

***Semi-Annual Report
on Issuer's Activity
- Talex S.A. in Poznań***

September 2023

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 : 7820021045
Company Registration Number : 004772751
NACE : 5184

Branches

At present, the company has ten branches.

Branches in Poland:

- Talex Białystok, ul. Ogrodowa 31;
- Talex Bydgoszcz, ul. Fordońska 393;
- Talex Gdynia, ul. Chwarznieńska 170b;
- Talex Katowice, al. Walentego Roździeńskiego 91;
- Talex Kraków, ul. Cystersów 21D;
- Talex Lublin, ul. Jana Sawy 2;
- Talex Łódź, ul. Piotrowska 276;
- Talex Szczecin, ul. Pomorska 53;
- Talex Warszawa, ul. Olbrachta 94;
- Talex Wrocław, ul. Bierutowska 57/59,

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-sized 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 strives 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 virtualisation, high-availability solutions (clusters), recovery services (recovery centers, data replication, disk arrays) as well as information security solutions - preventing and reacting to unauthorized intrusions into ICT networks and building private virtual networks. The Company also provides network integration services, including DWDM, IP telephony, structural wiring, 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. These services are offered in a few models, such as colocation, lease of dedicated IT infrastructure, cloud computing, and provision of access to complete business applications. At the customer's request, IT infrastructure and application software

can be monitored 24/7. Talex S.A. has two Data Centers – one in Poznan and the other in Wroclaw. The Data Center in Poznan has an area of over 2200 m², and the DC in Wroclaw exceeds the area of 800 m². Currently, Talex S.A. is the only company in Poland which can offer its customers Data Center services certified in accordance with the European standard EN 50600, both in Poznan and Wroclaw.

As part of its business continuity services, Talex S.A. provides its customers with Data Center backup services, backup offices comprising office space equipped with the necessary IT infrastructure, integrated with the customer's systems, as well as Network Operation Center services, which involve monitoring teletransmission networks, IT devices and applications 24 hours a day.

The Company provides Contact Center services in the scope of recording and handling incidents and HelpDesk services in the area of supported IT technologies. These services are certified in accordance with the requirements of EN 15838:2009. The Company also provides services involving installation, relocation, modification and removal of IT hardware and software, including mass replacement of ICT infrastructure for large customers, especially those with branches scattered throughout the country, and failure removal services covering IT environments of its customers. The management of maintenance services in Talex S.A. is certified for compliance with the requirements of the ISO 20000-1:2011 standard.

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. We employ cutting-edge technologies using artificial intelligence mechanisms to create responsive and progressive web applications, among other things. Software produced by the Company is used in financial institutions, state-owned enterprises, as well as in 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, confirmed by the certificates they hold. The procedures of all 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 certification, which confirms that the procedures followed by the Company guarantee full security of customers' data, and also the ISO 20000-1:2011 certificate to confirm that the management of IT services complies with this international standard, in particular the management of services provided by the Company in the area of installation, relocation, expansion, replacement and removal of hardware and software, and hardware and software troubleshooting for the Company's business partners.

IT market and development prospects for the Company

The estimations presented by the Gartner Institute indicate a 5.5% increase in the global spending on new technologies in 2023. Like in the previous periods, the segment with the largest growth opportunities is software production. At the same time, experts are not overly optimistic, stressing that the actual financial results achieved by the IT segment will be affected by both the inflation and high costs of doing business. A number of comments made by market experts also claims that the area of new technologies – after many years of dynamic growth – will now slow down, mostly due to inflation and the loss of geopolitical stability observed, in particular, in the European and North American markets. It should be noted, however, that the progressive digitalization of the global economy is an irreversible phenomenon which, as a consequence, will require constant investment and development; which is why one should currently speak rather of a slowing down than a visible decline in the IT sector.

Market experts also indicate that the shift towards IT services is perceived by enterprises as one of the more significant ways to optimize costs. It is of particular import in the period when an economic slowdown and its associated pressure to cut business costs are projected.

The experts of IT market also forecast increased incomes generated by the implementation of blockchain technologies, development of new solutions in the area of the Internet of Things, as well as significant progress in the analysis of large data streams using machine learning and artificial intelligence (AI) algorithms.

According to PMR, the increase in popularity and use of cloud services will be one of the most important trends in IT outsourcing in Poland in the years to come. Cloud storage, mobility, and the Internet of Things were referred to as breakthrough technologies for years. At present, cloud storage and mobile solutions are seen as entirely natural. Software as a Service solutions are becoming such a universal model that common delivery of software through the cloud, irrespective of its purpose and functionality, is also to be expected.

