

**INFORMATION ON THE TAX STRATEGY
IMPLEMENTED BY HTL-STREFA S.A. IN THE TAX YEAR FROM 1 JANUARY 2021 TO 31
DECEMBER 2021**

HTL-Strefa S.A., with its registered office in Ozorków at ul. Adamówek 7, 95-035 Ozorków, Tax ID number (NIP) 7321880362, Statistical ID number (REGON) 472350579, registered in the National Court Register by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register under KRS number 256309 (hereinafter: the **“Company”** or **“HTL-Strefa”**), is an experienced entity in the medical devices industry, developing, manufacturing, and exporting safety lancets, personal lancets, and insulin injection needles, possessing the necessary tools and a qualified workforce to ensure the diligent fulfillment of its public-law obligations, including those arising from tax law regulations.

In addition to continuing its operational activities and generating profits, HTL-Strefa has always aimed to act responsibly towards the society from which it draws resources and through which it achieves its ongoing business objectives, particularly reflected in the Company’s approach to taxation, ensuring that its business activities are taxed in the correct amounts and within the deadlines prescribed by tax regulations. The Company’s goal in this respect is not merely to submit accurate tax returns on time but also to maintain transparency with tax authorities regarding the actions taken by the Company that impact the amounts of its tax obligations.

Considering the nature and scale of its business operations, in order to properly and timely fulfill its tax obligations, HTL-Strefa undertakes a range of measures aimed at ensuring the accurate recording of economic events related to its business activities and their correct classification under tax law provisions, including, in particular, through the implementation of appropriate procedural guidelines and the ongoing engagement of professional tax advisory firms to provide support in areas of uncertainty.

In light of the above, pursuant to Article 27c of the Corporate Income Tax Act of 15 February 1992¹ (hereinafter: the **“CIT Act”**), **the Company presents the Information on the tax strategy implemented by it in the tax year from 1 January 2021 to 31 December 2021, taking into account the nature, type and scale of HTL-Strefa’s operations.**

In accordance with Article 27c(2) of the CIT Act, this Information on the tax strategy implemented by HTL-Strefa in the aforementioned tax year includes:

- 1) Information on the Company’s application of:
 - a) processes and procedures related to managing the fulfillment of tax law obligations and ensuring their proper execution,
 - b) voluntary forms of cooperation with the authorities of the National Revenue Administration;
- 2) Information regarding the taxpayer’s fulfillment of tax obligations within the territory of the Republic of Poland, including details on the number of reports submitted to the Head of the National Revenue Administration concerning tax schemes, as referred to in Article 86a § 1(10) of the Tax Ordinance Act of 29 August 1997² (hereinafter: the **“Tax Ordinance”**), broken down by the taxes to which they refer,
- 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 the balance sheet total of assets, as determined under accounting

¹ Consolidated text, Journal of Laws of 2020, item 1406, as amended.

² Consolidated text, Journal of Laws of 2020, item 1325, as amended.

regulations, based on the Company's most recent approved financial statements, including transactions with entities that are not tax residents of the Republic of Poland,

- b) restructuring activities planned or undertaken by the taxpayer that may affect the amount of tax liabilities of the taxpayer or related parties within the meaning of Article 11a(1)(4) of the CIT Act;
- 4) Information on applications submitted by the taxpayer for:
 - a) a general tax ruling, as referred to in Article 14a § 1 of the Tax Ordinance,
 - b) an interpretation of tax law provisions, as referred to in Article 14b of the Tax Ordinance,
 - c) a binding rate information (WIS), as referred to in Article 42a of the Value Added Tax Act of 11 March 2004 ³(hereinafter: the **"VAT Act"**),
 - d) a binding excise information (WIA), as referred to in Article 7d(1) of the Excise Duty Act of 6 December 2008 ⁴(hereinafter: the **"Excise Duty Act"**);
- 5) Information regarding the taxpayer's tax settlements in jurisdictions or countries applying harmful tax competition, as indicated in executive acts issued pursuant to Article 11j(2) of the CIT Act and Article 23v(2) of the Personal Income Tax Act of 26 July 1991 ⁵(hereinafter: the **"PIT Act"**), as well as in the announcement issued by the Minister of Finance under Article 86a § 10 of the Tax Ordinance,

– excluding information covered by trade, industrial, professional, or manufacturing process secrecy.

