Information on tax strategy

Information on the implemented tax strategy
for
THE PELION TAX CAPITAL GROUP
(PODATKOWA GRUPA KAPITAŁOWA PELION)
for the year
1.02.2022 – 31.12.2022

Date of preparation of the information
December 2023

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Introduction

The purpose of this information is to enable the PGK PELION tax capital group (hereinafter also: “PGK PELION”, “PGK” or the “Group”) to fulfil the obligations arising from Article 27c(1) and (3) of the Act of 15 February 1992 on Corporate Income Tax (hereinafter: the “CIT Act”) (hereinafter also: the “PGK Information”) with respect to preparing and making public information on the tax strategy implemented in the tax year. The PGK Information concerns the tax strategy implemented by PGK PELION and by each of the companies forming part of it in the tax year 01.02.2022 – 31.12.2022. PGK PELION was established by way of an agreement on the formation of a tax capital group under the name Podatkowa Grupa Kapitałowa PELION, concluded on 29 November 2021 (notarial deed, Repertory A No. 9984/2021) for a period of three tax years, i.e. from 1 February 2022 to 31 December 2024. PGK PELION was registered by decision of the Head of the First Masovian Tax Office in Warsaw (No. 1471-SAS-1.4100.20.2021.HWKK) of 30 December 2021.

In the tax year 01.02.2022 – 31.12.2022, PGK PELION comprised the following companies:

- Pelion S.A. with its registered office in Łódź, ul. Zbąszyńska 3, NIP 7261009357,
- Polska Grupa Farmaceutyczna S.A. with its registered office in Łódź, ul. Zbąszyńska 3, NIP 5272643921,
- Bez Recepty Sp. z o.o. with its registered office in Łódź, ul. Kinga C. Gillette 11, NIP 5990110597,
- Urtica Sp. z o.o. with its registered office in Wrocław, ul. Krzemieniecka 120, NIP 8942556799,
- Daruma Sp. z o.o. with its registered office in Łódź, ul. Zbąszyńska 3, NIP 9471914419,
- ePruf S.A. with its registered office in Łódź, ul. Zbąszyńska 3, NIP 9471958279,
- Pharma Partner Sp. z o.o. with its registered office in Łódź, ul. Pojezierska 90A, NIP 9471975869,
- Consensus Sp. z o.o. with its registered office in Łódź, ul. Pojezierska 90A, NIP 9471869340,
- Pharmauto Sp. z o.o. with its registered office in Łódź, ul. Zbąszyńska 3, NIP 9471980793,
- Intelligent Logistic Solutions Sp. z o.o. with its registered office in Łódź, ul. Zbąszyńska 3, NIP 9471981723.

This PGK Information has been prepared by the parent company (PELION S.A.) on the basis of data obtained from the entities forming part of the Group in 2022. The part concerning PGK PELION contains the data on corporate income tax required by the provisions of the CIT Act. The remaining parts of the document present information for each company forming PGK Pelion for the period from 1 February to 31 December 2022.

Abbreviations

Excise duty – a tax imposed on goods in order to limit their consumption or on account of high profit accumulation, governed by the Act of 6 December on Excise Duty (Journal of Laws of 2023, item 1542, as amended).

BSS – Business Support Solution S.A., which provides financial and accounting services, and BSS TAX Wiśniewski SKA, which provides tax advisory services, related to and cooperating with Business Support Solution S.A.

CIT – corporate income tax, governed by the Act of 15 February 1992 on Corporate Income Tax (Journal of Laws of 2022, item 2587, as amended)

Customs duty – a charge imposed by the state on goods in connection with their export and import across the customs borders of the state, as well as their transit through its customs territory, governed in particular by Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ EU L 269 of 10.10.2013, p. 1, as amended) – UCC, and by the Act of 19 March 2004 – Customs Law (consolidated text: Journal of Laws of 2023, item 1590, as amended).

Pelion Group – the entities forming part of the Pelion S.A. Capital Group, the list of which constitutes an appendix to the Accounting Principles (Policy) of Pelion SA. The appendix is updated on an ongoing basis by BSS whenever the structure of the Pelion Group changes.

General tax ruling – an instrument used to resolve doubts concerning the interpretation of tax law provisions; issued by the minister competent for public finance in order to ensure the uniform application of tax law by the tax authorities, in particular by interpreting it, ex officio or upon request, taking into account the case law of the courts, the Constitutional Tribunal or the Court of Justice of the European Union.

Individual tax ruling – an instrument used to resolve doubts concerning the interpretation of tax law provisions; issued by the Director of the National Tax Information upon the request of an interested party in its individual case; the request may concern an existing factual state or future events; the subject of a request for an individual tax ruling may not be tax law provisions governing the competence, powers and duties of the tax authorities.

Head of KAS – the Head of the National Revenue Administration, being an authority of the National Revenue Administration listed in Section II of the Act of 16 November 2016 on the National Revenue Administration (Journal of Laws of 2023, item 615, as amended).

Tax non-resident – a taxpayer that does not have its registered office or management board in the territory of the Republic of Poland and is subject to tax only on income earned in the territory of the Republic of Poland.

Tax obligation – an unspecified duty, arising from tax acts, to make a compulsory monetary payment in connection with the occurrence of an event defined in those acts.

