

Report
on the adherence to the principles of corporate governance
by Talex S.A., headquartered in Poznan,
in 2022

Annex to the annual report of
Talex S.A.
2022

1. The set of principles which the Company adheres to and website where it is publicly available.

In 2022, the Company adhered to the principles of corporate governance, presented in the document entitled “Best Practice for WSE Listed Companies” established by resolution of the Supervisory Board of the Warsaw Stock Exchange SA (appendix to Resolution No. 13/1834/2021 dated 29 March 2021). The content of the document is available at <https://www.gpw.pl/best-practice2021>. Under the WSE regulations, the Company is not obliged to adhere to the indicated set of principles, but only to report on them.

2. Information on the extent to which the company did not adhere to the indicated set of principles of corporate governance and explanation of the reasons of such a conduct.

In the year 2022, the Company followed the recommendations included in “Best Practice for WSE Listed Companies 2022” document, with the following exceptions about which the Company had informed in the EBI report published on 27 July 2021:

Disclosure Policy, Investor Communications

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

This principle is not applied; The Company is in the course of preparing the information it is going to publish on its website.

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

This principle is not applied; the explanation of the above stated will be presented after compilation of the information referred to in point 1.4.

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

This principle is not applied; the explanation of the above stated will be presented after compilation of the information referred to in point 1.4. At the same time, the Company informs that in practice it applies the principles of equal remuneration taking into account the content of the job and the length of service.

1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

This principle is not implemented; main investors of the Company are its founders who are also members of the Management Board. The Company remains open to contact with shareholders who, based on the Company's long experience, prefer individual meetings with the Company's Management Board. The Company's practice to date has not confirmed the shareholders' interest in more extensive meetings.

Management Board, Supervisory Board

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

This principle is not implemented; the Company currently has one diversity policy. The Company's governing bodies have undertaken work to prepare a diversity policy separate for the Management Board and the Supervisory Board.

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

This principle is not implemented; the main shareholders of the Company are its founders, who are also members of the Management Board. These persons are of one gender. The selection process for the members of the Management Board involves the use of substantive criteria and the composition of the Management Board is not determined by an election based on the provision of a specific gender diversity index. The composition of the Supervisory Board takes into account the gender diversity index.

2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

This principle is not implemented; the Company intends to apply the rule.

2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

This principle is not implemented; the Company intends to apply the rule.

Internal systems and functions

3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.

This principle does not apply to the Company; the Company declares willingness to apply this rule in case the Company is qualified to the indicated indexes.

3.6. The head of internal audit reports organizationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

This principle is not implemented; the Company intends to apply the rule.

3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

This principle is not implemented; at the moment the Company does not belongs to a capital group.

3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.

This principle is not implemented; the Company intends to introduce the rule.

3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

The principle is not implemented; the Company intends to introduce the rule.

3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

The principle does not apply to the Company; the Company declares willingness to apply this rule in case the Company is qualified to the indicated indexes.

General Meeting and Shareholders relations

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

This principle is not implemented; main investors of the Company are its founders who are also members of the Management Board. The Company's practice has so far not confirmed the shareholders' interest in participating in the General Meeting by means of electronic communication.

4.3. Companies provide a public real-life broadcast of the general meeting.

This principle is not implemented; main investors of the Company are its founders who are also members of the Management Board. The Company's practice has so far not confirmed the shareholders' interest in the real-life broadcast of the General Meeting.

4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

This principle is not implemented; the Company allows for the exercise of shareholders' rights in this respect in accordance with the regulations contained in the Commercial Companies Code.

4.9. If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:

4.9.1. candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

This principle is not implemented; the Company allows for the exercise of shareholders' rights in this respect in accordance with the regulations contained in the Commercial Companies Code. The Company declares that the information submitted by shareholders concerning the proposed candidates will be immediately published on the Company's website.

4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected

shareholders or other entities may pass subject at least to the following three criteria:

- a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;*
- b) the persons granted the pre-emptive right are to be selected according to objective general criteria;*
- c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.*

This principle is not implemented; decisions regarding the issues will be made taking into account the essential needs of the Company as they exist at a given time.

4.14. Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

- a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;*
- b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;*
- c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;*
- d) the company generates insufficient cash flows to pay out dividends;*
- e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;*
- f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.*

This principle is not implemented; the Company declares the implementation of this principle in practice, taking into account the essential needs of the Company existing at the time of adopting the relevant resolution.

Conflict of interest, related party transactions

5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.

