

Information on the tax strategy implemented by the Baltic Hub Tax Group for 2022

1. Legal basis

Article 27c of the Corporate Income Tax Act (consolidated text of 17 September 2021, Dz.U. of 2021, item 1800, as amended, the “CIT Act”).

2. Registration data

Full name: Baltic Hub Tax Group

Address: ul. Kontenerowa 7, 80-601 Gdańsk

NIP (Tax Identification Number): 1070046947

Parent company:

Full name: Baltic Hub Sp. z o.o.

Address: ul. Kontenerowa 7, 80-601 Gdańsk

NIP (Tax Identification Number): 2040000183

KRS (National Court Register) entry number: 0000936698

REGON (Statistical Number): 192967316

Subsidiary:

Full name: Baltic Hub Container Terminal Sp. z o.o.

Address: ul. Kontenerowa 7, 80-601 Gdańsk

NIP (Tax Identification Number): 5252761698

KRS (National Court Register) entry number: 0000743195

REGON (Statistical Number): 381140616

3. Description of activity

The Baltic Hub Tax Group (also referred to as the “TG”) is a Polish tax resident.

Members of the Tax Group include Baltic Hub Sp. z o.o. (also referred to as “Baltic Hub”) and Baltic Hub Container Terminal Sp. z o.o. (also referred to as “BHCT”), referred to jointly as the “Companies”).

The TG agreement was concluded on 9 November 2021 and registered by the Head of the First Masovian Tax Office in Warsaw on 8 December 2021.

The TG agreement was concluded for the period of 3 tax years (i.e. from 1 January 2022 to 31 December 2024), after the expiry of which the Parties may extend the term of the TG agreement.

In October 2023, the Baltic Hub TG was awarded by the Ministry of Finance the title of one of the top 10 taxable persons in Poland in terms of CIT paid for 2022.

Baltic Hub is the parent company within the TG and the company representing the TG within the meaning of Article 1a Section 3a of the CIT Act.

Baltic Hub has its registered office in Gdańsk, at ul. Kontenerowa 7, 80-601 Gdańsk. The Company was established in August 2018 (original company name: “Holbrook Sp. z o.o.”) and is entered into the National Court Register maintained by the District Court Gdańsk-Północ in Gdańsk, Commercial Division No. 7, under KRS (National Court Register) entry number 0000743195.

Baltic Hub is the only shareholder of BHCT and serves as a holding company and a company involved in obtaining, managing and settling the external financing from financial institutions and the internal financing from shareholders within the Group. It is also the objective of Baltic Hub to set the direction of activity (develop the strategy) of the Group and BHCT.

The obligations of BH include, in particular, to calculate, collect and pay CIT advances and CIT resulting from the annual settlement on the TG income, and to file the relevant tax returns in this regard. It is also the responsibility of

Baltic Hub to report to the Head of the competent tax office any modifications in the TG agreement and changes in the share capital of the Companies forming the TG. Taking into account the fact that Baltic Hub has commissioned BHCT to provide organisational and technical support services, the obligations of the representing company are primarily performed by employees of the BHCT Finance Department.

BHCT is a subsidiary within the TG.

BHCT has its registered office in Gdańsk, at ul. Kontenerowa 7. The company was established in May 2001. At present, BHCT is entered into the National Court Register maintained by the District Court for Gdańsk-Północ in Gdańsk, Commercial Division No. 7, under KRS (National Court Register) entry number 0000936698. Until the end of 2022, BHCT used the company name of DCT Gdańsk Sp. z o.o. (the change of the company name to "Baltic Hub Container Terminal Sp. z o.o." was registered by the Court on 20 January 2023).

BHCT container terminal has handled import, export, transit and transhipment of containerised cargo to and from Central and Eastern Europe since 2007. In 2022, BHCT handled more than 2 million TEUs (twenty-foot equivalent unit; a unit of capacity used for ports and ships, equivalent to the volume of a 20-foot container).

The Company had 1,207 employees at the end of 2022.

BHCT conducts its activity on land leased from the Port of Gdańsk and implements investment projects from its own funds, shareholders' funds and loans. All infrastructural expenditure incurred by BHCT after the lease period will become the property of the Port Authority in Gdańsk [*Zarząd Portu Morskiego w Gdańsku*] (i.e. indirect property of the State Treasury).

The activity of BHCT has led to a shift in the flow of goods from the North Sea countries to the Baltic Sea, which strengthened Poland's geopolitical position. According to the information obtained from the Pomerania Customs and Fiscal Office, in 2022 alone, the total amounts due from customs declarations for goods cleared at the "Container Terminal" Customs Branch in Gdańsk that serves BHCT exceeded PLN 31.5 billion (including excise duty, customs duty and VAT).

BHCT has been consistently growing its business. With the latest investment in the T3 terminal, the Company can rank among the top container terminals in Europe.

4. Information on the processes and procedures applied by the taxable person concerning management of the fulfilment of obligations under tax law and ensuring their proper implementation.

As part of the TG, the Companies apply internal processes and procedures to ensure that their tax obligations are properly fulfilled. In particular, the Companies have implemented the Tax Procedure for Corporate Income Tax Settlements within the "Baltic Hub" Tax Group.

Independently, the Companies have their own detailed procedures for tax settlements, including:

- i. the VAT procedure, the procedure for periodic verification of contracting parties, trade terms and conditions, purchase transactions and tax reporting,
- ii. the procedure for collecting evidence of the provision of services,
- iii. the procedure for dealing with tax schemes,
- iv. the payment procedure,
- v. the inventory procedure,
- vi. the procedure for settlement of business trips,
- vii. the procedure for settlement of withholding tax.