PELION – the company representing the Pelion Tax Capital Group with respect to the obligations arising from the Act of 15 February 1992 on Corporate Income Tax (Journal of Laws of 2022, item 2587, as amended) and from the provisions of the Act of 29 August 1997 – Tax Ordinance (Journal of Laws of 2023, item 2383, as amended)

PCC – tax on civil law transactions, governed by the Act of 9 September 2000 on Tax on Civil Law Transactions (Journal of Laws of 2023, item 170, as amended).

PIT – personal income tax, governed by the Act of 26 July 1991 on Personal Income Tax (Journal of Laws of 2022, item 2647, as amended).

Remitter – a natural person, legal person or organisational unit without legal personality that is obliged under tax law provisions to calculate and collect tax from the taxpayer and remit it to the tax authority within the applicable deadline.

Real estate tax – a tax governed by the Act of 12 January 1991 on Local Taxes and Charges (Journal of Laws of 2023, item 70, as amended).

Tax capital group – an institution of tax law established on the basis of the Corporate Income Tax Act – Article 1a of the CIT Act.

PGK PELION – the Pelion Tax Capital Group (Podatkowa Grupa Kapitałowa Pelion).

Taxpayer – a natural person, legal person or organisational unit without legal personality that is subject to a tax obligation under tax acts, as well as any other entity designated as a taxpayer by a tax act.

Unrelated party – an independent entity other than a related party within the meaning of Chapter 1a of the CIT Act and Chapter 4b of the PIT Act.

Related party – an entity within the meaning of Chapter 1a of the CIT Act and Chapter 4b of the PIT Act which exercises significant influence over at least one other entity, or an entity over which significant influence is exercised by the same other entity or by a spouse, relative or in-law up to the second degree of a natural person exercising significant influence over at least one entity, or a company without legal personality and its partners, or a taxpayer and its foreign permanent establishment and, in the case of a tax capital group, a company forming part of it and its foreign permanent establishment.

Financial and Tax Security Policy of the Pelion Companies – the central document in the Pelion Group whose purpose is to ensure the financial and tax security of the Pelion Group Companies and the compliance of their operations with accounting and tax regulations.

Procedures of the Financial and Tax Security Policy of the Pelion Companies – detailed procedures constituting appendices to the Financial and Tax Security Procedure of the Pelion Companies, governing areas related to budget and tax reporting, including the process of exercising due diligence in the verification of counterparties, the preparation of transfer pricing documentation and the prevention of non-compliance with the obligation to report information on tax schemes.

Settlement Procedure – the Settlement Procedure of the Tax Capital Group, whose purpose is to define the rights and obligations relating to the fulfilment by the Companies and the Tax Capital Group of the obligations arising from the provisions of the Act of 15 February 1992 on Corporate Income Tax (Journal of Laws of 2021, item 1800, as amended) and other acts, adopted under the agreement of 3 April 2022.

Tax haven – a country or territory applying harmful tax competition, as specified in the Regulation of the Minister of Finance of 28 March 2019 on the determination of countries and territories applying harmful tax competition with respect to personal income tax (Journal of Laws, item 599) and in the Regulation of the Minister of Finance of 28 March 2019 on the determination of countries and territories applying harmful tax competition with respect to corporate income tax (Journal of Laws, item 600).

Restructuring – a type of controlled transaction defined in § 2 of the Regulation of the Minister of Finance of 21 December 2018 on transfer pricing with respect to corporate income tax (Journal of Laws of 2023, item 1129, as amended), consisting in the reorganisation of the operations of related parties, involving a significant change in commercial or financial relations, including the termination of existing agreements or a change in their material terms, and involving the transfer of functions, assets or risk categories between related parties, if, as a result of that transfer, the taxpayer's projected average annual earnings before interest and taxes (EBIT) over the three-year period

following the transfer would change by at least 20% of the projected average annual EBIT over the same period had the transfer not taken place.

Tax resident – a taxpayer that has its registered office or management board in the territory of the Republic of Poland and is subject to tax on its entire income, regardless of where it is earned.

Tax scheme – an arrangement that meets the main benefit test and has a generic hallmark, has a specific hallmark or has another specific hallmark.

Standardised tax scheme – a tax scheme that may be implemented or made available to more than one user without the need to change its material assumptions, in particular those concerning the type of actions taken or planned under the tax scheme.

Cross-border tax scheme – an arrangement that meets the cross-border criterion and meets the main benefit test and has any of the generic hallmarks referred to in point 7(a)–(h) of the Tax Ordinance Act, or has a specific hallmark.

Company – an entity belonging to the Pelion Group that is obliged to prepare information on the implemented tax strategy or, as applicable, an entity that is a party to the agreement on the formation of the PGK

Territory of the Republic of Poland (RP) – the area of land territory bounded by the state borders, internal sea waters and the territorial sea, as well as the airspace and the subsoil above (below) the land territory, internal sea waters and the territorial sea.

Binding Excise Information (WIA) – a decision issued for the purposes of taxing an excise product or a passenger car with excise duty, organising trade in excise products or marking such products with excise stamps. It determines the classification of the excise product or passenger car in a layout corresponding to the Combined Nomenclature (CN), or the type of excise product by describing the product in sufficient detail to determine its taxation with excise duty, the organisation of trade in excise products or the marking of such products with excise stamps. The WIA is binding on the tax authorities and the entity for which it was issued with respect to excise products or passenger cars in relation to which activities subject to excise duty were performed after the date on which it became final. The WIA is valid for a period of 5 years from the date of issue.

Binding Rate Information (WIS) – a decision issued for the purposes of VAT taxation of the supply of goods, import of goods, intra-Community acquisition of goods or supply of services.

