most appreciated by large companies. Among Polish enterprises that use at least one business process in the cloud, as much as 37.1% are large companies employing more than 250 people. The second place is taken by medium-sized enterprises, which account for 17.2%, followed by small companies employing from 10 to 50 people. In the case of the latter, only 7.6% use the cloud. At the same time, in each of these segments a few percent increase in interest in this technology can be observed.

According to PMR, one of the most important trends in IT outsourcing in Poland in the coming years will be the increase in the popularity and use of the abovementioned services in the cloud. During the next years the public cloud will become increasingly important on the Polish market. It is mostly a significant potential audience and popularization of such solutions among small and medium sized companies that work to the benefit of public cloud solutions. In the case of private cloud, the size of the contracts which tend to have a completely different character and scale than those purchased in the public cloud, is a factor with a similar impact. According to PMR analysts, the scale of the phenomenon in SMEs and higher volumes of the sale of services will take the lead, while large companies will adopt cloud solutions partially by fitting them into the existing infrastructure and using de facto the hybrid model. Most of the revenue from cloud services is generated by the software as a service model (SaaS); the IaaS and PaaS services have a slightly smaller revenue share. The willingness to use cloud computing is not dependent on the size of business or industry, but rather depends on the customers' awareness.

According to the ITwiz Best 100 report, currently the biggest share of cloud solutions in Poland is held by SaaS solutions (67%), followed by IaaS (23%) and PaaS (10%). In the case of IaaS and PaaS models that provide cloud computing solutions, local companies having their own data centers, which are also owned by Talex, still have an advantage in Poland.

Even though the geographical location of the facility does not have much significance in practice, it is still not common for most clients to locate resources in a server room in a different city than the one where the head office or branch is located in Poland. Still, the main argument in favour of choosing a server room in another city is usually the security aspect and the desire to have a backup centre or server resources in alternative locations. According to the latest PMR report "Data centre market in Poland 2016. Market analysis and development forecasts for 2016-2021," the value of the domestic data center market increased by 15% last year. At the same time, the area of data center increased by more than 10,000 meters, including both server space and the entire infrastructure necessary for the operation of the facilities.

Although the preferences of the largest IT customers in Poland are still often shaped by the desire to possess their own physical infrastructure, the trend of moving from owning assets to using services is slowly becoming more visible and continuing in recent years. The change in the way enterprises operate translates into processes within the organisation, human resources and IT systems supporting business management. Cloud storage, mobility and the Internet of Things have long been known as breakthrough technologies. Nowadays, cloud storage and mobile solutions are becoming completely natural, so everything indicates that SaaS (Software as a Service) will become such a ubiquitous model that in the near future every software will be delivered over the cloud, regardless of its purpose and functionality.

The cloud provides the opportunity to make good use of the potential of IT, also in the banking sector, with which Talex has been cooperating for many years. The analysis shows that customers can focus on the provision of financial services rather than on investing their resources in IT. Therefore, bankers are increasingly counting the costs of services that must be sustained over time and compare them with the costs of investing in their own IT environment. The bank which takes into consideration the use of cloud separates in its business the thing due to which it actually competes with other banks from the remaining elements, which are already less important but generate costs that should be limited**.**

It is also worth noting that, according to the estimates by Gartner, by 2020 about 25 billion devices will be continuously gathering data. This means for the IT business - for which there is no worthless data, a greater demand for data storage and processing, and therefore also greater demand for analysts and effective tools for analysing and archiving of information overload. The coming year may actually bring the solutions facilitating the management of information as well as its appropriate classification and analysis. However, data analysis requires large amount of information to be collected which means the necessity of constant improvement of the mechanisms for data archiving and recovery, which in turn will create an even greater demand for computing power.

In recent times, there has been much talk about the growing trend of companies' investments in the protection against cyber threats, yet Polish distribution shows no sign of it. Revenues from the sale of IT security products for enterprises in 2018 were almost the same as in the previous year, and no major changes took place in 2019. They include hardware and software (on-premise and in the cloud), which are grouped into three categories of solutions: data protection and recovery, endpoint security, and network protection. The calmness on the market in Poland contrasts with the growth in Western Europe, where distributors increased their turnover in the digital security segment by 8.8%. Both corporate and SME customers ordered more. The demand for data protection and data recovery solutions increased the most. In the case of network security, the result improved mainly due to software. On the other hand, sales of hardware decreased.

Przychody ze sprzedaży produktów bezpieczeństwa IT w dystrybucji w 2018 r.

Kraj	Wzrost rok do roku
Wielka Brytania	19,92%
Czechy	13,81%
Włochy	10,37%
Hiszpania	8,90%
Niemcy	7,59%
Polska	**0,76%**
Francja	0,04%

Źródło: Context

According to analysts, the further demand for IT security solutions in distribution can be expected to continue to grow, mainly due to *General Data Protection Regulation*, GDPR. There will be more companies in the circle of interest of cybercriminals, and cloud providers should be particularly cautious. We can expect a new type of attacks, for example data theft under a threat of disclosure of information about the leak. As a result, more companies may now be the target of hackers, and it applies even to companies that have not been interesting to them so far. 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 the forthcoming years cloud computing market shall be more concentrated on applications available in the cloud, rather than on the infrastructure itself. We will certainly have to optimize the costs of cloud operations and its use by companies. It is necessary to better manage the performance and monitor costs. Cloud is a normal business product and must meet the criteria of a product offered to banks, i.e. have regulated license rights, be effective and have a specific price.

