

INFORMATION ON TAX STRATEGY FOLLOWED

IN 2021

PREPARED BY

CANAL+ POLSKA S.A.

I. BACKGROUND INFORMATION

1. Pursuant to Article 27c of the Act of 15 February 1992 on corporate income tax (consolidated text: Journal of Laws of 2022, item 2587, as amended) taxpayers whose revenues earned in a given tax year exceeded an equivalent of 50m Euro in Polish zloty according to the average exchange rate stated by the National Bank of Poland as of the very last working day of the calendar year preceding the year in which taxpayers' information is publicly announced are obliged to prepare and publicly announce the information on tax strategy followed in that tax year.
2. Canal+ Polska S.A. (hereinafter referred to as the "Company" or "Canal+") belongs to that group of taxpayers and because of that the Company is obliged to prepare and publicly announce information on the tax strategy followed.
3. This document fulfils the obligation under Article 27c of the Act of 15 February 1992 on corporate income tax and contains information on the tax strategy followed by the Company in the tax year starting on 1 January 2021 and ending on 31 December 2021.
4. At the same time, the year 2021 is the second year for which the Company has prepared and publicly announced information on the tax strategy followed.

II. GENERAL CHARACTERISTICS OF THE COMPANY AND COMPANY'S BUSINESS

5. The Company is a Polish tax resident seated in Warsaw that is liable to tax on its whole income in Poland. The Company has no branches or agencies outside Poland.
6. Company's data:
 - Company's full name: Canal+ Polska Spółka Akcyjna
 - address: Al. gen. Wł. Sikorskiego 9, 02-758 Warszawa
 - KRS: 0000469644

➤ REGON:	010175861
➤ NIP:	5210082774
➤ share capital:	PLN 441,176,000.00
➤ taxable revenues in 2021:	PLN 2,407,831,285.99
➤ taxable income in 2021:	PLN 146,390,276.80

III. GENERAL CHARACTERISTICS OF THE COMPANY'S BUSINESS

7. The Company runs a broad business activity in the scope of media services. The Company is mainly the operator of a satellite platform offering TV packages that comprise both the Company's own TV channels and third-parties' TV channels, with special attention paid to the premium segment.
8. The Company is also the leading producer of TV channels from the premium segment and thematic channels offering a unique combination of premium-segment channel content with the use of innovative technology and a wide distribution network.
9. Thanks to its own premium-segment TV channels branded CANAL+ and carefully selected third parties' offer of premium-segment TV channels, the Company provides its clients with the widest offer of premium TV on the Polish pay-TV market as far as the diversity, number of premières, exclusive availability and the quality of sound and image are concerned.
10. In May 2020, the Company started CANAL+ online, a service successfully rendered and developed in 2021. The service provides access to linear and nonlinear channel content on demand such as films, series, sports events, lifestyle and content addressed to children through mobile devices.
11. Through its daughter company, Kino Świat spółka z ograniczoną odpowiedzialnością, the Company is also engaged in film distribution.

IV. COMPANY'S APPROACH TO FULFILLING ITS PUBLIC LAW LIABILITIES

12. The Company is a reliable business entity that professionally approaches all of its public law liabilities deriving from generally applicable law, including in particular the provisions of tax law. From the Company's viewpoint, the fulfilment of duties resulting from tax law in force is an important aspect of the business run. The Company's board and management supervise the correctness of the designed tax strategy to exercise due diligence and ensure that the Company's taxes are correctly settled.
13. In relation to the business run, the Company settles the following types of taxes:

- tax on goods and services,
- corporate income tax,
- withholding tax in relation to the payment of amounts due to foreign entities, natural and legal persons alike,
- personal income tax settled in relation to the remunerations paid by the Company under employment contracts, mandate contracts and works contracts, and also in relation to acquiring intellectual property rights,
- tax on civil-law transactions,
- tax on real estate – the Company has been settling tax on real estate since 2021.

14. Owing to the scope and type of business activity, income tax on income generated by the Company, tax on goods and services and withholding tax on amounts due paid to foreign entities take the highest share of taxes paid by the Company. For that reason, the Company pays special attention to the rules of settling those types of taxes in particular.

