

Report on the tax strategy applied by the company in 2021

STALMAG Limited Liability Company

NIP 526-27-25-801

based on Article. 27c of the Act of February 15, 1992 on corporate income tax

STALMAG sp. z o. o. is an entity operating in the area of wholesale of metal ores and ferroalloys, registered in the National Court Register under the number 0000174994, having its registered office at ul. Piotra Niedurnego 70 in Ruda Śląska, with the share capital of PLN 50,000. This sale is carried out both in Poland and for foreign contractors from all over the world, so the activity is carried out on a large scale. The average employment in 2021 was 18 people.

However, there are no transactions with related entities whose value exceeds 5% of the balance sheet total of assets within the meaning of the Accounting Act. The company did not undertake restructuring activities that could affect the amount of tax liabilities. No settlements were made in territories or countries applying harmful tax competition. The Management Board of STALMAG is aware of the sources of tax risk, both external and internal to the organizational structures. External factors such as changing tax law in Poland, non-uniformity of tax interpretations or market changes generate vigilance of the Management Board in terms of business decisions. In order to constantly minimize the tax risk caused by external factors, the management body constantly cooperates with external entities, specializing in areas such as accounting, tax consultancy or administrative and economic law. In the event of interpretation doubts regarding the application of tax law provisions, the managing body is aware of the possibility of applying to the National Revenue Administration authorities for an individual interpretation of tax law provisions or for binding rate information. This gives the opportunity to refer a specific economic event to the provisions of tax laws. In 2021, no application was made for an individual interpretation of the tax law, a general interpretation of the tax law, binding rate information or binding excise information. In the event of interpretation doubts regarding the application of tax law provisions, the managing body is aware of the possibility of applying to the National Revenue Administration authorities for an individual interpretation of tax law provisions or for binding rate information. This gives the opportunity to refer a specific economic event to the provisions of tax laws. In 2021, no application was made for an individual interpretation of the tax law, a general interpretation of the tax law, binding rate information or binding excise information. In the event of interpretation doubts regarding the application of tax law provisions, the managing body is aware of the possibility of applying to the National Revenue Administration authorities for an individual interpretation of tax law provisions or for binding rate information. This gives the opportunity to refer a specific economic event to the provisions of tax laws. In 2021, no application was made for an individual interpretation

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Tax risk conditioned by internal factors, such as insufficient tax knowledge of the Company's employees, imprecise division of duties or lack of formalized tax procedures, is also minimized by a number of actions taken. The source of knowledge and the main support in the field of taxes is an external entity specialized in this field, which, on the basis of an agreement, keeps the Company's trading books and other tax records, calculates the tax base and the amount of tax due, submits declarations and information on behalf of the Company to the competent tax authorities and constantly provides advice in this regard. To make settlements, IT tools are used, including a professional financial and accounting system that allows for the automation of certain processes and

eliminating the risk of human error. A professional system allows the collected data to be complete and properly stored, taking into account data protection regulations. It also has security features that prevent access by unauthorized persons. The company has created an appropriate internal structure, thanks to which the division of duties of employees at all levels is clear, both in terms of business and social contacts, and in terms of timely payment of tax liabilities. Determining clear tasks, duties and responsibilities supports the efficient and correct circulation and control of documents.

Contacts with the authorities of the National Revenue Administration are efficient and respectful to both parties. A tax advisor who is the Company's representative plays an important role in these contacts. The governing body shall ensure that it provides all answers and explanations to the tax authorities as quickly and clearly as possible. He is also fully aware that the inspections or checks carried out serve the proper functioning of the company, and also support the transparency of decisions and activities in the economic area. Referring the awareness of the existing tax risk to the so-called and also support the transparency of decisions and activities in the economic area. Referring the awareness of the existing tax risk to the so-called and also support the transparency of decisions and activities in the economic area. Referring the awareness of the existing tax risk to the so-called risk appetite it should be stated that the management body of the Company strives for the most favorable tax solutions, which may require additional explanations before the authorities of the National Revenue Administration, however, these actions are taken on the basis of the tax law in force in the country. As already mentioned, doubts are dispelled by consulting specialists and existing tools in the form of requests for individual interpretations.

The governing body is involved at the highest level in the tax planning decision-making process, and decisions and actions are properly reported. Both the management body and the Company's professional attorneys are always ready to dialogue with the authorities of the

National Revenue Administration, to accept objections and to immediately clarify doubts. The managing body also takes due care to verify the reliability of its contractors through such systems as VIES or the list of taxpayers registered as VAT payers, which significantly reduces the possible risk of fiscal penal liability.

Before signing the contract, each entity - both the buyer and the recipient of STALMAG - is verified in available databases and business intelligence agencies; the actual beneficiaries are also identified.

The verification takes into account the tax aspects of the transaction as well as the obligations arising from the Act on Counteracting Money Laundering and Terrorist Financing.

The decision-making process when signing contracts is multi-stage. It takes into account the economic aspects supervised by the management body and employees; tax aspects of transactions supervised by a tax advisory office, or legal aspects falling within the competence of a law firm cooperating with the Company.

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The process of accepting external invoices includes the following stages: verification in terms of content - consisting in examining the compliance of the document with the

actual and concluded contract as well as verification in accounting and formal terms. Sales invoices follow a similar process. The company in Poland pays current advances for corporate income tax, as a remitter pays advances for personal income tax and - being an entity registered as an active VAT payer - pays the due tax on goods and services.

The tax strategy of STALMAG takes into account all significant risks and uncertainties that are significant for the financial condition of the company for a period of 12 months. All activities undertaken by the governing body are aimed at achieving specific business goals while maintaining the transparency of these activities and compliance at every stage with the applicable tax law.

