

Report on the tax strategy used by the company in 2023  
**STALMAG limited liability company**

NIP 526-27-25-801

pursuant to Article 27c of the Corporate Income Tax Act of 15 February 1992

STALMAG sp. z o. o. is an entity operating in the wholesale of metal ores and ferroalloys, registered in the National Court Register under number 0000174994, with its registered office at ul. Piotra Niedurnego 70 in Ruda Śląska, with share capital of PLN 50,000. It conducts this sale both in Poland and to foreign contractors from all over the world, therefore the activity is conducted on a large scale. The average employment in 2023 was 17 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 any restructuring activities that could affect the amount of tax liabilities. There were also no settlements in territories or countries applying harmful tax competition. The Management Board of STALMAG is aware of the sources of tax risk, both external and those resulting from within the organizational structures. External factors such as changing tax law in Poland, inconsistent tax interpretations or market changes generate vigilance of the Management Board in terms of business decisions made. In order to constantly minimize tax risk caused by external factors, the management body constantly cooperates with external entities specializing in such areas as accounting, tax consultancy or administrative and economic law. In the event of doubts regarding the interpretation of tax law provisions, the management body is aware of the possibility of applying to the National Revenue Administration authorities an application for an individual interpretation of tax law provisions or an application for binding rate information. This allows for the possibility of referring a specific economic event to the provisions of tax acts. In 2023, no application was filed for a general interpretation of tax law, binding rate information or binding excise information. However, an application was filed and an individual interpretation of tax law in the field of goods and services tax was obtained.

Tax risk conditioned by internal factors, e.g. insufficient knowledge of the Company's employees in the field of taxes, imprecise division of duties or lack of formalized tax procedures is also minimized by a number of actions taken. The source of knowledge and main support in the field of taxes is an external entity specialized in this field, which, based on an agreement, keeps the Company's accounting 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 appropriate tax authorities and constantly provides advice in this area. IT tools are used to make settlements, including a professional financial and accounting system that allows for the automation of some processes and

eliminating the risk of human error. A professional system allows for the collected data to be complete and properly stored, taking into account data protection regulations. It also has security measures 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 the obligations to settle tax liabilities on time. Defining clear tasks, duties and scope of responsibility supports the efficient and correct circulation and control of documents. Contacts with the National Revenue Administration bodies are carried out efficiently and with due respect for both parties. A tax advisor who is the Company's proxy plays an important role in these contacts. The management body ensures that all answers and explanations are provided to the tax authorities as quickly and clearly as possible. It is also fully aware that the conducted inspections or verification activities serve the proper functioning of the enterprise and also support the transparency of decisions and actions taken in the economic area. By relating the awareness of the existing tax risk to the so-called *risk appetite* it should be stated that the Company's management body strives for the most favorable tax solutions, which may require additional explanations before the National Revenue Administration bodies, but these actions are taken based on the tax law in force in the country. As already mentioned, doubts are dispelled through expert advice and existing tools in the form of applications for individual interpretations.

The management body is involved at the highest level in the decision-making process in the field of tax planning, and decisions and actions are reported accordingly. Both the management body and the professional representatives of the Company are always ready to dialogue with the National Revenue Administration bodies, accept reservations and immediately clarify doubts. The management body also takes due care to verify the reliability of its contractors through systems such as VIES or the list of taxpayers registered as VAT taxpayers, which significantly reduces the potential risk of fiscal criminal liability. Before signing a 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 and the obligations arising from the Act on Counteracting Money Laundering and Terrorism Financing. The decision-making process when signing contracts is multi-stage. It takes into account economic aspects, which are supervised by the management body and employees; tax aspects of transactions, which are supervised by the tax advisory office, or legal aspects, which are within the competence of the law firm cooperating with the Company. Many years of experience in the metal ore trading market facilitate the identification of entities in terms of their reliability and compliance with the law of the actions taken. The diagram below illustrates the described process.

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 state

actual and concluded contract and verification in terms of accounting and formal. Sales invoices are subject to a similar process. In Poland, the company pays current advances on corporate income tax, as a payer it pays advances on 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 actions taken by the management body are aimed at achieving specific business goals while maintaining the transparency of these actions and compliance at every stage with the applicable tax law.