Other significant trends in market developments also include a departure from maintaining private data centers. The estimations by Gartner show that, already in the prospect of five coming years, about 80% of enterprises worldwide will dispose of their own data centers to seek the necessary space and computing power for their data in professional data center facilities. This trend is not solely dictated by the economic and technological aspects, but equally so by striving to ensure the security of stored and processed data.

The Company still intends to consistently focus its activities on: outsourcing, integration services in the field of information technology, and software production. Considering outsourcing services as one of its strategic directions of development, the Company has been consistently developing the necessary skills and technical infrastructure for several years.

The determinants of the results achieved by the Company in the next quarter include primarily the implementation of contracts with regular, long-term customers of the Company, in particular with such clients from the banking and financial sector as Santander Bank Polska S.A., Credit Agricole Bank Polska S.A., and PKO Bank Polski S.A. as well as with the clients from other sectors, including Grupa Allegro Sp. z o.o., Eurocash S.A., and Volkswagen Group Polska Sp. z o.o.

In the coming years the market of cloud services should focus primarily on applications available in the cloud rather than on the infrastructure itself. We are bound to face the optimization of cloud operation costs and the use of the cloud by companies. It will be necessary to better manage the performance and monitor costs. Being a normal business product, the cloud has to meet the criteria set for products offered to banks, among others, which means it has to follow certain licensing legislation, be effective and have a specific price.

In the current year the Company has observed changes in the purchase decisions of its customers, in particular a decrease in the volume of orders. 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 two fully redundant, independent Data Centers located in Poznań and Wrocław. Still, taking into account 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.

An important aspect for the Company's operations is the fact that Talex S.A. is not currently conducting any business activities on the Ukrainian market or with entities substantially engaged in Ukraine. 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 existing situation and its development, taking into account its possible impact on the economic relations of the Company with its Clients.

Expenditures on tangible fixed assets of the Company in the first half of 2023

In the first half of 2023, the Company incurred a total expenditure on tangible and intangible assets in the amount reaching PLN 600 thousand.

SPECIFICATION	Expenditures incurred in the first half of 2023 (in PLN thd)
Modernisation of the Company's buildings	47
Investments in rented properties	13
Purchase of technical equipment and machinery	398
Purchase of other fixed assets	21
Purchase of means of transport from lease	9
Intangible assets (software)	94
TOTAL EXPENDITURE ON FIXED ASSETS	582

The Company incurred the largest expenditures on the purchase of technical equipment and machinery.

Plans for increase and maintenance of tangible fixed assets in the second half of 2023

Plans for the second half of 2023 include further expenditures for the renewal and supplementation of technical equipment necessary for the provision of IT services.

Specification:

- Purchase of technical equipment and machinery	PLN 200 thousand
- Investments in Company's properties	PLN 50 thousand
- Other fixed assets	PLN 100 thousand
- Intangible assets	PLN 50 thousand
TOTAL	PLN 400 thousand

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

Sales and profit in the first six months of 2023

In the first six months of 2023, the Company achieved sales revenues of PLN 37,861 thousand, at a net loss of PLN 1,977 thousand (in the first half of 2022, the sales revenues and net profit equalled PLN 37,013 thousand and PLN 1,255 thousand, respectively).

SPECIFICATION	First six months of 2023 (in PLN thd)	First six months of 2022 (in PLN thd)	Fluctuation
Revenues from sales of products	32,939	25,410	129.6%
Revenues from sales of goods and materials	4,922	11,603	42.4%

In the reporting period, the revenues from sales were higher by 2.3% than the previous year revenues. The Company achieved higher revenues on sales of services by almost 30% and decreased revenues on sales of products by 58%.

In the analysed period the share of services in sales revenues amounted to 87%; in the comparable period of the first half of 2022 it accounted for approximately 68.7% of total sales revenues. The margin on the sale of services increased to the level of 18.2%, having amounted to 15.2% in the first six months of 2022.

Revenues from sales of goods and materials accounted for 13% of total sales revenues (in the first half of 2022 they accounted for 31.3%), at the profitability of over 12% (similarly to 2022).