Taking into consideration the abovementioned, the Company plans to continue to focus its activities on outsourcing, integration services in the field of information technology and software production. Treating outsourcing services as one of the strategic directions of development, the Company is consistently, for several years, developing the necessary skills and technical infrastructure. The project realized by the Company in the years 2013-2015 entitled "Creation of IT Centre providing modern services", under the Operational Programme Innovative Economy, fits well into that trend.

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 Poznań and Wrocław. 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.

Expenditures on fixed asset of the Company in 2019

In 2019, the Company incurred a total expenditure on tangible fixed assets and intangible assets in the amount of PLN 5,194 thousand.

SPECIFICATION	Expenditures incurred in 2019 (PLN in thds)	Plans for 2019 (PLN in thds)
Office building A and B	65	0
Extension of Data Center building	21	0
Modernization of Data Center building	35	0
Purchase of technical equipment and machinery	2,612	750
Purchase of means of transport	441	600
Purchase of other fixed assets	175	200
Intangible assets (software)	360	250
Investment in foreign fixed assets	1,485	200
TOTAL	**5,194**	**2,000**

The Company incurred the largest expenditures on purchase of technical equipment and machinery and on the termination of the investment concerning the Company's new branch in Wrocław, on renewal of the car fleet, and purchase of technical equipment necessary for the provision of IT services.

Plans for increase and maintenance of tangible fixed assets in 2020

The Company's plans for 2020 include expenditures on the renewal and supplementation of technical equipment necessary for the provision of IT services, the renewal of car fleet and necessary investments in the branches of the Company.

Specification:

- Purchase of technical equipment and machines — PLN 1,750 thousand
- Intangible assets — PLN 250 thousand
- Purchase of other fixed assets — PLN 500 thousand

TOTAL — **PLN 2,500 thousand**

Basic economic and financial data, disclosed in the semi-annual financial report

Sales revenues and financial result in 2019

In 2019, the Company recorded the sales revenues of PLN 107,897 thousand, with the net profit of PLN 5,731 thousand (in 2018 – PLN 4,720 thousand).

SPECIFICATION	2019 (PLN in thds)	2018 (PLN in thds)	Fluctuation
Revenues from sales of products	59,844	60,837	98.37%
Revenues from sales of goods and materials	28,969	33,929	85.38%

In the reporting period, the revenues from sales were lower by 6% than the revenues in the previous year. Also, the gross profit on sales was lower than in 2018 and amounted to PLN 2,863. The revenues from the sale of products decreased by about 2% in comparison to 2018, while the sales of goods and materials decreased by 15%.

The structure of revenues from sales changed slightly, The share of services in sales revenues increased to approximately 67%, in the comparable period of 2018 it accounted for approximately 64% of total sales revenues, and the margin on the sale of those services decreased from 34% in 2018 to 28% in 2019.

Revenues from sales of goods and materials accounted for 33% of total sales revenues (36% in 2018), with the same level of profitability around 10%. The companies are constantly looking for savings and, according to the research conducted by PMR, the extension of the length of the life cycle of IT equipment becomes already a rule. The average usage time for desktop computers in large companies is 5 years. This is due to the fact that currently the computers of several years are perfectly adequate for normal office work where high computing power is not required. Laptops are used for a period of 3-5 years, and on the average not more than 4 years. The model of lease of computer equipment is also gaining in popularity, which also translates into the structure of the Company's revenues.

SPECIFICATION	2019 (PLN in thds)	2018 (PLN in thds)	Fluctuation
Net revenues from sales	**88,814**	**94,766**	**93.72%**
Gross profit from product sales	17,028	20,724	82.17%
Gross profit from the sale of goods and materials	2,925	3,442	84.98%
Gross profit (loss) from sales	**19,953**	**24,166**	**82.57%**
Sales costs	5,010	4,205	119.14%
Costs of management	13,444	12,340	108.95%
Profit (loss) from sales	1,499	7,621	19.67%
Profit (loss) from operating activities	2,798	8,342	33.54%
Gross profit (loss)	2,863	7,881	36.33%
Net profit (loss)	**2,404**	**6,575**	**36.56%**

In 2019 the Company had lower net revenues from sales and lower margin on sales of services, which was reflected in the gross profit on sales and on other levels of the Company's operations.

Company assets

The annual financial statement compiled as at 31 December 2019 presents the value of assets amounting to PLN 83,342 thousand, which represents 89.08% of the value of assets at the end of 2018.

The value of fixed assets at the end of 2019 amounted to PLN 63,529 thousand which means it decreased by PLN 3,773 thousand as compared to the last day of 2018, which resulted mainly from the expenditures the Company incurred on the equipping of Data Center and a new branch in Wrocław. Due to the above, the greatest share in the fixed assets are tangible fixed assets, accounting for over 70% of total assets. in relation to planned depreciation. Intangible assets and long-term prepayments and accrued income in both periods were below 1% of total assets.

SPECIFICATION	31.12.2019		31.12.2018	
	(PLN in thds)	% share in the assets	(PLN in thds)	% share in the assets
FIXED ASSETS	**63,529**	**76 .23%**	**67,302**	**71 .94%**
Intangible assets	554	0.66%	459	0.49%
Tangible fixed assets	62,643	75.16%	66,058	70.61 %
Long-term receivables	0	0.00%	0	0.00%
Long-term investments	-	-	-	-
Long-term prepayments and accrued income	332	0.40%	785	0.84%

The value of current assets as at 31.12.2019 amounted to PLN 19,813 thousand and was lower by 7% compared to the value as at the last day of December 2018. The greatest part of the current assets constituted short-term receivables, which were lower by 25% in comparison to 2018.

