

PROSEAT SP. Z O.O.  
UL. SZKLANA 164 PL  
43-300 BIELSKO-BIAŁA

## **Tax Strategy for 2023**

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## Nature, type and size of business activity

PROSEAT SP. Z O.O. (hereinafter referred to as the "Company", "Proseat") is headquartered in Poland, in the Silesian Voivodeship, Bielsko - Biała district, Bielsko - Biała, 43-300 Bielsko - Biała, at Szklana Street 164.

Company identification numbers:

KRS: 0000117552

REGON: 070427652

NIP: 5470245204

Share capital PLN 5,535,000.00

Total revenues achieved in the tax year starting on 01.01.2023 and ending on 31.12.2023 amounted to 250,759,119.50, which in conversion is EUR 55,973,017.75 (EUR exchange rate from 29.12.2023 amounting to PLN 4.3480). As a result, the Company exceeded the threshold of revenues of EUR 50 million in the 2023 tax year and is required to prepare and publish information on the implemented tax strategy, referred to in Article 27c of the Corporate Income Tax Act of 15 February 1992 (Journal of Laws of 2025, item 278 hereinafter referred to as the "Corporate Income Tax Act").

PROSEAT is a taxpayer operating on the Polish market since 1994. It is part of the international PROSEAT group, a leading European manufacturer and supplier of polyurethane foam technology and seats and interior design elements. The main business activity of Proseat is:

- MANUFACTURE OF OTHER PARTS AND ACCESSORIES FOR MOTOR VEHICLES, EXCLUDING MOTORCYCLES
- MANUFACTURE OF OTHER PLASTIC PRODUCTS
- MANUFACTURE OF COLD FORMED PRODUCTS
- METAL PROCESSING AND COATING OF METALS
- MECHANICAL PROCESSING OF METAL ELEMENTS
- MANUFACTURE OF OTHER PRODUCTS NEC
- WHOLESALE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES, EXCLUDING MOTORCYCLES
- OTHER ADVICE IN THE FIELD OF BUSINESS ACTIVITY AND MANAGEMENT

## Company processes and procedures

The basic principle included in the Company's operations is compliance with legal regulations in the scope of fulfilling tax obligations and perceiving paying taxes as a social obligation, also in 2023 the Company's goal was to maintain full compliance of its activities with Polish tax law regulations, explanations and guidelines Publisher by the National Revenue Administration and international standards and guidelines. The organization and operations of the Company were focused on compliance with high standards of corporate governance and universal principles of ethics.

The Head of the Finance Department is responsible for general supervision in the financial and tax area, management and control. In turn, the Chief Accountant - in accordance with the scope of responsibilities is responsible, among others, for calculating and settling tax liabilities. The designated person from the finance department is responsible for preparing bank transfers based on source documents, CFO or Chief Accountant orders - always with due diligence in verifying the beneficiaries' bank accounts. If necessary, the Company also engages external advisors. Based on the concluded agreement, the Company uses the support of an affiliated entity in the management of the tax area:

PROSEAT GMBH + CO.KG. This entity, employing, among others,

a team of finance specialists, supports the Company and the Financial Manager, among others, in the scope of:

- preparation of local transfer pricing documentation,
- preparation of contracts and verification of prepared contracts and financial data.

In 2023, PROSEAT conducted activities involving tax risks that can be described as common among entities conducting business activities. The main risks that occurred on the Company's side included:

- transfer pricing risk due to material (including immaterial) transactions with related entities,
- value added tax risk related to irregularities in settlement or questioning the right to deduct input tax,
- risk of errors in JPK VAT (including VAT-UE)
- risk of questioning the correctness of the income tax calculation (current, deferred, minimum),
- risk of violating the deadlines for submitting tax declarations and information.

The tax risk assessment and control system is an important pillar for the Company's activity. In this respect, the Financial Manager cooperated with the Chief Accountant and other financial and accounting employees. In order to effectively manage tax risk and minimize it, PROSEAT undertook the following actions:

- conducting internal and external audits by highly ranked audit firms,
- control of decisions made from the perspective of their compliance with tax regulations,
- ongoing control of source documents upon their registration,
- responsible recruitment policy aimed at acquiring experienced and highly qualified employees,
- encouraging self-education, access to tax knowledge portals, using the services of external consulting firms, conscious management of the process of acquiring and consolidating knowledge by employees, including through ongoing training and webinars on tax changes, increasing competences and the possibility of self-education during working hours using available online magazines and knowledge portals

In recent years, including 2023, due to the number and frequency of legal changes, the issue of how entities conducting business activity manager regulatory risk was also important. In order to control the regulatory risk in the field of tax law, PROSEAT undertook the following activities:

- ensuring constant and efficient contact with legal and tax offices that inform about legal changes and offer advisory services,
- employing attorneys, legal advisers, tax advisers based on service agreements,
- training employees in legal and tax changes.

At the same time, the Company did not conduct lobbying activities.

In 2023, verification activities were carried out in the Company in the field of VAT. In addition, tax proceedings were continued regarding the correctness of the settlement of CIT tax for 2015. By judgment of September 6, 2023, the Voivodship Administrative Court in Gliwice repealed the appealed decision and referred the case for reconsideration to the tax authority. The tax authority re-examining the case by decision of 22 February 2024 repealed the decision of the first instance authority in its entirety and determined the amount of income in corporate income tax. In the justification of the decision, the authority upheld the position expressed by the Head of the Silesian Customs and Tax Office in Katowice of 30 September 2022. On 25 March 2024, the Company filed a complaint against the decision to the Provincial Administrative Court in Gliwice. The Company's position in this matter has not changed.

## Fulfillment of tax obligations

PROSEAT is subject to an audit of the annual financial statements for the 2023 tax year by an independent auditor. The audit ended with the auditor issuing a positive opinion.

PROSEAT had an accounting policy, i.e. a document regulating the internal accounting rules referred to in art. 10 sec. 1 and 2 of the Act of 29 September 1994 on Accounting (Journal of Laws 2023, item 120, hereinafter referred to as: "Accounting Act"). The document was adopted in the form of a Management Resolution (Management Resolution of 1 January 2024), with effect from 01.01.2023.

The Company kept accounting records in accordance with the Accounting Act. The Company's tax year was consistent with the calendar year. PROSEAT prepared the financial statement for 2023 in accordance with Annex No. 1 to the Accounting Act, and the Company's profit and loss account was prepared in the comparative version. In addition to the accounting policy, PROSEAT has/implements the following processes and procedures aimed at the proper performance of obligations under tax law (example procedures):

- document circulation procedure, document control, accounting evidence,
- VAT procedure – due diligence, verification of contractors, white list,
- WHT procedure (withholding tax) – due diligence procedure, tax settlements in territories or countries applying harmful tax competition,
- MDR procedure – performance of obligations in the scope of tax schemes.

All tax settlements were based on the provisions of the Personal Income Tax Act, the Act of 11 March 2004 on the Goods and Services Tax (Journal of Laws 2024, item 361; hereinafter referred to as the "tax act") and other tax acts, while exercising due diligence.

### **Corporate Income Tax (CIT)**

Basic information about PROSEAT regarding corporate income tax, valid for 2023:

- The Company did not operate in a Special Economic Zone or in the Polish Investment Zone and
- did not report income exempt from taxation,
- The Company settled exchange rate differences using the accounting method,
- The Company settled monthly income tax advances on general principles.

In 2023, the Company did not reduce the value of taxable income by the amount of the loss incurred in previous years.

As a withholding tax payer, the Company ensures timeliness and correctness of payments, also has a due diligence procedure under the withholding tax.

The Company does not benefit from any CIT tax relief.

### **Value Added Tax (VAT)**

The Chief Accountant prepares a VAT tax settlement calculation for a given month, JPK\_VAT and ensures timely payment of VAT. If there is a tax to be paid, the transfer is made by the Chief Accountant or a designated person from the finance department.

In the scope of goods and services tax, it should be noted that in 2023 PROSEAT:

- did not run a cash register, which is why the turnover of goods was documented on the basis of VAT invoices,
- did not identify problems resulting from discrepancies in the applied rates - the Company applied a rate of 23%, 8%, 0% to the goods/services sold,
- traded in sensitive goods, to which the mandatory split payment mechanism is applied,
- The Company made payments in the form of the so-called "split payment" both in the event of an obligation and voluntarily.

In 2023, the Company monitored the validity of the Company's data in the list of VAT payers, referred to in art. 96b of the VAT Act (the so-called "white list"). At the same time, the Company had a due diligence procedure in VAT.

### **Property tax**

The company is not a property tax payer.

### **Personal income tax (PIT)**

The HR manager was responsible for the correct calculation of advances and timely payment of advances paid by the payer. Payments of personal income tax liabilities were made by a designated person from the finance department.

## Voluntary forms of cooperation with the National Revenue Administration bodies and taxpayer applications.

In 2023, the Company implemented a tax strategy based on internal management of tax risk and ensuring compliance with regulations and the correctness of performing tax law obligations. PROSEAT took appropriate internal action that were sufficient to achieve the indicated goals. Therefore, the Company did not undertake official forms of cooperation with the National Revenue Administration.

Cooperation with employees of tax authorities was based on e-mail correspondence and telephone contacts, which were carried out by authorized accounting employees of the Company in order to jointly clarify current problems. In connection with the above, in 2023, the Company did not conclude or apply for a cooperation agreement in the scope of taxes remaining within the jurisdiction of the National Revenue Administration based on Section IIB of the provisions of the Act of 29 August 1997, the Tax Ordinance (Journal of Laws 2025, item 111; hereinafter referred to as the "Tax Ordinance"). Consequently, there are no tax agreements that would concern the following issues:

- 1) interpretation of tax law provisions,
- 2) setting transfer prices,
- 3) lack of justification for applying Article 119a § 1 of the Tax Ordinance,
- 4) the amount of the tax liability forecasted for the next tax year in the corporate income tax,
- 5) another issue necessary to ensure the proper implementation of the cooperation agreement. At the same time, in 2023, it did not conclude or apply for an advance pricing agreement (APA), referred to in art. 83 of the Act of 16 October 2019 on resolving double taxation disputes and concluding advance pricing agreements (Journal of Laws 2023, item 948).

With regard to other forms of activity of the National Revenue Administration, which are implemented at the taxpayer's request and referred to in art. 27c sec. 2 item 4 of the "PIT Act", it should be noted that in 2023:

- The Company did not submit an application for a general tax interpretation, referred to in art. 14a §1 of the Tax Ordinance; during this period, no general interpretation was issued, which would be the result of the Company's application submitted before 2023,
- The Company did not file an application for an individual interpretation of tax law provisions referred to in art. 14b of the Tax Ordinance Act; during this period, no similar act was issued, which would be the result of the Company's application submitted before 2023,
- The Company did not file an application for the issuance of binding rate information referred to in art. 42a of the Tax Ordinance Act; during this period, no similar act was issued, which would be the result of the Company's application submitted before 2023,
- The Company did not file an application for the issuance of binding excise information referred to in art. 7d sec. 1 of the Act of 6 December 2008 on Excise Duty (Journal of Laws 2025, item 126); During this period, no similar act was issued as a result of the Company's application submitted before 2023.
- The Company did not report tax schemes referred to in Chapter 11a

of the Tax Ordinance.

## Transfer pricing

In the 2023 tax year, there were no transactions with related entities or other related persons on terms other than market terms.

## Settlements with tax havens

In 2023, the Company did not make tax settlements in territories or countries applying harmful tax competition indicated in the implementing acts issued pursuant to Article 11j paragraph 2 of the "Personal Income Tax Act" and in the announcement of the minister responsible for public finances issued pursuant to Article 86 a § 10 of the Tax Ordinance.

## Restructuring

In 2023, the Company did not directly conduct restructuring activities. The Company did not plan or undertake restructuring activities that could affect the amount of the Company's or related entities' tax liabilities within the meaning of Article 11a paragraph 1 item 4 of the "Personal Income Tax Act".

## Information on transactions with related entities

The Company carried out transactions with related entities within the meaning of Article 11a, paragraph 1, item 4 of the "Personal Income Tax Act" (including transactions with non-residents). The Company was required to prepare local transfer pricing documentation in the scope of transactions with related entities within the meaning of Article 11a, paragraph 1, item 4 of the "Personal Income Tax Act".

In 2023, the Company was involved in transactions with related entities, the value of which exceeded 5% of the total balance sheet total of assets included in the last approved financial statements. In 2023, two such transactions took place: 1/ Proseat GmbH & Co. KG, purchase of support services for the amount of PLN 10,864,407; 2/ Proseat Europe GmbH, cashpooling agreement for the amount of PLN 17,309,214.