

***Information on the implemented tax
strategy
ETO MAGNETIC Sp. z o.o.
tax year 2022***

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I. Introduction

This information is provided by **ETO MAGNETIC Sp. z o. o.** (hereinafter: „**the Company**”) to fulfil its obligations under Article 27c of the Act of 15 February 1992 on the Corporate Income Tax.

This information relates to the Company in tax year starting 1st January 2022 and ending 31st December 2022.

II. General information

ETO MAGNETIC Sp. z o. o. entered into register of entrepreneurs of the National Court Register kept by the District Court for Wrocław-Fabryczna in Wrocław, VI Commercial Division of the National Court Register, carries out business activities at **ul. Eugeniusza Kwiatkowskiego 7, 52-407 Wrocław, under KRS number 0000071886, NIP: 8951729673, REGON: 932243451.**

The company is a member of the **ETO GRUPPE**, which is an international concern for the production of electrical components whose roots go back to the mid-20th century. The Group employs a total of approximately 2236 employees in Germany, Poland, the USA, China, India and Mexico. Group turnover in 2022 reached approximately € 452 million. The Group's companies are primarily engaged in supplying modern electronic components to the dynamically developing global markets. In addition to production, their activities also include research and development studies and after-sales service.

The Company's main business activity registered in the National Court Register according to the Polish Classification of Activities is 26.11.Z - Production of electronic components. In this field, the Company is primarily engaged in the production of electromagnetic components for three large industrial production areas: commercial vehicle technology, passenger vehicle technology and industrial technology.

The Company acts in a manner designed to bring about the proper fulfilment of its obligations under tax law. The Company's management treats the fulfilment of public law obligations and the necessity to pay dues on this account as an obligation of the Company, resulting from its activity on the territory of the Republic of Poland.

The Company contacts (in the form of official correspondence, by telephone or e-mail) with the National Tax Administration authorities, making every effort to establish a positive relationship based on mutual trust and communication, and fulfils its obligations under tax law.

The Company's Management Board and executives ensure effective and adequate control of the organization to meet the obligations imposed on the Company by the provisions of the tax law, in particular:

- they exercise due diligence to ensure that the Company's tax settlements are handled correctly;
- they emphasize verification of their counterparties and business partners;
- they demonstrate proactive approach in ensuring the reliability of the Company's tax settlements;
- they invest in expanding staff knowledge of tax law;

- they take decisions to mitigate tax risk among others through monitoring of law changes and implementing changes in the undertaken actions.

The Company's tax strategy is regularly reviewed and adapted to changes in legislation, in the practice of applying the law (particularly with regard to areas relevant to the tax law), as well as to changes in the environment and within the organization and to identified new risks arising from operating in the automotiv industry.

III. Information on the processes and procedures applied by the taxpayer concerning the management of the fulfilment of its obligations under the tax law and the voluntary forms of cooperation applied by the taxpayer with the National Tax Administration authorities

1. Information on the taxpayer's processes and procedures for managing and ensuring the proper performance of its obligations under tax law

a) Organization of the process of fulfilling obligations under the tax law

The Company takes all necessary measures for the proper determination and timely payment of public and legal dues. The organisation of the process of fulfilment obligations under the tax law has the following course in the Company:

- 1 The process of fulfilling the Company's obligations under the tax law is supervised by the Company's Management Board.
- 2 The Accounting Department is responsible for:
 - tax settlements regarding:
 - value added tax in the Company,
 - corporate income tax,
 - real estate tax in the Company,
 - the issues of payment of customs duties and monitoring of changes in customs regulations on import and export,
 - archiving of accounting documents and documents related to the implementation of tax obligations.
- 3 In tax-relevant topics, i.e., inter alia, amendments to the law, tax schemes, doubts regarding the settlement, the Accounting Department employees first consult internally with the Chief Accountant, who, in case of doubts, consults issues with external advisors to obtain tax advice/opinions.
- 4 Documents related to tax calculations and copies of submitted declarations, settlements, records, etc. are archived in an orderly manner.
- 5 The Accounting Department and the HR and Payroll Department are responsible for the performance of tax obligations relating to personal income tax at the Company.
- 6 The HR and Payroll Department is responsible for the fulfilment of obligations relating to social security contributions.

b) Procedures applied

The Company applies actions and processes (both in written and practical form) to ensure correct fulfilment of its obligations under tax law, in particular with respect to correct determination and timely payment of public-law liabilities.

The Company's practice enables it to exercise due diligence with respect to the correct determination and timely payment of public-law liabilities.

2. Information on the forms of voluntary cooperation with the National Tax Administration applied by the Taxpayer

In the tax year 2022, the Company undertook all necessary forms of cooperation with the tax authorities in order to properly and timely fulfil its obligations under the tax law - e.g. it responds by providing explanations to the authorities' enquiries.

In the tax year 2022, the Company did not enter into any transnational agreements with the Head of the National Tax Administration regarding income tax, including any advance pricing agreements (APAs).