Current assets in both reported periods account for approximately 24% of total assets. This indicator informs about the potential possibilities of the company. The higher the share of this ratio, the higher the company's financial liquidity. Current assets are much easier to convert into cash compared to tangible assets.

In comparison with the previous period the level of stock slightly decreased - PLN 1,282 thousand in 2019 in comparison to PLN 1,636 thousand in 2018.

Also, there was a decrease in short-term receivables from PLN 17,901 thousand in 2018 to PLN 10,837 thousand in 2019; their share in total assets decreased slightly, whereas the share of short-term investments in total assets increased and amounted to almost 9% in 2019, as compared to around 7 % in 2018.

Short-term prepayments and accrued income accounted for less than 0.5% of total assets in both periods.

SPECIFICATION	**31.12.2019**		**31.12.2018**	
	(PLN in thds)	**% share in the assets**	**(PLN in thds)**	**% share in the assets**
CURRENT ASSETS	**19,813**	**23.77%**	**26,256**	**28.06%**
Inventories	1,282	1.54%	1,636	1.75%
Short-term receivables	10,837	13.00%	17,901	19.13%
Short-term investments	7,263	8.71%	6,322	6.76%
Short-term prepayments and accrued income	431	0.52%	397	0.42%

Overall financial condition of the Company

Selected financial ratios.

Profitability ratios	2019	2018	Desired quantities
Return on sales (ROS) Net profit/sale value *100 (%)	2.71%	6.94%	positive rising
Return on assets (ROA) Net profit/ total assets * 100 (%)	2.88%	7.03%	positive rising
Return on equity (ROE) Net profit/own equity * 100(%)	4.40%	11.93%	positive rising
Corrected profitability of assets Net profit+(financial costs - income tax on interest) /total assets*100(%)	3.52%	7.65%	positive rising
Leverage Profitability of equity – profitability of assets	1.52%	4.90%	positive rising

The return on sales (ROS) informs about the amount of profit margin in the percentage of sales after deduction of costs and taxes. A higher level of this ratio indicates a more favorable financial condition of the company.

The return on assets (ROA) shows the ability of the entity to generate profit. The higher the level of return on assets, the better the company's financial situation

The return on equity (ROE) indicates the size of the net profit per unit of capital invested in the company. The higher the efficiency of the equity, the better the financial situation of the Company, and the possibility of paying higher dividends.

Leverage indicates whether the operating profit generated by foreign capital is higher than the interests that is whether the company earns money for itself due to the external funding.

Positive leverage occurs when the profitability of the whole capital (equity and foreign) of the company, calculated as the relation between the operating profit and total capital, is higher than the interest rate on debt (foreign capital).

Liquidity ratios	2019	2018	Desired quantities
Financial liquidity ratio I Current assets / short-term liabilities	1.09	1.46	1.2 - 1.8
Financial liquidity ratio II (current assets- inventories)/short-term liabilities	1.02	1.37	0.8 -1.0

The liquidity ratios have been permanently at a safe level which is still very safe for the Company. These ratios define the Company's ability to timely regulate its current liabilities. The values of these indicators slightly decreased in 2019, yet still fall into an optimal size level. This means that the Company has sufficient amount of funds to pay its liabilities. Higher levels of these indicators shall mean that the Company has a significant excess liquidity. Keeping cash in the amount that allows the coverage of all obligations, regardless of their maturity, would be uneconomical for the company.

Debt ratios	2019	2018	Desired quantities
Overall debt ratio Liabilities and provisions for liabilities/total assets	0.27	0.26	Max 0.5
Long-term debt ratio Long-term liabilities/equity capital	0.08	0.12	Max 0.5-1

Total debt ratio increased slightly at the end of 2019 compared to the previous year but has been still at a safe level. In addition, the optimal values of the financial liquidity ratios, mostly a high level of short-term receivables and cash held by the Company, reduce the financial risk in the company and the probability of losing the ability to repay the debt.

The long-term debt results from the car fleet lease agreements and the investment loan agreement for financing the investment of the construction of IT Centre.

Management performance indicators	2019	2018	Desired quantities
Receivables turnover ratio Net sales revenues /average receivables	7.81	7.47	7-10
Inventory Cycle Average inventory cycle/ cost of sales *360	10.68	9.82	decreasing
Receivables Cycle	46.12	48.18	decreasing

Average receivables /cost of sales * 360			
Duration of receivables in days Average trade receivables /cost of sales*360	42.86	51.49	average deadline
Conversion period of working capital into cash Receivables cycle + inventories cycle (in days)	56.79	58.00	decreasing

The low level of receivables turnover ratio, that is below the value of 7, indicates that the level of debt is high, meaning that the company is crediting its customers excessively, which in practice means a long-term freezing of funds in receivables. The reasons for such a situation should be seen in the negative market practices of the customers beyond the company's control.

The inventory cycle indicates the average number of days that have passed since the introduction of inventory to the warehouse up to its leave. The shorter time for the equity in the asset, the better.

The receivables cycle was at a higher level than in 2018, indicating an extension of the waiting time for repayment of debts. This ratio does not exceed by more than half the deadline described in the terms of sale. Talex, due to the money on the account, can afford to temporary credit its customers, which indeed entails the freezing of funds in receivables but simultaneously allows the Company to entrench the relations with its regular customers and build lasting relationships with the new customers.

At the same time, the duration of receivables in days decreased significantly from 51 days in 2018 to 43 days in 2019. The shortening of the payments periods is conducive to obtaining additional discounts and discounts on purchase prices of goods and services.

