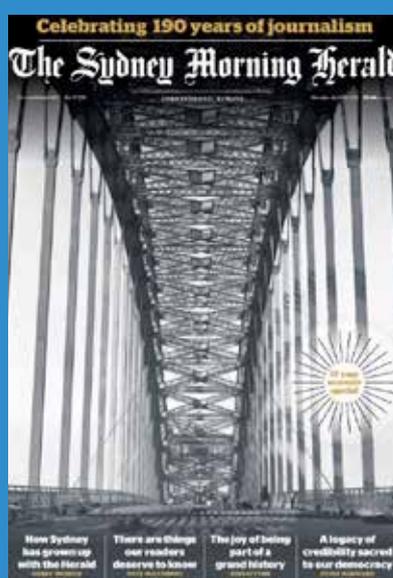
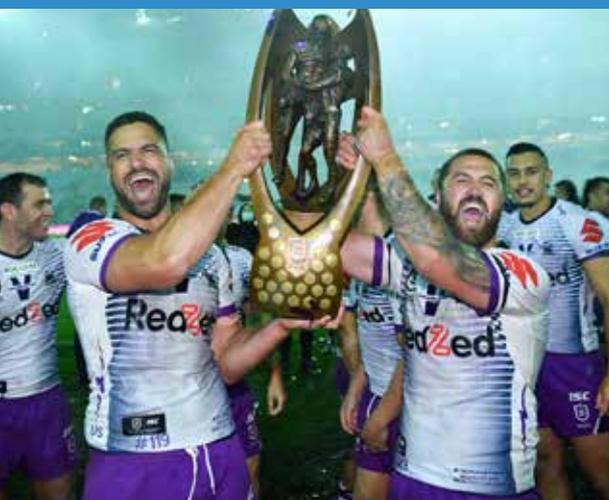
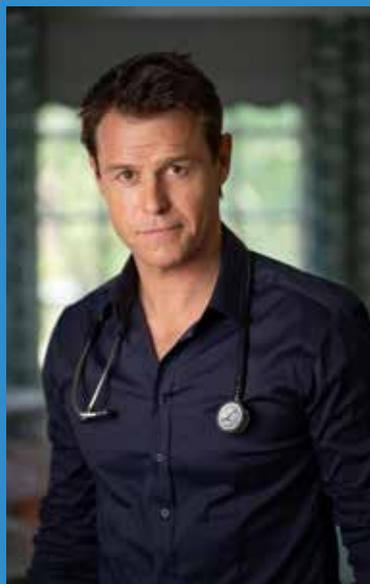


Nine

Tax Transparency Report 2021



Tax Transparency Report 2021

A Note from the Chief Financial Officer

I am pleased to present the annual Tax Transparency Report for Nine Entertainment Co. Holdings Pty Ltd (Nine) for the year ended 30 June 2021. The Nine Board adopted the Australian Board of Taxation's voluntary Tax Transparency Code (TTC) in 2019 and committed to report annually the details of Nine's tax contributions and on Nine's approach to tax strategy in accordance with the principles of the TTC.

In a local media landscape that is increasingly occupied by global platforms, Nine's role has never been more important. Nine prides itself on being the source of truth, information, and analysis through our quality and challenging journalism. Nine aims to be a good corporate citizen, by maintaining the trust of the communities which we are a part of, through responsible journalism and providing high quality content. This philosophy is carried through to financial disclosures to our shareholders and the general public, including this voluntary disclosure of Nine's tax management framework.

Nine takes its tax obligations seriously and as an Australian listed entity is committed to paying the right amount of tax in Australia and New Zealand. Nine's approach to tax management is to ensure full compliance with all statutory obligations and full disclosure to revenue authorities, maintenance of documented policies and procedures in relation to tax risk management and completion of risk assessments including escalation and reporting to the Board in accordance with our Tax Corporate Governance framework.

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 2021. In preparing this report, Nine has followed the recommendations of the Board of Taxation's TTC and welcomes the opportunity to provide details of our tax contributions to the community.



Maria Phillips
Chief Financial Officer

Tax policy, strategy, and governance

The Nine tax corporate governance and tax operating framework is guided by the Company's Tax Corporate Governance Policy. This Policy sets out the approach to be taken by Nine in constructing its tax affairs and dealing with tax risk and is periodically reviewed by the Group Tax team.

Nine has implemented appropriate 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.

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

A low risk tax strategy is adopted by Nine to ensure there is no damage to its reputation or risk profile with the 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 Corporate Governance 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.