SPECIFICATION	First six months of 2023 (in PLN thd)	First six months of 2022 (in PLN thd)	Ratio
Net revenues from sales	37,861	37,013	102.29%
Gross profit on sales of products	5,983	3,869	154.64%
Gross profit on sales of goods and materials	616	1,407	43.78%
Gross profit (loss) on sales	6,599	5,276	125.08%
Costs of sales	2,158	2,268	95.15%
General management costs	7,103	6,768	105.03%
Profit (loss) on sales	-2,662	-3,755	70.89%
Profit (loss) on operating activities	-2,172	-1,710	-127.02%
Gross profit (loss)	-2,441	1,619	-150.77%
Net profit (loss)	-1,977	1,255	-157.53%

Sales revenues in the first half of 2023 increased by 2.3% compared to the first half of 2022; similarly, the margin on sales increased from 14% to the level of 17%. It allowed the Company to achieve a greater gross profit on sales than in the corresponding period of 2022. Due to an increase in the sales of services, decrease in the costs of sales, and a slight increase in the general and administrative expenses, the loss on sales in the first six months of 2023 was lower than in the corresponding period of the previous year.

Company assets

The value of fixed assets as at 30.06.2023 amounted to PLN 61,110 thousand and decreased by 1.1% compared to the value at the end of the first half of 2022. The decrease in value was affected mainly by scheduled amortisation, which exceeded the purchases of new fixed assets.

ASSETS	30.06.2023		30.06.2022	
	(in PLN thd)	% of share	(in PLN thd)	% of share
FIXED ASSETS	61,110	83.4%	61,803	83.5%
Intangible assets	355	0.5%	444	0.6%
Tangible fixed assets	52,862	72.2%	54,641	73.8%
Long-term receivables	-	-	-	-
Long-term investments	6,186	8.4%	5,696	7.7%
Long-term prepayments and accrued income	1,707	2.3%	1,022	1.4%

The value of current assets as of 30.06.2023 amounted to PLN 12,127 thousand and was lower in comparison to the value on 30.06.2022. Short-term receivables accounted for the greatest share in the current assets. The Company gathered the amount of 1,873 on its bank account, which is lower than the amount of short-term investments previous corresponding period.

ASSETS	30.06.2023		30.06.2022	
	(in PLN thd)	% of share	(in PLN thd)	% of share
CURRENT ASSETS	12,127	16.6%	12,219	16.5%
Inventories	620	0.8%	901	1.2%

Short-term receivables	7,512	10.3%	8,388	11.3%
Short-term investments	1,898	2.6%	2,055	2.8%
Short-term prepayments and accrued income	2,097	2.9%	875	1.2%

Current assets constituted about 16.6% of the total assets of the Company as at the end of the first half of 2023 (in 2022 it amounted to 16.5%). This ratio indicates the potential of the Company: the higher the share of the index, the higher the liquidity of the Company. Compared to tangible asset components, current assets are much more easily converted into cash.

Overall financial condition

Selected financial indicators.

Profitability ratios	1st half of 2023	1st half of 2022	Desired quantities
Return on sales (ROS)			
Net profit / sale value * 100 (%)	-5.22%	3.39%	positive rising
Return on assets (ROA)			
Net income / total assets * 100 (%)	-2.70%	1.70%	positive rising
Return on equity (ROE)			
Net income / own equity * 100 (%)	-4.03%	2.48%	positive rising
Adjusted return on assets			
Net profit + (financial costs – income tax on financial costs) / total assets * 100 (%)	-2.33%	1.91%	positive rising
Leverage			
profitability of equity – profitability of assets	-1.33%	0.79%	positive rising

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

ge indicates whether the operating profit generated by foreign capital is higher than the interests, or whether funding the operation of the company externally earns an income.

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

The net loss incurred in the 1st half of 2023 resulted in decreased profitability ratios.

Liquidity ratios	1st half of 2023	1st half of 2022	Desired quantities
Liquidity ratio III (current liquidity)			
Current assets / short-term liabilities	0.79	0.83	1.2 – 1.8
Liquidity ratio II (fast liquidity)			
(Current assets – inventories) / short-term liabilities	0.75	0.77	0.8 – 1.0
Liquidity ratio I (cash ratio)			
Short-term investments / short-term liabilities	0.12	0.14	Min. 0.3

In the first half of 2023 the values of liquidity ratios decreased. The cash balance is sufficient for the current payment of liabilities. In order to ensure liquidity, the Company additionally

uses credit lines in current accounts. The Company makes efforts to ensure that its obligations to employees, contractors and the state budget are paid on an ongoing, timely basis.

Debt ratios	1st half of 2023	1st half of 2022	Desired quantities
Overall debt ratio			
Liabilities and provisions for liabilities / total assets	0.24	0.23	Max 0.5
Long-term debt ratio			
Long-term liabilities / equity capital	0.04	0.04	Max 0.5–1

Total debt ratio increased at the end of the first half of 2023 compared to the previous year but remained at the safe level. The deadlines for the repayment of receivables and the maturity of short-term liabilities allow the Company to maintain its liquidity at a safe level. If necessary, the Company may mobilize funds from current credit lines.