This principle is not implemented; currently the Company does not belong to a capital group. The Company declares its willingness to implement this principle.

5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.

This principle is not implemented; currently the Company does not belong to a capital group. The Company declares its willingness to implement this principle.

5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that 14 case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

This principle is not implemented; currently the Company does not belong to a capital group. The Company declares its willingness to implement this principle.

5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.

This principle is not implemented; currently the Company does not belong to a capital group. The Company declares its willingness to implement this principle.

Remuneration

6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

This principle is not implemented; at present the Company does not have a managerial stock options programme. The Company declares its willingness to implement this principle.

3. Description of the main characteristics of the internal control and risk management systems, related to the process of financial statement preparation, adopted by the Company.

The Company did not implement a separate system of internal control and risk management related directly to the process of financial statement preparation. Financial statements are prepared by the finance and accounting services of the Company, supervised by the Chief Accountant, and then approved by the Management Board. Regardless of the adopted method of conduct regarding preparation of the financial statements, the financial statements approved by the Management Board are then verified by the audit company, which is chosen by the Supervisory Board of the Company.

In the execution of the generally applicable legal regulations, and in particular the provisions of the Act of 11 May 2017 on certified auditors, audit firms and public supervision (Journal of Laws 2022, item 1089), including Art. 128 item 1 of the Act of 19 September 2022, an Audit Committee was appointed by the Supervisory Board.

The term of office of the appointed Audit Committee shall come to an end as of the day of the General Meeting of Shareholders that discharge authority to the Supervisory Board currently in office. The Supervisory Board established the Audit Committee shall be composed of five persons. The composition of the Audit Committee meets the criteria of competence and independence of its members as defined by the provisions of that

Act. At the same time the Supervisory Board decided that as of the date of adoption of the resolution in question on the appointment of Audit Committee, the Supervisory Board ceases to perform the Audit Committee's duties within the meaning of the repealed provisions of law.

The activity of the organizational units involved in the process of financial statement preparation is covered by the integrated quality management and information security system, which complies with the ISO 9001:2008 and ISO 27001:2013 standards.

4. Shareholders holding, directly or indirectly, significant blocks of shares, including the number of shares held, their percentage share in the share capital, the number of votes they carry and their percentage share in the total votes in the General Assembly.

As at 4 January 2022:

Shareholder's name	Number of shares	Share (%) in the capital	Number of votes	Votes (%) in the General Assembly of Shareholders
Total	3,000,092	100.00	3,408,092	100.00
Janusz Gocalek	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
Integrale IT Sp. Z o.o.	215,000*	7.17	215,000*	6.31

*the number of shares and the number of votes determined as at 22 May 2022 based on the list of Shareholders entitled to attend the General Meeting called for 7 June 2022.

5. Holders of securities which entitle to special supervisory powers and description of such powers.

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

6. Limitations related to the exertion of voting rights, such as the limitation of the voting rights of the holders owning a specific part or number of votes, time limitations of the exertion of voting rights or regulations, according to which, in case of the Company's cooperation, capital rights related to securities are separate from the ownership of securities.

The shares of the Company and the exertion of voting rights to which the shares entitle are not limited in any of the above ways.

7. Limitations related to the transfer of ownership rights to the securities 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. They are the registered shares and 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.

8. Principles for appointing and dismissing managing persons and description of the rights of such persons, especially the right to take decisions about share issue or repurchase.

The right to appoint and dismiss members of the Management Board of the Company has been granted to the Supervisory Board and defined in the Company's Articles of Association.

The right to take decisions about share issue or repurchase shall be exercised by the General Assembly.

9. Principles of changing the Company's Articles of Association.

Changes in the Company's Articles of Association are made in accordance to the generally applicable provisions of law; the Company's Articles of Association do not introduce any special rights of the Company governing bodies in this respect. Changing the Company's Articles of Association is reserved only for the General Assembly.

10. The way in which the General Assembly functions, its basic powers and the description of the shareholders' rights and the way of their exertion, especially of the rules arising from the regulations of the General Assembly, in case such regulations have been adopted, unless they arise directly from the provisions of law.

The way in which the General Assembly of Shareholders of the Company functions is compliant with the generally applicable provisions of law and in particular with the Commercial Companies Code. The Company has not introduced any additional corporate internal regulations in this respect, except for the provisions specified in articles 13-19 of the Company's Articles of Association. The extent of powers of the General Assembly and the rights of shareholders defined in the Company's Articles of Association are compliant with the regulations of the generally applicable provisions of law.

