



**REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD  
IN 2022  
AND  
ASSESSMENT OF THE COMPANY AND THE MANAGEMENT ACTIVITY  
IN 2022**

**April 2023**

**TALEX<sup>®</sup> S.A.**

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In 2022, the Supervisory Board of Talex S.A. performed their functions in an uninterrupted way in accordance with the respective law regulations, particularly with the code of commercial companies and of the Articles of Association of the Company.

The Supervisory Board performing its functions during the term of office was appointed by the General Meeting of Shareholders of Talex S.A. held on 11 May 2018. and its term expired on the date of the Ordinary General Meeting of Shareholders approving the financial statements for the year 2021. The Ordinary General Meeting of Shareholders held on 7 June 2022 appointed five members to the Supervisory Board, due to the expiration of their terms. On the same day, after the closing of the General Meeting of Shareholders, the Members of the Supervisory Board at its meeting appointed Mrs. Bogna Pilarczyk to be its President.

The term of office of the current Supervisory Board expires on the date of the Ordinary General Meeting of Shareholders approving the financial statements for the year 2026.

As at 31 December 2022 the Supervisory Board of the Company consisted of:

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

In the described period, there were no other than stated above changes in the personal composition of the Supervisory Board. The majority of the Supervisory Board members meets the criteria of independence.

On 7 June 2022 the Supervisory Board in their field of competence appointed the Management Board of the Company due to the expiration of the term of the Management Board appointed on 11 May 2018. By way of resolution the following composition of the Management Board of Talex S.A. was selected:

- Janusz Gocalek - President of the Management Board,
- Jacek Klauziński - Vice President of the Management Board,
- Andrzej Różga - Vice President of the Management Board,
- Rafał Szalek - Member of the Management Board,
- Radosław Wesołowski – Member of the Management Board.

As at the day of 31 December 2022, the composition of the Management Board was identical as in the day of its appointment. In the described period there were no changes in the personal composition of the Management Board. The term of office of the present Management Board expires on the day of the Ordinary General Meeting of Shareholders approving the

financial statements for 2026.

In 2022, during cyclic meetings, the Supervisory Board evaluated the situation of the Company and made necessary decisions by resolutions.

At the meeting on 22 March 2022 the Supervisory Board carried out a preliminary assessment and analysis of the financial results achieved by the Company in the year 2021.

At a meeting held on 7 April 2022 the Supervisory Board held a meeting with the auditor and discussed the Company's current economic situation.

At the meeting on 25 April 2022 the Supervisory Board carried out the analysis of the performance of the corporate governance rules in the Company, referring to the document „Best Practice of Companies listed in the Stock Exchange.”

At a meeting held on 26 April 2022 the Supervisory Board held another meeting with the auditor.

At the meeting on 29 April 2022 the Supervisory Board accepted the document Report on the activity of the Supervisory Board of the Company in 2021 as well as the assessment of the Company's situation and the activity of the Management Board in 2021.

At the meeting on 11 May 2022 the Supervisory Board approved the scope and agenda of the General Meeting of Shareholders called on 7 June 2022.

At its meeting held on 7 June 2022. The Supervisory Board elected its chairman and also elected the Management Board of the Company, in view of the expiry of the term of office of the Management Board appointed on 11 May 2018, and adopted a resolution on the remuneration of the Management Board.

At a meeting held on 22 June 2022. the Supervisory Board, acting on the basis of the Company's Articles of Association, adopted a resolution on the selection of the company PKF Consult Sp. z o.o. Sp. k. with its registered office in Warsaw as the entity with which the agreement on the review of the Company's semi-annual financial statements prepared as at 30 June 2022 and the audit of the Company's annual financial statements prepared as at 31 December 2022 and the review of the Company's semi-annual financial statements prepared as at 30 June 2023 and the audit of the Company's annual financial statements prepared as at 31 December 2023 will be signed. The selected entity is registered in the list of audit firms under number 477. The selection was made in accordance with the applicable regulations and professional standards.

At its meeting held on 5 July 2022. the Supervisory Board adopted a resolution on the amendment of the remuneration of the Management Board.

On 15 December 2022 the Supervisory Board made a preliminary analysis of the Company's financial results achieved in the year 2022.

The Supervisory Board by undertaking the annual analysis of corporate governance rules carried out in the Company, referring to the document „Best Practice for WSE Listed Companies”, concluded that:

In the period of the year 2022, the Company followed the recommendations included in the document “Best Practice for WSE Listed Companies 2021” with the following exceptions about which the Company informed through the publication of a report in the EIB system 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 as of the next annual report.

*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 as of the next annual report.

#### *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 indices.

*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 does not apply to the Company; at the moment the Company does not belong 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 indices.

#### *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, 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 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*

*6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.*

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

Furthermore, the Supervisory Board concludes that the Company has made every effort and continues to ensure that the recommendations and principles contained in the abovementioned congregation are fully respected by the Company.

