

# Report on tax strategy

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Lionbridge Poland Sp. z o.o.

Tax year: 01.01.2022 – 12.31.2022

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# 1 NATURE, TYPE AND SCALE OF OPERATIONS

## 1.1 COMPANY OVERVIEW

- Lionbridge Poland Sp. z o.o. ("*Company*" or "*Lionbridge*") is headquartered in Warsaw, Poland.
- The Company's office is located in Warsaw, at 183 Jutrzenki street (02-231).
- The Company uses the following identification numbers:
  - KRS (National Court Register ID): 0000115818
  - REGON (Statistical ID): 011174467
  - NIP (Tax ID): 5261031189
- In the fiscal year 2022, the Company exceeded the revenue threshold of EUR 50 million and was required to draw up and publish a disclosure on its tax strategy, as referred to in Article 27c of the Corporate Income Tax Act of February 15, 1992 ("*CIT Act*").
- The Company is part of Lionbridge Technologies – a key provider of translation, global digital marketing, content management and application testing solutions.
- The Company's core operations consist in the provision of translation, language localization, testing, and content management services.

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## 2 GENERAL ISSUES, TAX RISKS AND MITIGATION METHODS

### 2.1 GENERAL ISSUES AND THE AIM OF THE COMPANY'S TAX STRATEGY

- The primary aim of the tax strategy pursued by the Company in 2022 was to maintain full compliance of the Company's operations with Polish tax law, clarifications and guidelines published by the authorities of the National Revenue Administration, as well as international taxation standards and guidelines. The Company's organization and operations were geared towards compliance with strict corporate governance and ethical standards.
- The entity responsible for business planning and decision-making was the Company's Management Board. Due to the structure of the group, the consequences of major business decisions are subject to analysis by Lionbridge's tax department. The Company's finance department monitors transactions and amendments to tax laws, and is in contact with the tax department to discuss and minimize potential tax risks on an ongoing basis.
- Bearing in mind that business decisions and ongoing operations produce specific tax consequences, and also considering the Company's dynamic legal environment, especially in the area of tax law, the Company used the services of professional, external tax and legal advisors.
- The entity responsible for calculating tax liabilities and filing tax returns is a specialized external provider. Tax liabilities are paid by the Company's finance department (responsible employee: Senior General Ledger Accountant) following prior approval by Lionbridge's tax department. The Company has two-level authorization of transfers in place.
- Corporate income tax advances are paid using the simplified method on the basis of annual statements prepared by a specialized external provider.
- Personal income tax advances for employees are calculated by a specialized external provider and paid by the Company (responsible employee: Payroll Coordinator).
- The entity responsible for calculating VAT liabilities is a specialized external provider.

### 2.2 TAX RISKS

The key challenges in terms of correct settlement of the Company's tax liabilities included:

- the risk of volatility of tax law and its interpretations;
- transactions with affiliated entities which are subject to transfer pricing regulations.

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2.3 PROCESSES AND PROCEDURES TO MANAGE FULFILLMENT OF OBLIGATIONS UNDER TAX LAWS AND TO ENSURE COMPLIANCE

2.3.1 Tax procedures

The Company has the following formalized procedures in place to ensure correct tax settlements:

- Accounting Policy;
- Procedure on the circulation of accounting documents and records (applicable in part).

2.3.2 Good practices

Adequately to the primary tax risk identified by the Company, the Company tasked a specialized external provider with preparing its transfer pricing documentation.

In addition, in order to effectively manage and minimize other tax risks, the Company:

- entrusted a specialized external provider with maintaining its accounting records;
- used the services of highly specialized external parties for tax consultancy relating to:
  - research and development activities; and
  - identification of potential tax schemes.

In addition, in recent years (including 2022), given the number and frequency of changes to legal provisions, regulatory risk management was also an important issue. In this regard, the Company was in ongoing contact with the Lionbridge tax department as well as tax consultancy and law firms, which provide information on changes to the legal landscape and offer advisory services.

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## 3 INFORMATION ON THE COMPANY'S TAX OBLIGATIONS IN POLAND

### 3.1 INFORMATION ON TAXES SETTLED BY THE COMPANY

#### 3.1.1 Corporate Income Tax (CIT)

- In 2022, the Company did not operate in a Special Economic Zone or as part of the Polish Investment Zone, and did not report tax-exempt revenue.
- The Company settled exchange rate differences using the tax method.
- The Company made advance income tax payments in accordance with simplified rules.
- In 2022, the Company claimed a research and development relief.
- In 2022, the Company fulfilled its obligations as taxpayer of flat-rate corporate income tax.
- The Company did not have any payable CIT liabilities in 2022.

#### 3.1.2 Value Added Tax (VAT)

- The Company did not trade in sensitive goods/services to which the mandatory split payment mechanism applies.
- The Company verified contractors, as appropriate, based on the so-called "whitelist" of taxpayers.
- Due to the division of business functions adopted by the group, the Company provided services to recipients who do not have a registered office or a permanent place of business activity as a taxpayer in Poland.
- The Company did not have any payable VAT liabilities in 2022.