The analysis of these indicators show the improvement of the overall efficiency of the Company's operations in 2019. Talex has proper indicators to finance operations, including the compliance to the golden rule of balance and finance at the safe level. Good financial liquidity characterizes the Company; the profitability and turnover ratios also remain at a good level.

Financial standing

The Company's shareholders' equity as at 31.12.2019 amounted to PLN 54,588 thousand, which comprised:

- share capital (3,000,092 shares) PLN 3,000 thousand
- reserve capital PLN 49,184 thousand
- net profit/loss for 2018 PLN 2,404 thousand

The Company's standing, in terms of payments, was good in 2019. There were no difficulties with prompt payments of taxes, social insurance or payments to employees and suppliers. The Company paid two instalments of dividend and timely pays the investment credit. The Company's cash position in bank accounts and at hand increased in comparison to 2018; the Company's current cash and signed long-term contracts secure the current needs of the Company.

Total liabilities as at 31.12.2019 amounted to PLN 22,565 thousand (in 2018 they amounted to PLN 24,707), which comprised 41% of the shareholders' equity (in 2017 – 44%), provided that this amount includes the investment credit taken by the Company and working capital loans.

In 2019 the Company used current bank loans under agreements for revolving credits in current accounts. As at 31.12.2019, the debt under these agreements amounted to PLN 6,361 million. On 30 May 2014 the Company signed the investment credit agreement, provided by Bank Zachodni WBK S.A to the Company, in the amount of PLN 17 million for the realization of the project entitled "Creation of IT Centre providing modern services," which was increased by the Annex of 13 July 2015 to the amount of PLN 19.2 million.

At the end of 2019, the debt due to the investment credit amounted to PLN 1,924 thousand and was presented in total in short-term liabilities. The full repayment date of the credit is 30 June 2020.

In 2019, the Company placed its free assets mainly in over-night deposit accounts, the instrument that can be considered as risk-free.

The enterprise will continue to finance its activity through the shareholders' equity. Current liabilities will be paid with the Company's current receivables.

Information on buying Company's own shares

As at the day of 31 December 2019 the Company had no own shares.

Financial risk management

Due to the amount of the Company's cash ensuring timely performance of obligations of the Company, high level of liquidity in the Company stable for a couple of years now, and safe level of receivables in relation to liabilities of the Company, the risk of changes in interest rates does not threaten the activity of the enterprise.
Although the Company signed the agreement for the investment credit, the loan was taken out in the framework of the project for which the funding has been granted to the Company under the Operational Programme Innovative Economy 2007-2013 (priority axis 4 "Investments in innovative enterprises," measure 4.5 "Support for investment of considerable importance to the economy," sub-measure 4.5.2 "Support for investment in the modern services sector.") The value of the grant amounted to PLN 7.15 million gross.
In order to minimize the risk associated with changes in interest rates the Company in July 2014 concluded IRS transaction in the amount of PLN 6 million to partially secure a fixed interest rate of the investment credit. The term of the contract includes the period from 30 June 2015 to 30 June 2020. Repayment of this credit is expected in the analogous period.

In 2019 the Company did not use services offered by financing entities, entities hedging exchange rate risk, nor did it purchase significant amounts of foreign currency. The majority of payments of liabilities in foreign currencies were made by the Company from receivables received from customers in that currency. Payments of liabilities in foreign currencies in the reporting period amounted to approximately PLN 7 million, representing less than 5% of the Company's total liabilities, whereas the receivables expressed in foreign currencies amount to approximately PLN 7 million, i.e. 5% of all receivables.

Employment

As at the date 30 December 2019, the Company had 395 employees. The average employment in 2019 expressed in full-time jobs equalled 392.65.

Significant risk factors and threats

Risk associated with economic situation

The constant economic and political changes may constitute a source of both threats and opportunities for businesses in Poland. The elements of the country's economic policy most significant for business are employment costs, taxes and investment policy. The key macroeconomic factors include the level of GDP, investment, inflation and exchange

rates – especially USD and EUR. The poor state of the economy, and so, poor state of businesses, may result in the decrease of investments, reducing the number and value of the Company's orders.
There is a risk that in the near future the IT market will be restless, and the behavior of potential customers hardly predictable. Such a situation can be affected by the economic environment, debt crisis of countries as well as the threat of the economic and euro zone crises return. Enterprises that usually adapt to market conditions may decide to limit investments and adopt a strategy of waiting.

Risk associated with competition

The Company operates in a sector, where one needs to face intense competition, both from domestic businesses, which have been operating on the market for years, as well as new businesses. The growing number of the latter is a result of, among other things, open borders and the influx of foreign businesses operating in the same sector. Those businesses try to take over part of the market by taking over small domestic companies. Another significant threat is the growing tendency to provide direct services by global suppliers of computing solutions, who, so far, have operated in Poland through domestic integrators. The strengthened position of the rival businesses may weaken that of the Company. The Company's activities which are to minimize the above risks involve constant expanding of the offer by the newest technological solutions, raising the qualifications of the staff as well as providing services, whose standard guarantees that the Company is perceived as professional, experienced and reliable.

Risk associated with supplier dependence

The Company has signed partnership agreements with numerous global IT corporations. In most cases, those corporations offer solutions similar in quality, function and price. The Company also cooperates with many domestic distributors of IT products. As a result, most of the solutions offered by the Company may be based on alternative products provided by different suppliers. However, part of the company's offer is based on products that are unique. The need to use particular manufacturer's products may sometimes be determined by specific requirements of a client. If the Company ceased to cooperate with particular corporations in the IT sector, it could lose the opportunity to sign certain agreements.

