

# Dear Shareholders

## Introduction

The past year of 2022 was both for the Company, as well as for the entire IT industry and global economy another, after the years 2020-2021, period of particular challenges. The global coronavirus Covid-19 pandemic that have already lasted two years, 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 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.

The ongoing political and economic changes have a real impact on the functioning of enterprises. The key macroeconomic factors, with regard to the past year, include first and foremost: the level of investments in economy, the level of inflation, prices of energy carriers, and currency exchange rates – mainly USD and EUR. The state of the economy, and thus the condition of enterprises, in the first place influences the limitation of the investment level, including also the investments in IT solutions. Furthermore, the war in Ukraine, which has been going on for more than a year, was not without impact on the Company's economic situation.

In the year 2022, the Company achieved sales revenues of PLN 81,624 thousand and a net profit of PLN 1,748 thousand. The financial result of the Company and its net profit (loss) were at the following levels in individual quarters (data presented in PLN thousand): 2,910 (1<sup>st</sup> quarter of 2022), -1,655 (2<sup>nd</sup> quarter of 2022), -1,659 (3<sup>rd</sup> quarter of 2022), and 2,151 (4<sup>th</sup> quarter of 2022). This indicates that the Company's economic environment has not yet reached the stabilization level from before the pandemic. The results achieved were also significantly influenced by the dynamically changing situation on the market of energy sources, particularly electrical energy, in the period of the year 2022. The Company notices a gradual process of return to purchases in IT area at its clients. In the assessment of the Management Board, this process should be intensified in the period of this and next year, taking into account both new challenges in technology as well as the necessity to invest in IT infrastructure of enterprises, which has not been renewed over the past two years.

The Company's Management Board, analyzing the economic environment, takes an optimistic view of the current and the following years. While analyzing the estimates of market experts it is worth noticing that the assessments of market analysts presented in the fourth quarter of the year 2022 indicated the projected recovery of the purchasing markets in the year 2023, in particular due to a clear slowdown of investments in the IT sector during the years 2021-2022. The market experts point out that the upward tendency in the purchase of IT services and technologies will continue despite the economic slowdown and a decrease of the clients' purchasing power caused by the inflation. In the analysts' view, the companies' budgets will be resistant to the recession because of a high pressure on the development of digital business initiatives. When estimating the growth dynamics of particular segments of IT market, the analysts predict the increase

of communication services by 2.4%, data center systems by 3.4%, IT services by 7.9% and software by 11.3%, and the only decline in the market of IT equipment on the level of 0.6%.

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 next 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 segment of Cloud Computing 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, PaaS, SaaS) called generally ITaaS, data analysis – Big Data, IoT, BI, AI or mobile solutions will become dominant.

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, 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 is still looking at the sanitary and epidemiological situation related to the coronavirus COVID-19 pandemic, both in Poland and abroad. 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.

The Management Board of the Company also pays close attention to the economic environment of the Company; the sources of risk and their potential as well as actual impact on the Company's functioning are constantly identified at particular levels of the Company's management. A consistent building of awareness among the managers that risk is a constant element of operating a business helps, to a significant extent, to take measures to minimize the probability of occurrence of certain risks. The period of the COVID pandemic, as well as the previous experience related to the destabilization of market, such as the investment market in 2008, sensitized the managers to continuously analyze possible risks and, in particular, to counteract their results. The Company's activities are based on a sustainable use of banking services, with debt and investment nature, as well as on building a diversified portfolio of service providers. The Company is also running projects aimed at limitation of costs of the conducted business activity, including those allowing for the limitation of the dependence of the providers.

Also, the fact that the Company does not currently conduct any business activities on the Ukrainian market or with entities substantially engaged in Ukraine is a significant circumstance for the operations of the Company. Likewise, the Company is neither directly nor indirectly engaged on the Russian or Belarusian markets. The Management Board of Talex keeps a close eye on the current situation and its development, bearing in mind that it may have a real impact on the Company's economic relations with its customers.

Detailed information on the Company's operations is provided in the financial report for 2022, the study of which I strongly recommend.

I would like to thank all Shareholders for your trust. I would like to assure you that we make every effort to continuously strengthen the position of the Company in the market.

April 2023

*Janusz Gocałek*

President of the Management Board

TALEX S.A.