The General Assembly is held at the Company's headquarters or in Warsaw.

The Ordinary General Assembly is held annually, on the last day of June at the latest. Should the Management Board of the Company fail to convene the Ordinary General Assembly in due time specified in the present chapter or the Statute, the Supervisory Board is entitled to convene it, as well as to convene Extraordinary General Assembly, if deems it advisable. The powers of other entities to convene the General Assembly are specified in the above-mentioned parts of the Statute and did not deviate from the rules laid down in generally applicable laws.

For many years, the Company has been convening the Ordinary General Assemblies as soon as possible after the closing of the fiscal year.

The Extraordinary General Assembly may be convened by the shareholders who hold at least half of the share capital or at least half of the votes in the Company. The shareholders appoint the Chairman of the Assembly.

The shareholder or shareholders representing at least one twentieth of the share capital may demand the calling the Extraordinary General Assembly and filing motions for the inclusion of particular issues on the agenda. The demand for calling the Extraordinary General Assembly shall be submitted to the Management Board in writing or in electronic form. If the Extraordinary General Assembly is not called within two weeks since the day of submitting the demand to the Management Board, the register court may authorize the shareholders submitting the demand to convene the Assembly. The court shall appoint the chairman of the Assembly.

The person convening the General Assembly shall set its agenda, taking the motions filed into account. A shareholder (shareholders), representing at least one twentieth of the share capital, shall file motions for the inclusion of particular issues on the agenda of the General Assembly. The General Assembly shall be announced on the Company's website and in the way specified for passing current information according to the regulations on public offer and on conditions of entering financial instruments to organized trading system and on public companies, at least twenty six days prior to the date of the General Assembly. The announcement shall include the agenda of the General Assembly and other information published in the announcement and required by law.

The right to attend the General Assembly shall exclusively have persons having shares on sixteen days before the date of the General Assembly (the day of registration of participation in the General Assembly). Shareholders have to right to attend the General Assembly in person or by proxies. The power of attorney to attend the Assembly and to exercise the right to vote should be made in writing, or other be null or void. The power of attorney to exercise the right to vote shall be in writing or in electronic form. Assigning the power of attorney in electronic form does not require stamping with secure electronic signature verified with a valid qualified certificate. Members of the Company's authorities and persons appointed by the Managing Board to manage the General Assembly shall also have the right to attend the General Assembly.

If convened correctly, the General Assembly can adopt resolutions. Each share carries the right to one vote, unless it is a preference share as to the voting power. The resolutions of the Assembly shall be adopted by a simple majority of the votes duly cast, unless an applicable provision of law or the Company's Articles of Association require differently. Shareholders shall vote by open ballot. Secret ballot shall be called for in cases of elections, motions to dismiss members of the Company's authorities or its liquidators or bring them to justice, as well as in cases of personal matters or at the request of at least one person present at the General Assembly.

The General Assembly shall:

- analyze and approve the financial statements and the Management Board's reports on the Company's activity for the previous fiscal year as well as the Supervisory Board's statement and opinion on the Management Board's reports
- adopt a resolution regarding the distribution of the profit or offset of losses for the previous fiscal year
- adopt a resolution to clear the members of the Company's governing bodies for due performance of their duties
- adopt a resolution regarding the election of new authorities of the Company, if they are elected by the General Assembly and their mandates expire on the day of the General Assembly.

Moreover, the sole authority of the General Assembly shall include adopting resolutions regarding:

- appointment and dismissal of members of the Supervisory Board
- changes in the Company's Articles of Association
- issue of convertible bonds or bonds with preemptive rights
- determination of the rules of remunerating members of the Supervisory Board and the value of such remuneration
- mergers with other companies
- dissolution of the Company and selection of its liquidators
- disposal and lease of the enterprise or its organized part and establishment of limited property rights
- investigation of appeals of the Management Board against the decisions of the Supervisory Board, which refuses to grant its approval for a given action
- acquisition of treasury shares by the Company, which are to be offered for acquisition to the employees or persons who were employed by the Company or a related company for the period of at least three years.

The Company has not adopted any regulations of the General Assembly.

11. The composition of members of the Management and Supervisory Boards, its changes during the last fiscal year, and the description of the way the bodies managing, supervising and administrating the issuer as well as their committees function

Members of the Management Board (as for 31 December 2022):

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

Members of the Supervisory Board (as for 31 December 2022):

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

The Supervisory Board in the given composition was appointed by the General Assembly on 7 June 2022, following the expiration of the terms of office. The Management Board was appointed by the Supervisory Board on 7 June 2022, following the expiration of the terms of office.

