

Information on the tax strategy implemented for 2023

drawn up by HTL-STREFA S.A. (hereinafter referred to as "Company") pursuant to Article 27c (1) of the Act of 15 February 1992 on Corporate Income Tax (hereinafter referred to as "CIT Act")

Basic information on the Company	
Name	HTL-STREFA S.A.
Registered office	Ozorków, ul. Adamówek 7
KRS	0000256309
Regon	472350579
NIP	7321880362
Core business	Manufacture of medical instruments and supplies (PKD 32.50.Z)

HTL-Strefa S.A., with its registered office in Ozorków, ul. Adamówek 7, was registered in the National Court Register with KRS number 0000256309 on 4 May 2006. The Company is the legal successor of HTL- Strefa Sp. z o.o. entered in the Commercial Register, Section B with RHB no. 7784 on 15 June 2000 and in the Register of Entrepreneurs of the National Court Register with KRS no. 0000069227 on 5 December 2001.

The Company has been established for an indefinite term.

As at 31 December 2023, the only shareholders are Medical Technology and Devices S.p.A. with a 50.364% stake and Medical Technology International Acquisitions S.a.r.l. with a 49.636% stake. Medical Technology International Acquisitions S.a.r.l. is a private limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg, with its registered office at 23, avenue Monterey, L-2163 Luxembourg, and registered with the Luxembourg Trade and Companies Register with number 8221680. The sole shareholder of Medical Technology International Acquisitions S.a.r.l. is Medical Technology and Devices S.p.A., a joint stock company with its registered office in Casnate con Bernate (CO) Via Filomena Saldarini Catelli 10 CAP 22070.

Medical Technology and Devices S.p.A. ('MTD')

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Identification code SDI: USAL8PV Tel: 0039 031 7297111 - Fax: 0039 031 7297100 - PEC medical.technology.devices@legalmail.it
Tax Code, VAT number and Como Business Register number 04062530136 - Registered in the R.E.A. of the C.C.I.A.A. of Como n. 417150
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VAT: PL7321880362, REGON: 472350579, District Court for Lodz-Srodmiestcie in Lodz, XX Commercial Department of the National Court Register,
KRS: 0000256309, share capital: 2,934,421.10 PLN (paid in full)
The address for correspondence: HTL-STREFA S.A. Lotnicza 21H, PL-99100 Leczyca, Poland, T +48 24 721 92 02

HTL-Strefa is an experienced actor in the field of medical supplies, developing, manufacturing and exporting safety lancets, personal lancets, and insulin injection needles, with the right tools and qualified staff to ensure that the Company reliably meets its obligations of a public law nature, including those under applicable legislation.

Apart from pursuing its business operations and generating profits, HTL-Strefa's aim has always been to act responsibly for the benefit of the society whose resources it uses and through which it achieves its day-to-day business objectives, in particular by taxing its activities in the correct amounts and within the time limits prescribed by applicable legislation. The objective of the Company in this respect is not just to simply submit correct tax returns on time, but to be transparent with the tax administration authorities regarding the actions taken by the Company which influence the amount of its tax liabilities.

Having regard to the type and scale of its business, in order to meet its tax obligations in a correct and timely manner, HTL-Strefa undertakes a number of measures aimed at reliable recording of economic events accompanying its business activity and their correct qualification under tax law, including, in particular, through the implementation of appropriate rules of conduct and the use, on an ongoing basis, of support from professional tax advisory firms on issues that raise doubts.

Bearing the above in mind, pursuant to Article 27c of the Act of 15 February 1992 on Corporate Income Tax (hereinafter 'CIT Act'), **the Company presents Information on the tax strategy pursued by it in the fiscal year extending from 1 January 2023 to 31 December 2023, taking into account the nature, type, and scale of HTL-Strefa's operations.**

I. Information on the processes and procedures in place to manage and ensure the proper implementation of obligations under applicable legislation

Due to the level of complexity and changeability of tax laws and the fact that it has always been the Company's intention to properly and timely meet its tax obligations, the Company has adopted rules, instructions, and procedures to manage its tax obligations focused on minimising tax risks. During 2023, the Company employed a distribution of tasks, duties and responsibilities to ensure correct and timely tax settlements.