Risk associated with large customer dependence

According to the strategy of the Company's commercial operations, large part of the Company's activities is based on regular, long-standing and extensive IT services provided to large businesses. The strategy involves unquestionable benefits but also the risk that, in case of losing certain important customers, the Company will face a temporary reduction of revenues or even the need to reorganize certain areas of its activity. To minimize this risk, the Company tries to increase the number of its key customers and generate part of its revenues by cooperating with many small contractors.

The risk associated with providing solutions and services of crucial importance for the customers' business activities

The Company's customers deem a considerable number of the solutions and services provided by the Company highly important for business processes. Any defects in the solutions provided by the Company or inappropriate implementation of the services offered may lead to considerable losses on the part of the customer or, in some cases, make it impossible for the customer to conduct their basic business activities. In such cases, the Company may have to pay the financial penalty and damages specified in the agreements and lose some of its customers. To minimize this risk, the Company includes provisions of its limited liability in the agreements and signs insurance agreements with insurance companies.

<u>The risk associated with losing key employees</u>

Given the open job market in the countries of Western Europe as well as the growing demand for the ICT experts in the foreign businesses operating in Poland, the Company may lose many of its highly qualified employees. If the Company lacked employees with specialist qualifications, it could lose some of its certificates and entitlements. Also, the standard of the services provided by the Company could fall. Therefore, the Company offers a variety of incentives, both financial and non-financial, for example, specialist training courses on the newest information technologies, where employees can improve their qualifications. As a result, the Company has not marked any significant loss of its indispensable experts for the last couple of years.

<u>Risk associated with common risks, including epidemic</u>

The ease of movement of individuals within and outside Europe carries the risk of easy transmission of disease, with the possible consequence of epidemics and pandemics. The central and local governments' reactions often correlate with activities of other countries governments and international organisations and can be regulatory both in terms of the restrictions on the movement of people and trade of goods. The noticeable effects of the epidemiological risk may concern both the Company's employees, in particular their physical availability, and the Company's suppliers as well as the recipients of the Company's services. Such a situation means a potential risk of temporary limitation of the scope of services provided by the Company, or disruption in the supply chain, or a reduction of the Company's Clients' demand for its services. The Company develops and constantly updates its business continuity plans to be adequate to the possible threats. In particular, the organisation of work in the Company is adjusted to the possibility of remote work with the highest standards of security of data transmission. The most important IT systems necessary for the Company's operations have been duplicated and are located in geographically distant locations. The Company also has, in its selected field branches, backup offices (Disaster Recovery Centers), allowing for relocation of some of its employees. The direct effect of flexible organization of work is the minimization of the risk of direct contacts between people, and thus reduction of the risk of possible infections.

Basic products, goods and services

The Company achieved similar level of revenues from the sales of products in comparison to last year; they decreased by 1.6% in 2019. The sales of goods and materials in 2019 accounted for about 33% of total revenues. The dynamics of that sales comprised 85.4%.

SPECIFICATION	2019 (PLN in thds)	2018 (PLN in thds)	Fluctuation
Revenues from sales of products	59,845	60,837	98.37%
Revenues from sales of goods and materials	28,969	33,929	85.38%

Installation and maintenance of IT environment services (32.2%) and software related services (21.8%) comprised the largest share of the sales of services. The Company recorded the highest sales growth in the area of outsourcing of IT services and Data Center services.

In subsequent years the Company will further develop the sale of Data Center services, in particular in the new location of the branch in Wrocław, where since the end of 2019 works related to the launch of the new server room of Talex Company have been carried out. The Company also focuses on the development and sale of services in the area of broadly understood maintenance of application, IT devices, and installation and configuration of IT equipment, which is a consequence of contracts signed by Talex for this type of services.

SPECIFICATION	**2019 (PLN in thds)**	**2018 (PLN in thds)**	**Fluctuation**
Installation and maintenance of IT environment services	19,255	19,691	97.79%
Software related services	13,068	13 782	94.82%
Outsourcing of IT services	11,258	10 499	107.23%
Data Center services	12,698	12 003	105.79%
IT integration	3,137	4 145	75.68%
Others	429	717	59.83%
TOTAL	59,845	60,837	98.37%

The fluctuation rate of the revenues from sales of goods and materials equalled 85.34 at the end of 2019 and almost fully concerns the wholesale of computers and peripheral equipment.

SPECIFICATION	**2019 (PLN in thds)**	**2018 (PLN in thds)**	**Fluctuation**
- wholesale of computers and peripheral equipment	28,957	33,913	85.39%
- wholesale of electronic and telecommunication equipment	0	0	-
- other out-of-shop retail sales	12	16	74.50%
TOTAL	**28,969**	**33,929**	**85.38%**

Markets and supply sources

In 2019, the Company sold goods and products only on the Polish market.

The territorial structure of the sales revenues:

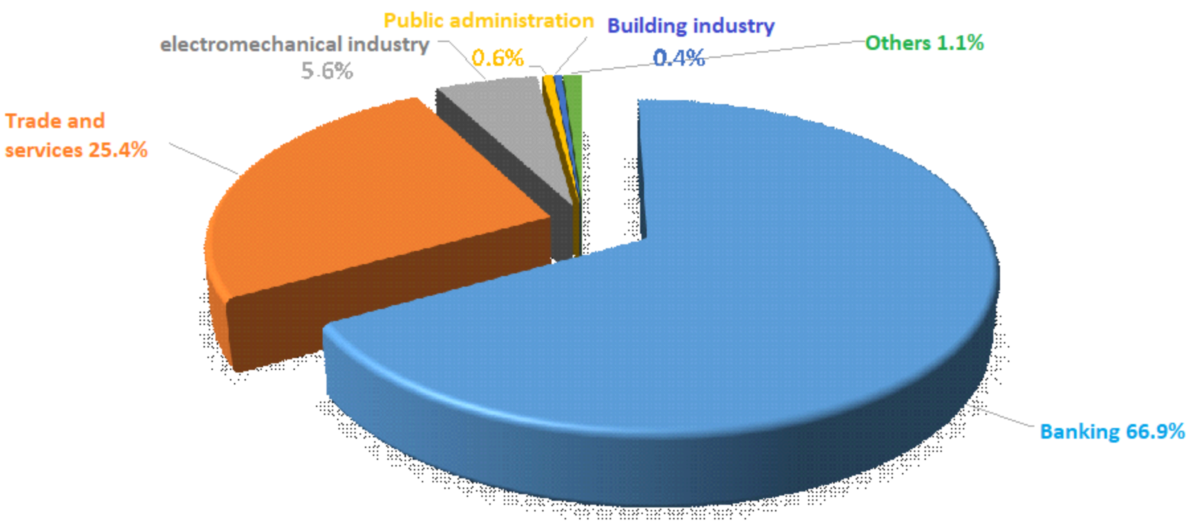
SPECIFICATION	**2019 (w tys. PLN)**	**2018 (w tys. PLN)**	**Fluctuation**
Net revenues from the sale of products:	**58,845**	**60,837**	**98.37%**
Country	58,845	60,837	98.37%
Export	0	0	
Net revenues from the sale of goods and	**28,969**	**33,929**	**85.38%**

materials:			
Country	28,969	33,929	85.38%
Export	0	0	-
NET REVENUES FROM THE SALE OF PRODUCTS. GOODS AND MATERIALS	**88,814**	**94,766**	**93.72%**

The structure of the greatest recipients of the Company:

RECIPIENTS	***2019***	
	PLN in thds	***%***
Santander Group	31,218	35.15%
Credit Agricole Group	13,615	15.33%
PKO BP Group	7,934	8.93%
Allegro Sp. z o.o. Group	3,749	4.22%
Eurocash SA	3,716	4.18%
ING S.A. Group	2,981	3.36%
Volkswagen Group Polska S.A.	2,821	3.18%
Bravura Solutions Polska Sp. z o.o.	2,143	2.41%
Toyota Motor Poland Company Limited Sp. z o.o.	1,884	2.12%
TIM S.A.	1,634	1.84%
Bank Handlowy w Warszawie SA	1,568	1.77%
The Bank New York Mellon Poland Sp.z o.o.	1,221	1.37%
HP Group	862	0.97%
Others	13,468	15.16%
TOTAL	**88,814**	**100.00%**

The structure of revenues according to the market in 2019



Main suppliers of the Company:

SUPPLIERS	2019	
	PLN in thds	%
S4E S.A.	7,501	14.5%
AB S.A.	6,729	13.0%
WENDEX Mieczysław Wendland	3,996	7.7%
ALSO Polska Sp. z o.o.	3,471	6.7%
PGE Obrót S.A.	2,852	5.5%
ABC DATA S.A.	2,204	4.3%
Santander Leasing S.A.	2,133	4.1%
TD AS Poland sp. z o.o.	1,893	3.7%
Roseville Investments sp. z o.o.	1,675	3.2%
BFF Investments Polska Sp. z o.o.	1,386	2.7%
PKN ORLEN S.A.	1,070	2.1%
ENEA Operator Sp.z o.o.	1,055	2.0%
DELL Sp. z o.o	1,002	1.9%
Ingram Micro Sp.z o.o.	825	1.6%
T-Mobile Polska S.A.	804	1.6%
DABO PLUS Sp. z o.o.	747	1.4%
VERTIV Poland Sp. z o.o.	621	1.2%
Pozostali	11,868	22.9%
TOTAL	**51,832**	100.0%

The Company is not dependent on the suppliers to any great extent. In particular, goods and products purchased by the Company from suppliers trading (the turnover with them comprises of approximately 10% of the total value of supplies) can be purchased from alternative distributors on similar purchase terms.

The Company does not have any formal relations. other than commercial settlements, with recipients or suppliers whose share exceeds 10% of the total sales income.

Information on agreements significant for the issuer’s activity

- On 12 February 2019 the Company signed the agreement with Allegro.pl Sp. z o.o. (formerly Grupa Allegro Sp. z o.o.) with its registered office in Poznań (the Client), of which Talex had informed in the current report no. 26/2014. The subject of the annex is extention of the period of provision of colocation services in the processing centre (Data Center) of Talex S.A. along with accompanying services (IT outsourcing) to the Client. The estimated net value of the agreement within 3 years amounts to PLN 11.5 million. The actual value of the agreement is dependent on the actual number of the Customer's equipment co-located in the Company's Data Center during the term of the agreement as well as on the number and scope of accompanying services provided.

- On 5 August 2019 the Company concluded the agreement with Bravura Solutions Polska Sp. z o.o. with its seat in Warsaw. The subject of the agreement is provision of IT services. The agreement was concluded for the period of 5 years and represents a continuation of the existing agreement signed in 2009. The estimated net value of the agreement in a period of 5 years is PLN 5.6 million.

In 2019 the Company continued to execute orders received from strategic clients from the banking and financial sectors. Moreover, the Company received a number of orders from Santander Bank Polska S.A., about which Talex reported in subsequent current reports:

- In the period from 19 December 2018 (publication of the current report No. 23/2018) to 5 April 2019 (publication of the current report No. 3/2019), the Company obtained a number of further orders from Santander Bank Polska S.A. with its seat in Warsaw. The total net value of the received orders is PLN 5.06 million. The order of February 2019, the net value of which is PLN 457 thousand, is the largest of them. The subject of the order is the delivery of IT solutions.