Furthermore, pursuant to Article 27c(4) of the CIT Act, the *"Information on the tax strategy implemented by the Company in the tax year from 1 January 2021 to 31 December 2021"* has been made available on the HTL-Strefa website at:

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

Re 1a

Information on the processes and procedures used by the Company and related to managing the fulfillment of tax law obligations and ensuring their proper execution

Considering the complexity and dynamic nature of tax regulations, as well as the Company's continuous intent to properly and timely fulfill its tax obligations, the Company has implemented processes and procedures aimed at managing tax obligations while minimising tax risk. Throughout 2021, the Company applied a division of tasks and responsibilities to ensure the correctness of tax settlements.

a.

Furthermore, in light of the provisions of the Tax Ordinance that came into effect on 1 January 2019, as a result of the implementation of Council Directive (EU) 2018/822 of 25 May 2018, which introduced the obligation to report so-called tax schemes, and given the significant role of this obligation in strengthening the tax system and eliminating harmful tax optimisation practices, in order to ensure HTL-Strefa's compliance with the obligations arising from the aforementioned provisions of the Tax Ordinance, the Company also adopted and applied in 2021 the document titled *"Procedure for Preventing Non-Compliance with the Obligation to Report Tax Schemes."* This procedure specifically addresses the issue of tax schemes by outlining rules within the Company regarding the assessment of individual economic transactions in terms

³ Consolidated text, Journal of Laws of 2021, item 685, as amended.

⁴ Consolidated text, Journal of Laws of 2020, item 722, as amended.

⁵ Consolidated text, Journal of Laws of 2020, item 1426, as amended.

of whether they meet the conditions to be classified as a tax scheme under Article 86a § 1(10) of the Tax Ordinance, and provides for ongoing support from a licensed tax advisor in this scope.

b.

Moreover, given the complexity of obligations arising from tax law provisions, and to exercise the highest possible due diligence in HTL-Strefa's tax settlements, in 2021, the Company applied procedures and substantive guidelines in the following areas:

- a) in value added tax, as regards:
 - documentation of intra-Community supplies of goods (WDT),
 - verification of business partners,
- b) in corporate income tax as regards:
 - qualification of expenses related to zone-based and non-zone-based activities,
 - identification of business partners and transactions in the context of transfer pricing regulations,
 - documentation of costs incurred in relation to so-called development works.

To ensure the practical application of the aforementioned processes, procedures, and guidelines within HTL-Strefa, employees and associates of the Company – those involved in specific

processes or targeted by particular procedures and guidelines – are required to familiarise themselves with their content, and a deliberate breach of the obligations set forth therein may potentially be classified as a serious violation of fundamental employee duties.

Additionally, these processes, procedures, and guidelines are subject to periodic review and updates to continuously minimise the risk of non-compliance with any obligations arising from tax law.

Re 1b

Information on voluntary forms of cooperation with the authorities of the National Revenue Administration used by the Company

The Company is aware of the possibility of engaging in voluntary cooperation with the National Revenue Administration authorities by entering into a cooperation agreement with the Head of the National Revenue Administration, as provided for in Article 20s § 1 of the Tax Ordinance, intended to ensure compliance with tax law provisions under conditions of transparency, mutual trust and understanding between the tax authority and the taxpayer, taking into account the nature of the taxpayer's business activities.

HTL-Strefa considered submitting an application to enter into such an agreement with the Head of the National Revenue Administration; however, given the limited scope of eligible participants and the pilot nature of the Cooperation Programme, the Company decided not to submit such an application in 2021. Nonetheless, the Company does not rule out the possibility of submitting such an application in the future, as the availability of the Cooperation Programme increases.

In light of the above, in the tax year from 1 January 2021 to 31 December 2021, apart from the ongoing recording, reporting, and payment of tax obligations, the Company did not engage in any other voluntary forms of cooperation with the National Revenue Administration authorities.

Re 2

Information regarding the taxpayer's fulfillment of tax obligations within the territory of the Republic of Poland, including details on the number of reports submitted to the Head of the National Revenue Administration concerning tax schemes, as referred to in Article 86a § 1(10) of the Tax Ordinance, broken down by the taxes to which they refer

In the tax year from 1 January 2021 to 31 December 2021, the Company continuously identified, recorded, reported, and settled its tax obligations, including corporate income tax, value-added tax, withholding tax, and its obligations as a tax remitter for personal income tax.