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 (IR) and seeks to engage proactively and transparently with the relevant tax authority 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.

In the most recent Top 1000 Justified Trust review of Nine conducted by the ATO, Nine received a "medium" level of assurance rating. This level of assurance acknowledges that Nine provided evidence to demonstrate that a tax control framework exists and has been designed effectively. Further, Nine received a Stage 2 assurance rating for its Tax Risk Management and Governance. This rating demonstrates that Nine has a very strong tax corporate governance framework in place. As part of its periodic assurance program for the Top 1000 taxpayers, the ATO will shortly seek to re-assess its overall level of assurance over Nine's tax affairs for the four year period ended 30 June 2021.

In the interim, Nine has engaged external consulting firm, PwC, to perform a review of Nine's current control framework and to test our systems in order to ensure the appropriate controls are in place. Nine's aim is to ensure it has maintained the control framework and governance outcomes expected by the ATO.

Tax Transparency Report 2021

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 2021 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).

Income tax expense

	30 June 2021 \$'000	30 June 2020 Restated \$'000
Profit/(loss) from continuing operations	279,592	(480,183)
Prima facie income tax (benefit)/expense at the Australian rate of 30%	83,878	(144,055)
<i>Tax effect of:</i>		
Share of associates' net (profit)/loss	(304)	(214)
Difference between tax and accounting profit from disposal of properties	(353)	(442)
Impairments, write down of investments and revaluation of derivative financial instruments	18,453	175,026
Adjustments in respect of current income tax of previous years	(1,795)	(676)
Research and development tax offset	(3,961)	(1,855)
Other items – net	(287)	(216)
Income tax expense	95,631	27,568

Reconciliation of income tax expense to income tax paid and current year income tax 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 FY2021.

The total corporate income tax paid of \$91.316 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 2021 Annual Report (refer page 85).

	30 June 2021 \$'000	30 June 2020 Restated \$'000
Tax payable in respect of prior years	9,983	47,722
Income tax expense (continuing operations)	95,631	27,568
Differences between tax and accounting recognition	41,753	22,379
Income taxes paid in current year	(91,316)	(88,528)
Prior year adjustments in respect of discontinued operations	0	842
Current income tax payable	56,052	9,983

Tax Transparency Report 2021

Effective company tax rates for Australian and global operations

Nine reported a net profit for statutory accounts purposes and an income tax expense for FY2021.

Effective Tax Rate (ETR) is usually calculated as income tax expense divided by accounting profit before tax. Using this ETR calculation methodology, Nine's ETR would be 34.2% as shown below.

	30 June 2021 \$'000	30 June 2020 Restated \$'000
Income Tax Expense	95,631	27,568
Net Profit Before Tax	279,592	(480,183)
Effective Tax Rate	34.2%	(5.74%)

A more meaningful representation of Nine's ETR is illustrated where the ETR is calculated based on profit before specific items and tax, rather than the statutory profit/loss before tax, as the statutory profit/loss before tax includes accounting adjustments (e.g. impairment of goodwill) which are not deductible for income tax purposes.

	30 June 2021 \$'000	30 June 2020 Restated \$'000
Income Tax Expense on profit before specific items	110,586	65,089
Profit Before Tax and Specific Items	388,116	222,784
Effective Tax Rate	28.5%	29.2%

The ETR is less than the statutory rate of 30% primarily due to tax offsets available as a result of the Research and Development and Post Production, Digital and Visual Effects (PDV) incentives. Under the PDV incentive program, Nine receives a tax offset for qualifying Australian production expenditure on post production, digital and visual effects.