The long-term debt results solely from IT equipment lease agreements.

Management performance indicators	1st half of 2023	1st half of 2022	Desired quantities
Receivables turnover ratio			
Net sales revenues / average receivables	5.25	4.55	7–10
Inventory cycle			
Average inventory cycle / cost of sales * 180	4.50	5.14	decreasing
Receivables cycle			
Average receivables / amount of sales * 180	34.29	39.60	decreasing
Duration of receivables in days			
Average trade receivables / cost of sales * 180	29.05	38.69	average maturity date
Conversion period of working capital into cash			
Receivables cycle + inventory cycle (in days)	38.79	44.74	decreasing

The low level of receivables turnover ratio, that is, below the value of 7, indicates a high level of receivables, meaning that the company is crediting its customers excessively, which in practice involves a long-term freezing of its funds in receivables.

The inventory cycle represents the average number of days passing from the time an item is introduced to the inventory to the time it leaves. The shorter time equity is bound in the asset, the better.

The receivables cycle increased in relation to the data for the first half of 2022, indicating that the waiting time for the repayment of receivables has lengthened. This ratio slightly exceeds the deadlines described in the terms of sale. The Company monitors the status of receivables repayment on an ongoing basis. In the reported period, only a slight increase in the delays of receivable repayments was observed.

At the same time, the duration time of receivables in days was similarly reduced from 39 days in the first half of 2022 to 29 days in the first half of 2023. The extension of the payments period is commonly used as a form of interest-free credit, which is particularly useful in the case where the Company also credits its customers, setting the terms of extended payment.

The analysis of these indicators shows the good overall efficiency of the Company's operations in the first half of 2023. Talex S.A. has proper financial liquidity, and the profitability and turnover ratios remain at an acceptable level as well.

Financial standing

The Company's shareholders' equity as of 30.06.2023 amounted to PLN 49,108 thousand, which comprised

• share capital (3,000,092 shares)	PLN 3,000 thousand
• supplementary capital	PLN 48,085 thousand
• net profit/loss for the 1st half of 2023	PLN -1,977 thousand

In terms of payments, the Company's standing in the first six months of 2023 was satisfactory. Even though the increase in energy costs caused by the Russian aggression against Ukraine, as well as the dynamically changing inflation, raise the cost of business operation, the Company has managed to maintain its current liquidity and has not experienced significant difficulties in making timely payments in respect of taxes, social security, and to its employees and suppliers. Since the amount of the cash at hand and in the bank accounts of the Company decreased in comparison to the previous year, in order to maintain liquidity, the Company uses working capital loans.

Total liabilities as of 30.06.2023 amounted to PLN 17,342 thousand, which comprised over 35% of shareholders' equity, except that the amount of liabilities includes long-term lease agreements.

The Company uses working capital loans. As of 30.06.2023, the amount of short-term liabilities on this account amounted to PLN 6.15 million.

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

Information on buying treasury shares

As of 30.06.2023, the Company did not hold any own shares.

Financial risk management

The Company partially finances its current operations using bank loans. Liabilities on account of credits are subject to interest based on variable interest rates. The Company is exposed to the risk of interest rate changes. A potential increase in interest rates may cause an increase in financial costs, which will negatively impact the financial results achieved by the Company. The Company monitors the level of interest rates on a current basis.

The risk related to changes in foreign currency exchange rates against the Polish zloty for Talex S.A. was low in the analysed period. Although the Company did not use the services of financing entities to hedge against foreign exchange risk, it also did not make any significant purchase or sale of currency. The majority of payments of liabilities in foreign currencies was made by the Company from receivables received from the recipient in that currency. In the first half of 2023, payments in foreign currencies accounted for merely 1% of all payments; the Company recorded a small loss of PLN 2.5 thousand on financing activities in the area of foreign exchange differences.

Employment

As of 30.06.2023, the Company had 258 employees. The average employment in the first half of 2023 expressed in full-time jobs equalled 259.83.

Significant risk factors and threats

Risk associated with economic situation.

The constant economic and political changes may become 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 of USD and EUR. The poor state of the economy, and so, the poor state of businesses, primarily leads to the decrease in investments, including investments in ICT solutions. The lower demand for such products may cause a shrinkage of the market and increased competition, resulting in a reduction of prices. Such a turn of events would significantly impact the profitability of sales and, in a longer term, also the liquidity of companies operating in this sector.