CIT Act – the Act of 15 February 1992 on Corporate Income Tax (Journal of Laws of 2022, item 2587, as amended).

PIT Act – the Act of 26 July 1991 on Personal Income Tax (Journal of Laws of 2022, item 2647, as amended).

Excise Duty Act – the Act of 6 December on Excise Duty (Journal of Laws of 2023, item 1542, as amended).

VAT Act – the Act of 11 March 2004 on Value Added Tax (Journal of Laws of 2023, item 1570, as amended).

VAT – the tax governed by the Act of 11 March 2004 on Value Added Tax (Journal of Laws of 2023, item 1570, as amended).

Tax liability – the taxpayer's obligation, arising from a tax obligation, to pay tax to the State Treasury, a voivodeship, a county or a municipality in the amount, within the deadline and at the place specified in tax law provisions.

Introduction to the information on the implemented tax strategy

The Pelion Group operates on the pharmaceutical products sales market and brings together more than 300 independent business entities operating in three key business lines, i.e. wholesale, retail, and hospital supply and logistics services.

The diagram below presents the three main business lines operating within the Pelion Group



In addition, at the Pelion Group level there are support companies responsible for supporting the processes related to the conduct of day-to-day operations, as illustrated in the diagram below:



The PELION Group Companies (including those participating in PGK Pelion) have a "Tax Strategy" adopted by resolution of the Management Board of Pelion, which sets out, among other things, the tax mission and the long-term tax objectives of the PELION Group.

Tax mission

The objective of the PELION Companies is to steadily and consistently build a strong position for PELION in the healthcare sector through the dynamic development of individual business lines, responding to the expectations of patients, customers and business partners, setting trends in the industry and implementing innovative solutions.

Taxes paid by the PELION Companies constitute a justified and, at the same time, measurable contribution to the functioning of society. The Companies regard the fulfilment of tax obligations, including the proper and timely payment of tax liabilities, as an element of corporate social responsibility and a social mission constituting a contribution to sustainable socio-economic development. Mature and transparent tax management is an element of ESG (Environmental, Social and Governance) corporate governance.

Long-term tax objectives

The long-term tax objectives of the PELION Group include:

1) fulfilment of tax obligations in accordance with applicable regulations;

2) mitigation of tax risk (supervision and control over the fulfilment of tax obligations);
3) dialogue with the tax authorities (cooperation based on fair and transparent principles);
4) application of the arm's length principle in transactions with related parties;
5) application of structures designed for aggressive tax planning or tax avoidance.

Principles and manner of achieving the long-term tax objectives in 2022

Re 1) Fulfilment of tax obligations in accordance with applicable regulations

In fulfilling this obligation, the Pelion Group Companies:

a) submitted tax returns, declarations and information to the tax authorities on time, fulfil their obligations with respect to the reporting of tax schemes (MDR – Mandatory Disclosure Rules) and comply with TP (Transfer Pricing) obligations,
b) fulfilled their tax obligations taking into account generally applicable tax law, including European Union law and ratified international agreements,
c) applied tax regulations taking into account current interpretations of the tax authorities, court rulings and explanations, instructions and other guidelines of the tax authorities,
d) monitored changes in tax regulations and their interpretations and took measures to adapt the organisation in a timely manner to the requirements arising from changing regulations or their interpretation, including through:

- ongoing updating of internal procedures;
- the use of instruments permitted under generally applicable law (including applications for individual tax rulings and binding rate information) in order to ensure that actions taken or planned comply with tax law.

Re 2) Mitigation of tax risk (supervision and control over the fulfilment of tax obligations)

The priority of the PELION Group is to minimise tax risk, understood as:

- the risk of tax arrears arising in respect of any taxes for which the Company is a taxpayer or a remitter;
- the risk of failing to fulfil obligations or fulfilling them late – in particular the risk of failing to file, or filing late, declarations, documentation, information and statements;
- the risk of persons managing the business affairs of the Company, including its financial affairs, being held liable under fiscal penal law.

Tax risk is managed within an adequate and effective tax governance framework, which in the PELION Group consists of a set of regulations (procedures, instructions, rules and guidelines) defining, among other things, the roles and responsibilities of the individual units and persons responsible for the proper fulfilment of tax obligations. At the PELION Group level, a central document is in force, namely the Financial and Tax Security Policy, whose purpose is to ensure the financial and tax security of the PELION Group Companies and the compliance of their operations with tax regulations.

An integral part of the Financial and Tax Security Policy are the detailed procedures set out in Appendix No. 1 to the Financial and Tax Security Policy, which the PELION Companies are obliged to apply.

In order to mitigate tax risk and ensure tax compliance, the PELION Companies:

- implemented and applied internal procedures ensuring the proper fulfilment of tax obligations, including the procedure for the verification of counterparties and transactions in order to exercise due diligence in mitigating tax risks related to purchases of goods for value added tax purposes in the PELION Companies,
- took all possible measures to promote tax awareness among employees (periodic information on changes in tax law, training, guidelines for employees);

- used the assistance of external tax advisors and voluntary forms of cooperation with the tax authorities (applications for individual tax rulings, APA);
- applied modern technological solutions in tax processes and in the management of tax data (automation of tax processes, development of IT tools that support correct tax settlements).

Re 3 Dialogue with the tax authorities (cooperation based on fair and transparent principles).