The Companies' employees are obliged to cooperate with employees of the Finance Department to the extent necessary to correctly determine the tax liabilities of the TG, BH and BHCT and to consult doubts, if any.

The persons responsible for settlements of the TG, BH and BHCT have appropriate qualifications and experience allowing to properly fulfil the obligations in the area of tax law.

The Companies' Management Boards supervise the employees responsible for the settlements of the TG, BH and BHCT, and take measures to ensure that tax obligations are properly fulfilled.

If necessary, the Companies' representatives consult the correctness of the applied solutions with external tax advisors.

5. Information on voluntary forms of cooperation with the National Revenue Administration authorities applied by the taxable person.

The TG and the Companies have not participated in voluntary forms of cooperation with the National Revenue Administration authorities.

6. Information on the fulfilment of tax obligations by the taxable person in the territory of the Republic of Poland, together with information on the number of items of information on tax schemes referred to in Article 86a § 1 item 10 of the Tax Ordinance, provided to the Head of the National Tax Administration, with a breakdown into taxes the information relates to.

The TG, BH and BHCT are Polish tax residents and fulfil their obligations under the tax law in the territory of the Republic of Poland.

In 2022, Baltic Hub provided one item of information on the tax scheme to the Head of the National Tax Administration regarding the payment of loan commissions to financial institutions and the arising of the deferred portion of income tax (CIT).

No other information on tax schemes was provided in 2022 (whether on behalf of the TG or BHCT) .

7. Information on transactions with related parties, within the meaning of Article 11a Section 1 item 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 last approved financial statements of the company, including entities not being tax residents in the territory of the Republic of Poland.

In 2022, the following related party transactions exceeded 5% of the balance sheet total of assets of the companies forming the TG (based on the consolidated financial data for 2022):

- i) a loan granted to Baltic Hub by its shareholders (i.e. PSA Baltics NV, PFR Porty Sp. z o.o. and Global Infraco SARL),
- ii) a loan granted by Baltic Hub to BHCT,
- iii) a security for loan obligations to financial institutions granted to Baltic Hub by BHCT.

Other related party transactions did not exceed 5% of the balance sheet total of assets of individual Companies (from the perspective of either BH or BHCT).

For the purpose of calculating the value of the transactions referred to in Article 27c Section 2 item 3 letter (a) of the CIT Act, there were adopted the principles described in Chapter 1a of the CIT Act.

8. Information on restructuring activities planned or undertaken by the taxable person, which might affect the amount of tax liabilities of the taxable person or its related parties within the meaning of Article 11a Section 1 item 4.

In 2022, there were planned or undertaken no restructuring activities which might affect the amount of tax liabilities of the TG, BH, BHCT or of their related parties within the meaning of Article 11a Section 1 item 4.

9. Information on the taxable person's applications for issuance of:

- a) the general tax interpretation referred to in Article 14a § 1 of the Tax Ordinance,
- b) the interpretation of the provisions of the tax law referred to in Article 14b of the Tax Ordinance,
- c) the binding rate information referred to in Article 42a of the Goods and Services Tax Act,
- d) the binding excise duty information referred to in Article 7d Section 1 of the Excise Duty Act of 6 December 2008 (Dz.U. of 2020, item 722, as amended19)).

In 2022, no applications were submitted on behalf of the TG, BH or BHCT for issuance of:

- a) the general tax interpretation referred to in Article 14a § 1 of the Tax Ordinance,
- b) the binding rate information referred to in Article 42a of the Goods and Services Tax Act,
- c) the binding excise duty information referred to in Article 7d Section 1 of the Excise Duty Act of 6 December 2008 (Dz.U. of 2020, item 722, as amended19).

In 2022, three applications were submitted on behalf of the TG to the Director of the State Fiscal Information for individual interpretations. All applications concerned the interpretation of corporate income tax regulations and addressed the following issues:

- a) settlement of the cost of debt financing within the TG;
- b) settlement of deductible expenses for the fees of advisors involved in the loan process;
- c) settlement of deductible expenses for the initial loan fee.

In 2022, BHCT submitted four applications for individual interpretations to the Director of the State Fiscal Information with respect to:

- a) corporate income tax regarding the neutrality of settlements made as part of the TG,
- b) goods and services tax regarding the neutrality of settlements made as part of the TG,
- c) corporate income tax regarding the settlement of deductible expenses for the fees of advisors involved in the loan process,
- d) goods and services tax regarding the taxation and documentation of the pecuniary performance paid to the contracting party in connection with the demolition, removal and dismantling of construction facilities belonging to the contracting party,

In 2022, BH submitted two applications for individual interpretations to the Director of the State Fiscal Information with respect to:

- a) corporate income tax regarding the neutrality of settlements made as part of the TG,
- b) goods and services tax regarding the neutrality of settlements made as part of the TG,

10. Information on filing tax returns and payment of taxes by the taxable person in the territories or countries applying harmful tax competition indicated in executive legislation issued pursuant to Article 11j Section 2 and Article 23v Section 2 of the Personal Income Tax Act of 26 July 1991 and in the announcement of the minister competent for public finance issued pursuant to Article 86a § 10 of the Tax Ordinance.

The TG, BH and BHCT did not file any tax returns or pay any taxes in the territories or countries applying harmful tax competition indicated in subordinate legislation issued pursuant to Article 11j Section 2 and Article 23v Section 2 of the Personal Income Tax Act of 26 July 1991 and in the announcement of the minister competent for public finance issued pursuant to Article 86a § 10 of the Tax Ordinance.