



TAX
TRANSPARENCY
REPORT
2023

A NOTE FROM THE CHIEF FINANCIAL OFFICER

Throughout the 2023 financial year, Nine Entertainment Co. Holdings Limited (**Nine**) has continued to solidify its position at the forefront of media in Australia. Our diverse range of assets across television, publishing and audio as well as Stan and Domain have continued to drive audience and revenue share, despite facing difficult economic conditions which have impacted the broader industry.

As the leading media company in Australia reaching around 20 million people every month across our various platforms, Nine understands that as well as having an obligation to uphold high standards in relation to our content we also have an obligation to maintain the trust of our audiences and community by embodying good corporate citizenship. In doing so, Nine commits to providing truthful and informative content not only through responsible journalism, but also in the accuracy of the financial data and disclosures released to its stakeholders. As a signatory to the Board of Taxation's Tax Transparency Code, Nine remains committed to annual voluntary and transparent reporting of Nine's tax contributions, tax governance framework and approach to tax strategy. This notion of corporate responsibility and transparency is embodied through the voluntary disclosures outlined in this Report.

Being a listed entity in Australia, Nine takes its tax obligations seriously and strives to ensure full compliance with all regulatory bodies and statutory requirements. Nine's approach to tax management is principled, detailed and targeted, with thorough documentation of policies and procedures maintained in relation to tax risk management and corporate governance. To solidify this approach, Nine has a Tax Corporate Governance framework which is approved and overseen by the Nine Board.

In the following pages, you will find an overview of Nine's tax strategy, governance and tax contributions made to the Australian State and Commonwealth governments for the financial year ended 30 June 2023. In preparing this report, Nine has followed the recommendations of the Board of Taxation's Tax Transparency Code. This report should be read together with Nine's 2023 Annual Report which can be found on our website www.nineforbrands.com.au.

Nine welcomes the opportunity to provide details of its tax contributions to the community.



MATT STANTON

Chief Financial and Strategy Officer

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Tax policy, strategy, and governance

Nine's tax governance framework outlines the policies, procedures, and practices that it employs to ensure that it complies with tax laws and regulations while managing its tax affairs in a responsible and ethical manner. Effective tax governance is essential for Nine to meet its tax obligations, mitigate risks, and maintain a positive reputation.

Nine has developed a clear and well-defined tax policy that outlines its approach to taxation. This policy was endorsed by the Board on 16 June 2022. The policy reflects Nine's commitment to compliance, transparency, and ethical tax practices. The policy also outlines the principles that govern Nine's approach to its tax affairs and dealing with tax risk, including the framework by which Nine's tax operational and risk management obligations are met.

Nine has implemented processes to ensure timely and accurate tax compliance, including the preparation of returns, meeting payment deadlines, and maintaining proper records to substantiate tax positions taken.

Identifying and managing tax risks is crucial for Nine. A low risk tax strategy is adopted by Nine to ensure there is no damage to its reputation or risk profile with the Australian Taxation Office (**ATO**). Nine ensures that, as a minimum, the tax position adopted with regard to particular issues or transactions is more likely than not to be correct. This is achieved through employing qualified tax professionals in the Group Tax team and using external advisors to assist the Group Tax team when complex or uncertain matters arise. The Group Tax team will obtain tax rulings from the ATO where matters involve complex or uncertain areas of the law. Nine's tax policy mandates that for all uncertain tax positions in relation to major transactions, or high risk tax matters that are ambiguous in nature or where the interpretation of the law is unclear, an opinion from an independent external advisor is sought to support the position.

The Nine Board operates several Committees that oversee key business risks including the Audit and Risk Management Committee (**ARC**) which oversees risk management and internal controls in relation to all risks across Nine, including tax.

Nine has established and implemented robust internal controls in relation to the identification and management of tax risk and a framework for escalation of tax matters to the Nine Board as necessary. These controls prevent errors, fraud and non-compliance. Nine uses data management tools to streamline tax processes, maintain accurate records and facilitate efficient reporting and ensures that qualified personnel are responsible for all tax matters.

Engagement with revenue authorities

Nine focuses on maintaining a strong and open relationship with the ATO and other relevant revenue authorities including the New Zealand Inland Revenue, and seeks to engage proactively and transparently with all relevant tax authorities on significant transactions.