- In the period from 5 April 2019 (publication of the current report No. 3/2019) to 15 July 2019 (publication of the current report No. 11/2019), the Company obtained a number of further orders from Santander Bank Polska S.A. with its seat in Warsaw. The total net value of the received orders is PLN 5.59 million. The order of May 2019, the net value of which is PLN 409 thousand, is the largest of them. The subject of the order is the delivery of IT solutions.

- In the period from 15 July 2019 (publication of the current report No. 11/2019) to 24 October 2019 (publication of the current report No. 14/2019) the Company obtained a number of further orders from Santander Bank Polska S.A. with its seat in Warsaw. The total net value of the received orders is PLN 5.17 million. The order of October 2019, the net value of which is PLN 403 thousand, is the largest of them. The subject of the order is the delivery of IT solutions.

- In the period from 24 October 2019 (publication of the current report No. 14/2019) to 22 December 2019 (publication of the current report No. 15/2019), the Company obtained a number of further orders from Santander Bank Polska S.A. with its seat in Warsaw. The total net value of the received orders is PLN 5.32 million. The order of December 2019, the net value of which is PLN 1.41 million, is the largest of them. The subject of the order is the delivery of IT solutions.

Moreover, in the presented period, the delivery of the maintenance as well as outsourcing services specified in the agreements with the Company’s clients, mainly from the banking and financial sector as well as the public sector, was continued.

Information on credit and loan agreements

On 30 May 2014 the Company signed the investment credit agreement provided by Bank Zachodni WBK S.A to the Company in the amount of PLN 7.15 million gross for the realization of the project entitled "Creation of IT Centre providing modern services" (publication of the current reports No. 24/2013 and 3/2014). On 13 July 2015 the Company signed the Annex to this agreement that increased the credit incurred to the amount of PLN 2.2 million.

The Company also uses credit lines in current accounts. The funds from these loans enable the Company to maintain optimal financial liquidity.

Information on loans, sureties and guarantees granted

The contingent liabilities of the Company, due to performance bonds and payment securities issued by the financing bank, amounted to PLN 300 thousand. Those liabilities are secured with capped mortgage on the Company's headquarters building.

Contingent liabilities included performance bonds, bid bonds, bonds on account of warranty and guarantee, payment guarantees and guarantees on advance payments. Performance bonds comprised about 62% of the guarantees issued on 31.12.2019. The purpose of those bonds is to secure the claims which could arise in the case of improper performance of an agreement. Payment guarantees represented approximately 38%, the purpose of which is to guarantee the timely payment of monetary liabilities.

As a security to the renewed contract on the limit for bank guarantees, granted to the Company by Santander Bank Polska S.A., the Company created a capped mortgage, established by a notarial deed, up to the amount of PLN 10 million, on account of Santa.A., headquartered in Wroclaw. The mortgage was created on the real estate owned by the Company, registered in the Land Register kept by the District Court in Poznan – Stare Miasto in Poznan, under the entry no. KW P01P/00137.699/9. The real estate in question comprises a plot of 14.744.00 sq. meters, with an office building of the usable area of 2.445.80 sq. meters.

Assessment of financial assets management

Information on the assessment of financial assets management has been presented in the "Financial standing" and "Financial risk management" sections.

The Company systematically meets all the incurred liabilities. Liquidity ratios of TALEX S.A. confirm that the enterprise is able to pay its liabilities. The current ratio equalled 1.09 at the balance sheet date, while the quick ratio equalled 1.02.

Changes in the basic principles of managing the issuer's enterprise

In the reporting period there were no significant changes in the basic principles of managing the Company.

Changes in the composition of members of the Management and Supervisory Boards of the Company

On 11 May 2019 the General Meeting of Shareholders appointed the Supervisory Board Members for the new term of office :

- Witold Hołubowicz
- Andrzej Kurc
- Jacek Nowak
- Bogna Pilarczyk
- Małgorzata Poprawska

On the same day, the newly appointed Supervisory Board appointed the Management Board Members for the new term of office:

- Janusz Gocałek
- Jacek Klauziński
- Andrzej Rózga
- Rafał Szałek
- Radosław Wesołowski

Agreements signed between the issuer and the managing persons, providing for a compensation for the latter in case of their resignation or dismissal

The Company did not sign any agreements with the managing persons, providing for a compensation for the latter in case of their resignation or dismissal.

Shares of the issuer and shares of the related entities, held by the managing and supervising persons

Total number and nominal value of the shares of the Company:

Issue	Number of shares	Nominal value (PLN)	Total value (PLN in thds)
Total	3,000,092	1	3,000
Series A	102,000	1	102
Series B	849,000	1	849
Series C	450,000	1	450
Series D	889,092	1	889
Series E	710,000	1	710

Members of the Management Board held the following shares of the Company (as at the day of preparing this report):

Shareholder	Number of shares					
	Series A	Series B	Series C	Series D	Series E	Total
Janusz Gocałek	34,000	283,000	145,216	294,340	2,237	756,556
Jacek Klauziński	34,000	283,000	145,216	294,340	2,237	756,556
Andrzej Rózga	34,000	283,000	145,216	294,340	2,237	756,556
Rafał Szałek	-	-	-	-	889	889
Andrzej Kurc	-	-	-	1,012	-	1,012

To the best of the Management Board's knowledge, the members of the Supervisory Board do not hold any shares of the Company.

