

**DOCUMENT CONCERNING INFORMATION ON THE TAX STRATEGY
EXECUTED BY HTL-STREFA S.A. IN THE TAX YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020**

HTL-Strefa S.A. with its registered office in Ozorków at ul. Adamówek 7, 95-035 Ozorków, NIP [tax identification number] 7321880362, REGON [statistical information number] 472350579, registered in the National Court Register by the District Court for Łódź-Śródmieście in Łódź, 20th Division of the National Court Register under KRS No 256309 (hereinafter **“the Company”** or **“HTL-Strefa”**), is an experienced operator in the medical device industry which develops, manufactures and exports safety lancets, personal lancets and insulin injection needles, and which has the appropriate tools and qualified staff to ensure that the Company reliably meets its regulatory obligations, including tax law obligations.

In addition to continuing as a going concern and generating profits, HTL-Strefa’s objective has always been to act responsibly for the benefit of the society whose resources it uses and owing to which it achieves its current business objectives, including without limitation by paying taxes on its operations in the correct amounts and within the time limits prescribed by tax law provisions. The Company’s aim in this respect is not just to submit correct tax returns in a timely manner, but also to be transparent towards the tax authorities with respect to the actions taken by the Company which affect the amount of its tax liabilities.

Having regard to the type and scale of its business activities, in order to perform its tax obligations in a correct and timely manner, HTL-Strefa takes a number of measures aimed at the reliable recording of economic events related to its business activity and their proper classification in terms of tax law provisions. This includes, without limitation, implementing appropriate rules of conduct and using ongoing support from professional tax advisory firms with respect to any issues that raise doubts.

Taking the above into account, pursuant to Article 27c of the Act of 15 February 1992 on Corporate Income Tax,¹ **the Company presents the Document concerning information on the tax strategy executed by HTL-Strefa S.A. in the tax year from 1 January 2020 to 31 December 2020, taking into account the nature, type and size of business conducted by HTL-Strefa.**

Pursuant to Article 27c(2) of the CIT Act, this Document concerning information on the tax strategy executed by HTL-Strefa in the aforementioned tax year includes:

- 1) information about the Company’s:
 - a) processes and procedures for managing and ensuring the correct performance of obligations arising from tax law provisions;
 - b) voluntary forms of cooperation with the National Tax Administration;
- 2) information on the performance of tax obligations by the taxpayer in the territory of the Republic of Poland, including information about the number of tax schemes reported to the

¹ Consolidated text: Journal of Laws [Dz. U.] of 2020 item 1406 as amended, hereinafter **“the CIT Act”**.

Head of the National Tax Administration as referred to in Article 86a(1)(10) of the Act of 29 August 1997 – Tax Ordinance,² broken down by the taxes which they concern;

3) information on:

- a) transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act whose value exceeds 5% of total assets within the meaning of accounting regulations, determined on the basis of the Company's most recent approved financial statements, including with entities which are not tax residents of the Republic of Poland;
- b) restructuring activities planned or undertaken by the taxpayer which could affect the amount of tax liabilities of the taxpayer or its related entities within the meaning of Article 11a(1)(4) of the CIT Act;

4) information about the requests submitted by the taxpayer for the issuance of:

- a) general tax rulings referred to in Article 14a(1) of the Tax Ordinance Act;
- b) advance tax rulings referred to in Article 14b of the Tax Ordinance Act;
- c) the binding rate information referred to in Article 42a of the Act of 11 March 2004 on Tax on Goods and Services;³
- d) the binding excise duty information referred to in Article 7d(1) of the Act of 6 December 2008 on Excise Duty;⁴

5) Information concerning the taxpayer's tax settlements in the territories or countries engaging in harmful tax competition indicated in secondary legislation issued pursuant to Article 11j(2) of the CIT Act and pursuant to Article 23v(2) of the Act of 26 July 1991 on Personal Income Tax⁵ and in the announcement of the minister competent for public finance issued pursuant to Article 86a(10) of the Tax Ordinance Act

– excluding information which is a trade, industrial or professional secret or one related to the manufacturing process.

At the same time, pursuant to Article 27(4) of the CIT Act, the *“Document concerning information on the tax strategy executed by the Company in the tax year from 1 January 2020 to 31 December 2020”* has been made available on the HTL-Strefa website at:

<https://htl-strefa.com/firma/polityka-zrownowazonego-rozwoju/>

² Consolidated text: Journal of Laws [Dz. U.] of 2020 item 1325 as amended, hereinafter **“the Tax Ordinance”**.