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 enterprises. 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 a 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, thus far, have operated in Poland through domestic integrators. The strengthened position of rival businesses may weaken that of the Company. The Company's activities undertaken to minimize the above risks involve constantly expanding the offer with the newest technological solutions, raising the qualifications of the staff, as well as providing the 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, the majority 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 products from a particular manufacturer may sometimes ensue from 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 it enjoys.

Risk associated with large customer dependence.

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

Risk associated with providing solutions and services of crucial importance for the clients' business activities

A considerable portion of the solutions and services provided by Talex S.A. is related to key business processes, from the perspective of the Company's clients. 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 client or, in some cases, make it impossible for the client to conduct their basic business activities. In such cases, the Company may be liable to pay the financial penalty and damages specified in the agreements and lose some of its customers. The Company strives to mitigate this risk by including limited liability provisions in its agreements and contracting insurance companies.

Risk associated with losing key employees.

Given the open job market in the countries of Western Europe as well as the growing demand for ICT experts in the foreign businesses operating in Poland, the Company may lose many of its highly qualified employees. Without employees holding specialist qualifications, the Company risks not only losing some of its certifications and entitlements but also lowering the standard of the services it provides. To mitigate the risk of losing key employees, the Company offers a variety of incentives, both financial and non-financial, such as participation in specialist training courses on the newest information technologies, where employees can improve their qualifications. Owing to this approach, the Company has not marked any significant loss of its indispensable experts for the last couple of years.

Risk associated with common threats, including epidemic threats.

The ease of travelling both throughout the territory of Europe and beyond entails a risk of carrying diseases with equal ease. This threat may result in epidemic and pandemic phenomena. The reactions of state and local government authorities, often correlated with the activities undertaken by the authorities of other countries and international organization, may introduce regulations limiting the traffic of both passengers and goods. The impact of an epidemic threat may affect the employees of the Company, in particular their actual availability, as well as its suppliers and the recipients of its services. Such an occurrence involves a potential risk of a temporary limitation in the scope of services provided by the Company, disruption in its supply chain, or a decrease in the demand of the Company's clients for its services. The Company, therefore, develops and constantly updates its operational continuity plans, adequate to possible threats. In particular, the work organization at the Company is adapted so that its employees can carry out their tasks remotely while maintaining the highest security standards of information transfer. The most important IT systems of the Company, crucial for its operation, are redundant and have been located in geographically dispersed locations. Moreover, in its selected local units, the Company keeps backup offices enabling it to relocate some of its employees. The implementation of flexible work organization has the immediate result of minimizing the risk of direct personal contact, which then leads to the decreased risk of possible infections.

Risk associated with conducting business in an uncertain economic environment.

The sources of risk and its potential and actual impact on the functioning of the Company are constantly being diagnosed at each individual level of enterprise management. Consistently building among the managerial staff the awareness that risk is a fixed component of conducting business activities, makes it possible, to a significant extent, to undertake measures which minimize the probability that specific risks may arise. The COVID pandemic period as well as the previous experiences of destabilized markets, such as was the case of the investment market in 2008, sensitized the managerial staff to the constant analysis of potential risks and, in particular, to mitigating their impact. The operation of the Company is based on sustainable use of bank services, with regard to both debt and investment, and on creating a diversified portfolio of service suppliers. The company is also involved in projects aimed at decreasing the costs of conducting business, some of which will make it less supplier-dependent.

Basic products, goods and services

The sales of products and goods comprised 13% of total sales in the first six months of 2023. The dynamics of this group reached roughly 42.4%. Revenues from the sale of services amounted to almost PLN 33 million, which represents 129.6% of revenues from the sale of services in the first half of the previous year.

SPECIFICATION	1st half of 2023 (in PLN thd)	1st half of 2022 (in PLN thd)	Fluctuation
Revenues from sales of products	32,939	25,410	129.6%
Revenues from sales of goods and materials	4,922	11,603	42.4%

Data Center services constituted the largest share in the sale of services (48.9%), where an increased sale volume was observed as compared to the previous year. They were followed by the installation and maintenance of IT environment services (26.1%), software-related services (14.2%), and IT outsourcing services including the services of Service Desk, Backup Office and IT infrastructure monitoring (10.8%). In the years to come, the Company will further develop the sale of Data Center services as well as the services related to broadly understood servicing of applications and IT equipment as well as the installation and configuration of IT equipment, which ensues from the agreements concluded by Talex for this kind of services.