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1. In the **procurement process**, the Company used:

The procedure '*Procurement, supplier assessment, supply assessment and warehouse management, complaints on materials and raw materials for production and finished products, shipment to the client*' - to optimise the Company's purchasing activities, taking into account purposeful and economical expenditure with equal and fair treatment of all suppliers and minimising the risk of working with a supplier who could expose the Company to losses.

2. In the **related party transaction documentation process**, the Company used:

2.1. The Rules for determining and documenting transfer prices, introduced by Order No. 2 of 2022-01-11, which regulates the manner of conduct enabling the determination of the arm's length level of transfer prices and their proper documentation as part of transactions concluded by HTL-STREFA S.A. with related parties from the perspective of Polish transfer pricing regulations, tax authorities' practice, OECD Guidelines, G20/OECD reports.

2.2. Methods used for the estimation of transfer prices, together with an indication of their most appropriate application to confirm the arm's length nature of the transaction in the tax documentation drawn up by the Company.

2.3. Principles for documenting related party transactions in accordance with Article 11k of the Act on Corporate Income Tax , including:

- documentation thresholds,
- the scope of transfer pricing tax documentation (local and group transfer pricing documentation),

2.4. Principles for the preparation of transfer pricing analyses and their application.

3. In the **process of documenting the intra-Community supply of goods (ICS)**, the Company relied on:

Tax Rules introduced by Order No. 3 of 2022-01-11 setting out the principles for the compilation of documents confirming the export of goods from the national territory to the territory of another Member State, which is one of the conditions for the application of the 0% rate for intra-Community supply of goods (ICS) and minimising the risk of challenging the right to the 0% rate for intra-Community supply of goods (ICS).

4. In the **process of providing information on tax schemes**, the Company applied:

A procedure for countering non-compliance with the obligation to provide information on tax schemes setting out in particular:

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- actions taken to counter the failure to comply with the obligation to provide information on tax schemes
- measures taken to comply properly with the obligation to provide information on tax schemes
- principles for the storage of documents and information
- principles for the performance of duties involving the provision of information on tax schemes to the Head of the National Fiscal Administration
- principles for the dissemination among the Company's employees of the knowledge of the regulations on tax scheme reporting
- principles for employee reporting of actual or potential violations of tax scheme reporting provisions
- principles of internal control or audit of compliance with the Rules.

5. In **the process of correct recognition of business operations**, the Company followed:

Accounting Policy introduced by Order No. 18 of 2016-05-04 setting out, inter alia, the principles for drawing up financial statements, the principles for recognising the measurement of assets and liabilities, and the principles for keeping the Company's books of account and for declaring economic events. The Policy in place aims to reflect the different business operations in accordance with their economic content and to present a clear and reliable asset and financial position in the accounts and the financial statements drawn up on their basis.

6. In **the process of drawing up and calculating tax settlements**, the Company applied:

6.1. Rules specifying the tasks influencing the correctness of the Company's accounts for tax liabilities and defining the persons responsible for carrying out these tasks, introduced by Order No. 12 of 2022-03-28.

6.2. Month/quarter/year closing schedules - designed to ensure timely closure of tax books and accounts.

6.3. Tax guidance or tax guidance updates based on a regular review of tax developments.

6.4. The due diligence procedure for 'Withholding Tax', which aims to correctly identify transactions subject to withholding tax and to determine the amount of the related tax liability. On the basis of this procedure, under due diligence regime, the Company verified the transactions, calculated the amount of the tax liability, and settled the withholding tax within the statutory deadlines set for this purpose.

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6.5. In areas involving tax matters where no separate written documents have been put in place, the Company ensures that internal rules of conduct are established and that adequate resources and processes are in place to comply with statutory requirements and to properly implement applicable legislation.

6.6. In addition, in order to exercise due diligence in VAT matters, the Company verified Counterparts against the VAT White List.

6.7. Furthermore, due to its operations in the Special Economic Zone and for the sake of due diligence in terms of income tax, the Company classified costs into those related to zone and non-zone activities and documented costs incurred in connection with so-called development work.

To ensure that the above-described processes, procedures and guidelines at HTL-Strefa are applied in practice, it is the responsibility of the Company's employees and associates - the persons involved in the different processes/addressees of the different procedures and guidelines - to be familiar with their contents, and a wilful breach of the obligations stipulated therein can potentially even be qualified as a serious breach of fundamental employment duties.

At the same time, the aforementioned processes, procedures, and guidelines are periodically reviewed and updated in order to minimise the risk of failing to comply with any obligations under applicable legislation on an ongoing basis.