#### 3.1.3 Personal Income Tax (PIT)

- Personal income tax advances for employees are calculated by a specialized external provider and are paid by the Company (responsible employee: Payroll Coordinator).
- The Company primarily employed workers based on employment contracts and civil law contracts.
- In 2022, the Company fulfilled its obligations as PIT remitter.

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#### 3.1.4 Real estate tax

- The Company does not own any land, buildings, or structures that are subject to real estate tax.
- As a result, the Company was not required to pay real estate tax in 2022.

#### 3.2 OTHER INFORMATION ON TAX OBLIGATIONS

- In 2022, the Company was not a taxpayer of excise tax and did not incur any tax obligations related to this tax.
- The Company was not a taxpayer of motor vehicles tax.
- The Company did not have any tax arrears for 2022.
- In 2022, no tax audits were performed at the Company.
- In 2022, the Company was not involved in any disputes with tax authorities.

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## 4 VOLUNTARY FORMS OF COOPERATION WITH THE NATIONAL REVENUE ADMINISTRATION AUTHORITIES AND SUBMITTED TAXPAYER'S REQUESTS

- In 2022, the Company was not a party to a cooperation agreement with the National Revenue Administration authorities.
- In 2022, the Company neither concluded nor applied for an advance pricing agreement.
- The Company did not request a general tax ruling, as referred to in Article 14a §1 of the Polish Tax Ordinance Act. During the period under analysis, no general ruling was issued as a result of the Company's request submitted before 2022.
- In 2022, the Company did not request a ruling on tax law provisions, as referred to in Article 14b §2022 of the Polish Tax Ordinance Act. During the period under analysis, no individual ruling was issued as a result of the Company's request submitted before 2022.
- In 2022, the Company did not request a binding VAT rate ruling, as referred to in Article 42a of the Value-Added Tax Act of March 11, 2004.
- The Company did not request a binding excise duty ruling as referred to in Article 7d, section 1 of the Excise Tax Act of December 6, 2008, nor did it receive such a ruling.
- In 2022, In 2022, the Company did not request an opinion on applying the preferential treatment, as referred to in Article 26b of the Personal Income Tax Act of February 14, 1992.



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## 5 TAX SCHEMES AND NON-SETTLEMENT OF TAXES IN SO-CALLED TAX HAVENS.

### 5.1 TAX SCHEMES

- In 2022, the Company received a notification from a promotor indicating a Tax Scheme Number (NSP) with regard to personal income tax, which was related to applying tax deductible costs at the 50% rate for employees.

### 5.2 INFORMATION ON TAXPAYER'S TAX SETTLEMENTS IN TERRITORIES OR COUNTRIES WITH HARMFUL TAX COMPETITION

- In 2022, the Company did not make tax settlements in territories or countries where harmful tax competition practices are pursued, as listed in secondary legislation acts issued on the basis of Article 11j section 2 of the Corporate Income Tax Act and Article 23v section 2 of the Personal Income Tax Act of July 26, 1991, as well as those listed in the announcement of the Minister responsible for public finance issued on the basis of Article 86a § 10 of the Tax Ordinance Act.

## 6 INFORMATION ON TRANSACTIONS WITH AFFILIATED ENTITIES AND RESTRUCTURING PROJECTS

### 6.1 INFORMATION ON AFFILIATED ENTITY TRANSACTIONS WITH AMOUNTS EXCEEDING 5% OF TOTAL ASSETS

- In 2022, the Company's balance-sheet total of assets amounted to PLN 99,755,962.53.
- Consequently, transactions of relevance for the tax strategy report are transactions with affiliated entities within the meaning of Article 11a section 1 item 4 of the Corporate Income Tax Act the value of which exceeds 5% of the aforementioned amount, i.e., PLN 4,987,798.13.
- The following transactions exceeded that threshold:

| <b>Affiliated entity</b>                  | <b>Transaction type</b> | <b>PLN value</b> |
|---|-------------------------|------------------|
| LIONBRIDGE INTERNATIONAL FINANCE, IRELAND | Loan obtained           | 57,001,518.00    |
| LIONBRIDGE TECHNOLOGIES INC               | Sale                    | 224,780,570.00   |
| LIONBRIDGE TECHNOLOGIES INC               | Sale                    | 21,648,555.39    |

### 6.2 INFORMATION ON THE COMPANY'S PLANNED OR ONGOING RESTRUCTURING PROJECTS

- In 2022, the Company did not undertake any restructuring projects which could affect the amount of the Company's and/or its related entities' tax liabilities within the meaning of Article 11a section 1 item 4 of the Corporate Income Tax Act. The Company has not made plans to pursue such projects in the future.