Nine's aim is to continue to maintain a positive and transparent working relationship with all revenue authorities to enable an efficient and collaborative hearing of tax issues that apply to the business.

Nine engages in ongoing dialogue with the ATO regarding its assurance and review processes, in particular through the ATO's Top 1,000 Justified Trust Combined Assurance Review (**CAR**) programme. As Nine is a Top 1,000 taxpayer, the ATO is currently conducting a CAR of the income tax and GST affairs of Nine, through which Nine seeks to provide assurance to the ATO that the correct amount of income tax and GST was paid by the group over the last 4 financial years.

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Reconciliation of accounting profit to income tax expense

The reconciliation of accounting profit to tax expense contained in this Report was previously published in the Nine 2023 Annual Report in note 5.1. The disclosure was prepared for the statutory accounts in accordance with the relevant Australian Accounting Standards.

Income tax expense, reported on a company's income statement, is calculated by multiplying accounting profit for the year, adjusted for non-temporary differences, by the relevant corporate tax rate (30% in Australia).

Taxation

Income tax expense

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| Current tax expense | 98,998 | 126,641 |
| Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences | (18,437) | 7,706 |
| Income tax expense | 80,561 | 134,347 |
| <i>Reconciliation of tax expense to prima facie tax payable</i> | | |
| Profit before income tax | 275,104 | 449,635 |
| Prima facie income tax expense/(benefit) at the Australian rate of 30% | 82,531 | 134,891 |
| <i>Tax effect of:</i> | | |
| Share of associates' net loss/(profit) | (70) | (538) |
| Difference between tax and accounting adjustments from acquisition and disposal of investments | – | 2,961 |
| Impairments, write down of investments and revaluation of derivative financial instruments | 1,792 | – |
| Adjustments in respect of current income tax of previous years | (1,189) | (1,752) |
| Research and development tax offset | (2,849) | (1,500) |
| Other items – net | 346 | 285 |
| Income tax expense | 80,561 | 134,347 |

Reconciliation of income tax expense to income tax paid and current year income tax (receivable)/payable

The following table shows a reconciliation of income tax expense per the statutory accounts to total income tax paid and current year income tax payable during FY2023.

The total corporate income tax paid of \$145.67 million is net of any tax refunds received during the year, includes tax paid in respect of the prior year and includes taxes paid by controlled entities in Australia and New Zealand. This reconciles to the net income taxes paid as disclosed in the Consolidated Statement of Cash Flows in the Nine 2023 Annual Report (refer page 38).

Reconciliation from income tax expense to current year income tax (receivable)/payable

| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
|--|------------------------|------------------------|
| Income tax expense (continuing operations) | 80,561 | 134,347 |
| Differences between tax and accounting recognition | 18,437 | (7,707) |
| Tax payable in respect of prior years | 44,622 | 56,052 |
| Income taxes paid in current year | (145,671) | (138,071) |
| Current income tax (receivable)/payable | (2,053) | 44,622 |

Effective company tax rates for Australian and global operations

Nine reported a net profit for statutory accounts purposes and an income tax expense for FY2023.

Effective Tax Rate (**ETR**) is calculated as income tax expense divided by accounting profit before tax. Using this ETR calculation methodology, Nine's ETR would be 29.4% as shown below.

| | 30 June 2023 ('000) | 30 June 2022 ('000) |
|-----------------------|------------------------|------------------------|
| Income Tax Expense | \$80,561 | \$134,347 |
| Net Profit Before Tax | \$275,104 | \$449,635 |
| Effective Tax Rate | 29.4% | 29.9% |

The ETR is less than the statutory rate of 30% primarily due to tax offsets available as a result of the Research and Development (**R&D**) tax incentive. Under the R&D incentive program, Nine receives a tax offset for expenditure on eligible R&D activities.