In performing its tasks, the Supervisory Board monitored the following on an ongoing basis and analysed the economic situation of the Company. In the indicated period of the previous year, the Board also held a series of meetings, including a meeting with the Key Auditor, the Management Board, the Chief Accountant and key employees. The Supervisory Board in the self-assessment of its work, expresses its deep conviction that its operation is in full compliance with generally applicable laws, regulations designated as soft law, the Company's Articles of Association, and the actual needs of the Company as well as in the legitimate interests of its Shareholders.

In the assessment of the Company's economic situation, it should be emphasised that in the year 2022 Talex achieved sales revenues in the amount of PLN 91,624 thousand. These were higher than revenue achieved in 2021 by PLN 8,326 thousand. In the reporting period, the Company generated a net profit of PLN 1,748 thousand (net loss for 2021 amounted to PLN 4,972 thousand).

In 2022, sales revenue increased by 11.4% than in 2020. compared to revenue for 2021. Gross profit on sales was higher than the one achieved in 2021 (PLN 13,840 thousand) and amounted to PLN 15,164 thousand. There is also a systematic change in the structure of sales revenue. Compared to 2021, the share of services in total sales increased by 7% - it amounted to 75% in 2022. However, the margin on sales of these services decreased - from 22% in 2021 to 20% in 2022.

The revenues from the sale of goods and materials accounted for approximately 25% of total sales revenues with a slight increase in profitability from 12% to 13%. In 2022, the generated gross profit on sales did not fully cover the costs of sales and general and administrative expenses, even though they were in total lower than in the previous year by PLN 518 thousand. This translated into a net loss on sales in the amount of PLN 3, 178 thousand, compared with a loss of PLN 5,020 thousand in the previous year.

After including a positive result in other operating activities, the surplus of financial costs over revenue and the income tax, the year 2022 finally closed with a net profit of PLN 1,748 thousand.

The annual financial statements as at 31 December 2022 present the value of assets in the amount of PLN 76,053 thousand, which represents 108.7% of the value of assets at the end of last year (in 2021: PLN 69,990 thousand).

The increase in the value of the Company's assets was affected by an increase in both



fixed and current assets.

The value of fixed assets - as at 31 December 2022 amounted to PLN 61,565 thousand and as at the end of 2021 amounted to PLN 57,384 thousand, which means that it increased by PLN 4,181 thousand. Tangible fixed assets account for the largest share of fixed assets in the current year, accounting for 88% of this figure. Less than 10% is represented by real estate in long-term investments and about 2% by other components, i.e. intangible assets and long-term accruals

The value of current assets at the end of 2022 amounted to PLN 14,488 thousand and was by 1,882 thousand higher than in the previous year. The largest share in current assets were short-term receivables short-term receivables, comprising around 55% of this volume. Short-term investments also have a high share of around 36%.

The Company's standing in terms of payments, as in previous years, was stable. Receivables due to taxes, social insurance as well as to employees and suppliers were paid on time. The Company has also paid the instalments of the financial lease on time. The balance of funds in bank accounts and cash has decreased compared to the previous year, and the financial resources held by Talex and the signed long-term contracts fully secure the current needs.

The Company does not deploy a separate system of internal control and risk management directly related to the process of preparing financial statements. Financial statements are prepared by financial and accounting services for the Company (supervised by the Chief Accountant) and approved by the Management Board. The financial statement approved by the Management Board is then examined by an independent statutory auditor chosen by the Supervisory Board of the Company.

Internal procedures of the Company, including those related to the process of preparing financial statements, are in accordance with the integrated system of quality and security management of ISO 9001:2008 and ISO 27001:2005 deployed in the Company.

The Supervisory Board, undertaking the analysis of significant risks related to the Company, agrees with the analysis and assessment made by the Management Board in this respect. The Supervisory Board classifies the following as fundamental risks correlated with the Company's situation:

- risk related to the economic situation,
- competition risk,
- the risk associated with dependence on suppliers,
- the risk associated with dependence on large customers,
- risk related to the provision of solutions and services that are of key importance for the operations of customers,
- risk related to the loss of key employees of the Company
- risk associated with common threats, including epidemic
- risk associated with conducting business in an uncertain economic environment.

In the opinion of the Supervisory Board, the actions taken by the Management Board towards defined risks, and above all the awareness, constant monitoring of the state of affairs, and activities aimed at their diversification guarantee maximum protection of the Company's interests.

In the opinion of the Supervisory Board, the Management Board of the Company properly fulfils its information obligations towards the Board, as defined by Article 380<sup>1</sup> of the Commercial Companies Code, as well as the information defined by Article 382 § 4 of the Commercial Companies Code.

In the reported period, the Board did not order any additional examinations within the scope of the Board's competence defined in Article 382<sup>1</sup> of the Commercial Companies Code.

The Company has not implemented a separate policy with respect to sponsoring, charity or other activities of a similar nature, as the scope of such activities does not justify its separate establishment.

In the opinion of the supervisory authority of the Company, the Management Board observed the regulations of generally applicable law and internal rules in making its decisions.

The Supervisory Board, performing supervisory functions in relation to the Management Board and acting solely in the best interests of the Company and its Shareholders, hereby states that the management activity by the Management Board regarding Talex S.A. ensures further dynamic development of the Company and allows for the realistic assessment of the possibilities of achieving the established goals.

Poznan, April 2023

For the Supervisory Board: