

# Dear Shareholders

## Introduction

In the opinion of the Company, as well as the independent analysts, the situation on the IT market has been stabilising for a longer period of time, which certainly can be noted at least in the last few years. The analysis of the previous year also confirms this tendency. It can be clearly noticed that fewer and fewer recipients perceive the general macroeconomic situation as the main barrier that impedes the development of their own IT resources. That situation had a positive impact on the financial results of Talex. In 2016 the Company generated a net profit in the amount of PLN 4,720 thousand, and recorded an increase in revenues from the sale of products which were higher by 1.63% in comparison to 2015. Despite the decrease in the revenues from the sale of goods and materials by 16.56%, the share of services in total sales revenues increased and amounted to approximately 47%. As in previous years, our offer is directed mainly to large and medium-sized enterprises, mainly the financial market (66.4% of revenues) and the trade and services sector (22.95% of revenues).

The consistently pursued strategy of the Company assumes that a significant portion of its business is based on a constant, long-term, and comprehensive provision of IT services for large organizations. We strive to constantly increase the number of key customers and generate a part of our revenue from cooperation with several smaller contractors, thus avoiding the risks associated with sole dependence on large clients. In the last year Talex concluded a number of further significant agreements. The Company managed to gain new clients and sign another long-term contracts with its business partners, including agreements on the further consolidation of services and the maintenance of the clients' IT environments.

For many years both Polish and international IT companies such as Microsoft, Hewlett Packard, IBM, Dell Computer, Lenovo, Fujitsu, and others have been our main suppliers. We have signed partnership agreements with leading global software and hardware manufacturers. Our engineers, by taking part in specialist training and courses and passing qualification exams, gain knowledge and skills that results in outstanding relations with the clients. The number of certificates earned by our employees is constantly expanding.

Continuous attention paid to infrastructure development allows us to offer our clients the most advanced services. This applies particularly to outsourcing services provided in our Data Processing Center (Data Center). Our competence in the delivery of outsourcing services based on international standards and evidenced by certificates of our engineers, as well as the resources and respective infrastructure, make it an attractive offer for the key customers from the financial and industry sectors.

We plan to continue to develop our Data Center in the subsequent years in order to strengthen the Company's position in the segment of IT outsourcing services since, according to analysts, traditional technologies will lose their current significance and such solutions as Cloud Computing, SaaS or mobile solutions turn out to be dominant trends.

In order to provide the highest quality of service, the Company maintains a certificate confirming that the IT services we provide are managed according to ISO 20000-1:2005 standard. The scope of

our maintenance services and support is constantly expanded. Moreover, in the previous year the Company successfully passed the process of re-certification with reference to the extended catalogue of services confirming the compliance with the requirements of the valid version of the ISO 20000:2011 standard.

2016 was for our Company the year of many difficult challenges, the success of which contributed to the financial results that we achieved. An important element to be taken into account in the assessment of the past year is that the Company managed to achieve good financial results while leading a very large investment project. For the Company it was also the year of consistent increase of the portfolio of customers who guarantee long-term cooperation. We gained new clients and completed several large projects.

In the forthcoming period, the Company plans to consequently continue its activities with the focus on outsourcing of IT services and integration services in the field of information technology and software production. Treating outsourcing as one of the strategic directions of development, the Company has consequently developed the necessary skills and technical infrastructure for several years. Similar to the previous years, we will struggle to increase our competence and reinforce its professional position in IT industry.

Detailed information on the Company's operations is provided in the financial report for 2016, the study of which I strongly recommend.

I would like to thank all Shareholders for your trust, particularly during the recent, economically significant period of time. I would also like to assure you that we continually make every effort to strengthen the position of the Company in the market. We hope that our efforts will translate into further development of the Company, leading to new contracts and excellent performance in the present 2017 year.

Janusz Gocałek

President of the Management Board

TALEX S.A.