V. PROCESSES AND PROCEDURES RELATING TO MANAGING THE FULFILMENT OF OBLIGATIONS RESULTING FROM TAX LAW AND ENSURING THEIR APPROPRIATE EXECUTION

V.I Tax threats found in the taxpayer or taxpayer's industry and defining the organisation's approach to restricting tax risk

15. Running a business activity is inseparable from risks connected with an appropriate settlement of public law liabilities, including taxes in particular. Frequent changes in tax law, unclear and imprecise tax regulations, inconsistent stands of tax authorities and changing judicature of administration court present tax risks and affect their degree.
16. The Company takes into account and systematically analyses the possibility of eliminating risks in the area of taxes paid in relation to:
- correct recognition of the binding rate of tax on goods and services,
 - timely and correct recognition of taxable revenues,
 - correct recognition of expenses as tax costs and the moment when such an expenditure should be presented as a tax cost,
 - verification of foreign contractors and collection of necessary documents that make it possible to apply appropriate withholding tax rates.
17. As part of the risk management system, the company exercises due diligence in the course of defining individual risks and outlining the scope of liability of individual

Company units/employees in actions relating to the elimination of evaluated risks. Mechanisms of identifying and minimising tax risks that may take place in the Company have been presented below.

V.II Tax risk level

18. The Company, just like the capital Group which the Company belongs to, aims at attaining a high degree of certainty of tax settlements and does not accept actions, solutions or transactions that would pose a considerable risk of an incorrect fulfilment of tax obligations or would question the correctness of tax settlement solutions adopted by the Company. Therefore, in particular the Company:

- does not enter into transactions that do not have any business purpose or justification,
- does not cooperate with contractors whose credibility raises doubts, and in particular the Company does not cooperate with entities seated in countries or territories that apply harmful tax competition.

19. At the same time the Company takes a number of actions to correctly perform duties resulting from the provisions of tax law, which may include in particular:

- verifying potential contractors to determine their credibility and learn about the performance of legal requirements by them, tax law requirements in particular,
- collecting documents necessary to correctly perform tax obligations, such as for instance certificates of residence of Company's foreign contractors for tax purposes,
- determining the prices of transactions made at arm's length, including transactions made in cooperation with related parties,
- taking actions aiming at explaining or eliminating tax-law doubts connected with transactions made.

V.III Tax processes and procedures adopted by the Company

20. First of all, to fulfil tax obligations correctly, the Company has implemented a number of procedures and processes the purpose of which has been to ensure appropriate performance of tax obligations imposed on the Company. Among the most important procedures implemented by the Company that aim at appropriate performance of tax obligations there are:

- a user manual for the WEBCON application,
- the procedure for introducing and changing supplier's/recipient's data in the accounting system,

- the procedure for incurring obligations, accepting costs and entering into contracts (“Corporate Governance”),
 - the rules of regulating contractual obligations within appropriate deadlines, in particular pursuant to the Act on preventing excessive delays in commercial transactions,
 - the procedure relating to the obligation to report Mandatory Disclosure Rules (MDR),
 - the procedure for following the rules of due diligence in the scope of verifying the status of contractors as beneficiary owners of amounts due paid by the Company,
 - the rules of preparing documentation with related parties,
 - the anti-bribery code.
21. There are rules for the circulation of documents in the Company. Additionally, in June 2021 the Company introduced a user manual for WEBCON application, which describes the technical aspects of electronic circulation of invoices. From the point of view of taxes, the rules for the circulation of documents are to ensure supervision over invoices documenting the Company’s purchases of goods and services necessary to run a business and relating those invoices to orders made by the Company. In turn, the rules for the circulation of documents in the Company are to improve safety also in the scope of a correct recognition of expenses made by the Company as tax deductible costs and a correct deduction of VAT calculated for those purchases.

V.IV Division of competence and responsibility in the scope of fulfilling tax obligations

22. Being one of the largest business entities in the country, the Company has an elaborate organisational structure in which it is necessary to divide functions and competence between individual organisational units so that the risk of an incorrect tax settlement is minimised. The following division of functions and competence is found in the Company:
- the Board – general supervision over the correctness and reliability of tax settlement,
 - employees of specialised departments – responsibility for the correctness of the description of transactions and obtaining appropriate documents necessary to fulfil tax obligations correctly,
 - employees of the financial department – responsibility for the correct book-keeping and tax settlements and the verification of documents obtained through specialised departments in the scope of tax settlements.

