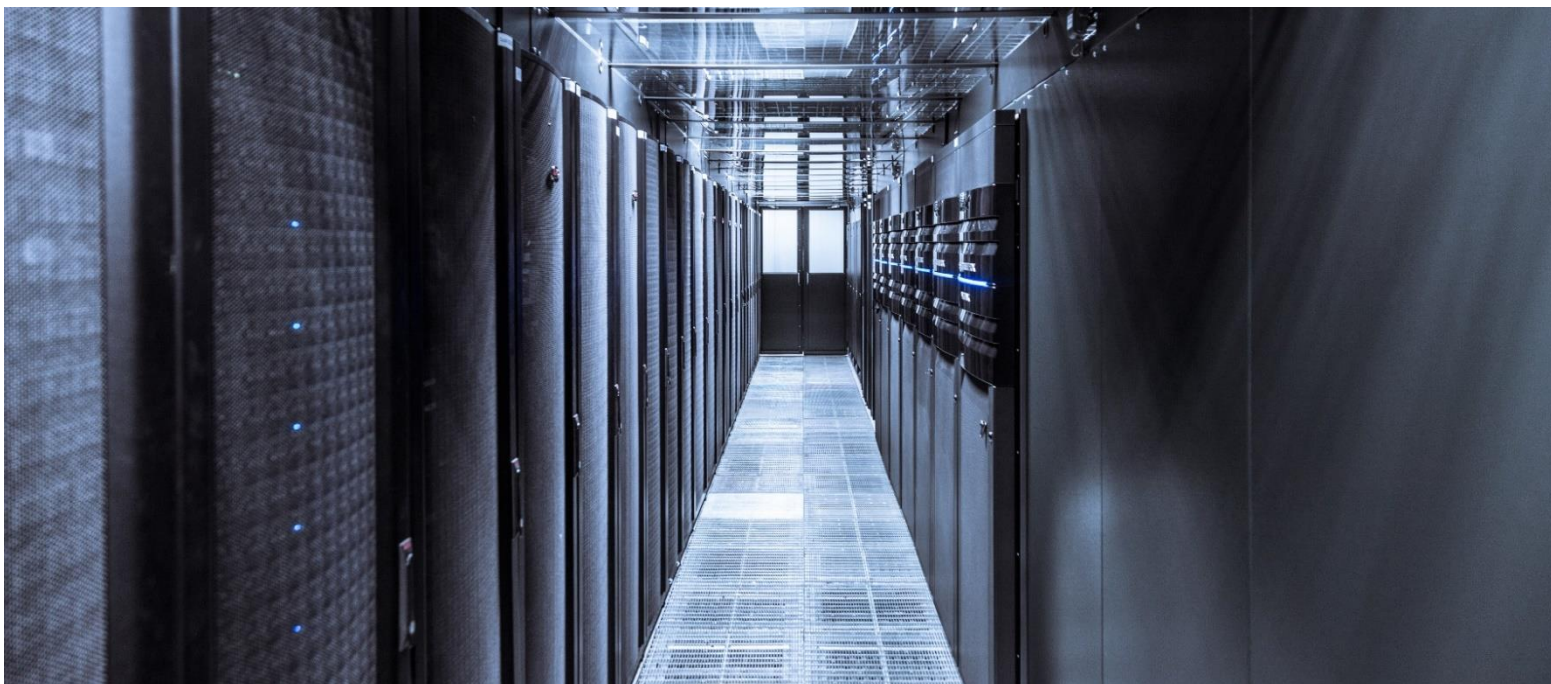


# TALEX»



**Information in accordance with par. 66 section 4 and 5 of the  
Regulation of the Minister of Finance of 29 March 2018 (Dz. U. [Journal  
of Laws] of 2018, item 757)  
to the Quarterly Report  
for the third quarter of 2023  
including the period  
from 01.07.2023 to 30.09.2023**

## **1. Information on the changes in the rules of establishing the value of assets and liabilities as well as determination of financial result**

In 2023, the accounting policy of the Company regarding the valuation of long-term contracts was changed. Pursuant to the change: revenue from the performance of an uncompleted service, including construction, covered by a contract, with a completion period of more than 6 months, in the period from the date of conclusion of the contract to the balance sheet date - after deduction of revenue which has affected the financial result in previous reporting periods - is determined in proportion to its stage of completion.

The progression of the service is determined by the ratio of the number of direct hours worked to the number of hours planned.

In previous reporting periods, uncompleted services with completion periods of over 6 months were not identified. The data presented in the Quarterly Report are comparable.