As indicated in Section 1a of this document, the Company operates based on a set of procedural rules aimed at ensuring the proper assessment of economic events associated with its business activities in terms of whether they meet the conditions to be classified as a tax scheme under Article 86a § 1(10) of the Tax Ordinance.

Based on: (i) the principles set forth in the *"Procedure for Preventing Non-Compliance with the Obligation to Report Tax Schemes,"* and (ii) the support of tax advisors, the Company conducted analyses in 2021 regarding individual arrangements related

to its business activities to determine whether they met the criteria to be classified as a tax scheme under the Tax Ordinance, including with the assistance of licensed tax advisors from a leading tax advisory firm.

As part of this process, in 2021, the Company, as a User (Polish: Korzystający), reported two tax schemes (MDR-1 reports) to the Head of the National Revenue Administration, as defined in Article 86a § 1(10) of the Tax Ordinance, regarding corporate income tax settlement (the events triggering the MDR-1 reporting obligation occurred in 2020).

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 the balance sheet total of assets, within the meaning of accounting regulations, based on the Company's most recent approved financial statements, including transactions with entities that are not tax residents of the Republic of Poland.

As it follows from the data indicated in the financial statements, in the tax year running from 1 January 2021 to 31 December 2021, HTL-Strefa concluded transactions with related parties, within the meaning of Article 11a(1)(4) of the CIT Act, whose value exceeds 5% of the balance sheet total of assets, within the meaning of accounting regulations, based on the Company's most recent approved financial statements, including transactions with entities that are not tax residents of the Republic of Poland. These transactions concerned:

- loans granted to the Company by a related entity (non-resident),
- a loan granted by the Company to a related entity (non-resident),
- sales of products and materials by the Company to three related entities (non-residents),
- procurement of services from a related entity,
- provision of services to a related entity.

Re 3b

Information on restructuring activities planned or undertaken by the taxpayer that may affect the amount of tax liabilities of the taxpayer or related parties within the meaning of Article 11a(1)(4) of the CIT Act

In the tax year from 1 January 2021 to 31 December 2021, HTL-Strefa did not plan or undertake any restructuring activities that could affect the amount of its tax liabilities or the tax liabilities of entities related to the Company within the meaning of Article 11a(1)(4) of the CIT Act.

Re 4a-d

Information on applications submitted by the taxpayer for:

- a) a general tax ruling, as referred to in Article 14a § 1 of the Tax Ordinance,**
- b) an interpretation of tax law provisions, as referred to in Article 14b of the Tax Ordinance,**
- c) a binding rate information (WIS), as referred to in Article 42a of the Value Added Tax Act,**
- d) a binding excise information (WIA), as referred to in Article 7d(1) of the Excise Duty Act.**

In accordance with the rules established within the Company's processes and procedures related to managing the fulfillment of tax law obligations, the Company systematically analysed the correctness of its approach to the determination and amount of tax liabilities resulting from specific economic events occurring in the course of its operations, including with the participation of licensed tax advisors from a professional tax advisory firm.

As part of this process, in the tax year from 1 January 2021 to 31 December 2021, two applications for tax law interpretations, as referred to in Article 14b of the Ordinance, were reviewed by the Director of the National Revenue Information. They concerned corporate income tax settlements.

Additionally, in the tax year from 1 January 2021 to 31 December 2021, the Company did not submit applications for the issuance of:

- a general tax ruling, as referred to in Article 14a § 1 of the Tax Ordinance,
- a binding rate information (WIS), as referred to in Article 42a of the Value Added Tax Act, and
- a binding excise information (WIA), as referred to in Article 7d(1) of the Excise Duty Act.

Re 5

Information regarding the taxpayer's tax settlements in jurisdictions or countries applying harmful tax competition, as indicated in executive acts issued pursuant to Article 11j(2) of the CIT Act and Article 23v(2) of the PIT Act, as well as in the announcement issued by the Minister of Finance under Article 86a § 10 of the Tax Ordinance

In the tax year from 1 January 2021 to 31 December 2021, HTL-Strefa did not conduct tax settlements in jurisdictions or countries applying harmful tax competition, as indicated in executive acts issued pursuant to Article 11j(2) of the CIT Act and Article 23v(2) of the PIT Act, as well as in the announcement issued by the Minister of Finance under Article 86a § 10 of the Tax Ordinance