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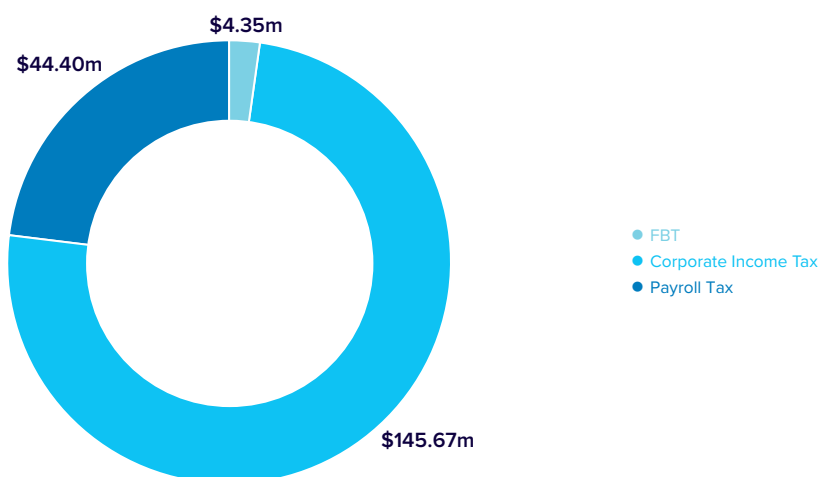
Tax Contribution Summary

The following tables and diagrams set out the types of taxes paid and collected by Nine and its subsidiaries (including controlled non-wholly owned subsidiaries) to and/or collected on behalf of Australian Federal, State and local governments in the 2023 financial year.

Taxes paid by Nine Group and Controlled non-wholly owned subsidiaries

Nine and its controlled entities are subject to both Federal and State Government taxes. These taxes include income tax, fringe benefits tax (FBT) and payroll tax.

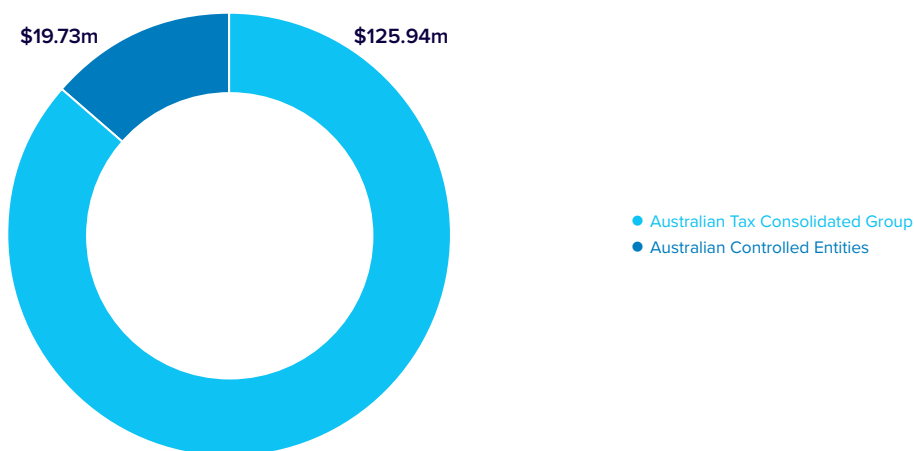
The group's largest tax contribution on a gross basis was income tax of \$145.67 million. This represents 75% of all taxes paid by Nine in the 2023 income year.



Income Tax paid by Nine group

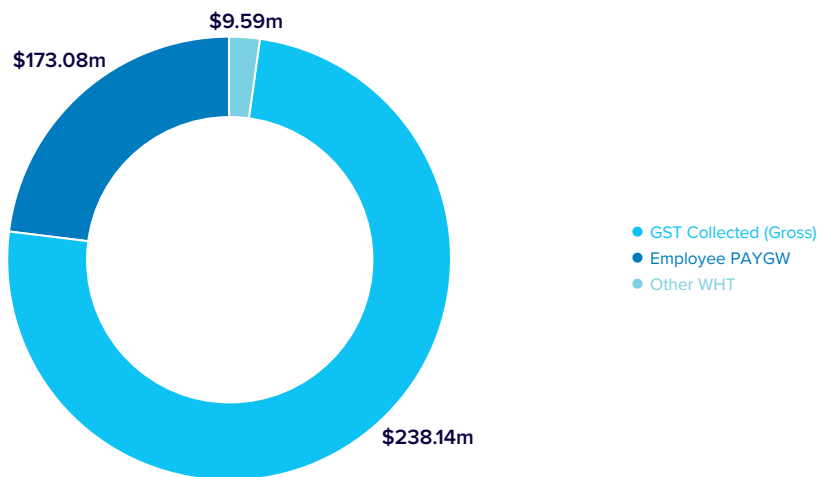
The following graph shows Nine's income tax contribution in Australia and in New Zealand on a cash basis, analysed between the Australian Tax Consolidated Group and other entities within the Group.