³ Consolidated text: Journal of Laws [Dz. U.] of 2021 item 685, hereinafter **“the VAT Act”**.

⁴ Consolidated text: Journal of Laws [Dz. U.] of 2020 item 722, hereinafter **“the Excise Duty Act”**.

⁵ Consolidated text: Journal of Laws [Dz. U.] of 2020 item 1426 as amended, hereinafter **“the PIT Act”**.

Re. 1a

Information on the Company's processes and procedures for managing and ensuring the correct performance of obligations arising from tax law provisions

Given the level of complexity of, and frequent changes to, tax law provisions and the fact that it has always been the Company's intention to perform its tax obligations in a correct and timely manner, the Company has adopted processes and procedures for managing the performance of its tax obligations which are aimed at mitigating tax risks. During 2020 the Company applied the division of tasks and duties to ensure the correctness of tax settlements.

a.

Moreover, taking into account the provisions of the Tax Ordinance Act in force since 1 January 2019, adopted as a result of the implementation of Council Directive (EU) 2018/822 of 25 May 2018 into the Polish legal order, which lay down the Mandatory Disclosure Rules related to so-called tax schemes (reportable arrangements), and the great importance of performing this obligation for tightening the tax system and eliminating harmful tax optimisation, in order to ensure HTL-Strefa's compliance with the obligations arising from these provisions of the Tax Ordinance Act, in 2020 the Company also adopted and applied the *"Procedure for preventing non-compliance with the obligation to provide information on tax schemes"*. The procedure addresses the issue of the so-called tax schemes (reportable arrangements) in detail, in particular describing the rules of conduct in force at the Company with respect to the assessment of individual economic events in terms of the presence of possible hallmarks of a tax scheme under Article 86a(1)(10) of the Tax Ordinance Act, and provides for ongoing support by a licensed tax advisor in this respect.

b.

In addition, given the complexity of the obligations arising under tax law provisions, in order to exercise all possible due diligence regarding HTL-Strefa tax settlements, procedures/substantive guidelines were implemented within the Company in 2020 that concerned, inter alia, the following areas:

- a) tax on goods and services within the following scope:
 - documenting intra-Community supplies of goods;
 - counterparty verification;
- b) corporate income tax within the following scope:
 - the classification of costs into those related and unrelated to activity within the special economic zone;
 - the identification of counterparties and transactions in terms of transfer pricing regulations;
 - documenting costs incurred in connection with the so-called development works; and
 - documenting the purchase of intangible services.

In order to ensure the practical application of the processes, procedures and guidelines described above at HTL-Strefa, employees and associates of the Company – the persons involved in the

implementation of individual processes/addressees of individual procedures and guidelines – must be familiar with their contents and undergo regular training related to their application in practice, while intentional violation of the obligations provided for therein may potentially be regarded as gross misconduct.

At the same time, the aforementioned processes, procedures and guidelines are regularly reviewed and updated in order to constantly mitigate the risk of failing to perform any of the obligations arising from tax law provisions.

Re. 1b

Information on the Company's voluntary forms of cooperation with the National Tax Administration

The Company is aware of the option of voluntary cooperation with the National Tax Administration in the form of concluding a cooperation agreement as referred to in Art. 20s(1) of the Tax Ordinance Act with the Head of the National Tax Administration, which agreement is aimed at ensuring compliance by the taxpayer with tax law provisions through ensuring the transparency of actions taken, and mutual trust and understanding between the tax authority and the taxpayer, taking into account the business engaged in by the taxpayer.

HTL-Strefa considered submitting an application to conclude such an agreement with the Head of the National Tax Administration; however, taking into account the limited target audience and the pilot character of the Cooperation Programme, it finally decided not to submit such an application in 2020. However, the Company does not rule out submitting such an application in the future as the availability of the Cooperation Programme increases.

In view of the above, in the tax year from 1 January 2020 to 31 December 2020, apart from the current recording, declaration and payment of its tax liabilities, the Company has not undertaken any other voluntary form of cooperation with the National Tax Administration.

Re. 2

Information on the performance of tax obligations by the taxpayer in the territory of the Republic of Poland, including information about the number of tax schemes reported to the Head of the National Tax Administration as referred to in Article 86a(1)(10) of the Tax Ordinance Act, broken down by the taxes which they concern

In the tax year lasting from January 1, 2020 to December 31, 2020, the Company identified, recorded, declared and paid tax liabilities on an ongoing basis, including corporate income tax, value added tax, withholding tax and performed the duties of a personal income tax remitter.