SPECIFICATION	1st half of 2023 (in PLN thd)	1st half of 2022 (in PLN thd)	Fluctuation
Data Center services	16,107	11,543	110.9%
Installation and maintenance of IT environment services	8,591	7,744	139.5%
Software-related services	4,684	2,826	165.8%
Outsourcing of IT services	2,443	2,406	101.5%
IT integration	1,036	810	127.9%
Other services	78	81	95.8%
TOTAL	32,939	25,410	129.6%

The dynamics of revenues from sales of goods and materials at the end of the 1st half of 2023 reached 42.4%, which was almost entirely due to wholesale of computers, peripheral equipment and software.

SPECIFICATION	1st half of 2023 (in PLN thd)	1st half of 2022 (in PLN thd)	Fluctuation
wholesale of computers, peripheral equipment and software	4,921	11,601	42.4%
remaining out-of-shop retail sales	1	2	50.0%
TOTAL	4,922	11,603	42.4%

Markets and sources of supply

In 2023 the Company sold goods and product solely on the domestic market.

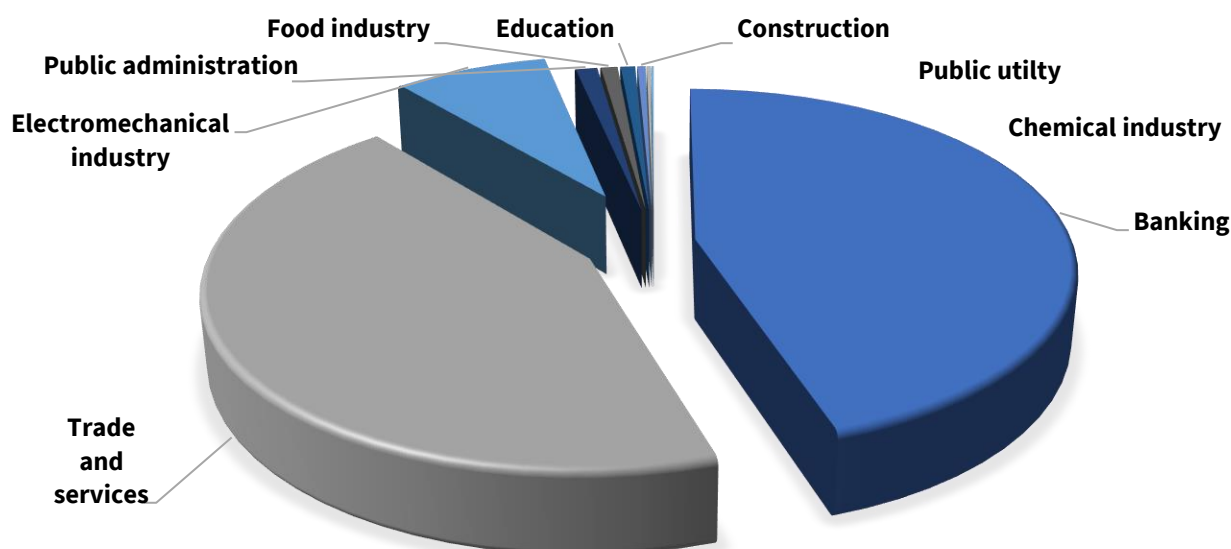
Sales revenues by geographical location:

SPECIFICATION	1st half of 2023 (in PLN thd)	1st half of 2022 (in PLN thd)	Fluctuation
Net revenues from sales of products:	32,939	25,410	129.6%
Poland	32,939	25,410	129.6%
Export	0	0	-
Net revenues from sales of goods and materials:	4,922	11,603	42.4%
Poland	4,922	9,298	42.4%
Export	0	2,305	-
TOTAL	37,861	37,013	102.3%

The largest recipients of the Company:

SPECIFICATION	1st half of 2023 (in PLN thd)	% share
Grupa Allegro Sp. z o.o.	6,931	18.3%
Santander Group	6,889	18.2%
Credit Agricole Bank Polska S.A.	3,385	8.9%
PKO Group	2,953	7.8%
Toyota Central Europe Sp. z o.o.	1,960	5.2%
Citi Handlowy Group	1,699	4.5%
Volkswagen Group Polska S.A.	1,572	4.2%
PLUM Sp. z o.o.	1,290	3.4%
TADMAR Sp. z o.o.	1,211	3.2%
P4 Sp. z o.o.	1,002	2.7%
Bravura Solutions Polska S.A.	847	2.2%
Asseco Poland S.A.	810	2.1%
ING Group	570	1.5%
NTT DATA Business Solutions Sp. z o.o.	527	1.4%
Others	6,215	16.4%
TOTAL	37,861	100.00%

The structure of sales revenues in the first half of 2023, by sectors of sale.