The governing bodies of the Company function in accordance with the generally applicable provisions of law. Detailed description of the rules of operation of the Management and Supervisory Boards has been included in the Company's Articles of Association as well as in separate regulations of those bodies, approved by the Supervisory Board, that is: "Regulations of the Management Board of Talex S.A." and

“Regulations of the Supervisory Board of Talex S.A.”, respectively. The above documents are available at the company’s website.

On 7 June 2022 the Supervisory Board appointed the Audit Committee in accordance with the regulations specified in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2020, item 1415, as amended). All members of the Supervisory Board were appointed to the personal composition of the Audit Committee.

12. Information concerning the Audit Committee

- Members of the Audit Committee fulfilling the statutory criteria for independence:
Witold Hołubowicz
Jacek Nowak
Małgorzata Poprawska
- Members of the Audit Committee who possess knowledge and skills in accounting or auditing financial statements, indicating the manner of their acquisition:
Bogna Pilarczyk - prof. dr hab. at Poznan University of Economics
Małgorzata Poprawska - statutory auditor - No. 5796 held by the National Chamber of Statutory Auditors.
- members of the Audit Committee possessing knowledge and skills in the sector in which the issuer operates, indicating the manner of their acquisition
Witold Hołubowicz - dr hab. inż., professor of Adam Mickiewicz University in Poznan – Head of the Department of the Applied Computer Science at the Faculty of Physics of Adam Mickiewicz University in Poznan
Andrzej Kurc - almost thirty years of experience in implementation and management of IT projects in IT companies
- the audit firm auditing the Company's financial statements for the period 2022 in respect of permitted non-audit services has assessed the Company's remuneration report; due to the nature of the service, in particular the legal basis relating to it, it was not necessary to assess the independence of the audit firm
- when making recommendations to an audit firm, the Audit Committee is guided in particular by its impartiality, independence, the highest quality of its audit activities, knowledge of the IT industry in which the Company operates.
- On 22 June 2022 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. sp. k. with its registered office in Warsaw as an entity with which an agreement has been signed on the review of the Company's financial statements drawn up as of 30 June 2022 and the audit of the Company's financial statements drawn up as of 31 December 2022. 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 choice was made in accordance with the applicable professional rules and standards.
- the Audit Committee held two meetings in 2022

13. A description of diversity policy applied by the bodies administrating, managing, and supervising the issuer with regard to aspects such as age, gender, or

education and work experience, as well as to the aims of the diversity policy, the manner of its implementation, and the results in a given reporting period.

In its activities, the Company strives to provide a rational diversity both in the selection of both the composition of its governing bodies and in the process of recruitment. Representatives of the Company recognize the real benefits of ensuring diversity, in particular with regard to age, experience and gender. Nonetheless, the basic criteria in the selection of both the composition of the Company's Supervisory Board, Management Board, managers, and employees are professional competence and social skills. The accomplishment of the identified objectives amounts to ensuring the adequacy of the personnel selection with full respect for diversity, paying due attention to the mainstreaming of the provision of equal opportunities. This is intended to ensure the stability and continuity of the Company's operations as a business entity, entrepreneur. In the opinion of the Company's governing bodies, the diversity policy makes sense and is justified only when it serves the development of the Company and promotes satisfaction of various business groups representatives maintaining more or less close relations with the Company.

When analyzing the actual impact of the efforts to ensure diversity (understood as referred to above), the nature of the Company activities and its specialization in the IT industry should also be taken into account. The Company's activities as advanced IT systems integrator implies a certain restrictions reducing quotas in ensuring diversity. By its nature, the activity in IT industry, in particular in the field of maintenance services provided in the branch units of the Company's customers, brings about natural increase of younger staff and men.

Currently, the Management Board of the Company is composed of five male members, most of whom are founders of the Company and its significant shareholders, whereas the Supervisory Board is composed of five persons, including two women, one of whom serves as President of the Supervisory Board. The personal representatives of the two governing bodies provide diversity in the field of education and work experience. Moreover, the composition of the Management Board, in addition to the provision of the above criteria of diversity, is also significantly diverse in terms of age of the individual members of this body.

Regardless of the policy of diversity and successes already achieved in this area, the Company notes an upward trend in the employment of women with high qualifications and widening of the age spectrum of its employees.