As indicated in point 1a, the Company has in place a set of rules of conduct aimed at the correct assessment of economic events associated with the Company's activities in terms of the presence of possible hallmarks of a tax scheme under Article 86a(1)(10) of the Tax Ordinance Act.

On the basis of: (i) the rules of conduct contained in the *“Procedure for preventing non-compliance with the obligation to provide information on tax schemes”*; and (ii) the support of tax advisors, in 2020 the Company analysed individual arrangements related to its activities in terms of the presence of possible hallmarks of a tax scheme under the Tax Ordinance, including with the support of licensed tax advisors from a leading tax advisory firm.

In this respect, in 2020 the Company, as the so-called Beneficiary, reported to the Head of the National Tax Administration, using the MDR-1 form, two tax schemes (reportable arrangements) as referred to in Article 86a(1)(10) of the Tax Ordinance, including:

- one regarding corporate income tax settlements; and
- one regarding personal income tax settlements (the date of the event triggering the obligation to file the MDR-1 form was in 2019).

Re. 3a

Information on transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act whose value exceeds 5% of total assets within the meaning of accounting regulations, determined on the basis of the Company’s most recent approved financial statements, including with entities which are not tax residents of the Republic of Poland

It follows from the information disclosed in the financial statements that in the tax year from 1 January 2020 to 31 December 2020, HTL-Strefa entered into transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act whose value exceeded 5% of total assets within the meaning of accounting regulations, determined on the basis of the Company’s most recent approved financial statements, including with entities which are not tax residents of the Republic of Poland. Those transactions concerned:

- loans granted to the Company by a related party (non-resident),
- sales by the Company of products and materials to three related parties (non-residents),
- Loan granted by the Company to a related party (non-resident),
- Services provided by the Company to a related party (non-resident),
- Services provided to the Company by a related party (non-resident).

Re. 3b

Information on restructuring activities planned or undertaken by the taxpayer which could affect the amount of tax liabilities of the taxpayer or its related entities within the meaning of Article 11a(1)(4) of the CIT Act

IN the tax year from 1 January 2020 to 31 December 2020, HTL-Strefa did not plan or undertake any restructuring activities which could affect the amount of its tax liabilities or the amount of tax liabilities of entities related to the Company within the meaning of Article 11a(1)(4) of the CIT Act.

Re. 4a–d

Information about the requests submitted by the taxpayer for the issuance of:

- a) general tax rulings referred to in Article 14a(1) of the Tax Ordinance Act;
- b) advance tax rulings referred to in Article 14b of the Tax Ordinance Act;
- c) the binding rate information referred to in Article 42a of the VAT Act;
- d) the binding excise duty information referred to in Article 7d(1) of the Excise Duty Act.

Based on the rules provided for within the framework of the processes and procedures in place at the Company for managing the performance of obligations arising from tax law provisions, the Company has each time analysed the correctness of its approach related to the emergence and amount of a tax liability as a result of individual economic events related to its activity, including with the participation of licensed tax advisors from a professional tax advisory firm.

In this respect, in the tax year from 1 January 2020 to 31 December 2020, two of the Company's requests for advance tax rulings referred to in Article 14b of the Tax Ordinance Act were examined by the Director of the National Tax Information, of which:

- one request concerned personal income tax settlements; and
- one request concerned corporate income tax settlements.

The aforementioned request for an advance tax ruling regarding personal income tax settlements was filed in 2019, while the request for an advance tax ruling regarding corporate income tax settlements was filed in 2018.

At the same time, in the tax year from 1 January 2020 to 31 December 2020, the Company did not submit any requests for the issuance of:

- general tax rulings referred to in Article 14a(1) of the Tax Ordinance Act;
- the binding rate information referred to in Article 42a of the VAT Act; and
- the binding excise duty information referred to in Article 7d(1) of the Excise Duty Act.

Re. 5

Information concerning the taxpayer's tax settlements in the territories or countries engaging in harmful tax competition indicated in secondary legislation issued pursuant to Article 11j(2) of the CIT Act and pursuant to Article 23v(2) of the PIT Act and in the announcement of the minister competent for public finance issued pursuant to Article 86a(10) of the Tax Ordinance Act

In the tax year from 1 January 2020 to 31 December 2020, HTL-Strefa did not perform any tax settlements in the territories or countries engaging in harmful tax competition indicated in secondary legislation issued pursuant to Article 11j(2) of the CIT Act and pursuant to Article 23v(2) of the PIT Act and in the announcement of the minister competent for public finance issued pursuant to Article 86a(10) of the Tax Ordinance Act.