Main suppliers of the Company:

SPECIFICATION	First six months of 2023 (in PLN thd)	% share
ENEA S.A.	10,195	39.20%
Also Polska Sp. z o.o.	1,814	7.00%
ENEA Operator Sp. z o.o.	1,196	4.60%
WENDEX Mieczysław Wendland	905	3.50%
AB S.A.	791	3.00%
Santander Leasing S.A.	757	2.90%
Hewlett Packard Enterprise Polska Sp. z o.o.	626	2.40%

BFF Investments Polska Sp. z o.o.	587	2.30%
Volkswagen Financial Services Polska Sp. z o.o.	572	2.20%
Ingram Micro Sp. z o.o.	537	2.10%
ORLEN S.A.	530	2.00%
TD SYNEX AS Poland sp. z o.o.	502	1.90%
MAKROPOL TP Sp. z o.o.	479	1.80%
Arrow ECS Sp. z o.o.	426	1.60%
S4E S.A.	393	1.50%
SoftwareONE Polska Sp. z o.o.	369	1.40%
VERTIV Poland Sp. z o.o.	311	1.20%
Exclusive Networks Poland S.A.	274	1.10%
T-Mobile Polska S.A.	253	1.00%
Others	4,477	17.20%
TOTAL	25,994	100.00%

The Company is not significantly dependent on its suppliers. In particular, goods and products purchased by the Company from its long-term suppliers can be purchased in a majority of cases 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

In the first half of 2023 the Company continued to realize a number of orders obtained from its strategic customers. Moreover, the Company received a number of orders from its long-term clients, of which Talex informed in its current reports:

- in the period between 12 December 2022 (publication of the current report No. 13/2022) and the publication day of this report on 2 June 2023, the Company obtained a number of further orders from Santander Polska S.A. with its seat in Warsaw. The total net value of the received orders is PLN 4.93 million.

Information on credit and loan agreements

In the first half of 2023 the Company renewed the MULTILINIA agreement with Santander Bank Polska S.A. under which the Bank left PLN 5 million available for the Company to use as its working capital facility. As of 30.06.2023, PLN 3.84 million of this credit line was used, as disclosed under short-term liabilities.

Also, in the first half of 2023, the Company renewed its multi-purpose credit limit agreement with Credit Agricole Bank Polska S.A. The maximum amount of debt due to the use of the limit is PLN 3 million. As of 30.06.2023, PLN 2.32 million of this credit line was used, as disclosed under short-term liabilities.

Information on loans, sureties and guarantees granted

The Company has contingent liabilities in respect of performance guarantees and payment security guarantees granted by the financing bank in the amount of PLN 394 thousand. Those liabilities are secured with capped mortgage on the Company's headquarters building.

The contingent liabilities included performance bonds and warranties and guarantees. As of 30.06.2023, performance bonds constituted 70% of all issued guarantees. The purpose of performance bonds is to secure the claims which might arise in the case of improper performance of an agreement. More than 30%, as of the last day of June 2023, comprised guarantees issued against payment security.

The collateral for the renewed agreement on the limit for bank guarantees granted to the Company by Santander Bank Polska S.A. is a contractual mortgage, established by notarial deed, up to the amount of PLN 10 million, in favour of Santander Bank Polska S.A. with its registered office in Wrocław. The mortgage was established on the real estate owned by the Company, entered into the register maintained by the District Court Poznań - Stare Miasto in Poznań, 5th Land and Mortgage Register Division, entry No. KW P01P/00137699/9. The real estate consists of a plot of land with an area of 14,744.00 m², built-up with an office building with a usable area of 8470 m².

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. The liquidity ratios of TALEX S.A. confirm that the enterprise is able to pay its liabilities.

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

In the period under review, there were no changes in the composition of the Company's management and supervisory bodies. As in previous current reports, the Company announces that the Annual General Meeting of Shareholders held on 7 June 2022 appointed five members to the Supervisory Board. Simultaneously, at its meeting on 7 June 2022, the Supervisory Board of the Company appointed five Members of the Management Board. The appointments to the Company's governing bodies were dictated by the expiration of the term of office of all Members of the Supervisory Board and of all Members of the Management Board. The appointments did not lead to change in the composition and number of Members of the Supervisory Board and the Management Board of the Company, or any changes in the functions performed by individual Members of either body in relation to the previous term of office of both bodies of the Company.

Agreements signed between the issuer and 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 in the case of their dismissal, redundancy or resignation from their position.