IV. Information on the fulfilment of tax obligations by the taxpayer in the territory of the Republic of Poland, along with information on the number of tax arrangements disclosed to the Head of the National Tax Administration as per the type of tax to which they relate

1. Information on the taxpayer's compliance with tax obligations

The Company takes all the necessary steps to correctly and timely fulfil its obligations arising from the provisions of tax law in the territory of the Republic of Poland. In particular, it:

- identifies events that give rise to tax obligations or may give rise to additional tax risks;
- calculates and pays on time the income tax and value added tax due to the so-called micro-account, and the real estate tax to the account of the competent municipality;
- provides tax authorities with relevant returns, lists, statements, reports, and information as stipulated by provisions of the tax law;
- exercises due diligence, including but not limited to: (i) holds and collects appropriate documentation from counterparties with respect to withholding tax; (ii) verifies counterparties' data on the grounds of value added tax;
- prepare transfer pricing documentation in accordance with legal requirements;
- monitors concluded transactions from the perspective of the provisions of the Tax Ordinance on tax schemes and reports arrangements that constitute a tax scheme to the Head of the National Tax Administration.

In the tax year 2022 the Company fulfilled its tax obligations as a taxpayer of the following taxes:

- Corporate income tax;
- Real estate tax;
- Value-Added Tax (VAT).

In the tax year 2022 the Company fulfilled its tax obligations as a remitter of the following taxes:

- Personal income tax – payable on the Company's employees' remuneration and payments under civil law contracts,
- Lump-sum corporate income tax.

2. Information on the number of provided to the Head of the National Tax Administration information on tax schemes

In 2022, the Company, as a beneficiary, provided the Head of the National Tax Administration with one information on the standardised tax arrangements, in terms of withholding tax.

V. Information on related-party transactions and restructuring activities taken up by the taxpayer

1. Information on transactions with related parties as defined by Article 11a (1)(4) of the CIT Act, with the value exceeding 5% of the balance sheet total within the meaning of the Accounting Act, determined as per the last approved financial statement of the Company, including entities not being Polish tax residents

According to the Company's financial statement for 2022, the balance sheet total amounted to **PLN 258 405 575,92**.

Thus, 5% of the balance sheet total assets amounted to **PLN 12 920 278,80**.

In 2022, the Company entered into the following related-party transactions:

Revenues from mutual transactions in the fiscal year 2022

Entities		Sale of goods and services	Other income
ETO MAGNETIC GmbH	Non-resident	14 924 923,57	34 238,62
EKS Elektromagnetik GmbH	Non-resident	487 719,24	0,00
ETO SENSORIC GmbH	Non-resident	19 905 125,94	89 131,28
ETO MAGNETIC CORP.	Non-resident	15 524,41	0,00
ETO GRUPPE TECHNOLOGIES GmbH	Non-resident	225 587,01	0,00
ETO MAGNETIC TECHNOLOGIES Co.,Ltd.	Non-resident	437,86	0,00
Sum		35 559 318,03	123 369,90

Costs from mutual transactions in the fiscal year 2022

Entities		Purchase of materials and goods	Purchase of services	Other costs
ETO MAGNETIC GmbH	Non-resident	16 508 833,15	42 406 384,20	66 398,15
ETO GRUPPE TECHNOLOGIES GmbH	Non-resident	0,00	8 499 381,64	148 604,55
EKS Elektromagnetik GmbH	Non-resident	46 915,31	0,00	0,00
ETO SENSORIC GmbH	Non-resident	1 357 337,62	0,00	0,00
Sum		17 913 086,08	50 905 765,84	215 002,70

The above entities are entities related to the Company by the capital.

2. Information on the taxpayer’s planned or performed restructuring activities that may impact the amount of tax liabilities due from the taxpayer or the taxpayer’s related entities under Article 11a(1)(4) of the CIT Act

In the tax year 2022, the Company did not plan or undertake any restructuring activities that may impact the amount of tax liabilities of the Company or related parties, in particular it did not plan / undertake:

- merger with other companies;
- transformation into another company;
- contribution to another company in the form of its enterprise or an organized part thereof (including as part of a division of the company);
- share exchange acquisition / disposal of shares;
- transfer of functions.

VI. Information on the applications submitted

1. Applications for issuing a general tax ruling, pursuant to Article 14a(1) of the Polish Tax Code

In the tax year 2022, the Company did not apply for issuing any general tax rulings.

2. Applications for issuing a tax binding ruling providing interpretation of tax regulations, pursuant to Article 14b of the Polish Tax Code

In the 2022 tax year, the Company filed a request for an individual interpretation, which concerned:

- the determination of whether payments for insurance services (insurance policies) and for insurance intermediary services (broker's commission) are excluded from withholding tax in Poland as not listed in Article 21(1)(2a) of the CIT Act.

3. Applications for issuing Binding Rate Information, pursuant to Article 42a of the Polish VAT Act.

In the tax year 2022, the Company did not apply for issuing any binding rate information.

4. Applications for issuing Binding Excise Information, pursuant to Article 7d(1) of the Polish Excise Duty Act

In the tax year 2022, the Company did not apply for issuing any binding excise information.

VII. Information on the taxpayer's tax settlements in countries applying harmful tax competition

In the tax year 2022 the Company did not make tax settlements in territories or countries with harmful tax competition.

VIII. Conclusion

The principles applied at ETO MAGNETIC Sp. z o.o. and the activities carried out in the 2022 tax year, as presented in this Information, are part of the Company's business activities. The Company is exercising due diligence in complying with its obligations under tax law.