In their relations with the authorities of the National Revenue Administration, the PELION Companies ensured transparency and the exercise of due diligence in the performance of their obligations, in particular by providing reliable, complete and timely explanations in keeping with the highest standards. The PELION Companies conducted their contacts with the tax authorities, including the authorities of the National Revenue Administration, in a transparent manner, based on the principle of mutual trust.

The PELION Companies made particular efforts to maintain transparency in tax reporting and openness in their contacts with the tax authorities, including through the use of voluntary forms of cooperation (applications for individual tax rulings, binding rate information, advance pricing arrangements, protective tax opinions, opinions on the application of the WHT exemption, the National Tax Information (KIS) helpline, contact with a dedicated account officer at the Key Taxpayers Service Centre).

Re 4. Application of the arm's length principle in transactions with related parties

In transactions with related parties, the PELION Group Companies applied the arm's length principle, i.e. they set prices on terms that would have been agreed between unrelated parties. The PELION Companies are responsible for the ongoing verification of the arm's length nature of the intra-group transactions they conclude. Transactions with related parties were analysed for compliance with the arm's length principle at the time they were concluded and, in the case of multi-year transactions, also in annual cycles.

Re 5 Avoidance of structures designed for aggressive tax planning or tax avoidance

In fulfilling this obligation, the PELION Group Companies:

- did not engage in tax planning based on regulations that would allow an artificial or sham reduction of the effective tax burden,
- preceded any decision to undertake a given activity with an analysis of the risk of the general anti-avoidance rule (GAAR) and the specific anti-avoidance rules (SAAR) being applied,
- did not take actions that would not be justified by genuine strategic and business needs and would be aimed solely at obtaining tax benefits,
- fulfilled the obligation to exercise due diligence in mitigating tax risks related to the deduction of input value added tax (VAT) on purchases of goods, consisting in particular in the application of the principles set out in the “Procedure for the verification of counterparties and transactions in order to exercise due diligence in mitigating tax risks related to purchases of goods for value added tax purposes in the PELION Companies”,
- avoided entering into business relationships and carrying out transactions with entities from so-called tax havens.

The primary objective in the context of the implemented tax strategy was to maintain the current (i.e. in practice minimal) level of risk appetite. In view of the above, the Group does not plan to make any material changes to the implemented tax strategy in the coming years, in particular with respect to the adopted tax mission.

Information on the implemented tax strategy

1.1. Processes and procedures and voluntary forms of cooperation with KAS arising from tax law provisions

The information on the implemented tax strategy includes information on the following applied by the taxpayer:

a) processes and procedures for managing the performance of obligations arising from tax law provisions and ensuring their proper performance
b) voluntary forms of cooperation with the authorities of the National Revenue Administration.

1.1.1. PGK PELION

In accordance with the provisions of the CIT Act, corporate income tax payers may be groups of at least two commercial law companies with legal personality that are linked by capital ties, referred to as “tax capital groups”. Such groups allow the CIT tax liability to be managed effectively and make it possible to reduce the administrative burden associated with settling this tax. They also provide greater flexibility in carrying out transactions between related parties that form part of the PGK. Both the formation and the operation of tax capital groups require compliance with the strict conditions set out in the CIT Act. Since a tax capital group is a structure dedicated exclusively to corporate income tax settlements, this PGK Information for the Group presents data relating to that tax. Information on the other tax liabilities referred to in the CIT provisions is set out in the part dedicated to each of the companies forming part of the PGK in 2022 separately.

Organisation of the process of fulfilling tax obligations

Under the agreement establishing the PGK Pelion tax capital group, the parent company within the Group is Pelion S.A. The tasks of the parent company included representing the PGK with respect to the obligations arising from the CIT Act and the provisions of the Act of 29 August 1997 – Tax Ordinance. Pelion S.A. was obliged to calculate, collect and pay income tax and advance payments of that tax for the entire Group, as well as to file the relevant returns. Support in the performance of the obligations incumbent on the parent company was entrusted to BSS and BSS TAX – the entities responsible for handling accounting processes and for tax advisory services.

The tax settlement process in PGK Pelion was complex and multi-stage, and its final result was determined by the participation and involvement of all members of the Group. For settlements concerning the PGK, the “Settlement Procedure of the Tax Capital Group” (hereinafter: the “Procedure”) was in place, the purpose of which was to define the rights and obligations relating to the fulfilment by the parties to the agreement and the Tax Capital Group of the obligations arising from the provisions of the CIT Act and other acts. In addition, the companies forming part of the Group had procedures, instructions and guidelines in place formalising the performance of obligations arising from tax acts. The Companies were obliged to provide PELION S.A. with all support and cooperation necessary for the proper and timely performance of the obligations relating to the calculation and payment, to the account of the competent tax office, of the corporate income tax due from the Tax Capital Group and of advance payments of that tax. The process of handling the obligations relating to the PGK settlement was divided between the Companies, BSS and PELION. Each of the Companies was obliged, among other things, to prepare a separate calculation of tax revenues and tax-deductible costs and then to calculate the income/loss for the given settlement period.

Information on voluntary forms of cooperation with the authorities of the National Revenue Administration applied by the taxpayer

In 2022, Pelion S.A., as the parent company in the PGK, actively cooperated with the authorities of the National Revenue Administration with respect to the Group's corporate income tax settlements. The Company responded to enquiries from the authorities of the National Revenue Administration

and provided exhaustive explanations to the best of its knowledge, in accordance with the applicable provisions of law.