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 (in PLN thd)
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

As of 30 June 2023, the following shares in the Company are held by the managing and supervising persons:

Shareholder	Number of shares					
	Series A	Series B	Series C	Series D	Series E	Total
Janusz Gocałek	34,000	283,000	145,216	293,340	2,237	758,793
Jacek Klauziński	34,000	283,000	145,216	293,340	2,237	758,793
Andrzej Różga	34,000	283,000	145,216	293,340	2,237	758,793
Rafał Szalek	-	-	-	-	290	290
Andrzej Kurc	-	-	-	3036	-	3036

To the best of the Management Board's knowledge, its other members and 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

As of 30 June 2023:

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 Różga	758,793	25.29	894,793	26.25
Integrale IT sp. z o.o.*	250,000	8.33	250,000	7.34

* the shareholding status as of 14 June 2023 based on the list of shareholders entitled to attend the General Meeting convened on 21 June 2023.

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 Management Board of the Company is not aware of any agreements which could result in future change in the proportion of shares held by existing shareholders. The Company has not issued bonds.

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

The Company has not issued any securities which entitle to special supervisory powers over the issuer.

Information on the system of controlling the employee share ownership schemes

The Company has not issued 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 are subject to the limitation of the transfer of ownership rights. These are registered shares, and the series A shares are additionally privileged with regard to voting rights. 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 22 June 2022, the Supervisory Board of the Company, acting under the Articles of Association of the Company, adopted a resolution on the appointment of PKF Consult Sp. z o.o. Sp. K. registered in Warsaw, as an entity with which the agreement will be signed on the review of the interim financial statements of the Company prepared as at 30 June 2022 and 30 June 2023 as well as on the audit of the annual financial statements of the Company prepared as at 31 December 2022 and 31 December 2023. 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 applicable regulations and professional standards.

The total net value of auditors' remuneration due to execution of the above agreement with PKF Consult Sp. z o.o. Sp. K. amounts to PLN 101 thousand.

During the period under review, the Company did not use 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 a 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 period under review 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 2023.

Pending proceedings before courts, arbitration or public administration authorities

During the past six months 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

During the period under review, the Company did not grant any sureties, credit, guarantees or loans of value exceeding 10% of the equity capital of the Issuer.

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 period under review, 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

The revenues generated by the Company from the sale of services will continue to be influenced mainly by the income from the performance of permanent, long-term agreements with the Company's long-term customers, in particular contracts for the provision of IT infrastructure maintenance and technical support services. The Company is also developing hosting and colocation services implemented on the basis of its own Data Centre.

At the time of publication of these financial statements, the situation in Poland with respect to the introduction of the state of a pandemic is still changing. The new nature of the pandemic phenomenon on a global scale does not allow to precisely predict future economic effects nor permanent changes in the economy. The Management Board of Talex will continue to monitor its potential impact on the Company's operations and will take all possible steps to mitigate its negative effects on the entity.

The Management Board of Talex keeps a close eye on the current situation in Ukraine. In the Company's opinion, it is too early to make a reliable and credible assessment of the impact of the armed conflict in Ukraine on the economic situation in the region and on Talex itself.

During the reporting period, a revaluation of the undeveloped plot of land representing a long-term investment was carried out. The value of the investment was assumed on the basis of a current appraisal. The value of the real estate presented in long-term investments according to the current appraisal is PLN 6,186 thousand. The investment property held by the Company, which is the subject of the fair value measurement at the balance sheet date, is subject to the process of amending the local development plan. The Company's valuation assumptions at the balance sheet date take into account its use in accordance with the current development plan. At the moment, the Company does not have any information regarding the timing of the completion of the planning procedure or the final shape of the amendments under procedure. Potential changes to the development plan may affect the value of the appraisal. This will be taken into account by the Company in the appraisal once the changes have been implemented and become effective.

On 28 March 2023, the Company announced, by way of a current report, the decision of the Management Board to begin the process of analysing the Company's strategic development opportunities. The aim of the measures taken is to assess the possible directions of the Company and the increase in its value. The Management Board is open to various options and directions for the Company's strategic development, including attracting a financial investor. As at the date of this report, the Company's Management Board has not prejudged the choice of a specific model for the Company's development and has not declared a deadline for such a decision. The Company will report on significant decisions regarding the process undertaken in separate current reports.

Information on the rules of preparing the abridged semi-annual financial statement

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

Poznan, September 2023

Members of the Management Board:

Janusz Gocałek

Jacek Klauziński

Andrzej Różga

Rafał Szałek

Radosław Wesołowski