23. Apart from implementing appropriate processes/procedures and the division of functions and competence between individual Company departments, the Company also cares about continued professional development of its employees in the scope necessary to fulfil tax obligations. To that end, there are periodical trainings organised for the Company's financial department.
24. Regardless of the aforementioned trainings, the Company also provides internal trainings and briefings to employees from other departments, in particular specialised departments responsible for entering into and settling contracts, and marketing actions since these are the employees of those departments who are expected to identify transactions that affect the correctness of Company's tax settlements first.

V.V Actions aimed at correct settlement of transactions

25. When carrying out all business undertakings, the Company analyses their tax consequences so that it can select the correct manner of settling taxes in those transactions.
26. For that purpose, the Company has introduced formalised document circulation which involves all departments engaged in the conclusion, execution and settlement of transactions, starting from specialised departments, through the legal department and financial department. The employees of specialised departments are responsible for describing transactions, their correct documentation and providing all necessary explanations to the staff of other departments, the legal and financial ones in particular. Thanks to the engagement of the staff of specialised departments at the initial stage, other departments responsible for tax settlement dispose of data necessary to assess and settle transactions correctly in terms of taxes.
27. In the case of any doubts over the correctness of the tax settlement of transactions, the Company takes actions focused on clarifying any outstanding issues. Evaluating the rules of transaction settlement may take different forms depending on how complex the transactions are, whether there are any discrepancies in the scope of stands presented by tax authorities or court judgements, etc. The actions taken to minimise tax risks and ensure a correct settlement of transactions in terms of taxes may take various forms, including in particular:
 - analysing tax consequences of transactions by the financial department staff through verifying the stands presented by tax authorities, administrative court judgements or experts' opinions found in commonly and publicly available sources, learned through tax hotline, etc.
 - cooperating with external consultants and tax advisers who present the rules of tax settlement and recommendations for further actions based on an analysis of documents, information and data provided by the Company,

- applying for tax interpretations to obtain a uniform stand of tax authorities regarding the consequences of the planned or currently realised transaction to get legal protection in the form of an individual interpretation of tax law issued especially for the Company; quite frequently the Company applies for tax interpretations in relation to transactions that are still being prepared because it is the Company's goal to determine clear and precise rules of settling transactions still before they are executed.
28. Regardless of actions taken to ensure an appropriate evaluation of tax consequences of business undertakings, the Company is also permanently in touch with tax authorities. Ongoing contacts with the staff of the competent Tax Office comprise clarifying all doubts expressed by the Tax Office staff in connection with the tax returns submitted and taxes settled, and also agreeing on technical issues connected with the declarations and adjustments filed, the description of individual transactions in those documents, etc. The Company usually contacts the First Mazovian Tax Office in Warsaw, which is the competent tax office, and – in terms of withholding tax – with the Lublin Tax Office.

V.VI Using modern technologies to settle taxes

29. Operating mainly on the retail market, the Company is engaged in a large number of transactions of low unit value. To settle such transactions right, the Company uses special IT tools – software – that calculate the remuneration due to the Company for the TV services rendered on an ongoing basis; such data is fundamental to tax settlements.
30. Using advanced IT tools lets the Company minimise the risk of making mistakes in the course of settling accounts, including the risk of errors resulting from the human factor and hence lowers the risk of an incorrect settlement of the Company's tax obligations.
31. Regardless of the above, the Company's IT department monitors the correctness of operation of all types of software used in the Company, updates and upgrades the software on an ongoing basis and supports the financial department in the process of generating data necessary to settle Company's taxes.

VI. INFORMATION ABOUT THE VOLUNTARY FORMS OF COOPERATION WITH THE BODIES OF THE NATIONAL REVENUE ADMINISTRATION

32. On an ongoing basis, the Company is in touch with the competent Tax Office; yet, the Company did not exercise any forms of voluntary cooperation with the bodies of the National Revenue Administration in the tax year starting on 1 January and ending on 31 December 2021.

33. At the same time, the Company does not rule out that in the future it will take actions the purpose of which will be to exercise the voluntary forms of cooperation with the National Revenue Administration if such a necessity arises.

VII. INFORMATION REGARDING THE FULFILMENT OF TAX OBLIGATIONS IN THE TERRITORY OF POLAND BY THE COMPANY TOGETHER WITH THE INFORMATION ABOUT THE NUMBER OF REPORTS SUBMITTED TO THE HEAD OF THE NATIONAL REVENUE ADMINISTRATION ABOUT MDR UNDER ARTICLE 86A(1)(10) OF THE TAX ORDINANCE, ACCORDING TO THE DIVISION INTO TAXES THAT MDR RELATE TO.

