

ANNUAL TAX TRANSPARENCY REPORT 2023



CONTENTS

• About SCA	Page 3
• About this report	Page 4
• Basis of preparation	Page 5
• Approach to tax strategy and governance	Page 6
• Effective tax rate and reconciliation of accounting profit to income tax FY2023	Page 7
• Reconciliation to ATO public data disclosures FY2022	Page 9
• Tax contribution summary for FY2023	Page 10

ABOUT SCA



- Southern Cross Austereo (SCA) is one of Australia's leading media companies reaching more than 95% of the Australian population through its radio, television, and digital assets, with Group revenues of \$504.3m in FY2023.
- SCA made a net tax contribution of \$93 million in FY2023. This included a total of \$20 million in income, payroll and fringe benefit taxes with an effective income tax rate of 31.0%. As a large employer, SCA collected \$73 million of PAYG withholding tax and GST.
- Leading brands supported by social media, live events, video, online and mobile assets, delivering national and local content ensures communities want to watch, listen to and engage with SCA in a meaningful way every day.
- Its strength as a media company comes from its people; high profile national and local celebrities; and talented and dedicated employees located in more than 60 offices.
- SCA reaches more than 10 million Australians every week across its expansive radio, television and digital networks.
- SCA comprises of Australian companies headed by an ASX listed company, Southern Cross Media Group Limited (SCMG). SCMG does not directly or indirectly, partly or wholly, own any foreign subsidiaries and the Group only operates in Australia.

ABOUT THIS REPORT



- This report provides information regarding SCA's tax activities for the year ended 30 June 2023 (FY2023), including our approach to strategy and governance, information about our effective tax rate and an overview of our Australian tax contribution. It should be read in conjunction with SCA's Annual Report 2023, which can be found on our website at www.southerncrossaustereo.com.au
- In preparing this report, SCA has followed the recommendations of the Board of Taxation's voluntary tax transparency code (TTC) and has considered the AASB's draft guidance on the TTC tax reconciliation and effective tax rate calculation disclosures.
- The aim of the TTC is to provide a mechanism by which medium and large companies can be publicly transparent around, and held accountable for, their Australian tax affairs, and to give stakeholders and the general public confidence that companies are compliant with their statutory tax obligations. SCA supports the concept of voluntary tax transparency and believes it improves public trust in tax compliance.

BASIS OF PREPARATION



The basis of preparing the disclosures in this report are as follows:

- All dollar figures in this report are in Australian currency
- Information in this report is sourced from: SCA's Annual Report; the consolidated income tax return for SCMG, which includes all the wholly owned Australian entities of the group; other SCA tax filings; SCA's internal financial and other records; SCA's Taxation Risk and Governance policy; and SCA's Audit & Risk Committee Charter
- The tax impacts of nonwholly owned subsidiaries consolidated by SCMG are included in the disclosures, which are drawn from SCA's Note 7 to the financial report. The tax impacts of those entities which are not consolidated, such as investments accounted for under the equity method, are not included in SCMG's income tax return, this report or separately disclosed in SCA's Annual Report
- SCA considers materiality based on both quantitative and qualitative factors, to ensure there are no misstatements that could influence the decisions that users make regarding their level of understanding of SCA's tax affairs
- SCA collated information from audited and other reliable sources as noted above. The report has been reviewed and signed off by the Chief Financial Officer. SCA has not obtained external assurance.



APPROACH TO TAX STRATEGY AND GOVERNANCE

Australian tax consolidated group

SCA lodges a single Australian tax return which consolidates the results of the wholly owned subsidiaries of the ASX listed head company of the group, SCMG. Non-wholly owned Australian subsidiaries submit their own tax returns.

SCA does not have any non-Australian subsidiaries or operations and hence has no international related party dealings.

Audit and Risk Committee

Tax risk management and governance falls under the oversight of the Audit and Risk Committee (ARC) and tax risk is managed pursuant to documented policy. Management reports to the ARC on any significant taxation matters as they arise. SCA's professional tax advisor, KPMG, reports to the ARC on SCA's taxation affairs at least annually.

Meeting all tax responsibilities

SCA's tax risk management and governance principles are documented and enforced through SCA's documented tax governance framework, including the Board endorsed Taxation Risk and Governance Policy published on our website, together with operationally focused internal documentation. The framework categorises tax risks and mandates steps SCA needs to manage such tax risks, including obtaining external professional advice on materially significant transactions.

SCA is committed to meeting all its tax responsibilities and engages with all taxing authorities at a federal, state and territory level in a professional and constructive manner.

SCA takes a conservative approach to its tax planning, which is consistent with its low risk appetite in regard to taxes. Taxes are managed with the objective of filing all returns and paying all taxes on time and in accordance with applicable legislation. SCA has implemented a process of ongoing review of its tax controls.

The ATO completed a Combined Assurance Review of the Group during FY2022, which covered the 2017 to 2020 income tax years. The Group received the highest ratings possible from the ATO, which confirmed that the Group 'provided evidence to demonstrate that a tax control framework exists; has been designed effectively and is operating effectively in practice'; and that the ATO 'obtained a high level of assurance that the right Australian income tax outcomes were reported in' the Group's 'income tax returns'.

Effective tax rate and reconciliation of accounting profit to income tax FY2023

The income tax expense disclosed in SCA's FY2023 financial report is calculated based on Australian Accounting Standards.

The effective tax rate for FY2023 excluding significant items was 31.0% (FY2022: 31.8%).

A reconciliation of SCA's accounting profit to income tax expense and effective tax rate is provided below.