## **2. Accounting principles:**

- a. TALEX S.A. draws up the financial statement on the basis of provisions contained in the Accounting Act of 29 September 1994. Due to the fact that the Company does not draw up consolidated financial statements, no separate financial statements according to MSR or US GAAP have been drawn up. Reliable indication of differences in the value of the revealed data is not possible.
- b. According to article 3 section 1 point 9 of the Accounting Act, the calendar year is considered the financial year.
- c. According to article 3 section 1 point 8 of the Accounting Act, the calendar month is considered the reporting period. A balance of the general ledger accounts is drawn up at the end of every reporting period.
- d. The record and allocation of operating expenses are kept according to kinds on accounts under group 4 and at the same time according to types of activities and functions on accounts under group 5, with further reference to the costs of products sold or the financial result.
- e. Financial statements are drawn up using the profit and loss account by function of expenses.
- f. The cash flow statement is prepared using the indirect method.
- g. It is assumed that any event resulting in the change of total assets by more than 1% is substantial for the assessment of the property and financial situation and the financial result.
- h. The account books are kept using digital technology based on the integrated financial and accounting system Dynamics AX created by Microsoft Ireland Operations Ltd.

### **2.1. Methods of assets and liabilities valuation:**

- a. **Fixed and intangible assets** are covered by the analytical quantity and value register. They are valued according to acquisition prices or manufacturing cost decreased by depreciation and amortization write-offs in proportion to the period of their utilization, and also by permanent impairment write-offs. Equipment valued below PLN 1,000 is not entered in the fixed assets register but is only included in the cost of materials. In justified cases, assets valued below PLN 1,000 can be entered in the fixed assets register by the decision of the Management Board. Such fixed assets are depreciated once in the month following the month in which they are put into use.  
Fixed and intangible assets with the initial value of more than PLN 1,000 are amortized using the straight-line method, starting from the month following the month in which they were put into use. In determining the amortization period and the annual amortization rate the economic useful life of the asset is taken into account.  
Fixed assets under finance leases are amortised at a rate based on the term of the contract if the term of the lease is at least 40% of the normal depreciation period. In other cases, fixed assets under finance leases are depreciated over the period of their economic usefulness.  
Sale-and-lease-back in the books of Talex S.A. functions as financial lease, with the

exception that Talex was at the same time the supplier of the leased asset.

- b. **Fixed assets under construction** are valued according to real costs incurred for the construction, assembly, adjustment and improvement of future fixed assets, decreased by the permanent impairment write-offs.
- c. **Long-term investments** are valued according to the market price.
- d. **Reserves** including materials, commodities, finished products and production in progress are valued at actual purchase prices.
  - **materials and goods**  
Yearly consumption is valued as follows:
    - goods identified by serial numbers according to their price of purchase,
    - materials and goods not identified by serial numbers according to the "First In, First Out" (FIFO) principle.
  - **finished products** – do not occur.
  - **production in progress** – The progression of the service is determined by the ratio of the number of direct hours worked to the number of hours planned.
- e. **Domestic receivables** are valued according to the nominal value set at their beginning. Receivables in foreign currencies at balancing date are valued at the average exchange rate set for a given currency by the National Bank of Poland.  
At balancing date the receivables and claims are indicated in the value corrected by revaluation write-offs in the following cases:
  - receivables from entities in liquidation – 100% write-off;
  - receivables that have been overdue for over half a year – 100% write-off.
- f. **Short-term financial assets** are valued according to market value. The effects of differences between the valuation value at the balance sheet date and the purchase price are recognised in financial income or expenses.  
Domestic cash is valued at nominal value.  
Cash in foreign currencies at the balancing day is valued at the average exchange rate set for a given currency by the National Bank of Poland.
- g. **Primary capital (share capital)** is valued at the nominal value, in accordance with the entry in the National Court Register.
- h. **Supplementary capital** is priced at the nominal value resulting from capital increases and decreases.
- i. **Revaluation reserve** is valued at its nominal value, resulting from capital increases and decreases.
- j. Provisions for liabilities include:
  - **provision for retirement benefits** created at the balance sheet date according to the formula:  
the number of employees without the settled right to retirement at the balancing day × average monthly salary in the company × likelihood indicator of retirement severance payment, differentiated by the employee's age:
 