The total corporate income tax paid of \$145.67 million is net of any tax refunds received during the year and includes taxes paid by controlled entities in Australia and New Zealand. This reconciles to the net income taxes paid of \$145.67 million as disclosed in the Consolidated Statement of Cash Flows in the Nine 2023 Annual Report (refer page 38) and referred to earlier in this report.



Taxes Collected by Nine

In FY2023, Nine and its 100% owned subsidiaries collected and paid \$420.81 million in taxes including Goods and Services Tax (**GST**), Pay As You Go Withholding (**PAYGW**) and Interest and Royalty Withholding Taxes.



International Related Party Dealings

The vast majority of the Nine group's operations are undertaken within Australia. Nine has relatively small foreign operations in the United States (the US) and New Zealand with minor transactions occurring between these entities and Nine's Australian entities.

For the 2023 income year, the aggregate value of Nine's international related party dealings with its foreign subsidiaries amounted to 0.45% of the Group's total revenue.

Nine's minor international related party dealings reflect arm's length pricing in accordance with transfer pricing requirements in Australia, New Zealand, and the US and are consistent with the OECD guidelines.

Mi9 New Zealand

Mi9 NZ offers digital advertising solutions to New Zealand clients using data from Microsoft accounts and Experian Mosaic to provide advertisers targeted and high return on investment campaigns in a high quality and brand safe environment. Mi9 NZ offers multiple purchasing methods including directly via insertion order or programmatically via its AppNexus and Telaria supply-side platforms.

Nine Australia provides Mi9 NZ with shareholder funding for which it charges an arm's length rate of interest.

Channel 9 Australia Inc.

In the US, Channel 9 Australia Inc. carries on television services in the United States by arrangement of studio hire, transport, satellite facilities, video recording services, programming consultancy services and creating oral and graphic messages by means of television broadcasting.

Channel 9 Australia Inc. provides content to the Nine Group at cost plus an arm's length mark up.

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Australian Tax Return Information Published by the ATO

In September 2023, the ATO reported Australian tax information for Nine and a number of other large public companies relating to the 2022 financial year.

The information that was reported for Nine is taken from the income tax return lodged by Nine Entertainment Co. Holdings Limited as head entity of the Nine tax consolidated group, using records held by the ATO on 13 September 2023 and is shown in the table below:

Income tax

| | | |
|-----------------|--|----------|
| Name: | Nine Entertainment Co. Holdings Limited (Note 1) | |
| ABN: | 60 122 203 892 | |
| Total income: | \$2,962,179,277 | (Note 2) |
| Taxable income: | \$405,945,860 | (Note 3) |
| Tax Payable: | \$112,887,733 | (Note 4) |

Notes:

1. The above information relates to the Nine tax consolidated group, which only includes wholly-owned subsidiaries of Nine Entertainment Co. Holdings Limited. Information for non-wholly owned subsidiaries is not included in these figures.
2. Total Income as reported by the ATO represents gross income for accounting purposes, that is, income before any expenses are taken into account. The total income figure is similar to gross accounting revenue, not profit. The total income figure is not an indicator of the real economic or taxable profits of Nine. Total income is the gross income earned by the Nine Tax Consolidated Group, before deductions/expenses are applied. This differs from the Group's total revenue in the Financial Statements because it does not include income earned by the Group's offshore operations and non-wholly owned subsidiaries, but it does include income earned from transactions with these offshore branches and subsidiaries.
3. Taxable Income for the Nine Tax Consolidated Group is assessable income from all sources less allowable deductions incurred in earning that income.
4. Tax Payable is determined by multiplying taxable income by the 30% corporate tax rate and deducting tax offsets such as the research and development (R&D) incentive and franking credits.

The Nine Tax Consolidated Group's taxable income for 2022 of \$405,945,860 multiplied by 30% is \$121,783,758. Actual tax payable by Nine for the year ended 30 June 2022 was \$112,887,733. The difference of \$8,896,025 is comprised of franking credits. Nine is entitled to a tax offset for franking credits attached to dividends received by Nine from investments in other Australian taxpaying companies. The franking credit reflects tax already paid on profits distributed to Nine by way of franked dividends, and prevents double taxation.