Reconciliation of accounting profit to tax expense (refer Note 7 of SCA's FY2023 financial report)

A\$'000	FY2023		FY2022	
	Reported	TTC ¹	Reported	TTC ^{1,2}
Profit/(loss) before income tax expense	27,253	27,253	(214,068)	41,716
Tax at the Australian tax rate of 30%	8,176	8,176	(64,220)	12,515
Add tax effect of recurring items:				
Non-deductible entertainment expenses	748	748	797	797
Less tax effect of recurring items:				
Share of net profits of associates	(209)	(209)	(228)	(228)
Other net (non-assessable income) / non-deductible expenses	(269)	(269)	165	165
Tax effect of non-recurring items:				
Impairment of intangibles and investments	-	-	3,227	-
Adjustments recognised in the current year in relation to prior years	(302)	-	(87)	-
Income tax expense	8,144	8,446	(60,346)	13,249
Effective tax rate	29.9%	31.0%	28.2%	31.8%

1. Excludes prior year tax impacts

2. Excludes the impairment of intangibles and investments and other significant items

Effective tax rate and reconciliation of accounting profit to income tax FY2023 (cont.)



A reconciliation of SCA's income tax expense to income tax payable per SCA's FY2023 financial report is provided below.

Reconciliation of income tax expense to tax payable (Refer tax paid in the Consolidated Statement of Cash Flows in SCA's 2023 financial report)

A\$'000	FY2023	FY2022
Income tax expense/(credit)	8,144	(60,346)
Deferred tax credit (temporary differences)	601	72,662
Adjustment for current tax of prior periods	212	(1,510)
Tax payable - current year	8,957	10,806
Timing differences between tax expense and tax payments ¹	(1,538)	9,974
Tax paid	7,419	20,780

Income tax expense is recognised based on the applicable Australian accounting standards. It reflects income tax expense that may be accrued and adjustments for items under the accounting standards for the reporting period that do not necessarily result in an immediate cash tax impact for that period. Given this, we have provided a reconciliation of cash tax paid to income tax expense for FY 2022 on the next page.

1. Prior year tax paid/received in FY2023 and FY2023 tax payable/receivable in FY2024

Reconciliation to ATO public data disclosures FY2022

As SCA has a total income of more than \$100 million, the ATO will publish certain tax information on the Australian Government Data website drawn from SCMG's consolidated income tax return (Tax return). The information expected to be published for FY2022 is shown below, with a description of how this bridges to the disclosures contained in SCA's FY2022 financial report.



The ATO is expected to publish SCMG's tax information for FY2022 as follows:

FY2022 Tax return	A\$'000
Total income	517,436
Taxable income	36,773
Income tax payable	10,683

The total income of the SCMG tax consolidated group listed above was derived from the underlying financial records of SCA for the companies that are members of the SCMG tax consolidated group. The accounting profit before tax and significant items for these companies was \$41.716m in the FY2022 financial report. This results in a TTC effective tax rate of 31.8% for FY2022.

The income tax payable as per note 7 of the FY2022 financial report was \$10.806m.

The difference between the ATO reported amount of \$10.683m and the \$10.806m amount reported in Note 7 of the financial statements arose because SCMG used accounting estimates for financial reporting purposes in relation to property, plant and equipment deductions, accruals and entertainment expenses. SCMG subsequently determined the correct taxation treatment for these expenditures and profits, which led to the amounts reported in the FY2022 income tax return.

Tax contribution summary for FY2023



A summary of the total cash taxes paid to Australian federal and state tax authorities for the year to 30 June 2023 is provided below.

Note that income tax incurred is the amount paid in the year, while the other taxes incurred and collected represent amounts paid, and PING received, in respect of the year.

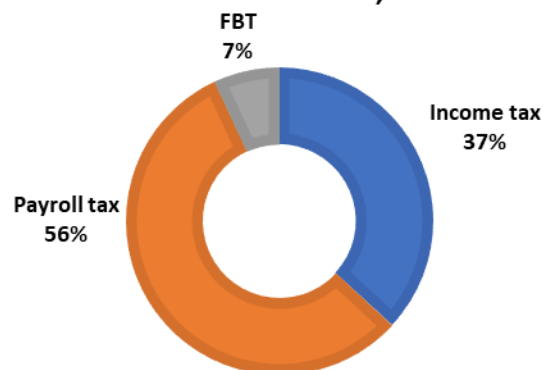
SCA's tax contribution summary to 30 June 2023

A\$'000	FY2023	FY2022
Taxes incurred by SCA		
Income tax ¹	7,419	20,780
Payroll tax	11,305	9,723
Fringe benefits tax (FBT) ²	1,392	881
Total taxes incurred by SCA	20,116	31,384
Taxes collected and remitted by SCA		
Employee taxes withheld	49,230	46,781
GST	23,494	24,109
Total taxes collected and remitted by SCA	72,724	70,890
PING receipts	0	(1,711)
Total taxes paid and collected by SCA (net of PING)	92,840	100,563

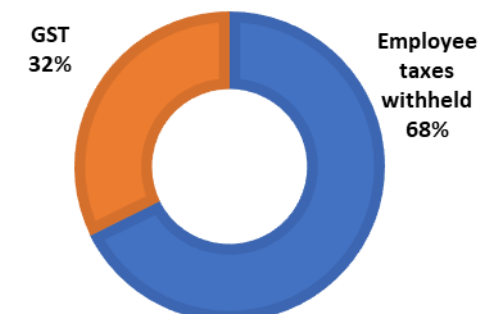
1. The income tax amount is the amount paid in the year and may differ from the final income tax payable for FY2023

2. FBT cash paid for the year to 31 March 2023

TAXES INCURRED BY SCA FY2023, %



TAXES COLLECTED AND REMITTED BY SCA FY2023, %



SCA