up to 25 years	5%
26–30 years	16%
31–35 years	27%
36–40 years	37%
41–45 years	48%
46–50 years	60%
51–55 years	73%
56–60 years	85%
61–65 years	99%
over 66 years	100%
  - **provision for unused holiday leaves** created at the end of the year as the product of the statutory daily remuneration and the number of days of unused holiday leave;
  - **provision for deferred income tax** created to the amount of income tax payable in the future in relation to the occurrence of positive transient differences between the book value and the tax value of assets and liabilities. The amount of income tax resulting from negative transient differences is shown **in the prepayments and accrued income on account of deferred income tax.**
  - **other provisions** include the costs of future solutions for business transactions for which revenues had been accrued before the balance sheet date and the provision for the VAT with due interests.
- k. **Domestic liabilities** are estimated in the amount requiring payment.  
Liabilities in foreign currencies at the balancing day are valued at the average rate set for a given currency by the National Bank of Poland.

## **2.2. Information on significant changes in the estimates**

In the reporting period there was no significant change in estimates.

## **3. Additional information:**

### **3.1. A description of factors and events, particularly of untypical ones, having a significant influence on the financial results achieved;**

The company is keeping a close eye on the sanitary and epidemiological situation related to the coronavirus COVID-19 pandemic, both at home and abroad. In particular, the Company is analysing the extent to which the economy can return to its pre-pandemic state. The company notes that the pandemic has significantly affected the overall market situation. In the Company's view, the significant elements impacting the economy over at least the past year and in the coming months are: restrictions introduced by legislation, changes in the way work is performed, changing customer needs caused by pandemic-related restrictions, the postponement by the Company's customers of decisions to invest in new IT solutions until after the pandemic, slowing and disruption of the goods supply cycle. 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 Poznan and Wroclaw. However, due to the atypical situation related to the COVID-19 pandemic and a very wide geographical area affected, it is currently difficult to predict how this situation will affect the economic condition and future business decisions of the Company's customers and the market. Still, with regard to the functioning of the Company itself, it should be emphasized that a significant part of its revenues comes from long-term IT outsourcing contracts, which significantly affects the stability of the Company's operations. At the same time, the Company offers its clients services that address the current, changing and partially new market conditions. 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 S.A. itself. The Management Board of the Company in particular monitors the situation on currency markets and prices of energy carriers as elements that significantly influence the condition of the national market, including of the Company's Customers.

On 15 February 2022 the Management Board of Talex S.A. adopted the resolution on the change of the classification of the Company's asset constituting an undeveloped property located in Poznan at ul. Karpia 28 and the allocation of the described property for sale. In the report for the 3rd quarter of 2023, the above mentioned asset has been presented in the long-term investments at the current market value determined on the basis of a current appraisal report and is further presented in subsequent interim reports.

### **3.2. Explanations concerning the seasonality or periodicity of the issuer's activity in the presented period;**

The Company normally records the highest sales in the last quarter of the year, which is related to the execution of the budgets of the Company's greatest clients at the end of the year. At the same time, the Company observes that during the period of the COVID-19 coronavirus pandemic, the purchasing decisions of the Company's customers differed from the practice observed in previous years. The Company notes similar behavior of its clients in the subsequent months of the conflict in Ukraine. In the Company's opinion, this is related, among other things, to the different needs of customers adapting to the requirements of the work under restrictions and sanitary regimes. Over the next few quarters it will be revealed to what extent the changes in the purchasing decisions of customers made during the pandemic remain permanent and to what extent this will affect the seasonality of purchases recorded in previous years.

### **3.3. Information on write-downs revaluing the supplies to the obtainable net value and on reversal of such write-downs;**

In the third quarter of 2023 the Company did not recognize a revaluation write-down on service inventories.

### 3.4. Information on the write-downs for impairment of financial assets, tangible fixed assets and fixed assets, intangible assets or other assets, and on reversal of such write-downs;

The Company did not make the above described write-downs.

### 3.5. Information on the creation, increase, use, and dissolution of the provisions (in PLN thds);

Title of provision	State at 01.07.2023	Increase of the provision	Use of the provision	Release of the provision	State at 30.09.2023
<b>1. For retirement and similar benefits</b>	<b>821</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>821</b>
- for retirement severance pay	355	-	-	-	355
- for unused holiday leaves	451	-	-	-	451
<b>2. Remaining provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- for the remuneration costs of the past period	0	-	-	-	0
- for future costs	0	-	0	-	0
<b>total</b>	<b>821</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>821</b>