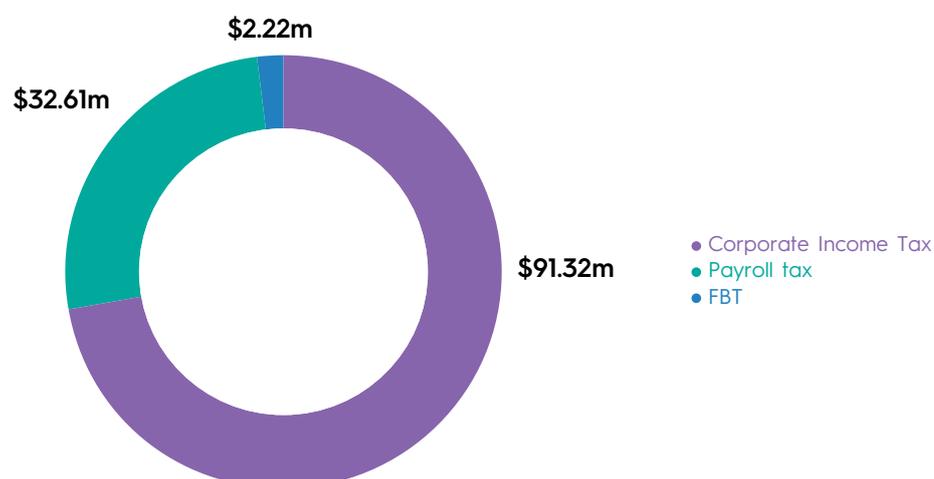
Tax Contribution Summary

The following tables and diagrams set out the types of taxes paid and collected on a cash basis 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 2021 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 \$91.316 million. This represents 72.3% of all taxes paid by Nine in the 2021 income year.



Tax Transparency Report 2021

Income Tax paid by Nine group

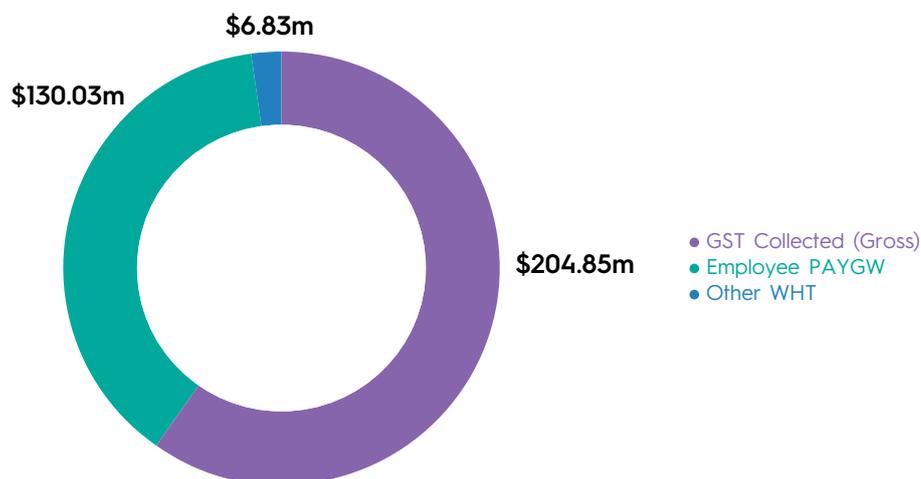
The following graph shows Nine's income tax contribution in Australia and in New Zealand on a cash basis, analysed between the Australian Tax Consolidated Group and other entities within the Group.

The total corporate income tax paid of \$91.316 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 \$91.316 million as disclosed in the Consolidated Statement of Cash Flows in the Nine 2021 Annual Report (refer page 85) and referred to earlier in this report.



Taxes Collected by Nine

In FY2021, Nine and its 100% owned subsidiaries collected and paid \$341.71 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

Effectively, all 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 2021 income year, the aggregate value of Nine's international related party dealings with its foreign subsidiaries amounted to less than 0.3% of the Group's total revenue.

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

Tax Transparency Report 2021

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 group 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 NEC Group at cost plus an arm's length mark up.

Australian Tax Return Information Published by the ATO

In September 2021, the ATO reported Australian tax information for Nine and a number of other large public companies relating to the 2020 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 1 September 2021 and is shown in the table below:

Income tax

Name	Nine Entertainment Co. Holdings Limited	
ABN	60 122 203 892	
Total income	\$2,390,153,530	(Note 1)
Taxable income	\$217,944,256	(Note 2)
Tax Payable	\$52,588,356	(Note 3)

Notes:

1. 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 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 (TCG), 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.
2. Taxable Income for the Nine Tax Consolidated Group is assessable income from all sources less allowable deductions incurred in earning that income.
3. Tax Payable is determined by multiplying taxable income by the 30% corporate tax rate and deducting tax offsets such as foreign tax credits and franking credits.
4. The Nine TCG's taxable income for 2020 of \$217,944,256 multiplied by 30% is \$65,383,276.84. Actual tax payable by Nine for the year ended 30 June 2020 was \$52,588,355.84. The difference of \$12,794,921 is comprised of the following items:

Franking credits	\$12,483,205
Foreign tax credits	\$311,716
TOTAL	\$12,794,921

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 from associates and non wholly-owned subsidiaries, and prevents double taxation.