



**Additional explanatory notes to
the financial statements and
respectively comparable data to
the Annual Report 2019**

TALEX[®] S.A.

1. Information on financial instruments:

At 31.12.2019 the Company has no financial assets and liabilities held for trading and financial assets held to maturity.

In July 2014 the Company entered into an interest rate swap (IRS) transaction for PLN 6 million. The term of the contract is from June 30, 2015 to June 30, 2020. The transaction was intended to partially hedge the change in interest rates for an investment credit that is expected to be repaid in the same period. In the financial statements as at 31.12.2019, the above financial instrument is presented in the Balance Sheet as a separate financial liability. Changes in the value of the instrument arise as a result of a change in its valuation carried out by Santander Bank Polska S.A.

SPECIFICATION	2019	2018
FINANCIAL INSTRUMENTS – IRS	3	20
Long-term liabilities	0	14
To other entities		
other financial liabilities	0	14
Short-term liabilities	3	7
To other entities		
other financial liabilities	3	7

2. Data concerning off-balance sheet items, in particular contingent liabilities, including also guarantees and securities granted by the issuer (PLN in thds)

SPECIFICATION	2019	2018
1. Contingent receivables	0	0
2. Contingent liabilities	300	268
2.1 To affiliated companies	0	0
2.2 To affiliated companies, on account of:	300	268
- performance bonds of the contract	187	154
- bonds on account of warranty and guarantee	0	0
- payment guarantees	113	114
- advance payment guarantees	0	0

3. Data on liabilities to the central state budget or local government authorities, under acquired ownership rights to buildings and structures.

As for the day of 31.12.2019 the above mentioned items are not listed.

4. Information on revenues, costs and results of discontinued operations in the period or operations to be discontinued in the next period.

In the reported period no operations were discontinued and no operations are expected to be discontinued in the next period.

5. Manufacturing cost of fixed assets in progress. (PLN in thds)

SPECIFICATION	2019	2018
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Expenditures on the premises of branch in Wrocław	0	1,525
Expenditures on the modernization of Data Center building	40	19
Purchase of equipment and machinery	0	0
Reconstruction of gas installation	0	0
Other fixed assets	0	3
TOTAL	40	1,544

Capital work in progress are valued according to the actual costs of their purchase and financed in whole from own resources.

In 2019 the Company did not produced the fixed assets for own needs.

6. Interest and exchange rate differences which increased the purchase price of goods or production cost of products in the financial year

In the financial year 2019, the purchase price of goods and production cost of products was not increased by interest and exchange rate differences.

7. Capital expenditure made and capital expenditure planned for the period of 12 months from the balance-sheet date. (PLN in thds)

SPECIFICATION	Outlays incurred in 2019	Plan for 2019
Office building A and B	65	-
Expansion of the Data Center building	56	-
Purchase of technical equipment and machinery	2,612	1,750
Purchase of means of transport	441	0
Purchases of other fixed assets	175	500
Intangible assets (software)	360	250
Investments in foreign fixed assets	1,485	-
TOTAL	5,194	2,500

During 2018 and 2019 the Company did not incur expenses on environmental protection. Similar expenditures have also not been scheduled for the next year.

8. Information on revenues and costs of extraordinary value or that appeared incidentally, including their amount and character.

In the reporting period there were neither extraordinary transactions nor incidental transactions.

9. Information on transactions between the issuer and related entities on different terms than arm's length transactions, together with the amount and nature of such transactions.

The Company is not related to other entities.

10. Information on the economic nature and purpose of the contracts concluded by the issuer not included in the balance sheet within the scope necessary for the assessment of their impact on financial and economic condition and financial result.

Information not listed.

11. Information on non-consolidated joint ventures.

Information not listed.

12. Information on average employment, by professional groups in terms of full-time equivalents:

SPECIFICATION	31.12.2019	31.12.2018
Management Board	5.00	5.0
Engineering and technical staff	326.74	313.64
Economic staff	23.74	21.33
Administrative staff	13.67	11.05
Maintenance staff	23.50	16.99
TOTAL	392.65	368.01

13. Information on the total value of remuneration and awards paid to the persons managing and supervising the issuer. (in PLN thds)

SPECIFICATION	2019	2018
The Management Board, including:	2,265	2,176
- remuneration due under the contract of employment	2,265	2,176
Janusz Gocalek	432	432
Jacek Klauziński	432	432
Andrzej Rózga	432	432
Rafał Szalek	484	440
Radosław Wesołowski	485	440
The Supervisory Board, including:	126	111
- remuneration for the performance of duties	126	111
Bogna Pilarczyk	30	25
Grzegorz Ganowicz	0	7
Witold Hołubowicz	24	15
Marek Nawrocki	0	7
Małgorzata Poprawska	24	15
Andrzej Kurc	24	21
Jacek Nowak	24	21

14. Information on all liabilities due to retirement pensions and other benefits for former managing and supervising persons, or former members of administrative bodies, and any commitments arising or entered into in respect of retirement pensions, with an indication of the total for each category of body.