Shareholders holding, directly or indirectly, through controlled entities, at least 5% of the total votes in the General Meeting of the issuer

Shareholder's name	Number of shares	Share (%) in the capital	Number of votes	Votes (%) in the General Meeting of Shareholders
Total	3,000,092	100,00	3,408,092	100,00
Janusz Gocałek	758,793	25.29	894.793	26.25

Jacek Klauziński	758,793	25.29	894.793	26.25
Andrzej Rózga	758,793	25.29	894.793	26.25
FAMILIAR S.A., SICAF-SIF spółka prawa Wielkiego Księstwa Luksemburga	190,822	7.58	190.822*	5.60

Information on the agreements known to the issuer, which may result in future changes in the present structure of share ownership in terms of shares held by current shareholders and bondholders

The Company does not have any information on the agreements, which may result in future changes in the present structure of share ownership in terms of shares held by current shareholders. The Company does not emit bonds.

Information on holders of securities which entitle to special supervisory powers over the issuer

The Company did not issue any securities which entitle to special supervisory powers over the issuer.

Information on the system of controlling the employee share ownership schemes

The Company did not issue any employee shares.

Information on the limitations related to the transfer of ownership rights to the securities of the issuer and the exertion of voting rights in relation to the shares of the issuer

Only the shares of series A, B and D, being registered shares, are subject to the limitation of the transfer of ownership rights. Additionally, shares of series A are preference shares regarding the voting right. The terms of conversion of those shares into bearer shares as well as of their disposal have been defined in par. 8 of the Company's Articles of Association. The shares of the Company are not limited as to the exertion of voting rights.

Information on agreements with an entity authorized to audit financial statements

On 18 June 2019 the Supervisory Board, acting under the Articles of Association of the Company, passed a resolution on selection of the PKF Consult Sp. z o.o. registered in Warsaw at ul. Orzycka 6 lok. 1B (02-695), as an entity with which the contract will be signed on auditing the financial statements compiled on 30 June 2019 and 31 December 2019. The selected entity is recorded in the register of entities authorized to audit

financial statements under the No. 477 kept by the National Council of Statutory Auditors.
The total net value of remuneration for the performance of the agreement with PKF Consult will amount to PLN 45.6 thousand.

In 2019 the Company did not use the tax advisory services.

Organization of the capital group of the issuer with the indication of the units subject to consolidation

The Company is not a member of the capital group.

Indicating the results of structural changes in the economic entity, including the results of merging economic entities, takeover or sales of members of the capital group of the issuer, long-term investments, division, restructuring and abandonment of business activity

During the presented period there were no changes in the structure of the economic entity.

Opinion of the Management Board on the feasibility of executing the forecasted results published earlier for a given year in the light of the results presented in the quarterly report in reference to the forecasted results

The Management Board of the Company did not publish the forecast of the financial results for the year 2019.

Pending proceedings before courts, arbitration or public administration authorities

In the past half-year, the Company did not commence and it was not a side in any court proceedings or public administration proceedings in relation to any liabilities of the value constituting at least 10% of its equity capital.

Information on conclusion of one or many transactions with related entities by the Issuer or its subsidiary, provided that the value of the transactions (the total value of all transactions concluded since the beginning of the financial year) exceeds the equivalent of EUR 500,000 in PLN

Since the beginning of the financial year, the Company has not concluded any transactions with related entities of total value exceeding the equivalent of EUR 500,000 in PLN.

Information on credit and loans sureties or guarantees granted by the Issuer or its subsidiary, to one entity in total or to its subsidiary, if the total value of existing sureties or guarantees is equal to at least 10% of the equity capital of the Issuer

In the presented period, the Company did not grant any sureties, credit, guarantees or loans.

Other information which, in the opinion of the Issuer, is important for assessing its headcount, assets, financial standing and results, as well as movements therein, and information important to evaluate the fulfillment of the commitments the Issuer made

In the reporting period there were no changes that could have an impact on the personnel, wealth and financial situation as well as on financial results and their changes; there were also no events important to the assessment of the possibilities to fulfil the obligations of the Company.

Factors which, in the opinion of the Issuer, will influence the results of the Issuer at least in the next quarter

Factors that affect the results of the Company with a view to the next year are mainly the fulfilment of the agreements concluded with the regular, long-term customers of the Company as well as the realization of the contracts from the previous years.

In the past year the Company continued its activities related to the development of software offered by the Company. At the same time, the Company is making intensive efforts to obtain further large and permanent recipients of IT infrastructure maintenance and support services offered by the Company. Moreover, the Company completed te investments related to equipping the Data Center and the new branch of the Company in Wrocław, which will affect the future results of the Company.

The Company intends to finance the planned current purchases with its own funds. The schedule for the current purchases was arranged so that their implementation does not affect the Company's liquidity nor affect its financial standing.

In the Company’s opinion, the sanitary and epidemiological situation related to the coronavirus COVID-19 pandemic both in Poland and abroad may significantly affect the overall market situation. All kinds of restrictions related primarily to the movement of people and goods in cross-border traffic will have an impact on the functioning of the economy. The Company is continuously fulfilling its obligations towards its customers using previously developed, regardless of the current situation, business continuity plans. The Company's ongoing and undisturbed operation is possible, among others, due to 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 the Company’s revenues comes from long-term IT outsourcing contracts, which significantly affects the stability of the Company’s operations.

Information on the rules of preparing the annual financial statement

Information on the rules of preparing the annual financial statement is included in the attachment to this report.

Poznan, 1 June 2020

Members of the Management Board:

Janusz Gocałek......................................

Jacek Klauziński......................................

Andrzej Rózga...

Rafał Szałek..

Radosław Wesołowski...............................