VII.I Fulfilment of tax obligations

34. The Company fulfils all its tax obligations within the deadlines and in the right amount, subject to law in force. In particular, the Company provides appropriate declarations, information and tax returns within statutory deadlines and also pays all its taxes due on time. Particularly, the settlement of taxes is as follows:

➤ tax on goods and services

In terms of the tax on goods and service, first of all the Company determines the correct tax rates that apply to individual types of services rendered – TV services are taxed with a rate of 8%, and other services, including VOD, are taxed with a rate of 23%.

In terms of input tax, the Company verifies the status of its contractors, checks whether the contractor is a registered VAT payer and also whether the bank account provided by the contractor is in the so-called “white list”.

In terms of tax on goods and services, the Company settles taxes monthly by submitting the JPK-V7M tax return.

➤ corporate income tax

In terms of income tax, the Company focuses in particular on determining correctly the moment the tax income is earned and settling the tax deductible costs correctly.

In relation to fulfilling income tax obligations, the Company submits annual tax returns using the CIT-8 form. The Company pays advance income tax payments on time throughout the year.

➤ withholding tax on the amounts due paid to foreign entities

Being an entity operating on the media market, the Company acquires a wide range of rights to various audio-visual works. First of all, the Company acquires rights to licences to TV channels produced by other entities, films and series available on

channels produced by the Company and also in the VOD system, rights to broadcast sports events, etc.

Owing to the amounts due paid, the Company is the payer of the tax withheld at source in Poland. The Company receives appropriate documents, certificates of residence in particular, statements that the contractors are beneficial owners of the amounts due paid by the Company, contractors' financial documents, etc. from its contractors to determine the correct withholding tax rate, and, based on those documents, applies relevant provisions of double taxation agreements or tax exemptions under Polish law. Part of transactions connected with the payment of royalties is verified by external tax advisers who assess the status of the Company's contractor as a beneficial owner of the royalties paid by the Company.

Analogical rules are enforced in the case of paying dividends to the Company shareholders.

In relation to performing taxpayer's duties in relation to withholding tax, the Company prepares the PIT-8AR and CIT-10Z tax returns and tax information on the IFT-1R and IFT-2R forms and submits them to competent tax bodies.

➤ personal income tax

The Company is also the payer of advance personal income tax payments in relation to paying remuneration to people employed by the Company under employment contracts, and those cooperating with the Company under mandate contracts and works contracts, and also in relation to the payment of compensation for the property rights acquired from natural persons.

In the scope of personal income tax, the Company correctly determines the amount of revenues and the moment at which the revenues are earned so that the advance income tax payments are made in the right amount and transferred to the bank account of tax authorities on time.

In terms of personal income tax, the Company submits an annual tax return using forms PIT-4R and PIT-8AR, and prepares and sends tax information using forms PIT-11 and PIT-8C.

35. In the case of detecting any errors or inconsistencies in the tax returns, tax information or income statements already submitted, the Company immediately prepares and submits necessary adjustments. Despite the fact that the regulations in force in 2021 did not require from taxpayers to explain why adjustments had been made, it is a practice followed by the Company for years to precisely inform the authorities why a given adjustment is made and what its consequences are. It is the Company's purpose to ensure the highest possible transparency of tax settlements made and avoid situations in which such settlements could raise any tax authorities' doubts.

VII.II Information on MDR

36. In the tax year starting on 1 January and ending on 31 December 2021, the Company submitted three pieces of information about MDR on form MDR-1 to the Head of the National Revenue Administration. All submitted MDR-1 forms related to withholding tax and the settlements made with foreign entities. All the pieces of information submitted were the corrections of MDR-1 forms filed before.
37. Apart from the aforementioned events, the Company did not enter into any other transactions that would be subject to MDR.

VIII. TRANSACTIONS WITH RELATED PARTIES IN THE MEANING OF ARTICLE 11A(1)(4) OF THE ACT ON CORPORATE INCOME TAX THE VALUE OF WHICH EXCEED 5% OF THE BALANCE SHEET TOTAL ASSETS IN THE MEANING OF ACCOUNTING REGULATIONS, DETERMINED BASED ON THE COMPANY'S LATEST APPROVED FINANCIAL STATEMENT, INCLUDING THE ENTITIES THAT ARE NOT RESIDENTS OF THE REPUBLIC OF POLAND FOR TAX PURPOSES.