Not applicable.

15. Information on the value of outstanding prepayments, credits, loans, guarantees, sureties or other agreements to provide benefits to the issuer by its subsidiaries.

Item not listed.

16. Information on the agreements concluded with the audit firms

On 18 June 2019 the Supervisory Board of the Company, on the basis of the Company's Articles of Association, adopted a resolution on the selection of "PKF Consult Sp. z o.o.", with its registered office in Warsaw, ul. Orzycka 6/ 1B (02-962), as an entity with which the contract will be signed on auditing the financial statements compiled on 31 December 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 Company used the services of the selected entity for auditing financial statements prepared as at 30 June and 31 December for the years 2015 to 2018. The choice was made in accordance with applicable regulations and professional standards.

Remuneration for the examination of the financial statements for 2019 was set at PLN 29,000 (net amount), whereas for the audit of the financial statements for the earlier year at PLN 21,000.

The Management Board of Talex S.A. declares that PKF Consult Sp. z o. o. sp. k. and the certified auditors reviewing the annual financial statements fulfilled the criteria for issuing an impartial and independent report on the review, in accordance with applicable regulations and professional standards.

In 2019 the Company did not use any tax consultancy services.

17. Information on significant events from previous years included in the financial statement for the current period

As a result of tax office control in 2008 in relation to value added tax the Company was assigned the amount of additional tax, which was paid in 2015. This amount was recognized in the balance sheet of that year as an undivided result of previous years. In the period covered by the financial statements the Company received a refund from the tax office in the amount of PLN 1,525 thousand, which included interest. In 2019, the amount of reimbursed tax was settled with the previous years' results.

18. Information on significant post balance-sheet events not included in the financial statement.

After 31 December 2019, a number of countries around the world, including Poland, experienced the epidemic of COVID-19 coronavirus. In the opinion of the Management Board of Talex S.A. the epidemiological situation shall not affect the valuation of assets and liabilities, including reserves in the financial statements prepared as at 31 December 2019. The assets held by the Company have not lost their economic useful life. The Company's short-term liabilities have been largely settled. The created provisions relate only to deferred income tax and estimated employee reserves. In the opinion of the Management Board as at the date of preparation of the report the Company has the ability to continue its operations.

19. Information on the relations between the issuer and its legal predecessor and the methods and scope of assets and liabilities takeover.

The joint-stock company "TALEX" S.A. was established following the transformation of the limited liability company Przedsiębiorstwo Produkcyjno-Wdrożeniowe „TALEX”.

On 9 April 1998, by the decision H1114/98 of the District Court in Poznań, XVI Commercial Division of the National Court Register, the limited liability company Przedsiębiorstwo Produkcyjno-Wdrożeniowe „TALEX” was removed from the Commercial Register RHB 2027, while "TALEX" S.A. was registered in the Commercial Register under the entry no. RHB 11905.

Assets and liabilities of "TALEX" S.A. as at the opening balance on 09.04.1998 equalled in value the assets and liabilities disclosed by the limited liability company Przedsiębiorstwo Produkcyjno-Wdrożeniowe „TALEX” as in the closing balance-sheet drawn up for 08.04.1998.

20. Financial statement and comparative financial data in respect of the basic items on the balance sheet and profit and loss account adjusted by a relevant inflation index.

No financial statement including prices adjusted by inflation index was drawn up.

21. List and explanation of differences between the data disclosed in the financial statement and comparative financial data.

The Company did not restate the data published in SA-Q 4 2019 report.

22. Changes to the accounting principles (policy) applied and to the method of the financial statement preparation.

In 2019 the Company did not introduced any changes neither to the accounting principles (policy) nor to the method of the financial statement preparation.

23. Adjustments due to fundamental errors.

In the period covered by the report, the Company received a refund for value added tax for 2008. The amount of VAT paid in 2015 was charged to the undistributed result of previous years. The received VAT refund was included in the financial statements as coverage of losses from previous years. The amount of the refund plus interest amounted to PLN 1,525 thousand.

24. Description of threats as to the Company remaining a going concern.

There are no such threats.

25. Settlement concerning merger of companies.

There was no such settlement.

26. Valuation of shares in related parties.

As at 31 December 2019, TALEX S.A. did not have any related parties.

27. Reasons for not drawing up a consolidated financial statement.

As at 31 December 2019, TALEX S.A. was not a holding company under provisions of the Accounting Act, and so does not draw up a consolidated financial statement.

28. Address of the headquarters of the Company:

Ul. Karpia 27D
61-619 Poznan

The address of the registered office of the Management Board is the same as the Company's address.

Talex S.A. is not a member of a capital group.