In its relations with the authorities of the National Revenue Administration, the PGK ensured transparency and the exercise of due diligence in the performance of its obligations, in particular by providing reliable, complete and timely explanations in keeping with the highest standards. PELION conducts its contacts with the tax authorities, including the authorities of the National Revenue Administration, in a transparent manner, based on the principle of mutual trust.

1.1.2. Companies participating in PGK Pelion

a) Information on the processes and procedures applied for managing the performance of obligations arising from tax law provisions and ensuring their proper performance

General information applicable to PGK Pelion and to the individual companies belonging to PGK Pelion

At the Pelion Group level, a central document is in force, namely the Financial and Tax Security Policy, whose purpose is to ensure the financial and tax security of the Pelion Group Companies and the compliance of their operations with accounting and tax regulations. This document contains a description of the processes and procedures arising from tax law provisions. The appendices to the Security Policy are detailed procedures for ensuring the correctness of the obligations performed from an accounting and tax perspective. Every Pelion Group Company is obliged to comply with the principles arising from the Security Policy.

Given the structure of the Pelion Group, which is based on separate business lines, the entities responsible for the processes related to keeping the books of account, including ensuring compliance with accounting and tax law, are Business Support Solution Spółka Akcyjna and BSS TAX Wiśniewski Spółka Komandytowo-Akcyjna, which update the central procedure and the individual appendices on an ongoing basis to ensure their compliance with applicable law.

The Companies belonging to the PGK and, more broadly, to the Pelion Group are obliged to comply with the Financial and Tax Security Policy together with its appendices.

Within the Financial and Tax Security Policy, in the area of managing the performance of tax obligations arising from tax law provisions and ensuring their proper performance, the following should be distinguished in particular:

- the procedure for the verification of counterparties and transactions in order to exercise due diligence in mitigating tax risks related to purchases of goods for value added tax purposes;
- the procedure for preparing transfer pricing documentation and the related reporting obligations;
- the procedure for preventing non-compliance with the obligation to report information on tax schemes in the Pelion Companies;
- the procedure for tax and accounting reporting, together with instructions on documenting intangible services;
- the procedure for handling inspections and searches;
- the procedure for counteracting money laundering and terrorist financing in the financial and reporting aspect

The performance of the obligations arising from the Financial and Tax Security Policy, including their updating and ongoing support in the performance by the Companies of the obligations set out in the procedures, has been entrusted to BSS and BSS TAX – the entities responsible for handling accounting, HR and payroll processes and for tax advisory services.

Information on voluntary forms of cooperation with the authorities of the National Revenue Administration applied by the taxpayer

The Companies participating in PGK Pelion actively cooperate with the authorities of the National Revenue Administration, building a positive relationship based on mutual trust and understanding, taking into account the nature of the business they conduct.

The Companies respond to enquiries from the authorities of the National Revenue Administration, providing answers and the relevant explanations to the best of their knowledge, in accordance with the applicable provisions of law.

In their relations with the authorities of the National Revenue Administration, the PGK Companies ensure transparency and the exercise of due diligence in the performance of their obligations, in particular by providing reliable, complete and timely explanations in keeping with the highest standards. They conduct their contacts with the tax authorities, including the authorities of the National Revenue Administration, in a transparent manner, based on the principle of mutual trust. The Companies use the instruments provided for by law, including individual rulings on tax law,

On 21 December 2018, Pelion S.A. applied for a unilateral advance pricing arrangement, pursuant to the Act of 16 October 2019 on the resolution of double taxation disputes and the conclusion of advance pricing arrangements (Journal of Laws of 2023, item 948), for a controlled transaction consisting in the provision of services by Pelion S.A. to related parties under a cost sharing agreement. As at 31 December 2022, the application had not been considered.

On 31 March 2021, Pelion S.A. applied for an advance pricing arrangement concerning a controlled transaction consisting in a lease agreement concluded on 14 January 2021 by Pelion S.A. with a related party (Daruma Sp. z o.o., a real estate company). As at 31 December 2022, the application had not been considered.

The other Companies participating in the PGK, i.e.

- Polska Grupa Farmaceutyczna S.A.
- Bez Recepty Sp. z o.o.
- Urtica Sp. z o.o.
- Daruma Sp. z o.o.,
- ePruf S.A.
- Pharma Partner Sp. z o.o.,
- Consensus Sp. z o.o.
- Pharmauto Sp. z o.o.
- Intelligent Logistic Solutions Sp. z o.o.

did not enter into any agreements on voluntary forms of cooperation with the KAS authorities.

1.2. Fulfilment of tax obligations and information on tax schemes

The information on the implemented tax strategy includes information on the taxpayer's fulfilment of tax obligations in the territory of the Republic of Poland, together with information on the number of reports on tax schemes referred to in Article 86a § 1(10) of the Tax Ordinance Act submitted to the Head of the National Revenue Administration, broken down by the taxes to which they relate.

1.2.1. PGK PELION

In accordance with the provisions of the CIT Act, the PGK is a taxpayer only with respect to corporate income tax (CIT) and – through the parent company – fulfils the obligations incumbent on it in accordance with national tax regulations.

The corporate income tax obligations were fulfilled on time (PGK Pelion paid quarterly advance tax payments), and tax returns were filed within the deadlines specified in tax law provisions.

To the best of its knowledge, PGK Pelion has no corporate income tax arrears.

The PGK is not an entity obliged to submit information on tax schemes to the Head of the National Revenue Administration. As a rule, this obligation rests with the companies forming part of the tax capital group. The relevant information in this respect is presented in the part of the document dedicated to the companies forming PGK PELION in 2022.

1.2.2. Companies participating in PGK Pelion

Pelion S.A.

- In the tax year from 1 February 2022 to 31 December 2022, Pelion S.A. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax, real estate tax, tax on revenue from buildings. The Company also acts as a remitter of personal income tax and as a remitter of corporate income tax (WHT).
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Pelion S.A. has no tax arrears.

Polska Grupa Farmaceutyczna S.A.

- In the tax year from 1 February 2022 to 31 December 2022, Polska Grupa Farmaceutyczna S.A. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax, real estate tax, tax on civil law transactions. The Company also acts as a remitter of personal income tax and as a remitter of corporate income tax (WHT). The Company also fulfils obligations with respect to the sugar levy.
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Polska Grupa Farmaceutyczna S.A. has no tax arrears.

Bez Recepty Sp. z o.o.

- In the tax year from 1 February 2022 to 31 December 2022, Bez Recepty Sp. z o.o. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax, tax on civil law transactions. The Company also acts as a remitter of personal income tax.
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Bez Recepty Sp. z o.o. has no tax arrears.

Urtica Sp. z o.o.

- In the tax year from 1 February 2022 to 31 December 2022, Urtica Sp. z o.o. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax. The Company also acts as a remitter of personal income tax and as a remitter of corporate income tax (WHT).
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Urtica Sp. z o.o. has no tax arrears.

Daruma Sp. z o.o.

- In the tax year from 1 February 2022 to 31 December 2022, Daruma Sp. z o.o. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax, real estate tax, tax on civil law transactions. The Company also acts as a remitter of personal income tax and as a remitter of corporate income tax (WHT).

- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Daruma Sp. z o.o. has no tax arrears.

ePruf S.A.

- In the tax year from 1 February 2022 to 31 December 2022, ePruf S.A. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax, tax on civil law transactions. The Company also acts as a remitter of personal income tax.
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, ePruf S.A. has no tax arrears.

Pharma Partner Sp. z o.o.

- In the tax year from 1 February 2022 to 31 December 2022, Pharma Partner Sp. z o.o. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax, tax on civil law transactions. The Company also acts as a remitter of personal income tax.
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Pharma Partner Sp. z o.o. has no tax arrears.

Consensus Sp. z o.o.

- In the tax year from 1 February 2022 to 31 December 2022, Consensus Sp. z o.o. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax, real estate tax, agricultural tax, forest tax, tax on civil law transactions. The Company also acts as a remitter of personal income tax.
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Consensus Sp. z o.o. has no tax arrears.

Pharmauto Sp. z o.o.

- In the tax year from 1 February 2022 to 31 December 2022, Pharmauto Sp. z o.o. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax, real estate tax. The Company also acts as a remitter of personal income tax.
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Pharmauto Sp. z o.o. has no tax arrears.

Intelligent Logistic Solutions Sp. z o.o.

- In the tax year from 1 February 2022 to 31 December 2022, Intelligent Logistic Solutions Sp. z o.o. fulfilled its tax obligations in the territory of the Republic of Poland with respect to the following taxes: corporate income tax, value added tax. The Company also acts as a remitter of personal income tax.
- The Company exercises due diligence to settle its tax liabilities on time and in the correct amount.
- To the best of its knowledge, Intelligent Logistic Solutions Sp. z o.o. has no tax arrears.

Information on the number of reports on tax schemes submitted to the Head of the National Revenue Administration, broken down by the taxes to which they relate

Pelion S.A.

In the tax year from 1 February 2022 to 31 December 2022, Pelion S.A. submitted to the Head of the National Revenue Administration information on one tax scheme referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to corporate income tax and with respect to personal income tax.

Polska Grupa Farmaceutyczna S.A.

In the tax year from 1 February 2022 to 31 December 2022, Polska Grupa Farmaceutyczna S.A. submitted to the Head of the National Revenue Administration information on one scheme referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to corporate income tax and with respect to personal income tax.

Bez Recepty Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Bez Recepty Sp. z o.o. did not submit to the Head of the National Revenue Administration any information on tax schemes applied, referred to in Article 86a § 1(10) of the Tax Ordinance Act, as no grounds for reporting were identified.

Urtica Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Urtica Sp. z o.o. submitted to the Head of the National Revenue Administration information on one tax scheme applied, referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to personal income tax and corporate income tax.

Daruma Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Daruma Sp. z o.o. submitted to the Head of the National Revenue Administration information on two tax schemes referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to corporate income tax and personal income tax.

ePruf S.A.

In the tax year from 1 February 2022 to 31 December 2022, ePruf S.A. submitted to the Head of the National Revenue Administration information on one tax scheme referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to corporate income tax and with respect to personal income tax.

Pharma Partner Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Pharma Partner Sp. z o.o. submitted to the Head of the National Revenue Administration information on one tax scheme applied, referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to personal income tax and corporate income tax.

Consensus Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Consensus Sp. z o.o. submitted to the Head of the National Revenue Administration information on one tax scheme referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to corporate income tax and with respect to personal income tax.

Pharmauto Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Pharmauto Sp. z o.o. submitted to the Head of the National Revenue Administration information on one tax scheme applied, referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to personal income tax and corporate income tax.

Intelligent Logistic Solutions Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Intelligent Logistic Solutions Sp. z o.o. submitted to the Head of the National Revenue Administration information on one tax scheme referred to in Article 86a § 1(10) of the Tax Ordinance Act, with respect to corporate income tax and with respect to personal income tax.

1.3. Transactions with related parties

Legal basis: Article 27c(2)(3)(a) of the Corporate Income Tax Act: the information on the implemented tax strategy includes information on transactions with related parties within the meaning of Article 11a(1)(4) whose value exceeds 5% of the balance sheet total of assets within the meaning of the accounting regulations, determined on the basis of the company's most recently approved financial statements, including entities that are not tax residents of the Republic of Poland.

1.3.1. PGK PELION

A tax capital group is not an entity that carries out transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nevertheless, the PGK comprised companies that met the definition of related parties and in which transactions referred to in Article 27c(2)(3)(a) of the CIT Act may have occurred. Where such transactions occurred, they have been indicated in the part of the PGK Information concerning the individual companies forming part of the Group.

1.3.2. Companies participating in PGK Pelion

General information applicable to the individual companies belonging to PGK Pelion

The companies forming PGK PELION apply a transfer pricing policy based on the arm's length principle. In transactions with related parties within the meaning of Article 11a(1)(4) of the Corporate Income Tax Act, the Companies apply the arm's length principle, i.e. they set prices on terms that would have been agreed between unrelated parties and verify them using one of the following methods: comparable uncontrolled price, cost plus, profit split, resale price, transactional net margin, and where these methods cannot be applied, they use another method, including a valuation technique, that is most appropriate in the given circumstances.

The PGK PELION Companies are responsible for the ongoing verification of the arm's length nature of the intra-group transactions they conclude. Transactions with related parties are analysed for compliance with the arm's length principle at the time they are concluded and, in the case of multi-year transactions, also in annual cycles. The PGK PELION Companies are obliged to apply the Procedure for preparing tax documentation (an element of the Financial and Tax Security Policy).

Information on transactions with related parties whose value exceeds 5% of the balance sheet total of assets determined on the basis of the company's most recently approved financial statements

Pelion S.A.

In the tax year from 1 February 2022 to 31 December 2022, Pelion S.A. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets in respect of transactions concerning:

- sureties granted and received,
- loans received and granted,
- investment substitution services (including investment supervision, renovation and construction services),
- cash pool liquidity management services.

Polska Grupa Farmaceutyczna S.A.

In the tax year from 1 February 2022 to 31 December 2022, Polska Grupa Farmaceutyczna S.A. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets in respect of transactions concerning:

- sale of merchandise,
- purchase of merchandise,
- granting of sureties,
- cash pool liquidity management services.

Bez Recepty Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Bez Recepty Sp. z o.o. did not conclude any transactions with related parties whose value exceeded 5% of the balance sheet total of assets determined on the basis of the company's most recently approved financial statements.

Urtica Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Urtica Sp. z o.o. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets determined on the basis of the company's most recently approved financial statements in respect of transactions concerning:

- sale of merchandise,
- granting of sureties,
- granting of loans.

Daruma Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Daruma Sp. z o.o. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets in respect of transactions concerning:

- loans received,
- share capital increase,
- cash pool liquidity management services,
- lease agreement.

ePruf S.A.

In the tax year from 1 February 2022 to 31 December 2022, ePruf S.A. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets in respect of transactions concerning cash pool liquidity management services.

Pharma Partner Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Pharma Partner Sp. z o.o. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets determined on the basis of the company's most recently approved financial statements in respect of transactions concerning:

- share capital increase,
- cash pool liquidity management services.

Consensus Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Consensus Sp. z o.o. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets in respect of transactions concerning:

- cash pool liquidity management services,
- granting of a loan,
- monitoring and debt collection services.

Pharmauto Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Pharmauto Sp. z o.o. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets determined on the basis of the company's most recently approved financial statements in respect of transactions concerning:

- rental services,
- cash pool liquidity management services.

Intelligent Logistic Solutions Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Intelligent Logistic Solutions Sp. z o.o. carried out transactions with related parties whose value exceeded 5% of the balance sheet total of assets in respect of transactions concerning:

- IT services
- cash pool liquidity management services,
- share capital decrease.

1.4. Restructuring activities

For the purposes of preparing the Information on the implemented tax strategy of the PGK, restructuring activities include information on mergers of companies, the transformation of a company into another company, a contribution to a company in the form of the company's enterprise or an organised part thereof (including as part of a demerger), an exchange of shares, a change in commercial or financial relations, including through the termination of existing agreements or a change in their material terms, where these involve the transfer of functions, assets or risk categories between related parties, if, as a result of that transfer, the taxpayer's projected average annual earnings before interest and taxes (EBIT) over the three-year period following the transfer would change by at least 20% of the projected average annual EBIT over the same period had the transfer not taken place.

On 29 November 2021 (notarial deed, Repertory A No. 9984/2021), PGK PELION was established by way of an agreement on the formation of a tax capital group for a period of three tax years, i.e. from 1 February 2022 to 31 December 2024. PGK PELION was registered by decision of the Head of the First Masovian Tax Office in Warsaw (No. 1471-SAS 1.4100.20.2021.HWKK) of 30 December 2021.

1.4.1. PGK Pelion

The PGK neither undertook nor planned any restructuring activities that could affect the amount of the tax liabilities of the PGK or of related parties within the meaning of Article 11a(1)(4) of the CIT Act.

1.4.2. Companies participating in PGK PELION

Pelion S.A.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities took place that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nor did the Company plan any such activities in the future.

Polska Grupa Farmaceutyczna S.A.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities took place that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. In the future, it is planned to spin off an organised part of the enterprise and transfer it to a newly established company.

Bez Recepty Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities (including planned ones) took place at Bez Recepty Sp. z o.o. that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nor did the Company plan any such activities in the future.

Urtica Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities took place that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nor did the Company plan any such activities in the future.

Daruma Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities took place that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nor did the Company plan any such activities in the future.

ePruf S.A.

In the tax year from 1 February 2022 to 31 December 2022, ePruf S.A. did not conclude any transactions with related parties whose value exceeded 5% of the balance sheet total of assets determined on the basis of the company's most recently approved financial statements.

Pharma Partner Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities took place that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nor did the Company plan any such activities in the future.

Consensus Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities took place that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nor did the Company plan any such activities in the future.

Pharmauto Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities took place that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nor did the Company plan any such activities in the future.

Intelligent Logistic Solutions Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, no restructuring activities took place that could affect the amount of the tax liabilities of the Company or of related parties within the meaning of Article 11a(1)(4) of the CIT Act. Nor did the Company plan any such activities in the future.

1.5. Information on tax applications submitted by PGK Pelion and the PGK participants

Legal basis: Article 27c(2)(4) of the Corporate Income Tax Act: the information on the implemented tax strategy includes information on applications submitted by the taxpayer for the issue of:

a) a general tax ruling referred to in Article 14a § 1 of the Tax Ordinance Act,
b) a ruling on tax law provisions referred to in Article 14b of the Tax Ordinance Act,
c) binding rate information referred to in Article 42a of the Value Added Tax Act,
d) binding excise information referred to in Article 7d(1) of the Act of 6 December 2008 on Excise Duty.

1.5.1. general tax rulings

Neither the PGK nor any of the Companies forming it submitted any applications for the issue of a general tax ruling referred to in Article 14a § 1 of the Tax Ordinance Act

1.5.2. individual tax rulings

PGK PELION

PGK Pelion submitted one application for a ruling on tax law provisions referred to in Article 14b of the Tax Ordinance Act, with respect to corporate income tax.

Pelion S.A.

In the tax year from 1 February 2022 to 31 December 2022, Pelion S.A. submitted three applications for rulings on tax law provisions referred to in Article 14b of the Tax Ordinance Act, with respect to

corporate income tax.

Polska Grupa Farmaceutyczna S.A.

In the tax year from 1 February 2022 to 31 December 2022, Polska Grupa Farmaceutyczna S.A. submitted one application for a ruling on tax law provisions referred to in Article 14b of the Tax Ordinance Act, with respect to corporate income tax.

Bez Recepty Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Bez Recepty Sp. z o.o. did not submit any applications for rulings on tax law provisions referred to in Article 14b of the Tax Ordinance Act.

Urtica Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Urtica Sp. z o.o. did not submit any applications for rulings on tax law provisions referred to in Article 14b of the Tax Ordinance Act.

Daruma Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Daruma Sp. z o.o. submitted one application for a ruling on tax law provisions referred to in Article 14b of the Tax Ordinance Act, with respect to corporate income tax.

ePruf S.A.

In the tax year from 1 February 2022 to 31 December 2022, ePruf S.A. did not submit any applications for rulings on tax law provisions referred to in Article 14b of the Tax Ordinance Act.

Pharma Partner Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Pharma Partner Sp. z o.o. did not submit any applications for rulings on tax law provisions referred to in Article 14b of the Tax Ordinance Act.

Consensus Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Consensus Sp. z o.o. did not submit any applications for rulings on tax law provisions referred to in Article 14b of the Tax Ordinance Act.

Pharmauto Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Pharmauto Sp. z o.o. did not submit any applications for rulings on tax law provisions referred to in Article 14b of the Tax Ordinance Act.

Intelligent Logistic Solutions Sp. z o.o.

In the tax year from 1 February 2022 to 31 December 2022, Intelligent Logistic Solutions Sp. z o.o. did not submit any applications for rulings on tax law provisions referred to in Article 14b of the Tax Ordinance Act.

1.5.3. binding rate information

As a Tax Capital Group is not entitled to apply for binding rate information, PGK Pelion did not submit any such applications. At the same time, none of the Companies forming the PGK submitted an application for binding rate information referred to in Article 42a of the VAT Act.

1.5.4. binding excise information

As a Tax Capital Group is not entitled to apply for binding excise information, PGK Pelion did not submit any such applications. At the same time, none of the Companies forming the PGK submitted an application for binding excise information referred to in Article 7d(1) of the Excise Duty Act.

1.6. Tax settlements in territories or countries applying harmful tax competition indicated in the implementing acts of the minister of finance

1.6.1. PGK Pelion

In the period from 1 February 2022 to 31 December 2022, PGK Pelion did not make any tax settlements in territories or countries applying harmful tax competition indicated in the implementing acts issued pursuant to Article 11j(2) of the CIT Act and in the notice of the minister competent for public finance issued pursuant to Article 86a § 10 of the Tax Ordinance Act.

1.6.2. Companies participating in PGK PELION

In the period from 1 February 2022 to 31 December 2022, the individual companies belonging to PGK Pelion did not make any tax settlements in territories or countries applying harmful tax competition indicated in the implementing acts issued pursuant to Article 11j(2) of the CIT Act and in the notice of the minister competent for public finance issued pursuant to Article 86a § 10 of the Tax Ordinance Act.