38. In the course of the tax year starting on 1 January and ending on 31 December 2021, the Company did not execute any transactions with related parties the total value of which would exceed 5% of the balance sheet total assets determined based on the Company's latest financial statement.

IX. INFORMATION ON THE RESTRUCTURING ACTIONS PLANNED OR TAKEN BY THE TAXPAYER THAT MAY AFFECT THE AMOUNT OF TAXPAYER OR RELATED PARTIES' TAX OBLIGATIONS IN THE MEANING SET FORTH IN ARTICLE 11A(1)(4).

39. In the tax year starting on 1 January and ending on 31 December 2021, the Company did not plan or take any restructuring actions that would affect the amount of taxpayer or related parties' tax obligations in the meaning set forth in Article 11a(1)(4) of the Act on corporate income tax.

X. INFORMATION ABOUT THE APPLICATIONS FOR ISSUING A GENERAL TAX INTERPRETATION AS SET FORTH IN ARTICLE 14A(1) OF THE TAX ORDINANCE

40. In the tax year starting on 1 January and ending on 31 December 2021, the Company did not submit any applications for issuing a general tax interpretation as set forth in Article 14a(1) of the Tax Ordinance.

XI. INFORMATION ABOUT THE APPLICATIONS FOR ISSUING AN INTERPRETATION OF THE PROVISIONS OF TAX LAW AS SET FORTH IN ARTICLE 14B OF THE TAX ORDINANCE

41. For the purpose of this information, the Company has assumed that it submitted the same number of applications as the number of tax law interpretations it received – even if

formally there was more than one interpretation on a single form. Therefore, in the tax year starting on 1 January and ending on 31 December 2021, the Company submitted 4 applications for issuing individual tax-law interpretations.

42. The applications for issuing individual tax-law interpretations submitted by the Company related to the following taxes:
- withholding tax – 1 application for issuing a tax-law interpretation,
 - tax on goods and services – 1 application for issuing a tax-law interpretation,
 - tax on civil-law transactions – 2 applications for issuing tax-law interpretations.

XII. INFORMATION ABOUT THE APPLICATIONS FOR THE INFORMATION ON THE BINDING TAX RATE AS SET FORTH IN ARTICLE 42A OF THE ACT ON TAX ON GOODS AND SERVICES

43. In the tax year starting on 1 January and ending on 31 December 2021, the Company did not submit any applications for the information on the binding tax rate.

XIII. INFORMATION ABOUT APPLICATIONS FOR THE INFORMATION ABOUT THE BINDING EXCISE DUTY AS SET FORTH IN ARTICLE 7D(1) OF THE ACT OF 6 DECEMBER 2008 ON EXCISE DUTY (JOURNAL OF LAWS OF 2022, ITEM 143, AS AMENDED)

44. In the tax year starting on 1 January and ending on 31 December 2021, the Company did not submit any applications for the information about the binding excise duty as set forth in Article 7d(1) of the Act of 6 December 2008 on excise duty (Journal of Laws of 2022, item 143, as amended).

XIV. INFORMATION ABOUT THE TAXPAYER'S TAX SETTLEMENT IN THE TERRITORIES OR COUNTRIES THAT APPLY HARMFUL TAX COMPETITION AS SET FORTH IN SECONDARY LEGISLATION ISSUED ON THE BASIS OF ARTICLE 11J(2) AND ARTICLE 23V(2) OF THE ACT OF 26 JULY 1991 ON PERSONAL INCOME TAX AND IN THE ANNOUNCEMENT MADE BY THE MINISTER COMPETENT FOR PUBLIC FINANCE ON THE BASIS OF ARTICLE 86A(10) OF TAX ORDINANCE

45. In the tax year starting on 1 January and ending on 31 December 2021, the Company did not make any tax settlements in the territories or countries that apply harmful tax competition set forth in regulations issued on the basis of Article 11j(2) of the Act on corporate income tax and Article 23v(2) of the Act of 26 July 1991 on personal income tax and in the announcement made by the minister competent for public finance on the basis of Article 86a(10) of Tax Ordinance.
46. Owing to the requirements arising from Article 11o(1a) and Article 11o(1b) of the Act on corporate income tax introduced on 1 January 2021, the Company also verified whether in the case of transactions the value of which exceeded 500.000,00 zł the beneficial owner

did not have the place of residence, seat or management board in a territory that applies harmful tax competition. However, the aforementioned regulations have been repealed retroactively starting from the day they entered into force, that is from 1 January 2021.