### 3.6. Information on the provisions and assets due to deferred income tax (in PLN thds);

Title of the assets	State at 01.07.2023	Creation of the provision	Use of the provision	Release of the provision	State at 30.09.2023
- due to costs of long-term investments	2	1	0	0	3
- due to difference in tax depreciation and balance sheet depreciation	1	0	1	0	0
- due to unpaid remunerations	15	0	5	0	10
- due to write-offs to doubtful accounts	24	0	0	0	24
- due to provisions for retirement severance pay	67	0	0	0	67
- due to provisions for unused holiday leaves	86	0	0	0	86
- due to invoicing of deferred services	7	14	3	0	18
- due to write-offs of inventories	31	0	0	0	31
- due to tax loss	1452	163	0	0	1615
<b>Total assets</b>	<b>1685</b>	<b>178</b>	<b>9</b>	<b>0</b>	<b>1854</b>
Title of provision	State at 01.07.2023	Creation of the provision	Use of the provision	Release of the provision	State at 30.09.2023
- due to the increase of long-term investment value	1090	0	0	0	1090
due to positive difference in tax depreciation	232	40	20	0	252
- due to accrued discounts	215	70	123	0	162
<b>Total provisions</b>	<b>1537</b>	<b>110</b>	<b>143</b>	<b>0</b>	<b>1504</b>

**3.7. Information on significant transactions of the purchase and sales of fixed assets;**

In the reporting period there were no significant liabilities due to the purchase of tangible fixed assets.

**3.8. Information on significant liability due to the purchase of tangible fixed assets;**

In the reporting period there were no significant liabilities due to the purchase of tangible fixed assets.

**3.9. Information on significant settlements under court proceedings;**

In the reporting period there were no significant settlements under court proceedings.

**3.10. Indication of errors adjustment of the previous periods;**

In the reporting period there were no corrections of the errors of previous periods.

**3.11. Information on the changes in the economic situation and conditions of conducting business activity, significantly influencing the fair market value of financial assets and financial liabilities of the entity, whether the assets and liabilities are recognized in the fair market value or corrected purchase price (amortized cost);**

In the Company's opinion, the sanitary and epidemiological situation related to the COVID-19 coronavirus pandemic both in Poland and abroad may significantly affect the overall market situation, also in the longer run. Restrictions of all kinds, mainly related to the movement of people and goods across borders, will have a significant impact on the economy. The noticeable economic slowdown after the period of the high pandemic is also an important aspect.

Currently, Talex S.A. is not 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 current situation and its development. 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 S.A. itself. The Management Board of the Company in particular monitors the situation on currency markets and prices of energy carriers as elements that significantly influence the condition of the national market, including of the Company's Customers.

The Company is continuously fulfilling its obligations towards its customers using previously developed, regardless of the current situation, business continuity plans.

**3.12. Information on conclusion of one or many transactions between an issuer and the entity dependent, if they are significant and were concluded on the terms other than market ones;**

The Company is not an affiliated entity.

**3.13. In case of financial instruments evaluated in their fair value - information concerning a change in a manner (method) of its valuation;**

In the third quarter of 2023 the Company did not change the classification of financial instruments.



### **3.14. Information on the change of classification of financial assets as a result of changing the purpose or use of those assets;**

In the third quarter of 2023 there were no changes in the classification of financial assets.

### **3.15. Information on the issue, redemption and repayment of non-equity or equity securities;**

In the reported period, the Company did not conduct any transactions of issuance, redemption or repayment of equity or debt securities.

### **3.16. Information on the paid (or declared) dividend, jointly and calculated per one share, including the division into ordinary and preference shares;**

In the third quarter of 2023 there was no dividend payment.

### **3.17. Indication of events, which took place after the day for which the abridged quarterly financial statement was drawn up, not included in this statement, but which could substantially influence the future financial results of the issuer;**

After the date this report has been drawn up, there were no events that could substantially influence the future financial results.

### **3.18. Information concerning changes in contingent liabilities or assets, which have taken place since the end of the last financial year (in PLN thds);**

Title of contingent liability	State at 01.07.2023	Increase of liability	Expiration of liability	State at 30.09.2023
- due to guarantee and warranty	0	-	-	0
- due to performance bonds	276	-	176	100
- guarantees on advance payments	0	-	-	0
- payment guarantees	118	-	48	70
- tender guarantee	-	-	-	0
<b>TOTAL</b>	<b>394</b>	<b>-</b>	<b>224</b>	<b>229</b>

### **3.19. Other information likely to have a significant impact on the assessment of the issuer's assets, financial standing and results of operations;**

At the day of publication of the report for the third quarter of 2022, there were no important events which could have significantly affected the assessment of its employment, property or financial situation, and of fulfilment of commitments by the issuer.