II. Information on the voluntary forms of cooperation with the National Tax Administration authorities applied by the Company

1. The Company has not concluded, nor has it applied for, an agreement on co-operation as referred to in Article 20s § 1 of the Act of 29 August 1997 – Tax Ordinance.
2. The Company has not entered into, nor has it applied for, an advance pricing agreement as referred to in Article 83 of the Law of 16 October 2019 on the Settlement of Double Taxation Disputes and the Conclusion of Advance Pricing Agreement

III. Information on the taxpayer's fulfilment of tax obligations in the territory of the Republic of Poland, together with information on the quantity of tax scheme information notices provided to the Head of the National Fiscal Administration, as referred to in Article 86a § 1(10) of the Tax Ordinance, broken down by the tax types to which it relates

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1. The Company fulfilled its tax obligations by complying with tax law and, in particular, by complying with the deadlines for payment of taxes, and by paying the tax in an amount not lower than provided for in the applicable legislation, in terms of:
 - Personal Income Tax (PIT),
 - Corporate Income Tax (CIT),
 - Flat-rate corporate income tax (WHT),
 - Real estate tax,
 - Value added tax (VAT).
2. If doubts arise as to the interpretation of applicable legislation, the Company:
 - used external advisers,
 - made use of the instruments provided for by law, in particular it applied for individual tax law interpretations and consulted its actions via a tax hotline with the National Tax Information Service.
 - Until the doubts were resolved, the Company followed a precautionary approach.

As indicated in Section I hereof, a set of rules of conduct is in place at the Company aimed at correctly assessing the economic events accompanying the operations of the Company in terms of their possible fulfilment of the conditions for recognition as a tax scheme under Article 86a § 1(10) of the Tax Ordinance. Two pieces of information on tax schemes were submitted to the Head of the National Revenue Administration concerning corporate income tax and VAT settlements.

IV. Information on the applications submitted by the Company for a general tax interpretation, individual interpretation of applicable tax legislation, binding rate information, and binding excise information

For the tax year extending from 1 January 2023 to 31 December 2023, The Company has not made any applications for:

- general tax interpretation referred to in Article 14a § 1 of the Tax Ordinance,
- binding rate information referred to in Article 42a of the VAT Act, or
- binding excise information referred to in Article 7d(1) of the Excise Duty Act

V. Information on transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act, whose value exceeds 5% of the total entity's assets within the meaning of the accounting regulations, as determined on the basis of the Company's last approved financial statements, including parties that are not Polish tax residents, and on settlements in tax havens.

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In the reporting period, the Company entered into and carried out transactions with Polish and non-Polish tax residents being its related parties.

As is evident from the data shown in the financial statements, in the fiscal year extending from 1 January 2023 to 31 December 2023, HTL-Strefa carried out transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act, whose value exceeded 5% of its total assets within the meaning of the accounting regulations, as determined on the basis of the last approved financial statements, including entities that are not tax Residents of the Republic of Poland. These transactions concerned:

- loans granted to the Company by a related party (non-resident),
- a loan granted by the Company to a related party (non-resident),
- sales by the Company of products and materials to three related parties (non-residents),
- acquisition of products, materials, and services from a related party,
- sales of services to a related party.

VI. Information on restructuring activities planned or undertaken by the Company which may affect the tax liabilities of the Company or its related parties within the meaning of Article 11a(1)(4) of the CIT Act.

In 2023, the Company did not undertake any restructuring activities affecting the tax liabilities of the Company its related parties within the meaning of Article 11a(1)(4) of the CIT Act.

VII. Information on tax settlements of the taxpayer in territories or countries applying harmful tax competition as specified in implementing acts released 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 responsible for public finance issued pursuant to Article 86a § 10 of the Tax Ordinance

In the fiscal year extending from 1 January 2023 to 31 December 2023, HTL-Strefa made payments to counterparties originating from:

- Hong Kong – sales of products with a value equivalent to PLN 376,893.62
- Panama – sales of products with a value equivalent to PLN 25,255.76
- Bahrain – sales of products with a value equivalent to PLN 977,313.99.

Apart from the above, the Company did not make tax settlements in the territories or countries applying harmful tax competition as specified in the implementing acts released 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 responsible for public finance issued pursuant to Article 86a § 10 of the Tax Ordinance.

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